SYNOPSIS OF THE SECOND CONSULTATION COMMENTS ON THE CRAFT CODE v 2.0

Code of Risk mitigation for ASM engaging in Formal Trade

www.craftmines.org

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1. Introduction

The Alliance for Responsible Mining (ARM) and RESOLVE have developed an open-source market entry standard, the Code of Risk-mitigation for ASM engaging in Formal Trade (CRAFT) v1.0. CRAFT enables ASM gold producers to access formal markets by proactively facilitating due diligence of their supply chains conforming with the OECD Guidance at the earliest possible stage of their development.

With support from the European Partnership for Responsible Minerals (EPRM), ARM and RESOLVE developed CRAFT through a widely participative process that involved stakeholders from all parts of the supply chain; international civil society; intergovernmental organizations; independent experts; and more. Two governance groups were established with the aim to advise and guide the elaboration of this ASM tool: CRAFT Advisory Group and CRAFT Technical Committee. Additional input was solicited through a global, public stakeholder consultation process involving over 400 individuals from industry, mining communities, civil society, and governments from over 18 countries spanning 6 continents. Addressing all comments and incorporating suggested improvements resulting from a public two-month consultation period, the final version 1.0 was compiled and the CRAFT Code was published on July 31st, 2018.

2. Objectives for 2nd round of public consultation

The Terms of reference of the revision process to develop the CRAFT 2.0 indicates the three main purposes. These three objectives were agreed with the Advisory Group and Standard Committee during the meetings in 2019 and early 2020. There were to:

1) follow standards setting best practice in support of CRAFT's credibility and legitimacy as a tool
2) expand the scope of CRAFT to maximize its utility to the artisanal minerals sector and its constituencies, and
3) enable progressive improvement and integrate lessons learned from implementing version 1.

The CRAFT code v1.0 has been developed in accordance with the Standards-setting procedures (version 3.0, May, 2017) and the recommendations of the ISEAL Code "Setting Social and Environmental Standards, December 2014." ISEAL recommends at least two rounds of public consultation to develop a new standard. For that reason, ARM and RESOLVE launched a second round of public consultation from March 30th to May 30th, 2020.

The second round of consultation seeks to collect comments to the adjusted proposal of the CRAFT 1.0 in order to generate greater impacts to the sector and facilitate the connection with the industry.

In alignment with ISEAL procedures, we are issuing this synopsis of the consultation process, including the following:

- a summary of the issues raised
- an analysis of the range of stakeholder groups who have submitted comments
- a general response to comments
- a proposal of how the issues might be addressed in the subsequent standard draft, if applicable.

3. Stakeholder engagement and consultation process

The process of the second round of consultation started on April 2019 during the OECD responsible minerals supply conference, where ARM and RESOLVE presented the objective of Term of Reference for the revision process to key stakeholders and some of the Advisory Group and Standard Committee members. After this session, on June 25, 2019, we published the announcement of Term of Reference of the revision to capture any other recommendations from the stakeholders.

Between July 2019 and February 2020, those committees advised on the required changes on the CRAFT Code v 1.0 and to shape the priorities for the adjustments. Then, the agreement period to the second round for public consultation of the CRAFT Code 2.0 was from March 30th to May 30th, 2020. The CRAFT consultation notice was distributed broadly – both directly by ARM and RESOLVE, and through the networks of our Advisory Group and Standards Committee. The announcement

includes a launch of a new website design www.craftmines.org and other news, such as ARM's message. Massive invitation sent by Newsletters and blogs channels from LBMA, RESOLVE, Civil Society Group EITI, GOXI, ISEAL, EPRM and ARM.

The draft code, overview materials, and information on the consultation period were all made available on the CRAFT website. Additionally, the CRAFT team made available four mechanisms to seek broader feedback from global stakeholders to share any concerns and possible revisions to maximize the accessibility and impact of the Code. Stakeholders had the opportunity to:

1. Incorporate their comments and suggested revisions directly into one of the draft documents of the version 2.0 (use track changes), and send it back to standards@responsiblemines.org.

   The new proposed structure was:

   - *Volume 1:* CRAFT – Introduction and General Characteristics
   - *Volume 2:* CRAFT for ASM Mineral Producers
       - *Vol 2A:* Generic Requirements for all minerals
       - *Vol 2B* New)*:* Commodity-specific Requirements
   - *Volume 3*(New)*:* CRAFT for Scheme Operators and users
   - *Volume 4* New)*:* Guidance book for AMPs

Volume 4 is a Guidance Book, which contains all guidance and explanatory notes, as well as further background information and suggested tools where available and applicable. All text in Volume 4 is non-binding.

2. Complete an online survey form; we offered 8 tailored versions of the survey to outline priority questions for feedback from key stakeholders and themes.
   The idea was that each person or organization can support the topic they know best, through questionnaires located on the website: https://www.craftmines.org/en/creation-process/craft-code-revision/

Miners

Help us make the best decisions based on your experience.

Get involved here – 5 minutes

Refiners and downstream companies
We need the point of view from the market.
Get involved here – 5 minutes

Experts in other minerals
How to adapt CRAFT to cobalt, 3T, gems or carbon?
Get involved here – 10 minutes

Human and Workers' Rights
Are you part of a specialized organization in human rights? Do you know about women and children' rights?
We care deeply about your opinion! Take the survey – 15 minutes

Societal Welfare
Get involved about conflict areas, security forces, indigenous rights, among others.
Take the survey – 15 minutes

Company Governance
To strengthen CRAFT on legal compliance, money laundering or extortion.
Take the survey Get involved! – 10 minutes

Environment and protection
If you have knowledge about environmental issues.
Take the survey Get involved! – 10 minutes

3. Offer open comments in email form.
4. Participate in phone/web-based webinars to offer verbal input.

Although the consultation activities were all online because the limitation due to the situation of the COVID-19 worldwide, stakeholder outreach involved 13 organized consultation activities, including online calls with artisanal and small-scale miners, webinars, and bilateral interviews with industry stakeholders, civil society and organizations. One of the main activities was the internation webinar an OECD side-session previously planned for the forum: https://youtu.be/_a-M3Gsk5XU.

The outcome was 270 comments with the participation of 62 ASM mining organizations, refiners, downstream companies, NGOs, government agencies, academia, industry and standards initiatives and associations, mining dialogue groups, jewelry companies, support organizations for ASM, traders. Particularly, the source of the feedback come from 137 surveys (by 4 stakeholders' groups and 4 key themes), 15 submission of written comments in the documents and the 13 webinars and sessions.

The activities in more details were with the respective number of participants: CRAFT International Webinar as OECD replacement session- 60 participants approx, webinar with RMI ASM Mining Group 15 participants, French CRAFT webinar- 10 participants, Spanish CRAFT Webinar- 20 participants, EPRM session- invitation to be part of the consultation, 4 Webinars and CRAFT meetings support from PlanetGOLD coordinators Colombia, Peru, Ecuador, AGC (Philippines and Mongolia), Indonesia - 20 participants, 2 consultation sessions of the CRAFT report format with Coagromin and Coodmilla (ASM cooperatives)- 2 sessions, 1 consultation session with IMPACT- 4 participants and Colombia Mining Dialogue Group GDIAM work session- 21 participants.

Input reflected wide geographic engagement of all regions: **Latin America:** Colombia, Chile, Ecuador, Peru; **North America**: Canada, The United States; **Caribbean**: Suriname; **Europe:** The United Kingdom, The Netherlands, France, Germany, Switzerland, Sweden; **Asia:** India, Philippines, Indonesia, Mongolia; and **Africa:** Mozambique, Burkina Faso, DRC.

A full note with the details of the number of participants per activity can be found on this blog about the CRAFT consultation results.

4. Rationale of the systematization and analysis of the comments

Over 270 individual comments were received or collected from the stakeholders through the different activities and mechanisms described above. All comments were systematized, sorted, and compiled in **the comments documents** with the respective response to individual stakeholder comments. All respondents were given the option of requesting anonymity; where this was not requested, we have attributed comments.

The comments were categorized and tabulated in a table using the following structure:

Organization /Company	Contact information-Name-email address	Stakeholder group	Country	Module	Original text	Comment	Proposed change	Proposed response of the CRAFT team	Response level

- **Organization/Company:** name of the organization where the person who provided the comment/recommendation belongs or works.
- **Contact Information-Name-email address:** the particular information of the person who provided the comment (name and email address). The name of the person and the email address were only used by the CRAFT´s team to reply to each stakeholder. The email address has been redacted from this public summary.
- **Stakeholder group:** classification depending on the role in the gold supply chain or the type of organization/company that the person belongs/represents.
- **Country:** the nation where the person or the organization is based.
- **Module:** the specific module (Module 1: Internal Management system, Module 2: Legitimacy, Module 3: Immediate OECD Annex II risks, Module 4: Mitigable OECD Annex II risks and Module 5: Non Annex II risks) of the CRAFT Code to which the comment relates (or a 'General' category for comments not related to a specific module.
- **Original text:** the text segment of the CRAFT to which the comment is directed.
- **Comment:** a remark, observation, concern, suggestion from the participant.
- **Proposed change:** the exact recommendation or text for changing or modifying a part/requirement of CRAFT.
- **Response level:** are the three categories mentioned above as strategic, technical and editorial topics.
- **Response of the CRAFT team:** the CRAFT team carefully analyzed each comment to determine whether the comment was in-scope for the current version of CRAFT (i.e., pertaining to OECD Annex II risks or other high risks); or whether it was out of scope. Based on these categorizations, the CRAFT team offered proposals for whether and how to address each comment. A summary of these categorizations appears in the table below:

Category	Description	Total of comments classified in the category
Out of scope, not addressed Example: Rejected (comment contradicting overall design or intent of CRAFT): The design of the Module 5 is to be flexible in the priorities of the AMPs, so to make it explicit its compliance will contradict this spirit	Comments beyond agreed intent and approach of the CRAFT v1.0 and objective of the revision (e.g. alignment with OECD Due Diligence Guidance, Open Source characteristics, ASM, etc.)	10
Comments recorded for future CRAFT development; classified according to: o No change proposed o No change required o No change recommended by CRAFT team	General comments or questions, general affirmative or dissenting opinions, suggestions on future implementation, etc. These comments are recorded for future CRAFT development: the second	41

Example:	version which will include	
Not change proposed. Comment regarding the other challenges such as pricing.	Medium and Low risks in Module 6 and 7, recommendations for application, the sustainability of the Code.	
Issues to be analysed and addressed for release of version 2; classified according to: o Strategic topic … for main discussion at Advisory Group level o Technical topic … for main discussion at Standard Committee level o Editorial topic … to be addressed by team Example: Revise the external and internal assessment wording. Important to clarify that CRAFT report is based on first declaration. In this case, it is internal. To see with more details.	editorial (team)	Specific comments proposing modifications, identified gaps and errors, suggestions for improvement or clarification. These comments were taken to the Advisory Group, the Standard Committee meetings for discussing and evaluating the incorporation and taking the decisions for the changes. The CRAFT team aggregated the comments depending on the topics, they were	219

5. Comments summary- summary of the issues raised

As noted above, the comments were grouped according to whether they focused on technical, strategic, or editorial issues.

4.1 Technical comments

In addition, several technical comments were received and elevated to the Standard Committee during its August 5, 2020 call. These considerations included the following:

VOLUME 1

- Precision of the definition of AMP member.

VOLUME 2A

- Need to include a grievance mechanism for all HHRR violations.
- Change in Module 4: Progress Criteria-> Initial and subsequent steps.
- Adjustment to the criteria related to public and private armed forces.
- Improvement of the requirement on gender violence.

- Greater clarity on child labor requirements between Module 3 and Module 5.
- Inclusion and precision of the relationship with the community, indigenous groups.

VOLUME 2B

- Commodity specific criteria: tantalum, cobalt.

The Standard Committee's decisions are captured in the <u>summary of that call</u>.

4.1 Strategic comments

The following strategic issues were taken to the Advisory Group on August 11, 2020 for consideration:

- AMP's relationship with the community
- Including bio security safety measures in Mod 5
- Greater clarity on child labor requirements between Module 3 and Module 5

The Advisory Group's considerations and instructions are captured in the <u>summary of that call on</u> CRAFT website.

4.3 Editorial comments

The following editorial recommendations were evaluated by the CRAFT team, and the Advisory Group and Standard Committee were invited to provide their guidance:

- List all the international conventions, laws used in CRAFT
- Include the question about CAHRA in the Module 1
- Precision of the internal supply chain scope
- Adjust the wording of the purpose of CRAFT
- Greater clarity regarding the definition and characteristics of the CRAFT Scheme and the open source license
- Improve readability of some criteria
- Module 5 needs to be clearer on that it is aspirational and "not compulsory"
- Extend guidance, references and examples in Volume 4

6. <u>Next steps</u>

We remind readers that responses to individual stakeholder comments are provided in **the compiled comments document- Annex 1**. The CRAFT team greatly appreciates the time and insightful contributions from the participants and submitters.

This document will be published with the CRAFT Code v. 2.0. If you require further details of the consultation process, you may submit your queries to standards@responsiblemines.org