



CRAFT 2.1

Code Volume 1

Introduction and General Characteristics

October 16, 2024

Official version: English¹

CRAFT 2.1 supersedes CRAFT 2.0 (October 05, 2020) as a minor revision.

The Code maintainer is the Alliance for Responsible Mining (ARM)

Contact: standards@responsiblemines.org

CRAFT was developed by the Alliance for Responsible Mining (ARM) in collaboration with RESOLVE, counting on valuable inputs from the members of the Standard Committee, the Advisory Group, and all institutions and individuals participating in public consultations.



The CRAFT Code is released under the “Creative Commons Attribution-ShareAlike 4.0 International” License (<https://creativecommons.org/licenses/by-sa/4.0/>). Explicitly or implicitly referenced content from other sources remains under the Copyright of the respective source.

¹ In the case of inconsistency between versions, reference defaults to the official language version: English, version number 2.1.

Contents

1	Introduction	1
2	Characteristics and Scope of the CRAFT Code	2
2.1	Type of Standard	2
2.2	Organizational Scope	2
2.3	Geographic Scope	4
2.4	Commodity Scope	5
3	Overview of the CRAFT Code	6
3.1	New Structure of the CRAFT since version 2.0.....	6
3.2	Structure of Requirements for ASM Mineral Producers.....	6
4	Instruments of the CRAFT Code	7
4.1	CRAFT Reports	7
4.2	CRAFT Schemes	9
5	REFERENCES	12
5.1	References to international conventions, standards and laws.....	12
5.2	Bibliographic references.....	13

The CRAFT Code is committed to gender equality, and especially to the protection of women who are typically exposed to gender discrimination. Throughout all volumes of the CRAFT Code, for language economy and lack of a convenient alternative, masculine language will be used by default. Inclusive language will be used at points where it is most necessary to highlight and emphasize the role of women.

1 Introduction

Since 2008, numerous frameworks have emerged to regulate the responsible sourcing of 3T metals (tin, tungsten, tantalum) and gold, particularly from Conflict-Affected and High-Risk Areas (CAHRAs). Key among these frameworks is the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas (OECD Minerals Guidance), the US Dodd-Frank Act and the European Union Conflict Minerals Regulation. These frameworks encourage or require downstream actors to implement processes for de-risking their supply chains through risk-based due diligence and traceability systems.

Supply chains sourcing from Artisanal and Small-scale Mining (ASM) are often quite complex, particularly if they lack clear “pinch points”² determined by technology. Due diligence for these supply chains is often costly. Coupled with legal and reputational risks, this has led many downstream actors to avoid sourcing from legitimate but still predominantly informal ASM mines. This reluctance has further marginalized the ASM sector, leaving it vulnerable to informal and criminal supply chains, including armed groups.

In response to this critical challenge, and as an attempt to mitigate the unintended marginalization of ASM mineral producers by the OECD Minerals Guidance, the Alliance for Responsible Mining (ARM) and RESOLVE, with initial funding support from the European Partnership for Responsible Minerals (EPRM), decided in 2016 to develop a market entry standard under open-source terms, enabling OECD-conformant ASM producers to deliver into legal supply chains.

The resulting **Code of Risk-mitigation for ASM engaging in Formal Trade – CRAFT**³ is an open-source standard aimed at enabling ASM producers to meet the requirements of formal supply chains while conforming to the OECD Minerals Guidance and other standards such as the EU regulation on conflict minerals entering in force in 2021. Initially focused on gold, CRAFT has since expanded its scope to other minerals in response to demand from various supply chain actors and initiatives. CRAFT is also designed to address the reputational challenges of responsible supply chains by serving as a progressive improvement assurance system for ASM products.

The CRAFT aims at facilitating engagement of the downstream supply chain actors with upstream ASM producers (miners, and processors and aggregators as applicable) at the point where the risks listed in the OECD Minerals Guidance (commonly referred to as “Annex II risks”) are mitigable. The CRAFT is expected to support the efforts of legitimate producers from the ASM sector to sell their product to formal supply chains and, as an intended result, help downstream supply chain actors to engage with legitimate ASM producers. By adhering to the CRAFT Code, ASM mineral producers act and operate in accordance with or exceeding the minimum parameters established by the OECD Minerals Guidance for responsible mineral supply chains (i.e. the “Model Supply Chain Policy” provided in Annex II of the OECD Minerals Guidance). It helps ASM producers meet the minimum standards required by their clients, ensuring that their operations are aligned with international, regional, and national regulations. This, in turn, enhances their access to formal markets.

The **overall intent of the Code** is to promote the sustainable social, environmental, and economic development of the ASM sector by leveraging demonstrable conformance with due diligence requirements as an instrument for generating a positive development impact for ASM producers. The CRAFT is a tool designed to be used principally by miners, to empower them in understanding

² Clearly defined key points of transformation in the supply chain that generally include relatively few actors that process a majority of the commodity, such as mica processors

³ The preferred usage of the acronym for “Code of Risk-mitigation ...” in written form is “CRAFT”. Where necessary for improved clarity, the pleonasm “CRAFT Code” may be used.

and complying with market expectations and due diligence needs. The CRAFT is also expected to be key for downstream actors to enable trade with the ASM supply-chain. Although the CRAFT Code has been designed in a way to be compatible and aligned with the recommendations of the OECD Minerals Guidance, it is important to note that while the upstream ASM can implement management measures to facilitate the due diligence, the main scope of responsibility and agency covered by the OECD Minerals Guidance lies with the companies that source minerals.

Supply chain schemes that incorporate and use the CRAFT for sourcing from ASM or for supporting ASM development are referred to as **CRAFT Schemes**. To accommodate the great variety of upstream ASM producer setups, governing legal frameworks, and possible usage scenarios, the CRAFT is developed from the outset under Creative Commons (CC) **Open Source** license terms.⁴ As an open-source standard, the CRAFT may be freely used by any ASM producer, as well as by a wide variety of sourcing models, ASM development programs, supply chain initiatives or supply chain actors sourcing from ASM, i.e. by any supply chain scheme, provided the CC license terms are respected.

Under the CC Open Source license terms of the CRAFT Code, ARM, as the Code maintainer, has very limited control over who uses the Code, for which purpose, and under which conditions. However, to ensure consistency in the application of the CRAFT, Version 2.0 introduced a new chapter (Volume 3) which outlines guiding principles for CRAFT Schemes. This chapter explains how Schemes are expected to interact with ASM producers and clarifies what claims can be made related to the use of CRAFT. Volume 3 also reinforces the intent of the Code, emphasizing that CRAFT Schemes should support ASM producers in their efforts to comply with CRAFT requirements and improve their operations. Version 2.1 further strengthens this approach.

The open-source nature of CRAFT also means that prescribing an exclusive certification scheme is not possible. CRAFT itself is not a certification scheme. However, many non-exclusive methods of determining conformance with the CRAFT, such as existing assurance schemes from supply chain initiatives or due diligence procedures from supply chain operators, can co-exist. Nonetheless, CRAFT can be incorporated into existing certification schemes, and/or certification schemes may be built on top of CRAFT. This flexibility provided by the Open Source license eliminates from the outset the risk that the CRAFT creates additional “audit burden”.

2 Characteristics and Scope of the CRAFT Code

2.1 Type of Standard

CRAFT is a voluntary sustainability standard.

CRAFT is a progressive performance standard for ASM mineral producers.

CRAFT is a process standard. This means it is not a product standard.

2.2 Organizational Scope

CRAFT is a standard for artisanal and small-scale mining (ASM), and uses the OECD’s definition of ASM: “**Artisanal and Small-scale Mining (ASM)**: Formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is

⁴ The widely used *Creative Commons Attribution-Share-Alike 4.0* license (CC-BY-SA): <https://creativecommons.org/licenses/by-sa/4.0/>

normally low capital intensive and uses high labour-intensive technology. ‘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.” (OECD 2016b)

The organizational scope of the CRAFT is the **ASM Mineral Producer (AMP)**⁵, which may comprise any de facto or formally established organizational structure of producers (*production-based groups* of ASM miners as individuals or entities) and may optionally include processors as well as local and national aggregators if they, jointly with the miners, constitute a *supply-chain based group*.

The CRAFT is not prescriptive with regards to demanding any specific formally established organizational structure. However, to be operational in practice, a de facto or formally constituted decision-making leadership structure needs to be in place⁶. Membership in the AMP is functional rather than administrative.

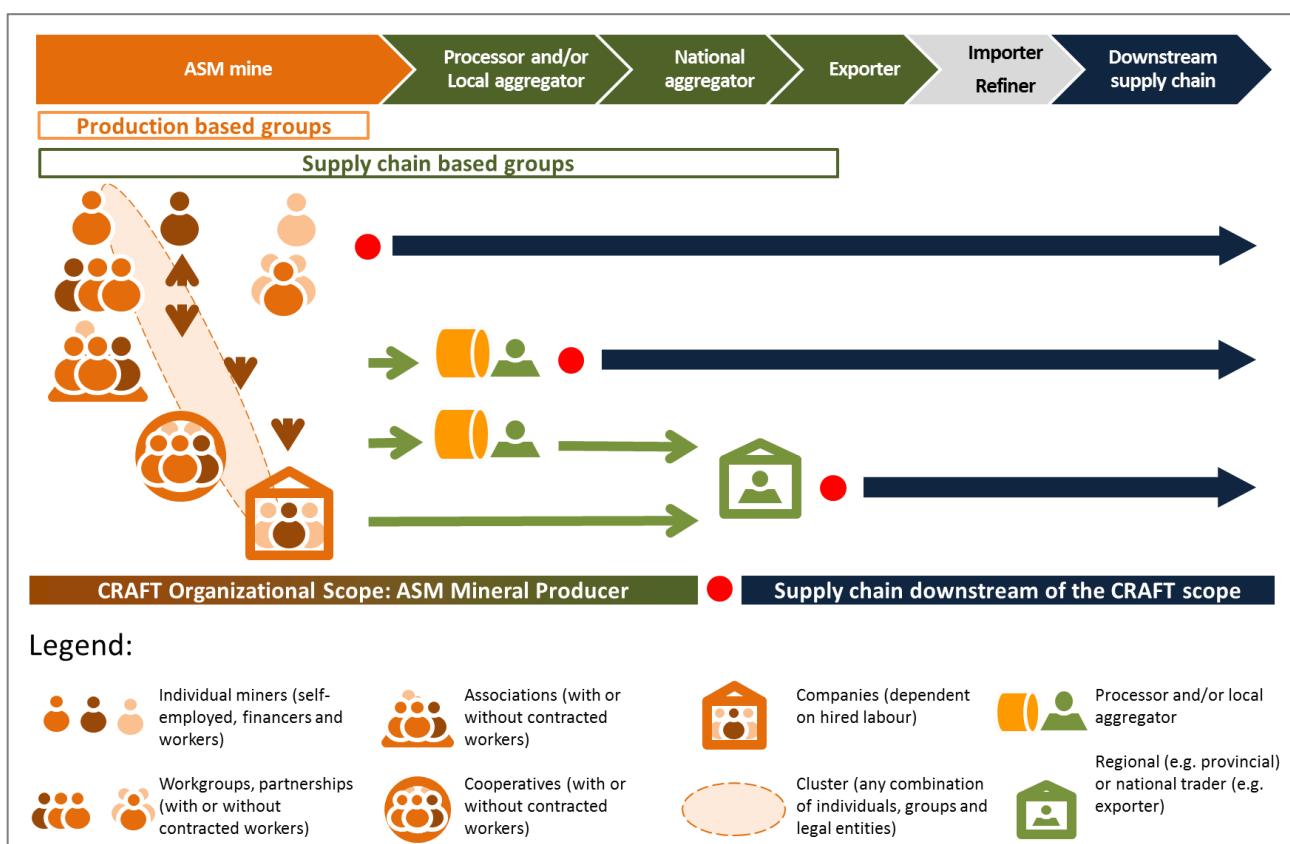


Figure 1: The organizational scope of CRAFT covers miners and, optionally, processors and/or aggregators at the upstream end of the supply chain, down to the point (i.e. “red dot”, or point of assurance) where the mined and eventually processed product enters the supply chain downstream beyond the CRAFT scope.

Members of the AMP include all persons and entities working within the organizational scope. This includes natural persons, regardless of whether they are self-employed, employed, employers,

⁵ The term “ASMO” (ASM Organization) is a widely accepted and understood term for all kinds of organizational ASM setups. However, this term is used in other standards and refers mainly to formally established organized groups. This could lead to confusion, as the organizational scope of the CRAFT is broader. Therefore, the CRAFT intentionally uses a different term.

⁶ This could be e.g. an assembly of Members or group leaders as a de-facto structure, or the board of a cooperative or company as a formal structure, or a local aggregator organizing his/her suppliers in case of an extended organizational scope, etc. See below. CRAFT is not prescriptive on how this decision-making leadership structure has to be constituted. It just must be operational in practice.

financiers, or ultimate owners, as well as de facto entities like workgroups or partnerships and legal entities such as associations, cooperatives, or companies. In short, anyone involved in the supply chain of the AMP down to the point where the product is sold and enters the supply chain downstream of the organizational scope is considered a “Member”, and is subject to the responsibilities described in the requirements of the Code.

The **main organizational scope** comprises production-based groups of *Members of an AMP* engaged in the AMP’s ASM operation. These members are also referred to as “**Miners**”, and include all men and women involved in mineral extraction, selection, processing, or transportation of minerals from primary or secondary deposits, dumps and tailings.

For simplicity, three organizational types can be distinguished:

- Individuals
- Groups (family groups, partnerships, associations, cooperatives, companies, etc.)⁷
- Clusters (any combination of individuals and/or groups)

In the case of supply-chain based groups, the **extended organizational scope** may additionally include **Processors** and/or **Aggregators** as *Members of an AMP*. In this case, the term AMP refers to Miners and linked Processors and/or Aggregators.

The difference between the main scope and extended scope is as follows:

- An organizational structure of Miners without Processors and/or Aggregators (i.e. a production-based group or cluster) qualifies as an AMP;
- An organizational structure comprised of Miners with Processors and/or Aggregators, with stable internal commercial relations (i.e. a supply-chain based group) qualifies as an AMP;
- An organizational structure comprised of Processors and/or Aggregators without stable commercial relations with Miners (e.g. buying from random miners) does not qualify as an AMP.

Supply chain actors outside the organizational scope of the AMP (i.e. “downstream” in the logic of the CRAFT⁸), who source or intend to source minerals or metals from an AMP, are referred to, for brevity, with the catch-all term **BUYERS**. Like AMPs, which may or may not be affiliated to a CRAFT Scheme, BUYERS may or may not be part of a CRAFT Scheme. BUYERS who are formally part of a CRAFT Scheme are referred to as **Scheme Members**.

The term **Scheme Member** is used as a generic term that covers all supply chain actors downstream of the AMP but upstream of supply chain actors who source from the supply chain of a CRAFT Scheme, such as smelters or refiners who are in the audit scope of the OECD Minerals Guidance. It also includes service providers such as custom mills, processing plants, or similar entities that do not source (i.e. take possession of) the minerals.

2.3 Geographic Scope

CRAFT has a global scope, without any excluded areas.

⁷ This encompasses all types of “ASM Enterprises”, per the definition of this term in the OECD Minerals Guidance.

⁸ In CRAFT, the terms “upstream” and “downstream” are used in relation to the point where minerals and metals produced by AMPs are sold to supply chain actors outside the organizational scope of the CRAFT (i.e. the red dot in Figure 1).

CRAFT is intended to be applicable to AMPs located in *Conflict-Affected and High-Risk Areas* (CAHRAs)⁹, as well as those located in low-risk areas not affected by conflict. Some requirements of CRAFT only apply if the AMP operates in a CAHRA.

The AMP must be operating within a single country. In transboundary ASM areas, all Members of the AMP must operate under the same jurisdiction, and the internal supply chain of the AMP must not include cross-border transactions.

There are valid scenarios for supply-chain-based groups where international Large-Scale Mining (LSM) operations aggregate the product of ASM miners working on their concession, or where agents of international buyers aggregate directly from ASM miners. In such cases, the geographic scope limitation to one country means that only the nationally operating agents of such entities can be considered members of the AMP. The internationally operating entity itself cannot be a member of the AMP.

Unlike AMPs, a CRAFT Scheme may consist of globally distributed supply chain actors (Scheme Members), such as local traders, consolidators, processors, intermediate traders, exporters, importers, etc. Its supply chain may (and in most cases does) include cross-border transactions.

2.4 Commodity Scope

Version 1 of CRAFT was initially developed for ASM gold mining. However, inspired by the broader commodity scope of the OECD Minerals Guidance and growing demand from ASM supply chains actors of other minerals, Version 2 now covers AMPs producing the following commodities in any tradable form:

- **Gold and associated precious metals** (silver and/or in some cases platinum group metals). Typically sold by AMPs as ore, concentrate or doré.
- **Tin, tantalum and tungsten (3T)**. Typically sold by AMPs as ore or concentrate.
- **Cobalt**. Typically sold by AMPs as ore or concentrate.
- **Coloured gemstones**. Typically sold by AMPs as rough (including mineral specimen) or cut and polished stones.

If an AMP producing any of the above commodities is conformant to the CRAFT (i.e. at least candidate status; see chapter 4.2 below), the AMP can promote the sale of all its mineral products as “originating from a CRAFT-conformant AMP”. For more details on claims, see **volume 3**.

For the commodities listed above, CRAFT has been validated through pilot programs, public consultations, deliberations in the Standard Committee, and enactment by the Code Maintainer (ARM). Nonetheless, this does not exclude the possibility of evaluating and testing the applicability of the CRAFT for other ASM-produced commodities. Based on feedback provided to the code maintainer from pilot testing CRAFT for other commodities, future versions of CRAFT may broaden the Commodity Scope.

⁹ As per the OECD Minerals Guidance for Responsible Supply Chains of Minerals from *Conflict-Affected and High-Risk Areas*.

3 Overview of the CRAFT Code

3.1 New Structure of the CRAFT since version 2.0

For improved readability, CRAFT 2.0 was rewritten and restructured into three shorter but more topic- and audience-centred Code Volumes, along with a more comprehensive Guidance Book. Subsequent versions (2.x) maintain this structure:

- Volumes 1 to 3 constitute the **CRAFT Code**, containing all binding text.
- Volume 4 is the **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.

The structure is as follows:

Volume 1: CRAFT Code - Introduction and General Characteristics

Volume 2: CRAFT Code - Requirements for ASM Mineral Producers

Volume 2A: Commodity-independent Requirements

Volume 2B: Commodity-specific Requirements

Volume 3: CRAFT Code - Guiding Principles for CRAFT Schemes

Volume 4: CRAFT Guidance Book

For conformance with CRAFT, AMPs must always meet the commodity-independent requirements of Volume 2A **and** the applicable commodity-specific requirements of Volume 2B.

3.2 Structure of Requirements for ASM Mineral Producers

In version 2, CRAFT maintains the modular structure of requirements for AMPs that was established in version 1.0.

The sequence of Modules in Volume 2 reflects the order in which AMPs are expected to follow to conform to the requirements.

The sequence of requirements within each Module is based on the Consolidated Framework of Sustainability Issues for Mining (Kickler&Franken 2017), as explained in the CRAFT Guidance Book (Volume 4). The modules are structured as follows:

- **MODULE 1:** Adopting a Management System
- **MODULE 2:** Legitimacy of the AMP
- **MODULE 3:** “Annex II Risks” Requiring Immediate Disengagement. (MODULE 3 has pass/fail criteria)
- **MODULE 4:** “Annex II Risks” Requiring Disengagement after Unsuccessful Mitigation. (MODULE 4 has pass/fail and progress criteria)
- **MODULE 5:** “Non-Annex II” High Risks Requiring Improvement. (MODULE 5 is aspirational and therefore has only pass or progress criteria of risks being controlled or mitigation in progress)

Modules 1 to 4 cover the requirements that ensure the AMP’s supply chain policy and implementation are consistent with the “Model Supply Chain Policy” provided in Annex II of the OECD

Minerals Guidance. In practice, fulfilling these requirements is “mandatory”¹⁰ for any AMP seeking to engage with formal markets.

It is important to note that the term “Disengagement” in Modules 3 and 4 refers only to commercial sourcing relations between the AMP and BUYERS and does not apply to CRAFT Schemes. As due diligence must be undertaken in good faith, BUYERS may (and are even encouraged to!) continue supporting the AMP’s that demonstrate good faith in progressively mitigating risks and working towards conformance with the requirements of the OECD Minerals Guidance, reflected in the CRAFT Code.

Module 5 contains requirements that go beyond the OECD Minerals Guidance and is, therefore considered “aspirational”. The “High Risks” in Module 5 cover the majority (although not all) of aspects that BUYERS committed to responsible sourcing may expect from their suppliers. By progressively conforming to these aspirational requirements according to their own needs and goals, AMPs can advance in their development and can further improve their access to responsible markets.

Depending on demand, additional MODULES addressing Medium- and Low Risks may be developed in future versions of the CRAFT.

4 Instruments of the CRAFT Code

4.1 CRAFT Reports

The CRAFT applies and adapts the logic of the Five-Step Framework outlined in Annex I of the OECD Minerals Guidance (OECD 2016b) to the ASM context:

- The decision of an AMP to adopt the CRAFT Code corresponds to **Step 1** of the Framework, establishing a management system. As a management system and in analogy to Annex I of the OECD Minerals Guidance, CRAFT sets out the principles and standards for:
 - A. a supply chain policy establishing the requirements for identifying and managing the risks in the internal supply chain,
 - B. rules for structuring the internal management,
 - C. establishing controls and transparency in the internal mineral supply chain,
 - D. engagement with Members (internal supply chain actors) and BUYERS (external supply chain actors) and
 - E. establishing a grievance mechanism.
- CRAFT implementation consists of a clear and coherent management process for risk management, designed in analogy to Annex I of the OECD Minerals Guidance and consisting of the subsequent, ongoing and repetitive steps of establishing (and improving) a management system (**Step 1**, accomplished by adopting CRAFT), risk assessment (**Step 2**), risk mitigation (**Step 3**), verification (**Step 4**) and reporting (**Step 5**).

Regarding step 2 (risk assessment) and step 3 (risk mitigation), the ultimate responsibility for risk assessment and determining the actions that an AMP undertakes in response to identified risks rests with the AMP’s management (i.e. its decision-making leadership structure). However, as specified in the *General Guiding Principles for CRAFT Schemes* in Volume 3, AMPs shall be supported in these tasks by the CRAFT Scheme to which they are affiliated.

¹⁰ The term “mandatory” does not imply exclusivity of CRAFT. It attempts to express that other approaches or tools to assure conformance with the OECD Minerals Guidance (and legislations referring to it) are likely to address the same Annex II risks. It means that to access formal markets, these requirements must be fulfilled, this way or other.

Regarding step 4 (verification), third-party audits are costly and beyond the financial capacity of the vast majority of AMPs. As per the OECD Minerals Guidance, risk-based independent **third-party verification** is the due diligence responsibility of the supply chain actors that source or wish to source from ASM (i.e. BUYERS, and in a stricter sense, smelters or refiners), and not the responsibility of the ASM sector. Therefore, the CRAFT does not require AMPs to contract audits or other types of third-party verification, as this would duplicate third-party verification requirements.

Verification of requirements for AMPs is based on **first-party verification** in the case of production-based groups, or first- and **second-party verification** in the case of supply-chain based groups.

The findings of this first- and/or second-party verification must be documented in the **CRAFT Report**, fulfilling the reporting requirement (step 5) of the OECD Minerals Guidance five-step framework. AMPs shall periodically (at least annually) issue CRAFT Reports, documenting the fulfilment of the CRAFT Requirements (see CRAFT Volume 2) in the form of *verifiable claims*.¹¹ These types of claims are affordable for AMPs because they do not require contracting a service provider for independent third-party verification.

BUYERS (supply chain actors that source or wish to source from ASM) are always responsible for their own individual due diligence and sourcing decisions. However, CRAFT reports, providing information about AMP operations, may support the BUYER's due diligence and site assessments¹². It is expected that CRAFT Reports will simplify the BUYER's due diligence to mainly *verifying verifiable claims*, as a part of the BUYER's supply chain policy.¹³

For AMPs, CRAFT Reports represent their "*passport to formal markets*"¹⁴. In their CRAFT Reports, AMPs are also expected to document the risk mitigation measures and improvements planned for the next reporting period.

Characteristics of CRAFT Reports are:

- Full-text CRAFT Reports
 - CRAFT Reports shall contain and indicate:
 - Description of the AMP,
 - Statement of adoption and description of the implementation of CRAFT as the AMP's management system and supply chain policy, consistent with the specific content of the OECD Minerals Guidance,

¹¹ To illustrate verifiable first- and second-party claims:

- Example for **first-party claim**: We, the Miners, have assessed the risk X, found that ... and affirm that we are taking the risk mitigation measure Y. Evidence for progress on risk mitigation is Z.
- Example for **first- and second-party claim**: I, the Aggregator, have assessed the risk X in my operation and in the operations of the Miners who are my suppliers, found that ... and affirm that I and my suppliers are taking the risk mitigation measure Y. Evidence for progress on risk mitigation is Z.

Note: wording does not have to follow these examples.

¹² In general, but particularly in case of enhanced due diligence in CAHRAs.

¹³ It is here assumed that BUYERS' supply chain policies – even in case that they are intermediate supply chain actors upstream of refiners – are similarly informed by or aligned with the OECD Minerals Guidance as the AMP's supply chain policy committed to fulfill the requirements of the CRAFT Code. Volume 3 of the CRAFT code 2.1 provides additional guidance for such intermediate supply chain actors.

Furthermore: Independent CRAFT Schemes may provide such verification as a service.

¹⁴ The motto "*passport to formal markets*", that accompanied the development of CRAFT since its conceptual phase, is not intended to imply exclusivity; other approaches or tools to assure conformance with the OECD Minerals Guidance may be similarly valid and useful for the purpose to facilitate access to markets for ASM producers.

- Detailed information, methodology and supporting evidence (where applicable) about the risk assessment results,
 - Detailed information about the steps taken to manage risks, such as the number and type of mitigation or improvement achievements during the past reporting period, and
 - Detailed information about the number and type of mitigation or improvement commitments for the next reporting period.
- CRAFT Reports may contain confidential data. In this case, disclosure may be subject to confidentiality agreements.
 - AMPs may disclose their own CRAFT Reports to any party at any moment as they see fit.
 - For due diligence by BUYERS or independent third-party verification on behalf of BUYERS, for the purpose of verifying the first- and second-party claims made in CRAFT Reports, the full-text CRAFT Report must always be disclosed to BUYERS or the independent verification body of the BUYER.
- Public summary CRAFT Reports
 - Every CRAFT Report must include a non-confidential, public summary that communicates the AMP’s supply chain policy of fulfilling the CRAFT requirements against which the AMP assesses itself (and against which it is expected that BUYERS will conduct due diligence) as well as description of risks identified and mitigation efforts, with due consideration to business confidentiality.
 - The public summary CRAFT Report shall contain for each CRAFT Requirements (Volume 2) at least the status qualifier (e.g. legal, legitimate, mitigated, satisfactory progress, improved, ongoing improvement, etc.).
 - The summary CRAFT Report may contain additional non-confidential information as considered appropriate by the AMP.

4.2 CRAFT Schemes

A supply chain scheme, in general, is any set of rules for engagement between upstream and downstream¹⁵ supply chain actors, established by BUYERS, governments, civil society organizations, private sector service providers, projects, or programmes. A **CRAFT Scheme** is a supply chain scheme that follows, uses, incorporates, or builds upon the rules of the CRAFT Code.

Experience with CRAFT version 1.0 showed that AMPs able to implement the CRAFT on their own are the exception rather than the rule. Thus, the role of CRAFT Schemes is pivotal.¹⁶ CRAFT Scheme owners usually engage with AMPs to implement the CRAFT in their supply chain or programs, while AMPs generally affiliate with CRAFT Schemes to receive support in improving responsible mining practices and engaging with formal markets. This engagement is referred to as **affiliation of an AMP to a CRAFT Scheme**.

- Affiliation of AMPs to CRAFT Schemes is voluntary and optional. In regions where no CRAFT Scheme operates, or if an AMP does not wish to join a CRAFT Scheme operating in its region,

¹⁵ See footnote 8 on the usage of the terms “upstream” and “downstream” in CRAFT, which is different from the usage in the OECD Minerals Guidance.

¹⁶ CRAFT version 2 therefore introduced a new section, expanding on guiding principles for CRAFT Schemes (Volume 3).

AMPs may implement the CRAFT independently. To do so, they must follow the CRAFT requirements (Volume 2) and may use their CRAFT Report as a “*passport to formal markets*” to engage with BUYERS.

- In most cases, AMPs are affiliated to CRAFT Schemes, and implementation of the CRAFT is a shared responsibility between the AMPs and the CRAFT Schemes. While the AMP is always the main entity responsible for making verifiable claims and mitigating risks, it is the responsibility of CRAFT Schemes to support AMPs in their tasks to the extent possible (see Volume 3). CRAFT Schemes are expected to help AMPs in assessing and mitigating risks by providing advice and guidance. In the case of BUYERS as CRAFT Scheme owners, they do so to de-risk their supply chain and source from the AMP, and in other cases CRAFT Schemes facilitate engagement of AMPs with BUYERS.

The process of an AMP affiliating to a CRAFT Scheme (if the AMP decides to do so) is progressive, and follows the stepwise approach of CRAFT. There are two levels of adherence: Candidate and Affiliate.

1. **Candidate:** AMPs that fit the CRAFT scope may apply to affiliate with a CRAFT Scheme by providing all required information (MODULE 1). At the candidate level, AMPs must provide credible evidence of their legitimacy (MODULE 2) and make verifiable claims that none of the Annex II risks covered in MODULE 3 are present.

At the candidate level, AMPs shall be supported by CRAFT Schemes guiding them in their process towards CRAFT conformance and facilitating engagement with formal markets. BUYERS that wish to source from ASM in conformance with the OECD Minerals Guidance may already engage conditionally with the AMPs.

2. **Affiliate:** Candidate AMPs that, within 6 months from commercial engagement with a BUYER, can make a verifiable claim that all Annex II risks covered in MODULE 4 are controlled or can demonstrate measurable progress of their mitigation shall be granted Affiliate Status.

At affiliate level, AMPs shall continue to receive support from CRAFT Schemes to engage with BUYERS, and BUYERS that wish to source from ASM in conformance with the OECD Minerals Guidance may engage definitely with the AMP.

At affiliate level, AMPs must periodically re-assess their Annex II risks. As long as the criteria of MODULEs 1 to 4 are met, AMPs can maintain their affiliate status. If a risk reappears, causing non-conformance with any requirement in MODULEs 1-4, the AMP returns to Candidate status.

Additionally, AMPs must periodically assess the non-Annex II risks covered in MODULE 5, prioritize those risks and issues which the members of the AMP consider most important to address, and commit to measurable progress in their mitigation during the upcoming reporting period.

Role of CRAFT Schemes with regards to due diligence. One of the purposes of CRAFT is to reduce barriers to formal markets for AMPs by making due diligence easier for BUYERS. However, it is not the purpose of CRAFT to substitute the BUYER’s responsibility for carrying out due diligence. Unless the CRAFT Scheme owner is a BUYER, CRAFT Schemes have no obligation to carry out any due diligence or verification of the content of CRAFT Reports.¹⁷ Their responsibility is to monitor the

¹⁷ If that were the case, AMPs from regions where no CRAFT Scheme is present on the ground would face barriers to finding a CRAFT Scheme that accepts their application.

affiliation status of AMPs. This shall be based on the completeness of the CRAFT Reports presented by the AMP, i.e. that the Report contains all verifiable claims expected for the level of adherence.

Nevertheless, CRAFT Schemes may carry out due diligence or third-party verification as seen appropriate. If this is the case, the CRAFT Scheme will review and verify the information provided by the AMP in the CRAFT Reports (i.e. verify the verifiable claims) and conduct all complementary assessments as necessary. Due diligence is an added value service beyond the scope of the CRAFT and is always the responsibility of the BUYER. Therefore, the cost of such services shall not be charged to the AMP.

A special case are **CRAFT Schemes that aspire to act as Upstream Assurance Mechanisms (UAM)** and/or obtain recognition as UAMs through independent third-party assessments of alignment with the OECD Minerals Guidance, following OECD’s alignment assessment methodology (OECD 2018). In such “CRAFT Upstream Assurance Schemes” (“**CRAFT UA-Scheme**” or simply “**UA-Scheme**”), the entire supply chain –from the AMP to the smelter or refiner (or a similar “pinch point” in the audit scope of the OECD Minerals Guidance) – must be fully conformant with the OECD Minerals Guidance. This implies that such a Scheme provides assurance that production practices of affiliated AMPs and due diligence or sourcing practices of supply chain actors sourcing from these AMPs conform with the OECD Minerals Guidance.¹⁸

To address this specific use case of CRAFT, version 2.1 introduces a chapter titled “Optional Specific Requirements for CRAFT Upstream Assurance Schemes (UA-Schemes)” in Volume 3.¹⁹

Relation between the open-source CRAFT Code and proprietary CRAFT Schemes. The CRAFT Code is open source under a Creative Commons license. In contrast, CRAFT Schemes are proprietary. The open-source CRAFT Code can be implemented in proprietary CRAFT Schemes. The table below indicates how the key characteristics of the CRAFT Code and of CRAFT Schemes relate.

CRAFT Code	CRAFT Scheme
<p>The CRAFT Code is open source under the Creative Commons license CC BY-SA 4.0.</p> <p>The Code is based on the OECD Minerals Guidance, in particular the MODULES 2 to 4 of the Code, addressing the “Annex II risks” of the Guidance.</p>	<p>CRAFT Schemes, established by a Scheme owner, may be proprietary.</p> <p>CRAFT Schemes are implementations of the CRAFT Code by supply chain schemes for conformance with the OECD Minerals Guidance and engagement with ASM mineral producers.</p>

¹⁸ The upstream supply chain segment intended to be covered by CRAFT UA-Schemes extends from the AMP down to the supply chain actor that supplies a smelter or refiner, or a similar pinch point for which the OECD Minerals Guidance requires an independent third-party audit. The limitation to this supply chain segment reflects the intent to avoid overlaps and duplications with already existing institutionalized mechanisms such as implemented by RMI, LBMA, RIC etc. which address smelters or refiner as their audit scope.

Notwithstanding, it is assumed that CRAFT UA-Schemes are similarly useful for independent smelters or refiners (not affiliated with any institutionalized mechanism) or for downstream companies sourcing directly from ASM supply chains (e.g. in the case of colored gemstones and other commodities possibly added to the commodity scope in future CRAFT revisions).

¹⁹ This chapter is optional and applies only to CRAFT UA-Schemes. Its requirements are binding only for UA-Schemes. For all other CRAFT Schemes, including those already established, this chapter is for informational purpose only and implies or requires no change ... unless a Scheme aspires to evolve into a UAM.

<p>Due to the terms of the open source license, ARM, as the code maintainer of the CRAFT Code, has very limited control over who uses the code, for which purpose, and under which conditions, as long as the open source licensing terms of CC BY-SA 4.0 are respected.</p>	<p>CRAFT Schemes may be established by BUYERS (e.g. by incorporating the CRAFT into their due diligence protocols), by independent third parties, by projects or programs, or similar.</p> <p>CRAFT Scheme owners have full control over their scheme.</p>
<p>The CRAFT Code is a generic document that establishes requirements, common guiding principles and provides guidance.</p>	<p>CRAFT Schemes follow, use, incorporate, or builds upon all rules of the CRAFT Code (Volumes 1, 2 and 3) but are free to define the tools, templates and processes as seen necessary for supporting AMPs in their tasks of implementing the CRAFT. Volume 4 provides non-binding guidance for this purpose.</p>
<p>The CRAFT Code is not prescriptive on how the supply chain risks covered by the requirements have to be assessed or mitigated, or how a CRAFT Report has to be prepared.</p> <p><u>However:</u> Volume 4 provides guidance and examples.</p>	<p>CRAFT Schemes are expected to support affiliated AMPs in their tasks of risk assessment, risk mitigation and preparing CRAFT Reports; drawing on their own experience and expertise, and taking into account the local context of the AMP.</p>
<p>The CRAFT Code is a progressive performance standard for ASM mineral producers, providing assurance through first- and second-party verification by the AMP.</p> <p>CRAFT is a process standard and not a product standard nor a certification scheme.</p>	<p>CRAFT Schemes have no obligation to carry out due diligence or verification of the content of CRAFT Reports unless they are BUYERS or UA-Schemes.</p> <p><u>However:</u> CRAFT Schemes <u>may</u> carry out due diligence or third-party verification as seen appropriate, and/or incorporate the CRAFT into certification schemes if applicable.</p>
<p>Volume 3 of the CRAFT Code defines guiding principles for CRAFT Schemes, to ensure compatibility and interoperability.</p>	<p>CRAFT Schemes are required to respect the Creative Commons license terms and are expected to abide by the guiding principles.</p>

5 REFERENCES

5.1 References to international conventions, standards and laws

The CRAFT Code follows the below mentioned internationally recognized standards and conventions, either by incorporating literal quotes, referring to them, using them as guidance to align the requirements of CRAFT or for supporting rationales explained in the CRAFT Guidance Book:

- Geneva Conventions and protocols.
- FATF (2012): Recommendations.
- IFC Standards.

- ICC (2002): Rome Statute. International Criminal Court.
- ILO (1930): ILO Convention C029 - Forced Labour Convention.
- ILO (1973): ILO Convention 138 on Minimum Age.
- ILO (1999): ILO Convention 182 on Worst Forms of Child Labour.
- ILO (1999): ILO Recommendation R190 - Worst Forms of Child Labour Recommendation.
- ISEAL Standard-Setting Code of Good Practice Version 6.0.
- OECD (2016): OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
- OECD (2011): Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- OHCHR (1984): Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. Office of the United Nations High Commissioner for Human Rights.
- UNEP (2013): Minamata Convention on Mercury. Text and Annexes.
- UNODC (2004): United Nations Convention against Corruption.
- UNDOC Doha Declaration Global Programme.
- UN Sustainable Development Goals (SDG).
- UN (1948): Universal Declaration of Human Rights. United Nations General Assembly.
- UN Guiding (2011): principles on business and Human Rights.
- VP (2000): Voluntary Principles on Security and Human Rights.

5.2 Bibliographic references

EU (2017): **Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.** European Union. Brussels. <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2017:130:FULL&from=EN>.

EU (2018): **Conflict Minerals Regulation explained.** European Union. Available online at <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/>.

FATF (2018): **Webpage: Money Laundering.** FATF. Paris (FR). Available online at <http://www.fatf-gafi.org/fag/moneylaundering/>.

Huijstee, Mariëtte van; Ricco, Victor; Ceresna-Chaturvedi, Laura (2012): **How to use the UN Guiding Principles on Business and Human Rights in company research and advocacy.** SOMO; CEDHA. Amsterdam (NL). <https://www.somo.nl/wp-content/uploads/2012/11/English-version.pdf>.

ICC (2002): **Rome Statute.** International Criminal Court. Rome (IT). https://www.icc-cpi.int/nr/rdonlyres/ea9aeff7-5752-4f84-be94-0a655eb30e16/0/rome_statute_english.pdf.

ICRC (2004): **What is International Humanitarian Law?** Geneva (CH). https://www.icrc.org/eng/assets/files/other/what_is_ihl.pdf.

IFC; ICMM (2009): **Working Together. How large-scale mining can engage with artisanal and small-scale miners.** Washington, D.C. <https://www.commddev.org/wp-content/uploads/2015/06/Working-together-How-large-scale-mining-can-engage-with-artisanal-and-small-scale-miners.pdf>.

ILO (1930): **ILO Convention C029 - Forced Labour Convention.** Geneva (CH). http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029.

ILO (1973): **ILO Convention 138 on Minimum Age.** ILO. Geneva (CH). http://blue.lim.ilo.org/cariblex/pdfs/ILO_Convention_138.pdf.

ILO (1999a): **ILO Convention 182 on Worst Forms of Child Labour.** ILO. Geneva (CH). http://blue.lim.ilo.org/cariblex/pdfs/ILO_Convention_182.pdf.

ILO (1999b): **ILO Recommendation R190 - Worst Forms of Child Labour Recommendation.** ILO. Geneva (CH). http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R190.

ILO (2013): **What is child labour.** ILO IPEC. Available online at <http://www.ilo.org/ipecc/facts/lang-en/index.htm>.

IUCN (2018): **What is a protected area?** Glan (CH). Available online at <https://www.iucn.org/theme/protected-areas/about>.

Kickler, Karoline; Franken, Gudrun (2017): **Sustainability Schemes for Mineral Resources: A Comparative Overview.** BGR. Hannover (DE), ISBN: 978-3-943566-90-1. https://www.bgr.bund.de/EN/Themen/Min_rohstoffe/Downloads/Sustainability_Schemes_for_Mineral_Resources.pdf?__blob=publicationFile&v=4.

OECD (2011): **Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.** Paris (FR). http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf.

OECD (2016a): **FAQ, Responsible Supply Chains in Artisanal and Small-Scale Gold Mining. Implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (FAQ).** Organisation for Economic Co-operation and Development (OECD). Paris (FR). http://mneguidelines.oecd.org/FAQ_Sourcing-Gold-from-ASM-Miners.pdf.

OECD (2016b): **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.** Third Edition. OECD Publishing. Paris (FR), ISBN: 9789264252479. <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>.

OECD (2017): **Practical actions for companies to identify and address the worst forms of child labour in mineral supply chains.** OECD. Paris (FR). <https://mneguidelines.oecd.org/Practical-actions-for-worst-forms-of-child-labour-mining-sector.pdf>.

OECD (2018): **Methodology for the alignment assessment of industry programmes with the OECD Minerals Guidance.** OECD. Paris (FR). <https://mneguidelines.oecd.org/OECD-Due-Diligence-Alignment-Assessment-Methodology.pdf>.

OHCHR (1984): **Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.** Office of the United Nations High Commissioner for Human Rights. New York. Available online at <https://www.ohchr.org/EN/ProfessionalInterest/Pages/CAT.aspx>.

RJC (2012): **RJC Fact Sheet – Implementing Section 1502 on Conflict Minerals – US Dodd-Frank Act.** London (UK). <https://www.responsiblejewellery.com/files/RJC-Fact-Sheet-Section-1502-Dodd-Frank-Act-030912.pdf>.

Kennedy, Taylor; Keenan, Julia (2023): **Agreements and Engagement with Rightsholders in Artisanal and Small-scale Gold Mining: Moving from Common Approaches toward Best Practice.** planetGOLD, UNEP. Geneva. <https://www.planetgold.org/sites/default/files/Agreements and Engagement with Rightsholders in ASGM-Moving from Common Approaches toward Best Practice.pdf>

UN (1948a): **Universal Declaration of Human Rights.** United Nations General Assembly. <http://www.ohchr.org/EN/UDHR/Pages/Language.aspx?LangID=eng>.

UN (1948b): **Universal Declaration of Human Rights.** United Nations General Assembly. Paris (FR). <http://www.ohchr.org/EN/UDHR/Pages/Language.aspx?LangID=eng>.

UNEP (2013): **Minamata Convention on Mercury. Text and Annexes.** UNEP. Geneva (CH). [http://mercuryconvention.org/Portals/11/documents/Booklets/Minamata%20Convention%20on%20Mercury booklet English.pdf](http://mercuryconvention.org/Portals/11/documents/Booklets/Minamata%20Convention%20on%20Mercury%20booklet%20English.pdf).

UNOCHA (2006): **Humanitarian Negotiations with Armed Groups. A Manual for Practitioners.** United Nations Office for the Coordination of Humanitarian Affairs. New York. <https://www.unocha.org/sites/unocha/files/HumanitarianNegotiationswArmedGroupsManual.pdf>.

UNODC (2004): **United Nations Convention against Corruption.** Vienna (AT). http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf.

UNODC (2018): **The Doha Declaration. Knowledge resource: Extortion.** UNODC. Available online at <http://www.unodc.org/e4j/en/organized-crime/module-4/key-issues/extortion.html>.

Villegas, Cristina; Weinberg, Ruby; Levin, Estelle; Hund, Kirsten (2012): **Global-Solutions-Study. Artisanal and small-scale mining in protected areas and critical ecosystems programme. A global solutions study.** ASM-PACE. <http://www.levinsources.com/assets/pages/Global-Solutions-Study.pdf>.

VP (2000): **Voluntary Principles on Security and Human Rights.** http://www.voluntaryprinciples.org/wp-content/uploads/2013/03/voluntary_principles_english.pdf.



CRAFT 2.1

Code Volume 2A

Requirements for ASM Mineral Producers Commodity-independent Requirements

October 16, 2024

Official version: English¹

CRAFT 2.1 supersedes CRAFT 2.0 (October 05, 2020) as a minor revision.

The Code maintainer is the Alliance for Responsible Mining (ARM)

Contact: standards@responsiblemines.org

CRAFT was developed by the Alliance for Responsible Mining (ARM) in collaboration with RESOLVE, counting on valuable inputs from the members of the Standard Committee and of the Advisory Group, and all institutions and individuals participating in public consultations.



The CRAFT Code is released under the “Creative Commons Attribution-ShareAlike 4.0 International” License (<https://creativecommons.org/licenses/by-sa/4.0/>). Explicitly or implicitly referenced content from other sources remains under the Copyright of the respective source.

¹ In the case of inconsistency between versions, reference defaults to the official language version: English, version number 2.1.

Contents

INTRODUCTION.....	1
MODULE 1: ADOPTING A MANAGEMENT SYSTEM	1
MODULE 2: LEGITIMACY OF THE AMP.....	4
2.1 Country Context Case 1:.....	4
2.2 Country Context Case 2:.....	5
2.3 Country Context Case 3:.....	6
2.4 Country Context Case 4:.....	6
MODULE 3: “ANNEX II RISKS” REQUIRING IMMEDIATE DISENGAGEMENT	7
Preface.....	7
Requirements	7
3.1 Human and Workers’ Rights.....	8
3.2 Societal Welfare	10
3.3 Company Governance	11
MODULE 4: “ANNEX II RISKS” REQUIRING DISENGAGEMENT AFTER UNSUCCESSFUL MITIGATION	12
Preface.....	12
Requirements	12
4.1 Societal Welfare	12
4.2 Company Governance	16
MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT.....	18
Preface.....	18
Requirements	18
5.1 Human and Workers' Rights.....	19
5.2 Societal Welfare	22
5.3 Use of Natural Resources	23
5.4 Emissions and Land Reclamation	24
5.5 AMP Governance.....	25

INTRODUCTION

CRAFT 2.1 is the latest version of the Code of Risk Mitigation for Artisanal and Small-scale Mining (ASM) engaging in Formal Trade, building on the previous iteration, CRAFT 2.0. It comprises three indivisible volumes that guide ASM mineral producers in adopting responsible practices.

Volume 1 of the CRAFT Code outlines the objectives, scope, structure, and tools that guide users through the Code. Volume 2 assumes familiarity with the application principles of Volume 1, and is divided into two parts:

- **Volume 2A** covers commodity-independent requirements for ASM Mineral Producers (AMPs).
- **Volume 2B** addresses commodity-specific requirements that must be fulfilled for full conformance with the CRAFT Code.

This document, Volume 2A, contains all the general requirements applicable to AMPs, regardless of the metals or minerals they produce. To achieve compliance with CRAFT, AMPs must also meet the applicable requirements in Volume 2B.

This Volume 2A contains all the general requirements applicable to AMPs, regardless of the minerals they produce. To achieve compliance with CRAFT, AMPs must also meet the applicable requirements in Volume 2B.

Overview of the modules:

- **MODULE 1:** Adopting a Management System
- **MODULE 2:** Legitimacy of the AMP
- **MODULE 3:** “Annex II Risks” Requiring Immediate Disengagement. (MODULE 3 has pass/fail criteria)
- **MODULE 4:** “Annex II Risks” Requiring Disengagement after Unsuccessful Mitigation. (MODULE 4 has pass/fail and progress criteria)
- **MODULE 5:** “Non-Annex II” High Risks Requiring Improvement. (MODULE 5 is aspirational and has therefore only pass or progress criteria, of risks being controlled or mitigation in progress)

Background information, further comments, explanatory notes and suggested tools are contained in **Volume 4** (Guidance Book) to aid AMPs in their application of CRAFT.

MODULE 1: ADOPTING A MANAGEMENT SYSTEM

M.1/5.2.3/R.1

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.3 Sub-Issue: Management System

The organizational structure and the geographic location of the AMP and the minerals or metals produced by the AMP are aligned with the organizational-, geographic- and commodity scope of CRAFT.²

² See chapter 2 of Volume 1 on the scope of CRAFT

Criteria:

The AMP has a de-facto or formally constituted decision-making leadership structure.

The AMP provides (in the CRAFT Report) all necessary information about its organizational structure, its Members, the location of its operations, transport routes, and the products mined and processed.

The AMP also indicates whether - in its opinion - the operations are located in a *Conflict-Affected and High-Risk Area* (CAHRA) or not.

The description of the AMP includes a list of its Members —both internal entities (de facto groups and legal entities)—as well as the name, gender, age, work site, and ID number of all individuals associated with these entities or working independently. Additionally, it covers the production and processing characteristics, capacities of the entities, and any traceability measures that have been implemented.

M.1/5.2.3/R.2

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.3 Sub-Issue: Management System

The AMP declares that it is committed to responsible production of minerals and metals in alignment with the OECD Minerals Guidance and to further progress towards good and best ASM practice. To achieve this, the AMP adopts the CRAFT Code as its Management System for risk identification and mitigation. The AMP implements a supply chain policy aligned with Annex II of the OECD Minerals Guidance, declaring that assessment and management of the Annex II risks, as well as the conformity with all CRAFT requirements, are the core elements of its supply chain policy. The AMP is committed to progressively fulfil all requirements of the CRAFT Code.

Criteria: The public CRAFT Report, accessible to BUYERS and the public, contains this declaration and commitment.³

To implement CRAFT as an adopted management system, the AMP repeats at least annually the ongoing, proactive and reactive steps of risk assessment (Step 2), risk mitigation (Step 3), verification (Step 4) and reporting (Step 5) as described in chapter 4 of Volume 1.

All supporting evidence for the claims in the CRAFT Report (step 5) must be kept for a period of five (5) years.

The AMP implements its supply chain policy of assessing risks in line with the requirements of the OECD Minerals Guidance and by working towards full conformity with all CRAFT requirements, as well as national laws and other relevant legal instruments. It documents the achievements of the past reporting period and goals of the next reporting period in its CRAFT Report.

The supply chain policy of the AMP (related to Members as internal supply chain actors and BUYERS as external supply chain actors) adopted through the adoption of CRAFT as a management system, may be extended by incorporating additional policy elements that are development priorities of the AMP or as appropriate to comply with specific expectations of BUYERS.

³ In addition to the public CRAFT Report, the AMP may publish this declaration and commitment through other communication channels, as seen fit for the purpose.

M.1/5.2.3/R.3

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.3 Sub-Issue: Management System

If the AMP seeks support for implementing the CRAFT Code by joining a CRAFT Scheme, the AMP must adhere to the affiliation requirements of the CRAFT Scheme.

Criteria (applies only if a CRAFT Scheme exists and if the AMP decides to join it): The AMP engages with a CRAFT Scheme.

M.1/5.2.3/R.4

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.3 Sub-Issue: Management System

The AMP ensures that the requirements of the CRAFT Code, which the AMP has adopted as its supply chain policy and committed to fulfil, are communicated in a way that reaches all Members⁴.

Criteria: The AMP has established a formal or de-facto organizational structure in charge of communicating the CRAFT requirements to all Members.

M.1/5.2.8/R.1

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.8 Sub-Issue: Grievance Mechanism

The AMP has designated a point of contact for complaints.

Criteria: The point of contact is sufficiently independent to act as a conflict mediator in case of complaints.

M.1/5.2.11/R.1

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.11 Sub-Issue: Responsible Person

The AMP has nominated a Responsible Person who acts on behalf of the AMP's decision-making leadership structure and is accountable for the implementation of CRAFT.

Criteria:

The Responsible Person is appointed by, and reports to, the decision-making leadership structure.

The Responsible Person is a senior staff member or representative of the decision-making leadership structure with the necessary knowledge/experience and competence/authority to oversee all aspects of CRAFT implementation, and is entitled to make claims on behalf of the AMP (i.e. issue the CRAFT Report).

The Responsible Person reports the results of risk assessment to the AMP's decision-making leadership structure, presenting the gathered information, identifying actual and potential risks, and proposing a risk management plan for risk mitigation.

The Responsible Person implements the risk management plan, approved by the decision-making leadership structure of the AMP, and monitors risk mitigation and reports back on performance.

⁴ See definition of Members in Vol.1, chapter 2.2: "anyone involved in the supply chain of the AMP ...", i.e. all operators at the AMP's mine-, processing- and aggregation site(s) as illustrated in Vol.1, chapter 2.2.

Monitoring and performance tracking of risk mitigation should be carried out in cooperation and/or consultation with local and central authorities, international or civil society organizations and affected third parties as appropriate. The AMP may wish to establish or support the creation of community monitoring networks to track the performance of risk mitigation.

The AMP Member(s) who interact commercially with BUYERS are ultimately responsible for making all CRAFT-related verifiable claims. This responsibility may be delegated to, or assumed by, an ASM producer support scheme (e.g., a public, private, or civil society ASM program or project).

MODULE 2: LEGITIMACY OF THE AMP

MODULE 2 specifies the requirements and criteria used to assess the legitimacy of the AMP, particularly in terms of legalization and formalization of its operations.

An AMP can apply to join a CRAFT Scheme if it meets the definition of "Legitimate ASM" as provided in the OECD Minerals Guidance.

M.2/5.2.1/R.1

5. Category: Company Governance
 5.2 Issue: Management Practices
 5.2.11 Sub-Issue: Legal Compliance

The AMP must be legitimate.

Fulfilled Requirement	Progress towards Fulfilment of the Requirement	Fail Criteria
The AMP is legitimate and formal/legal.	The AMP is legitimate and in the process of becoming formal/legal.	Under its current circumstances, the AMP cannot be considered legitimate.

For determining legitimacy, the CRAFT distinguishes between different contexts that may exist in the country where the AMP operates. For each context, the CRAFT establishes the criteria below for determining whether or not the requirement of legitimacy is fulfilled:

2.1 Country Context Case 1:

A legal framework for ASM exists, is actively implemented, and is enforced by the competent authorities.

Fulfilled Requirement	The AMP's operation is legal. The AMP holds the legally valid public or private documents that authorize its operation.
Progress towards Fulfilment of the Requirement	<ul style="list-style-type: none"> ○ The AMP can prove with documents that it made efforts towards the legalization of its operation (incipient progress) or

	<p>The AMP can prove with legally valid documents that it is making progress towards the legalization of its operation (advanced progress)</p> <p>and</p> <ul style="list-style-type: none"> ○ The AMP’s operation is based on good faith: No evidence exists that the competent authorities have taken action against the AMP since the AMP initiated the formalization process.
Fail Criteria	<ul style="list-style-type: none"> ○ The AMP cannot provide any evidence of efforts towards the legalization of its operation, e.g. the AMP does not have any documents proving its application or initiation of the formalization procedure. <p>or</p> <ul style="list-style-type: none"> ○ The AMP’s operation is not based on good faith: Its operation continues despite actions taken by the competent authorities against the AMP.

2.2 Country Context Case 2:

A legal framework for ASM exists, but it is neither actively implemented nor enforced.

Fulfilled Requirement	<p>The AMP’s operation is legal. The AMP holds legally valid public or private documents that authorize its operation(s).</p> <p><u>Alternative Fulfilled Requirement:</u></p> <ul style="list-style-type: none"> ○ The AMP can prove with documents its willingness to legalize its operation under national law. <p>and</p> <ul style="list-style-type: none"> ○ The AMP operates with authorizations under customary law or operates with implicit local consent. No complaints are sustained by potentially affected public or private stakeholders in the community. Conflicts are resolved as soon as they arise.
Progress towards Fulfillment of the Requirement	<ul style="list-style-type: none"> ○ The AMP declares its willingness to legalize its operation under national law. <p>and</p> <ul style="list-style-type: none"> ○ The AMP sustains a dialogue with traditional authorities, and with public, private, and community stakeholders as applicable, in order to reach consent and resolve conflicts. The AMP can demonstrate progress in the respective negotiations.
Fail Criteria	<ul style="list-style-type: none"> ○ The AMP cannot provide any evidence of efforts towards the legalization of its operation. <p>or</p> <ul style="list-style-type: none"> ○ The AMP continues to operate despite clearly expressed and sustained opposition of traditional authorities, or of public or private stakeholders in the community.

2.3 Country Context Case 3:

A specific legal framework for ASM does not exist.

Fulfilled Requirement	<p>The AMP’s operation is legal. The AMP holds the legally valid public or private documents that authorize its operation.</p> <p><u>Alternative Fulfilled Requirement:</u></p> <ul style="list-style-type: none"> ○ The AMP has analyzed the applicable laws and can justify the impossibility of legalization under the existing legal framework for all extractive activities. <p>and</p> <ul style="list-style-type: none"> ○ The AMP operates with authorization under customary law or operates with implicit local consent (e.g. active participation of community members in the AMP). No complaints are sustained by potentially affected public or private stakeholders in the community. Conflicts are resolved as soon as they arise.
Progress towards Fulfillment of the Requirement	<ul style="list-style-type: none"> ○ The AMP declares its willingness to legalize its operation. <p>and</p> <ul style="list-style-type: none"> ○ The AMP sustains a dialogue with traditional authorities, and with public, private, and community stakeholders as applicable, in order to reach consensus and resolve conflicts. The AMP can demonstrate progress in the respective negotiations.
Fail Criteria	<ul style="list-style-type: none"> ○ The AMP continues to operate despite clearly expressed and sustained opposition of traditional authorities, or of public or private stakeholders in the community.

2.4 Country Context Case 4:

Case 4 may apply as stand-alone country context or in addition to cases 1 to 3.

State-approved commercialization channels for informally produced ASM commodities are in place.

Fulfilled Requirement	<p>The AMP’s operation is legal and the AMP is authorized to sell to the free market. The AMP holds the legally valid public or private documents that authorize its operation.</p> <p><u>Alternative Fulfilled Requirement:</u></p> <ul style="list-style-type: none"> ○ The AMP sells its production to or through a state-approved commercialization channel, <p>and</p> <ul style="list-style-type: none"> ○ The AMP operates with authorization under customary law or operates with implicit local consent (e.g. active participation of community members in the AMP). No complaints are sustained by potentially affected public or private stakeholders in the community. Conflicts are resolved as soon as they arise.
-----------------------	--

Progress towards Fulfillment of the Requirement	<ul style="list-style-type: none"> ○ The AMP has attempted to sell its production to or through a state-approved commercialization channel and can justify the impossibility of such commercial operations. <p>and</p> <ul style="list-style-type: none"> ○ The AMP sustains a dialogue with traditional authorities, and with public, private, and community stakeholders as applicable, in order to reach consent and resolve conflicts. The AMP can demonstrate progress in the respective negotiations.
Fail Criteria	<ul style="list-style-type: none"> ○ The AMP attempts to bypass state-approved commercialization channels. <p>or</p> <ul style="list-style-type: none"> ○ The AMP continues to operate despite clearly expressed and sustained opposition of traditional authorities, or of public or private stakeholders in the community.

MODULE 3: “ANNEX II RISKS” REQUIRING IMMEDIATE DISENGAGEMENT

Preface

MODULE 3 addresses “Annex II risks,” for which the Model Supply Chain Policy in Annex II of the OECD Minerals Guidance recommends that BUYERS immediately suspend or discontinue commercial engagement⁵ with AMPs if a reasonable risk is not mitigated. Consequently, if such risks are unmanaged, a BUYER sourcing in conformance with the OECD Minerals Guidance would not engage commercially with the AMP. Accordingly, all requirements of this MODULE are pass/fail requirements.

Every requirement is complied with if:

- all **Pass Criteria** are fulfilled, and
- no **Fail Criteria** applies.

Requirements

The requirements of this MODULE apply to the organizational scope of the AMP, i.e. to **issues that are directly controllable (and therefore mitigable) by the AMP**. Issues related to the wider community or to economic activities, not or only indirectly related with mineral production, are beyond the scope of this MODULE. Such issues will be addressed in MODULE 5.

Background information on each requirement, explanatory notes, examples, and suggested tools are contained in **Volume 4** (Guidance Book).

⁵ The term “Disengagement” in the title of this Module refers exclusively to the suspension or discontinuation of commercial relations (sourcing by BUYERS). It does not refer to the engagement of CRAFT Schemes and CSR engagement of companies (BUYERS). As due diligence has to be undertaken in good faith, BUYERS may (and are even encouraged to!) continue supporting the AMP’s efforts demonstrating good faith to progressively mitigate the risks and achieve conformance with the requirements of the OECD Minerals Guidance reflected in the CRAFT Code.

3.1 Human and Workers' Rights

M.3/1.1.1/R.1

(addresses OECD Minerals Guidance, Annex II, par. 1.iii)

1. Category: Human and Workers' Rights

1.1 Issue: Serious Human Rights Abuses

1.1.1 Sub-Issue: Child Labour & Education

It is reasonable to believe that the AMP does not tolerate the worst forms of child labour in its production process.

Pass Criterion 1	A qualitative (ideally a semi-quantitative) baseline assessment of child labour has been conducted of the AMP production process and internal supply chain. The outcome of this exercise is documented in the CRAFT Report.
Pass Criterion 2	The AMP can credibly affirm that in its internal supply chain no persons under the age of 18 (children) perform any of the following work classified as the worst forms of child labour: underground or underwater work, work with dangerous machinery and tools, carrying heavy loads, work that exposes them to hazardous substances or that severely harms their health, safety or morals in general. ⁶
Pass Criterion 3	Complaints or allegations received by the point of contact (see M.1/5.2.8/R.1) have been acknowledged and resolved.
Fail Criterion 1	Documentation provided by the AMP (the CRAFT Report) makes no reference to efforts carried out by the AMP to assess the extent and the conditions of child labour in its internal supply chain.
Fail Criterion 2	Persons under the age of 18 (children) perform any of the following work classified as a worst forms of child labour in the internal supply chain of the AMP: work underground or underwater, work with dangerous machinery and tools, carrying heavy loads, and work that exposes them to hazardous substances or to situations that severely harm their health, safety or morals in general.

M.3/1.1.2/R.1

(addresses OECD Minerals Guidance, Annex II, par. 1.ii)

1. Category: Human and Workers' Rights

1.1 Issue: Serious Human Rights Abuses

1.1.2 Sub-Issue: Forced Labour

It is reasonable to believe that the AMP is not linked to any forms of forced or compulsory labour.

Pass Criterion 1	The AMP can credibly affirm that any work or service of any person in its internal supply chain is performed under voluntary terms.
Pass Criterion 2	The AMP can credibly affirm that all persons related to its internal supply chain are free to resign from their work or service at any moment, according to generally

⁶ Based on ILO recommendation R190 (ILO 1999b), the OECD document, "Practical Actions for Companies to Identify and Address the Worst Forms of Child Labour in Mineral Supply Chains" (OECD 2017), provides orientation on the intent of the OECD Minerals Guidance, indicating: "Not all work by children is child labour, and not all child labour falls under the internationally recognised legal definition of the "worst forms of child labour". Many of the activities defined as "hazardous work" under international law occur in mining. These activities include **work underground or underwater, work with dangerous machinery and tools, carrying heavy loads, and work that exposes miners to hazardous substances.**" Consequently, requirement M.3/1.1.1/R.1 focuses only on these mineral production-related worst forms of child labour, such as carrying out any of the above-mentioned activities. All other aspects of child labour and worst forms of child labour are covered in MODULE 5 and shall be assigned high priority. See also Footnote 13 on the different scopes of M.3/1.1.1/R.1 and M.5/1.1.1/R.1.

	accepted procedures for due notice, respecting existing obligations, and without the menace of penalty.
Pass Criterion 3	Complaints received by the point of contact (see M.1/5.2.8/R.1) have been acknowledged and resolved.
Fail Criterion	The CRAFT Report does not indicate the supporting evidence available to the AMP that confirms the absence of any forms of forced or compulsory labor.

M.3/1.1.5/R1

(addresses OECD Minerals Guidance, Annex II, par. 1.i)

1. Category: Human and Workers' Rights**1.1 Issue:** Serious Human Rights Abuses**1.1.5 Sub-Issue:** Disciplinary Practices and Violence

It is reasonable to believe that the AMP is not linked to committing any forms of torture or cruel, inhuman, and degrading treatment.

Pass Criterion 1	Credible testimonies regarding cases of torture or cruel, inhuman, and degrading treatment at the mine site and its surroundings were sought, and if found to exist, the AMP ensured that proven or suspected perpetrators were excluded from its supply chain.
Pass Criterion 2	Complaints or allegations received by the point of contact (see M.1/5.2.8/R.1) have been acknowledged and resolved.
Fail Criterion 1	The AMP has not taken action against proven or suspected perpetrators in its supply chain.
Fail Criterion 2	The CRAFT Report of the AMP does not contain an analysis of the obtained testimonies or state the absence of complaints.

M.3/1.1.6/R.1

(addresses OECD Minerals Guidance, Annex II, par. 1.iv)

1. Category: Human and Workers' Rights**1.1 Issue:** Serious Human Rights Abuses**1.1.6 Sub-Issue:** Other Gross Human Rights Abuses

It is reasonable to believe that the AMP is not linked to any other gross human rights violations and abuses, such as widespread sexual violence.

Pass Criterion 1	Credible third-party testimonies indicate the absence of gross human rights violations and abuses such as widespread sexual violence.
Pass Criterion 2	Complaints or allegations received by the point of contact (see M.1/5.2.8/R.1) have been acknowledged and resolved.
Fail Criterion 1	The CRAFT Report makes no reference to efforts carried out by the AMP to obtain third-party testimonies regarding gross human rights violations and abuses such as widespread sexual violence.
Fail Criterion 2	Third-party testimonies indicate gross human rights violations and abuses such as widespread sexual violence related to the AMP.

Fail Criterion 3	The CRAFT Report of the AMP does not contain an analysis of the obtained testimonies.
---------------------	---

3.2 Societal Welfare

M.3/2.1.8/R.1

(addresses OECD Minerals Guidance, Annex II, par. 1.v)

2. Category: Societal Welfare
2.1 Issue: Community Rights
2.1.8 Sub-Issue: Security Forces

If the AMP is located in a CAHRA (see M.1/5.2.3/R.1):

It is reasonable to believe that the AMP is not linked to committing war crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide.

Pass Criterion 1	The AMP confirms that none of its Members is prosecuted, accused or convicted for having committed war crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide. Persons in a government-controlled program for re-socialization or re-integration of ex-combatants do not count against this criterion.
Pass Criterion 2	The AMP can credibly affirm that its internal supply chain is not controlled by or benefitting any conflict party suspected of being involved in war crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide.
Pass Criterion 3	Complaints or allegations received by the point of contact (see M.1/5.2.8/R.1) have been acknowledged and resolved.
Fail Criterion 1	Collected evidence is not sufficiently conclusive to confirm that it is reasonable to believe that the AMP is not linked to any conflict party suspected of committing war crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide.
Fail Criterion 2	The AMP does not provide the results of the internal and/or external assessment in its CRAFT Report.

M.3/2.1.8/R.2

(addresses OECD Minerals Guidance, Annex II, par. 3.i)

2. Category: Societal Welfare
2.1 Issue: Community Rights
2.1.8 Sub-Issue: Security Forces

If the AMP is located in a CAHRA (see M.1/5.2.3/R.1):

It is reasonable to believe that the AMP's mine site and transportation routes are not illegally controlled by non-state armed groups.⁷

⁷ According to the footnote #5 in OECD 2016b, Annex II, par. 3.i, "Control" means i) overseeing extraction, including by granting access to mine sites and/or coordinating downstream sales to intermediaries, export companies or international traders; ii) making recourse to any forms of forced or compulsory labour to mine, transport, trade or sell minerals; or iii) acting as a director or officer of, or holding beneficial or other ownership interests in, upstream companies or mines.

Pass Criterion 1	An internal (and in case of reasonable doubt, external) assessment confirms that the AMP's mine site, the internal supply chain, and the transportation routes are not illegally controlled by any non-state armed group.
Pass Criterion 2	Complaints or allegations received by the point of contact (see M.1/5.2.8/R.1) have been acknowledged and resolved.
Fail Criterion 1	Collected evidence is not sufficiently conclusive to confirm that it is reasonable to believe that the AMP's mine site and internal supply chain is not illegally controlled by any non-state armed group.
Fail Criterion 2	The AMP does not provide the results of an internal and/or external assessment in its CRAFT Report.

3.3 Company Governance

M.3/5.1.4/R.1

(addresses OECD Minerals Guidance, Annex II, par. 3.ii)

5. Category: Company Governance

5.1 Issue: Business Practices

5.1.4 Sub-Issue: Extortion

If the AMP is located in a CAHRA (see M.1/5.2.3/R.1):

It is reasonable to believe that the AMP undertakes all reasonable efforts⁸ to avoid production at its mine site and its internal supply chain from being subjected to illegal taxation or extortion of money or minerals by non-state armed groups.

Pass Criterion 1	The AMP has and implements an internal policy requiring all Members to abstain from making any payment considered related to extortion and illegal taxation to non-state armed groups. The policy establishes that proven perpetrators are excluded or suspended from its supply chain.
Pass Criterion 2	Complaints or allegations received by the point of contact (see M.1/5.2.8/R.1) have been acknowledged and resolved.
Fail Criterion	One or more Members of the AMP are prosecuted, accused, or convicted for being involved in financing or directly/indirectly supporting non-state armed groups, and the AMP has not taken any corrective action to exclude or suspend them of the AMP, or to prevent recurrence according to the internal policy.
Fail Criterion 2	The AMP does not report about the implementation of the policy in its CRAFT Report.

⁸ Reasonable means to the maximum extent possible without putting the physical integrity of persons at risk.

MODULE 4: “ANNEX II RISKS” REQUIRING DISENGAGEMENT AFTER UNSUCCESSFUL MITIGATION

Preface

MODULE 4 addresses “Annex II risks” for which the Model Supply Chain Policy in Annex II of the OECD Minerals Guidance recommends suspending or discontinuing commercial engagement⁹ with AMPs after failed mitigation attempts. Accordingly, all requirements of this MODULE are pass, progress, or fail requirements.

Every requirement is complied with if:

- The **Pass Criteria “mitigated”** are fulfilled, or
- The **Progress Criteria “mitigation progress satisfactory”** demonstrates measurable progress in the past reporting period¹⁰ and contains a commitment to further mitigation measures for the next reporting period, and
- no **Fail Criteria** applies.

The MODULE is considered “**passed**” (i.e. the AMP can claim **Affiliate** status) if no fail criteria applies to any requirement (i.e. if all requirements can be verifiably claimed as passed or in progress).

Requirements

Requirements of this MODULE are applicable to the main and (if applicable) to the extended organizational scope of the AMP, i.e. to **issues that are directly controllable (and therefore mitigable) by the AMP**.

Issues related to the wider community, to economic activities not (or only indirectly) related with mineral production, or related to conflict contexts at national or regional level over which the AMP has no control, are beyond the scope of this MODULE. Such issues are not mitigable by the AMP. Notwithstanding, some of such issues are addressed in MODULE 5.

Background information on each requirement, explanatory notes, examples and suggested tools are contained in **Volume 4** (Guidance Book).

4.1 Societal Welfare

M.4/2.1.8/R.1

(addresses OECD Minerals Guidance, Annex II, par. 5)

2. Category: Societal Welfare
2.1 Issue: Community Rights
2.1.8 Sub-Issue: Security Forces

It is reasonable to believe that the AMP undertakes best possible efforts to eliminate direct or indirect support to public or private security forces that illegally tax, extort, or control its mine site, internal supply chain, or point(s) of sale.

Pass Criterion (“mitigated”)

The AMP (its Members, mine site, and internal supply chain) is not illegally taxed, extorted, or controlled by public or private security forces.

⁹ See footnote 5 regarding interpretation of the term “Disengagement” in the title of this Module.

¹⁰ In general, the reporting period between CRAFT Reports should be one year. It is upon the CRAFT Scheme to establish shorter or longer periods, as seen appropriate from a risk-based perspective, and, as appropriate, taking into account recommended timelines for risk mitigation in the OECD Minerals Guidance.

Progress Criteria (pass: “mitigation progress satisfactory”)	Initial Step: The AMP seeks external advice and support from credible institutions, organizations, or persons to put a risk management plan in place. Next steps: A risk management plan is in place, and the AMP implements and monitors the plan with measurable improvements.
Fail Criterion	A risk management plan has been agreed upon between the AMP and its BUYERS, but the AMP makes no effort to adhere to the plan.

M.4/2.1.8/R.2

(addresses OECD Minerals Guidance, Annex II, par. 6)

2. Category: Societal Welfare
2.1 Issue: Community Rights
2.1.8 Sub-Issue: Security Forces

It is reasonable to believe that the AMP is supportive or seeks the support of public or private security forces if their presence is required to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment, and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

Pass Criterion (“mitigated”)	While acknowledging the need for security, the AMP declares and can prove (if applicable) that the presence of security forces is justified by their needs, and that security providers act respecting human rights and national laws. The AMP declares (in the CRAFT report) and can prove (if applicable) that it collaborates with public or private security forces as required by law or seeks their support only as needed for the purpose specified in the requirement.
Progress Criteria (pass: “mitigation progress satisfactory”)	Initial Step: If relations between the AMP and public or private security forces are characterized by tensions, the AMP seeks advice and support from credible institutions, organizations or persons to put a risk management plan in place. Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements.
Fail Criterion	The AMP refuses to abide by orders from public security forces, where these are acting within the framework of the law and in respect of human rights. --- or --- The AMP employs private security forces that disregard the framework of the law and human rights.

M.4/2.1.8/R.3

(addresses OECD Minerals Guidance, Annex II, par. 7)

2. Category: Societal Welfare
2.1 Issue: Community Rights
2.1.8 Sub-Issue: Security Forces

It is reasonable to believe that the AMP does not knowingly hire individuals or units of security forces that are known to have been responsible for gross human rights abuses.

Pass Criterion (“mitigated”)	The AMP does not contract private security services and has not requested the provision of public security to their operations.
---------------------------------	---

	<p>--- or ---</p> <p>The AMP seeks reasonable certainty to ensure that individuals or units of hired security forces are not linked to gross human rights abuses.</p>
Progress Criteria (pass: “mitigation progress satisfactory”)	<p>Initial Step: If information arise that security personnel are linked to human rights abuses, the AMP seeks advice and support from credible institutions, organizations or persons to put a risk management plan in place.</p> <p>Subsequent steps: A risk management plan is in place for this risk and the AMP implements and monitors the plan with measurable improvements.</p>
Fail Criterion	The AMP knowingly and purposefully hires security providers that are known for their abusive practices.

M.4/2.1.8/R.4

(addresses OECD Minerals Guidance, Annex II, par. 8)

2. Category: Societal Welfare
 2.1 Issue: Community Rights
 2.1.8 Sub-Issue: Security Forces

It is reasonable to believe that the AMP supports all efforts or takes all viable steps to ensure that payments to public security forces for the provision of security are as transparent, proportional, and accountable as possible.

Pass Criterion (“mitigated”)	<p>No payments are made, i.e. the AMP is not obligated to pay for services provided by public security forces.</p> <p>--- or ---</p> <p>If the AMP is legally bound to pay for services provided by public security forces, payments are in accordance with the law and documented by receipts.</p>
Progress Criteria (pass: “mitigation progress satisfactory”)	<p>Initial Step: The AMP starts recording the payments made and seeks advice and support from credible institutions, organizations or persons to put a risk management plan in place.</p> <p>Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements.</p>
Fail Criterion	Payments are made, but not as required by law, and neither receipts nor internal records are kept.

M.4/2.1.8/R.5

(addresses OECD Minerals Guidance, Annex II, par. 9)

2. Category: Societal Welfare
 2.1 Issue: Community Rights
 2.1.8 Sub-Issue: Security Forces

It is reasonable to believe that the AMP supports all efforts or takes all viable steps to minimize adverse impacts associated with the presence of public or private security forces on their mine site(s).

Pass Criterion ("mitigated")	<p>No public or private security forces are present at the mine site.</p> <p>--- or ---</p> <p>The AMP supports all efforts or takes all viable steps to minimize adverse impacts associated with the presence of public or private security forces, to which men and women on their mine site(s) may be exposed.¹¹</p>
Progress Criteria (pass: "mitigation progress satisfactory")	<p>Initial Step:</p> <ul style="list-style-type: none"> • In case of non-conformity with the service of private security, the AMP seeks to renegotiate the service or change the security provider and put a risk management plan in place. If needed, the AMP seeks advice and support from credible institutions, organizations, or persons. • In case of non-conformity with the performance of public security, the AMP seeks to engage with the supervisor or the competent authorities to put a risk management plan in place. If needed, the AMP seeks advice and support from credible institutions, organizations, or persons. <p>Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements.</p>
Fail Criterion	<p>None. As the requirement is in the best interest of the AMP, it is inherently reasonable to believe that the AMP supports all efforts or takes all viable steps.</p>

M.4/2.2.1/R.1

(addresses OECD Minerals Guidance, Annex II, par. 13 and Gold Supplement, Step 1, Section I, C.4)

2. Category: Societal Welfare
2.2 Issue: Value Added
2.2.1 Sub-Issue: Payment of Taxes & EITI

It is reasonable to believe that the AMP pays to the government all taxes, fees, and royalties related to mineral extraction, trade, and export.

Pass Criterion ("mitigated")	<p>The AMP and its Members can prove that they pay taxes, fees, and royalties as required by law.</p> <p>The AMP cooperates fully and transparently with state agencies in charge of supervising mineral trade and provides customs with access to complete information regarding all shipments that cross international borders¹².</p>
Progress Criteria (pass: "mitigation progress satisfactory")	<p>Initial Step: At least some Members of the AMP pay taxes, fees, and royalties as applicable.</p> <p>Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements.</p>
Fail Criteria	<p>No one pays any taxes, fees, or royalties, despite being required to do so by law.</p>

¹¹ This is usually in the own best interest of the AMP and therefore a "self-fulfilling" requirement. Annex II, par. 9 of the OECD Minerals Guidance is rather a responsibility of BUYERS than a requirement for AMPs. Notwithstanding, as CRAFT Schemes are expected to support AMPs in fulfilling the requirements, this issue is included for consistency.

¹² Or borders between different fiscal regimes of sub-national administrative units.

	<p>--- or ---</p> <p>The AMP cannot provide any information regarding payment of taxes, fees, and royalties by its members.</p>
--	---

M.4/2.2.1/R.2

(addresses OECD Minerals Guidance, Annex II, par. 13)

2. Category: Societal Welfare
 2.2 Issue: Value Added
 2.2.1 Sub-Issue: Payment of Taxes & EITI

It is reasonable to believe that the AMP is committed to disclose – if requested – payments of taxes, fees, and royalties in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

Applicable only if the AMP is located in a country where EITI is collecting information from ASM:

Pass Criterion (“mitigated”)	The AMP discloses, or declares to be committed to disclose, payments of taxes, fees, and royalties to the national EITI.
Progress Criteria (pass: “mitigation progress satisfactory”)	<p>Initial Step: The AMP engages with EITI to learn about its obligations, or is already preparing its EITI declaration but has not yet submitted it.</p> <p>Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements.</p>
Fail Criterion	The AMP refuses to disclose payments to the national EITI.

4.2 Company Governance

M.4/5.1.3/R.1

(addresses OECD Minerals Guidance, Annex II, par. 11)

5. Category: Company Governance
 5.1 Issue: Business Practices
 5.1.3 Sub-Issue: Bribery and Facilitation

It is reasonable to believe that the AMP undertakes all reasonable efforts to avoid offering, promising, giving, accepting or demanding any bribes to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

Pass Criterion (“mitigated”)	<p>The AMP has an internal policy requiring all members to abstain from offering, promising, giving, and particularly expecting or demanding bribes.</p> <p>--- and ---</p> <p>The AMP undertakes all reasonable efforts to achieve that members of the AMP recognize this policy as binding and abide by the policy.</p>
Progress Criteria (pass: “mitigation progress satisfactory”)	<p>Initial Step: The AMP has identified the risk and seeks advice and support from credible institutions, organizations, or persons to establish a risk management plan.</p> <p>Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements.</p>
Fail Criterion	The AMP does not address bribing issues at all.

M.4/5.1.3/R.2

(addresses OECD Minerals Guidance, Annex II, par. 11)

5. Category: Company Governance
 5.1 Issue: Business Practices
 5.1.3 Sub-Issue: Bribery and Facilitation

It is reasonable to believe that the AMP undertakes all reasonable efforts to resist bribery to conceal or disguise the origin of minerals.

Pass Criterion (“mitigated”)	The AMP ensures the chain of custody or traceability and that minerals, concentrates or metals commercialized collectively by the AMP and/or individually by its Members originate exclusively from the mine site of the AMP.
Progress Criteria (pass: “mitigation progress satisfactory”)	Initial Step: The AMP is adopting, creating or improving its chain of custody or traceability mechanism and is piloting its implementation. Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements.
Fail Criterion	The AMP makes no efforts to identify the origin of minerals, concentrates and/or metals commercialized.

M.4/5.1.5/R.1

(addresses OECD Minerals Guidance, Annex II, par. 12)

5. Category: Company Governance
 5.1 Issue: Business Practices
 5.1.5 Sub-Issue: Money Laundering

It is reasonable to believe that the AMP supports all efforts or takes all viable steps to contribute to the effective elimination of money laundering, where a reasonable risk of such practice from or connected to its operations or products is identified.

Pass Criterion (“mitigated”)	The production volumes of the AMP are plausibly aligned with the effective production capacity of the AMP. --- and --- The installed production capacity of the AMP is plausibly aligned with the financial capacity of its Members (including ultimate ownership).
Progress Criteria (pass: “mitigation progress satisfactory”)	Initial Step: The AMP has identified the risk of money laundering and establishes a risk management plan to identify and mitigate risks that finance, minerals, or metals originating from money laundering are injected into its supply chain. Subsequent steps: A risk management plan is in place for this risk, and the AMP implements and monitors the plan with measurable improvements. The AMP tries to avoid cash payments and, as far as possible and economically viable, to keep formal records.
Fail Criterion	The AMP sells more mineral, concentrate, or metal than it produces and cannot explain where the excess volumes originate. --- or ---

	The legitimate origin of investment capital and of funds to cover operational expenses cannot be reasonably explained.
--	--

MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT

Preface

MODULE 5 addresses high risks 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 Minerals Guidance. Such risks are commonly referred to as “**non-Annex II risks**”.

MODULE 5 aims to guide further progress of AMPs that have passed (by “pass” or “satisfactory progress” criteria) the previous MODULE 4, which means that BUYERS adopting the OECD Model Supply Chain Policy are not required to disengage as long as no new Annex II risks appear. Correspondingly, requirements of this MODULE 5 have **no Pass/Fail Criteria**.

All requirements of MODULE 5 are “**aspirational**” and not compulsory.

The “High Risks” in Module 5 cover the majority (although not all) of aspects that BUYERS committed to responsible sourcing may expect from their suppliers. Mitigating these “High Risks” also aligns with what the vast majority of members of AMPs aspire to—improving their workplaces, the living conditions, and livelihoods of their families. Experience shows that well-managed ASM is more beneficial and profitable for miners. By progressively conforming with these aspirational requirements according to their own needs and goals, AMPs advance in their development and can further improve their access to responsible markets.

MODULE 5 is also “aspirational” in that it is expected that AMPs, which are already CRAFT-conformant by passing Module 4, periodically assess the High Risks in MODULE 5 and decide on mitigation measures for improvement to be carried out in the next reporting period. As MODULE 5 is aspirational, this decision should reflect the own development priorities of the AMP.

MODULE 5 emphasizes progressive improvement. It should not always be the goal to have a risk “controlled” at a good practice level. On some issues, a focus on continuous improvement (i.e. progressing) may be more valuable to help AMPs to advance towards best practice. Nonetheless, this is subject to the aspirations of the AMP.

Requirements

Conformity with requirements is expressed as:

- **Controlled:** The risk has been assessed and, if present, mitigation measures for improvement have been taken to an extent that is considered good ASM practice. The following statement applies to all requirements, where only the conformity criteria is specified:

Controlled	<p>The risk is absent.</p> <p>--- or ---</p> <p>[conformity criteria specified]</p> <p>Having achieved the improvement related to this requirement, the High Risk is controlled.</p>
-------------------	--

- **Progressing**

Progressing	The risk has been assessed and the AMP is implementing mitigation measures for improvement.
--------------------	---

- **Unaddressed:** The risk has not yet been assessed, or the AMP has not yet taken steps to implement mitigation measures for improvement. The following statement applies to all requirements:

Unaddressed	The risk needs to be assessed, and if present, mitigation measures need to be implemented.
--------------------	--

The CRAFT is intentionally **not prescriptive on the sequencing and prioritization** of improvements addressing *non-Annex II High Risks* (requirements of this MODULE 5). Nor is the CRAFT prescriptive regarding the **number** of improvements pursued simultaneously. According to their own needs and capacity, and to support opportunities provided by CRAFT Schemes, AMPs may decide which risks are priority issues for them and need to be addressed. Additionally, CRAFT Schemes may evaluate which risks are priority issues for their downstream supply chains and offer support to the AMP to address these risks and the priority risks identified by the AMP.

Risk mitigation plans shall be established for these (jointly) identified priority risks. To distinguish these risk mitigation plans from those in MODULE 4 (related to Annex II risks), they are referred to as **Improvement Plans**.

Periodically, as to be agreed between the AMP and the CRAFT Scheme it is affiliated with, the AMP shall commit to activities and steps related to the progressive implementation of the Improvement Plans until the risk is “Controlled”. Commitments and achievements shall be documented in the CRAFT Report.

The CRAFT is also **not prescriptive with regards to the activities** AMPs need to carry out to improve and mitigate the risks as part of the Improvement Plan. AMPs, ideally backed by the support of CRAFT Schemes, are free to decide which steps to take to achieve the improvement and comply with the requirement.

Requirements of this MODULE may be **applicable beyond the organizational scope of the AMP**. Some risks refer to responsibilities of the AMP with the community. Where issues relate to the wider community or to economic activities indirectly related with the mineral production, this is indicated in the requirement.

Background information on each requirement, explanatory notes, examples and suggested tools are contained in **Volume 4** (Guidance Book).

5.1 Human and Workers' Rights

M.5/1.1.1/R.1

1. Category: Human and Workers' Rights
1.1 Issue: Serious Human Rights Abuses
1.1.1 Sub-Issue: Child Labour & Education

The AMP takes steps towards eradicating all worst forms of child labour directly or indirectly related to mining, among persons under the age of 18.

Risk: Persons below 18 years of age, within the community, are engaged in work classified by ILO as “worst forms of child labour”, directly or indirectly related to the mining activity.¹³

Controlled	Persons below the age of 18 work only at workplaces appropriate for their age, not classified as worst forms of child labour. A mechanism is in place to take immediate action as soon as cases of worst forms of child labour are detected.
Progressing	Improvement: The AMP engages with competent authorities addressing worst forms of child labour, participates in educating the community on the negative consequences of child labour, and contributes to progressively relocating all working persons of age below 18 to workplaces or tasks appropriate to their age.

M.5/1.1.1/R.2

1. Category: Human and Workers' Rights
1.1 Issue: Serious Human Rights Abuses
1.1.1 Sub-Issue: Child Labour & Education

The AMP takes steps towards eradicating all child labour of persons under the age of 15.

Risk: Persons younger than 15 years of age, within the community, are admitted to employment or allowed to work in any occupation.

Controlled	Persons below age of 15 are not working in any occupation that is considered child labour ¹⁴ . A mechanism is in place to take immediate action as soon as cases of child labour are detected.
Progressing	Improvement: The AMP has established a risk management plan to reduce this risk. The AMP engages with competent state authorities and other community organizations, advocating for schools and occupational training from the government, with the goal to ultimately eradicate all child labour that is mentally, physically, socially, or morally dangerous and harmful to children and/or interferes with their schooling.

M.5/1.1.3/R.1

1. Category: Human and Workers' Rights
1.1 Issue: Serious Human Rights Abuses
1.1.3 Sub-Issue: Women's Rights

The AMP takes steps to protect women or any individual in situation of vulnerability, against sexual violence and harassment at the workplace.

Risk: Sexual violence and harassment¹⁵ against women or any individual in situation of vulnerability is common and widespread in workplaces.

Controlled	A mechanism is in place to take immediate action as soon as cases of sexual violence and/or harassment are detected or reported.
-------------------	--

¹³ For clarity: Requirement M.3/1.1.1/R.1 on worst forms of child labour refers to the production process of the AMP, for which the AMP is entirely responsible and that is directly controllable (and therefore mitigable) by the AMP. This requirement M.5/1.1.1/R.1 refers to any person below 18 within the community. High risks like prostitution of minors are not related to the mineral production process (i.e. brothels are not part of the organizational scope of CRAFT) but may occur in the community. Such risks therefore have to be addressed here under M.5/1.1.1/R.1 and not under M.3/1.1.1/R.1. See also footnote 6 on requirement M.3/1.1.1/R.1 and the OECD document, “Practical Actions for Companies to Identify and Address the Worst Forms of Child Labour in Mineral Supply Chains” (OECD 2017).

¹⁴ ILO: What is child labour? <https://www.ilo.org/ipec/facts/lang--en/index.htm>

¹⁵ “Violence and harassment” as defined in ILO convention 190.

Progressing	Improvement: The AMP makes efforts and takes steps to raise awareness that sexual violence and harassment is unacceptable, collaborates with competent authorities, ensures there is a safe and confidential mechanism for women or any individual in situation of vulnerability to denounce aggressors, and encourages victims to denounce aggressors to the competent authority.
--------------------	---

M.5/1.1.3/R.2

1. Category: Human and Workers' Rights
1.1 Issue: Serious Human Rights Abuses
1.1.3 Sub-Issue: Women's Rights

The AMP takes steps to respect the rights of women, in particular towards reducing any gender-based restrictions of access to mineral resources.

Risk: Women’s income opportunities are limited by restricting or prohibiting them from accessing certain mineral resources, from engaging in certain mineral producing activities, or from joining miners’ organizations.

Controlled	Access to mineral resources, to mineral producing activities, and to miners’ organizations is based on rules and criteria that do not distinguish between men and women.
Progressing	Improvement: The AMP makes efforts and takes steps to raise awareness that gender-based restrictions are unacceptable.

M.5/1.1.4/R.1

1. Category: Human and Workers' Rights
1.1 Issue: Serious Human Rights Abuses
1.1.4 Sub-Issue: Discrimination & Diversity

The AMP does not base its decisions on criteria classified as discriminatory in the Universal Declaration of Human Rights.

Risk: Discrimination due to “race, colour, sex, language, religion, political or another opinion, national or social origin, property, birth or another status” may be common.

Controlled	Within its organizational boundaries ¹⁶ , the AMP’s decisions, decision-making structures and processes are not based on criteria classified as discrimination in the Universal Declaration of Human Rights and ILO Convention 111 ¹⁷
Progressing	Improvement: The AMP makes efforts and takes steps to raise awareness that discrimination due to “race, colour, sex, language, religion, political or another opinion, national or social origin, property, birth or another status” is unacceptable.

M.5/1.3.3/R.1

1. Category: Human and Workers' Rights
1.3 Issue: Occupational Health & Safety
1.3.3 Sub-Issue: Workplace Hazards & Machinery

The AMP makes basic mining safety rules mandatory for its members.

Risk: Accidents in mining activities are frequent.

¹⁶ E.g. Indigenous miner groups, women miner groups, community mining groups, etc.

¹⁷ With exception of nationality, in countries where by law only national citizens are allowed to engage in ASM.

Controlled	Basic mining safety rules are followed.
Progressing	Improvement: The AMP, as part of its formalization process (see 5.2.1/M.5/R.1), designs and implements an occupational safety and health program in the mine (aligned with national mining safety regulations) for its members. It prioritizes the different risks found in the AMP and carries out corrective and preventive actions that enable safe working conditions.

M.5/1.3.4/R.1

1. Category: Human and Workers' Rights
 1.3 Issue: Occupational Health & Safety
 1.3.4 Sub-Issue: Personal Protective Equipment

Members of the AMP use personal protective equipment (PPE) at work.

Risk: Miners do not use the essential personal protective equipment (PPE) appropriate for the work they perform.

Controlled	Workplace hazards are identified, and all workers use personal protective equipment that protects them from the identified hazards. In case of epidemics or pandemics, this includes biosafety measures.
Progressing	Improvement: The AMP has a risk management plan or policy in place for increasing the use, maintenance and proper replacement of PPE. As part of this plan, the AMP facilitates the availability of PPE at local shops and markets, promotes its use, and progressively makes its use and maintenance mandatory for all members.

M.5/1.3.9/R.1

1. Category: Human and Workers' Rights
 1.3 Issue: Occupational Health & Safety
 1.3.9 Sub-Issue: Medical Care

The AMP procures first aid and basic health services for its members.

Risk: Miners are exposed to a range of emergency and non- emergency health issues that result from working conditions and the social context of work.

Controlled	First aid and basic health services are in place and accessible to miners.
Progressing	Improvement: The AMP has an action plan in place to cover basic health needs for emergency and primary care in accordance with the risks miners face. As part of this plan, the AMP has implemented a first aid program and facilitates access to primary health care. The AMP communicates this program to its members, informing them how to act in emergencies, access health care, and identifies nearby health facilities accessible to its male and female members.

5.2 Societal Welfare

M.5/2.1.1/R.1

2. Category: Societal Welfare
 2.1 Issue: Community Rights
 2.1.1 Sub-Issue: Residential & Indigenous Rights

The AMP takes steps towards being accepted and/or integrated into existing communities.

Risk: Where the majority of the Members of the AMP consist of a migrant population, residents (including indigenous groups¹⁸) complain that mining is negatively affecting their environment, livelihoods, values and traditional social structures.

Controlled	The AMP coexists respectfully with the community or is accepted as part of the community. The AMP maintains documentation to show that a respectful relationship has been developed and maintained with a range of community representatives (including but not limited to leaders), and that broad based consent exists.
Progressing	Improvement: The AMP makes continuous efforts to understand and respect local (e.g. indigenous) values and rules, integrating or aligning its coordination mechanisms for consensus-based decision-making into existing local governance structures and processes.

5.3 Use of Natural Resources

M.5/3.1.2/R.1

3. Category: Use of Natural Resources
 3.1 Issue: Land Use & Biodiversity
 3.1.2 Sub-Issue: Legally Protected Areas

The AMP operates in close coordination with and in support of Protected Area Authorities.

Risk: Conflicts between ASM and authorities administrating protected areas exist, i.e. mineral extraction is considered an impediment to the conservation goals of the protected area.¹⁹

Controlled	The AMP's operation is aligned with the conservation goals of the area where it is located.
Progressing	Improvement: The AMP has reached an agreement with the administration of the protected area, supporting authorities in their task of achieving conservation goals. --- or --- The AMP is willing to, and demonstrates that, it seeks to cooperate with the administration of the protected area and to support conservation goals by implementing environmental actions that are compatible with the ecosystem in which the AMP operates.

M.5/3.1.10/R.1

3. Category: Use of Natural Resources
 3.1 Issue: Land Use & Biodiversity
 3.1.10 Sub-Issue: Conflict with Agriculture

The AMP uses mining land in coordination with local inhabitants who require the same resource for agriculture, fishing, use of forest products, eco-tourism, or animal husbandry.

Risk: Resource conflicts regarding land use exist, i.e. ASM is carried out on land that provides a livelihood for other local inhabitants.

¹⁸ Depending on the country “Indigenous Peoples” can be known by other terms such as “first nation, afrocolombiano, minority nationalities, ethnic minorities.” The purpose of the CRAFT encompasses all of these (see IFC_2012).

¹⁹ For instance, World Heritage sites; sites on a State Party’s official Tentative List for World Heritage Site inscription; IUCN category I-III protected areas; IUCN category I-V marine protected areas; core areas of UNESCO biosphere reserves; and areas where indigenous peoples live in (voluntary) isolation or where it is assumed that they might live.

Controlled	Conflicts over land use between mining, and other local economic activities are being respectfully and properly managed.
Progressing	Improvement: The AMP implements a grievance and participatory process to reach agreements with other land users and local inhabitants during the life of the mine. The AMP also designs restoration measures aimed at rehabilitating the land for post-mining use, with a closure plan in place to restore the soil.

M.5/3.2.1/R.1

3. Category: Use of Natural Resources
 3.2 Issue: Water Use
 3.2.1 Sub-Issue: Water Management

The AMP uses water resources and water bodies in coordination with other water users.

Risk: Resource conflicts regarding water use exist, i.e. the water bodies and the water required for mineral processing are also demanded by nearby stakeholders for drinking, washing, recreational use, fishing, raising livestock, or irrigating crops, putting the livelihoods and health of other water users (including biodiversity) at risk.

Controlled	A consensus on water usage between the AMP and other water users has been reached.
Progressing	Improvement: The impacts of AMP operations on water resources are assessed and a participatory process to reach consensus is established. The AMP develops a water management plan to ensure the coexistence of its mining operations with other water users.

5.4 Emissions and Land Reclamation

M.5/4.2.2/R.1

4. Category: Emissions and Land Reclamation
 4.2 Issues: Mine Waste and Wastewater
 4.2.2 Sub-Issue: Wastewater & Water Quality

The AMP avoids serious contamination of water bodies with suspended solids, chemicals, and/or fuel residues, that put the livelihoods of other water users at risk.

Risk: Wastewater from mining operations or processing plants directly discharged into water bodies may contain a high content of suspended solids, chemicals, or fuel oils. Elevated contamination levels put the health and livelihoods of others at risk, including those using the water for consumption, farming, ranching, or fishing.

Controlled	Water pollution and ecosystem risks have been reduced to moderate levels that do not pose an imminent risk to the health and the livelihoods of other water users or a the surrounding ecosystem.
Progressing	Improvement: The AMP evaluates the impact of suspended solids, chemicals, and fuel residues (as applicable) on other water users, monitors contamination levels, and implements technical improvements to reduce emissions.

5.5 AMP Governance

M.5/5.2.1/R.1

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.1 Sub-Issue: Legal Compliance

The AMP has decision-making structures and mechanisms in place.

Risk: Lack of coordination among members of the AMP (which may be a cluster of different independent entities) limits the AMP’s ability to make improvements.

Controlled	Decision-making structures and mechanisms are in place, operational, functional, and accepted by all actors.
Progressing	Improvement: The AMP makes efforts and takes steps to establish formal and/or informal coordination mechanisms for consensus-based decision-making.

M.5/5.2.1/R.2

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.1 Sub-Issue: Legal Compliance

The AMP complies with legal requirements beyond rights related to mineral extraction.

Risk: Next steps of formalization, fulfilling requirements other than those related to mineral extraction (i.e. beyond legitimacy requirements specified in MODULE 2), are still pending.

Controlled	The AMP has obtained all authorizations, as required by national law.
Progressing	Improvement: The AMP makes continuous efforts to comply with all legal requirements. Where the AMP identifies obstacles hindering their formalization process, the AMP proactively seeks external support.

M.5/5.2.8/R.1

5. Category: Company Governance
5.2 Issue: Management Practices
5.2.8 Sub-Issue: Grievance Mechanism

The AMP has established clear procedures to address complaints and grievances.

Risk: Human rights violations, conflicts among Members and conflicts with external stakeholders affected by mining may emerge.

Controlled	A confidential grievance mechanism is in place and communicated to Members, the community, and other potentially affected stakeholders, allowing any Member or external stakeholder to voice complaints and grievances openly or anonymously.
Progressing	Improvement: The AMP assigns points of contact (differentiated by subject as appropriate) for receiving complaints (anonymously, if requested). Procedures for how to address complaints are being developed, implemented, and improved.



CRAFT 2.1

Code Volume 2B

Requirements for ASM Mineral Producers Commodity-specific Requirements

October 16, 2024

Official version: English¹

CRAFT 2.1 supersedes CRAFT 2.0 (October 05, 2020) as a minor revision.

The Code maintainer is the Alliance for Responsible Mining (ARM)

Contact: standards@responsiblemines.org

CRAFT was developed by the Alliance for Responsible Mining (ARM) in collaboration with RESOLVE, counting on valuable inputs from the members of the Standard Committee and of the Advisory Group, and all institutions and individuals participating in public consultations.



The CRAFT Code is released under the “Creative Commons Attribution-ShareAlike 4.0 International” License (<https://creativecommons.org/licenses/by-sa/4.0/>). Explicitly or implicitly referenced content from other sources remains under the Copyright of the respective source.

¹ In the case of inconsistency between versions, reference defaults to the official language version: English, version number 2.1.

Contents

INTRODUCTION.....	1
1. Gold and Precious Metals: Specific requirements	2
MODULE 1: ADOPTING A MANAGEMENT SYSTEM	2
MODULE 4: “ANNEX II RISKS” REQUIRING DISENGAGEMENT AFTER UNSUCCESSFUL MITIGATION	2
<i>AMP Governance</i>	<i>2</i>
MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT	3
<i>Human and Workers’ Rights</i>	<i>3</i>
2. Tin, Tantalum, Tungsten (3T): Specific requirements	5
MODULE 4: “ANNEX II RISKS” REQUIRING DISENGAGEMENT AFTER UNSUCCESSFUL MITIGATION	5
<i>Societal Welfare.....</i>	<i>5</i>
MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT	5
<i>Human and Workers’ Rights</i>	<i>5</i>
3. Cobalt: Specific requirements	7
MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT	7
<i>Human and Workers’ Rights</i>	<i>7</i>
4. Coloured Gemstones: Specific requirements	8

INTRODUCTION

The CRAFT Code consists of three indivisible volumes. Volume 1 outlines the purpose, logic and principles, scope, and terminology of CRAFT. Volume 2 assumes that users are familiar on the contents and application of CRAFT in alignment with Volume 1.

Volume 2 is divided into two parts. **Volume 2A** addresses commodity-independent requirements for ASM Mineral Producers (AMPs). This document, **Volume 2B**, contains commodity-specific requirements that apply only to certain minerals, such as gold, tin, tantalum, tungsten, cobalt, and coloured gemstones. The distinction between these two parts ensures that AMPs need only refer to requirements relevant to their specific commodities, improving clarity and usability.

Background information, additional comments, explanatory notes and suggested tools are contained in **Volume 4** (Guidance Book).

1. Gold and Precious Metals: Specific requirements

In addition to the commodity-independent requirements in Volume 2A, the following commodity-specific requirements apply to all AMPs producing gold as a primary product or by-product. In the case of gold, these specific requirements address aspects related to the *Supplement on Gold* of the OECD Minerals Guidance, as well as other important technical aspects.

MODULE 1: ADOPTING A MANAGEMENT SYSTEM

M.1/5.2.3/S.1.1

5. Category: Company Governance
 5.2 Issue: Management Practices
 5.2.3 Sub-Issue: Management System

The AMP declares that it is committed to support the Minamata Convention on Mercury and to “reduce, and where feasible eliminate, the use of mercury”, as required by the Convention.

Criteria: The AMP declares (in the CRAFT Report or a separate statement) its commitment to “reduce, and where feasible eliminate, the use of mercury”, as required by the Minamata Convention.

MODULE 4: “ANNEX II RISKS” REQUIRING DISENGAGEMENT AFTER UNSUCCESSFUL MITIGATION

AMP Governance

M.4/5.2.12/S.1.1

(addresses OECD Minerals Guidance, Gold Supplement, Step 1, Sect.II, A.1)

5. Category: Company Governance
 5.2 Issue: Management practices
 5.2.12 Sub-Issue: Traceability

It is reasonable to believe that the AMP undertakes all reasonable efforts to ensure traceability of minerals, concentrates, or metals produced.

Pass Criterion (“mitigated”)	<p>The chain of custody system (internal related to Members, external related to BUYERS) of the AMP assigns unique reference numbers to each input and output and adopts tamper proof physical security measures.</p> <p>All internal and external transactions are recorded in an inventory and transaction documentation, where records are kept at least 5 years for each reference number, describing the type of material, weight, gold content, origin, transaction parties, and date of transaction.</p>
Progress Criteria (pass: “mitigation progress satisfactory”)	<p>Initial Step: The AMP assigns a unique reference number to each shipment of mineral, concentrate, or metal (output) sold to a BUYER. Each shipment is clearly identifiable by security measures and is recorded.</p> <p>Subsequent steps: The AMP makes progress in expanding its chain of custody towards the upstream of its internal supply chain, implementing a system of unique reference numbers and tamper proof security measures for each internal transaction of mineral, concentrate, or metals between Members of</p>

	the AMP, and keeping records of each transaction. The AMP monitors the chain of custody with measurable improvements.
Fail Criterion	The AMP makes no efforts to ensure traceability of minerals, concentrates, or metals produced.

MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT

Human and Workers' Rights

M.5/1.3.11/S.1.1

addresses Minamata Convention, Annex C, par.1 (b) (i)

1. Category: Human and Workers' Rights
1.3 Issue: Occupational Health & Safety
1.3.11 Sub-Issue: Mercury Use & Production

The AMP takes steps towards elimination of whole ore amalgamation.

Risk: The entire mined ore (alluvial sediments or hard rock mineral) is amalgamated without any pre-concentration (“whole ore amalgamation”).

Controlled	The AMP does not use whole ore amalgamation. All mined ore is pre-concentrated (using hand sorting, gravimetric concentration, flotation, or other methods) and, if amalgamation is needed, only the concentrate is amalgamated. -- or -- The AMP does not use mercury.
Progressing	Improvement: The AMP has a technical improvement plan in place and implements it, by assessing appropriate mineral concentration methods, implementing these methods in its domestic and industrial mineral processing plant(s), and making them mandatory for all members.

M.5/1.3.11/S.1.2

addresses Minamata Convention, Annex C, par.1 (b) (ii)

1. Category: Human and Workers' Rights
1.3 Issue: Occupational Health & Safety
1.3.11 Sub-Issue: Mercury Use & Production

The AMP takes steps towards elimination of open burning of amalgam or processed amalgam.

Risk: Amalgam burning is done without the use of any kind of mercury recovery device.

Controlled	Open burning of amalgam does not take place. Amalgam burning is only done in retorts or under fume hoods equipped with mercury-capturing devices. -- or -- The AMP does not use mercury.
Progressing	Improvement: The AMP has a technical improvement plan in place and implements it by raising awareness of mercury-related health hazards, making mercury recovery devices available and accessible to individual members (miners and aggregators), and making their use mandatory.

M5/1.3.11/S.1.3

addresses Minamata Convention, Annex C, par.1 (b) (iii)

1. Category: Human and Workers' Rights
1.3 Issue: Occupational Health & Safety
1.3.11 Sub-Issue: Mercury Use & Production

The AMP takes steps towards elimination of amalgam burning in residential areas.

Risk: Amalgam burning takes place in residential areas such as in the homes of miners or typical downtown gold shops.

Controlled	Amalgam burning is done in dedicated areas only, never inside homes or near residential areas. -- or -- The AMP does not use mercury.
Progressing	Improvement: The AMP has a technical improvement plan in place and implements it by making miners and their families aware of the health hazards of mercury and avoiding amalgam burning at home, and relocating aggregators of the AMP (gold shops) to dedicated areas non-adjacent to residential areas, food markets, or restaurants.

M.5/1.3.11/S.1.4

addresses Minamata Convention, Annex C, par.1 (b) (iv)

1. Category: Human and Workers' Rights
1.3 Issue: Occupational Health & Safety
1.3.11 Sub-Issue: Mercury Use & Production

The AMP takes steps towards elimination of the practice of cyanide leaching in sediments, ore, or tailings to which mercury had been added, without first removing the mercury.

Risk: Amalgamation tailings (from alluvial sediments or hard rock ore) are, without any pre-treatment to remove mercury, processed in cyanide leaching plants. This also applies for amalgamated pre-concentrates (where whole ore amalgamation has already been eliminated).

Controlled	Materials to leach (sediments, ore or tailings) do not originate from preceding amalgamation processes where mercury was added. -- or -- The AMP does not apply cyanide leaching.
Progressing	Improvement: Materials for leaching (sediments, ore, or tailings) are pre-processed before leaching, in order to first removing the mercury.

2. Tin, Tantalum, Tungsten (3T): Specific requirements

In addition to the commodity-independent requirements in Volume 2A, the following commodity-specific requirements apply to all AMPs producing tantalum as a main- or by-product. In the case of 3T, these specific requirements address aspects related to the *Supplement on Tin, Tantalum and Tungsten* of the OECD Minerals Guidance, as well as technical aspects.

MODULE 4: “ANNEX II RISKS” REQUIRING DISENGAGEMENT AFTER UNSUCCESSFUL MITIGATION

Societal Welfare

M.4/2.2.1/S.2.1

(addresses OECD Minerals Guidance, Supplement on 3T, C.4, par. 1 and 2)

2. Category: Societal Welfare
2.2 Issue: Value Added
2.2.1 Sub-Issue: Payment of Taxes & EITI

It is reasonable to believe that the AMP is able and committed to disclose disaggregated information on taxes/payments and details of mineral origin and transportation to BUYERS and relevant Institutionalised Mechanisms.

Pass Criterion (“mitigated”)	The AMP discloses, at request and under a confidentiality agreement, disaggregated information on taxes/payments and details of mineral origin and transportation.
Progress Criteria (pass: “mitigation progress satisfactory”)	Initial Step: The AMP is collecting information on taxes/payments, mineral origin, and transportation and is able – under a confidentiality agreement – to disclose the data that is collected. Subsequent steps: A risk management plan is in place to improve disaggregation of information on taxes/payments and details of mineral origin and transportation, and the AMP is able and committed to disclose – if requested under a confidentiality agreement – the available information.
Fail Criterion	The AMP refuses to disclose information.

MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT

Human and Workers' Rights

M.5/1.3.10/S.2.1

1. Category: Human and Workers' Rights
1.3 Issue: Occupational Health & Safety
1.3.10 Sub-Issue: Hazardous Substances

Applies to Tantalum:

The AMP takes steps to minimize the exposure of Miners² to radioactive emissions from tantalum ore (Coltan) and concentrates.

² See definition in Volume 1: The term Miner includes all men and women involved in mineral extraction, selection, processing or transportation from primary or secondary deposits, dumps and tailings.

Risk: Tantalum ores (Coltan) may contain traces of radioactive elements, namely uranium, thorium, and radium that can affect the health of Miners engaged in their extraction, processing, or transport.

Controlled	<p>The content of radioactive elements in the tantalum ore (Coltan) is insignificant.</p> <p>-- or --</p> <p>Miners are aware of the risk and, if exposed to Coltan more often than occasionally, use dust masks at the workplace, and wash body and change clothes before leaving the workplace.</p>
Progressing	<p>Improvement: If the tantalum ore (Coltan) contains radioactive elements in a concentration that is considered a health hazard, the AMP informs its Members about health risks, and an improvement plan to mitigate the risk of acute occupational radiation exposure, especially by Coltan particles, is being developed and implemented.</p>

M.5/1.3.10/S.2.2

1. Category: Human and Workers' Rights
1.3 Issue: Occupational Health & Safety
1.3.10 Sub-Issue: Hazardous Substances

Applies to Tantalum:

The AMP takes steps to minimize the exposure of residential areas to radioactive emissions from tantalum ore (Coltan) and concentrates.

Risk: Tantalum ores (Coltan) may contain traces of radioactive elements, namely uranium, thorium and radium that can affect the health of Miner’s families if mined products are stored in their homes.

Controlled	<p>The content of radioactive elements in the tantalum ore (Coltan) is insignificant.</p> <p>-- or --</p> <p>Miners are aware of the risk and avoid storage of mineral bags in homes.</p>
Progressing	<p>Improvement: If the tantalum ore (Coltan) contains radioactive elements in a concentration that is considered a health hazard, the AMP informs its Members about health risks, and an improvement plan to mitigate long-term radiation exposure, especially from storing ore or concentrate in homes and residential areas, is being developed and implemented.</p>

3. Cobalt: Specific requirements

In addition to the commodity-independent requirements in Volume 2A, the following commodity-specific requirements apply for all AMPs producing cobalt as main or by-product.

MODULE 5: “NON-ANNEX II” HIGH RISKS REQUIRING IMPROVEMENT

Human and Workers' Rights

M.5/1.3.10/S.3.1

1. Category: Human and Workers' Rights
 1.3 Issue: Occupational Health & Safety
 1.3.10 Sub-Issue: Hazardous Substances

The AMP takes steps to minimize the exposure of Miners³ to cobalt and traces of other potentially harmful chemical elements contained in the ore.

Risk: Excessive exposure to cobalt may cause various adverse health effects. Additionally, cobalt ores may contain traces of other potentially toxic or radioactive elements. This can affect the health of Miners engaged in their extraction, processing, or transport.

Controlled	Miners are aware of the risk and, if exposed to cobalt ore or concentrate more often than occasionally, use dust masks at the workplace, and wash body and change clothes before leaving their workplace.
Progressing	Improvement: The AMP has obtained information on the chemical characteristics of its ore and informs its Members about health risks. An improvement plan to mitigate the risk of occupational poisoning or radiation exposure, especially by dust particles of cobalt ore, is being developed and implemented.

M.5/1.3.10/S.3.2

1. Category: Human and Workers' Rights
 1.3 Issue: Occupational Health & Safety
 1.3.10 Sub-Issue: Hazardous Substances

The AMP takes steps to minimize the exposure of residential areas to cobalt and traces of other potentially harmful chemical elements contained in the ore.

Risk: Excessive exposure to cobalt may cause various adverse health effects. Additionally, cobalt ores may contain traces of other potentially toxic or radioactive elements. This can affect the health of Miner’s families if mined products are stored in their homes.

Controlled	Miners are aware of the risk and do not store mineral bags in homes, and loading and transport is done in a safe way.
Progressing	Improvement: The AMP has obtained information on the chemical characteristics of its ore and informs its Members about health risks. An improvement plan to mitigate the risk of contaminating homes, residential areas and along transportation routes is being developed and implemented.

³ See definition in Volume 1: The term Miner includes all men and women involved in mineral extraction, selection, processing or transportation from primary or secondary deposits, dumps and tailings.

4. Coloured Gemstones: Specific requirements

All commodity-independent requirements in Volume 2A apply.

No commodity-specific requirements apply.



CRAFT 2.1

Code Volume 3

Guiding Principles for CRAFT Schemes

October 16, 2024

Official version: English¹

CRAFT 2.1 supersedes CRAFT 2.0 (October 05, 2020) as a minor revision.

The Code maintainer is the Alliance for Responsible Mining (ARM)

Contact: standards@responsiblemines.org

CRAFT was developed by the Alliance for Responsible Mining (ARM) in collaboration with RESOLVE, counting on valuable inputs from the members of the Standard Committee and of the Advisory Group, and all institutions and individuals participating in public consultations.



The CRAFT Code is released under the “Creative Commons Attribution-ShareAlike 4.0 International” License (<https://creativecommons.org/licenses/by-sa/4.0/>). Explicitly or implicitly referenced content from other sources remains under the Copyright of the respective source.

¹ In the case of inconsistency between versions, reference defaults to the official language version: English, version number 2.1.

Contents

1. Introduction	1
2. General Guiding Principles for CRAFT Schemes.....	2
2.1 Engagement with AMPs	3
2.2 Support to AMPs to achieve Risk Mitigation.....	3
2.2.1 <i>Expected Support to AMPs to accomplish Module 1</i>	3
2.2.2 <i>Expected Support to AMPs to accomplish Module 2</i>	4
2.2.3 <i>Expected Support to AMPs to accomplish Module 3</i>	4
2.2.4 <i>Expected Support to AMPs to accomplish Module 4</i>	4
2.2.5 <i>Expected Support to AMPs to accomplish Module 5</i>	4
2.3 The CRAFT Report and Due Diligence	5
2.3.1 <i>Expected Support to AMPs to prepare their CRAFT Report</i>	5
2.3.2 <i>Use of the CRAFT Report for Due Diligence</i>	5
3. Optional Specific Requirements for CRAFT Upstream Assurance Schemes (UA-Schemes). 6	6
Introduction	6
Brief Rationale.....	6
3.1 CRAFT UA-Scheme’s responsibilities for its own processes.....	8
3.1.1 <i>Engagement with AMPs and Scheme Members</i>	9
3.1.2 <i>Mapping the Supply Chain (determination of CAHRA and Red Flag conditions)</i> 10	
3.1.3 <i>Rendering Due Diligence Services</i>	12
3.1.4 <i>Capacity building of AMPs and Scheme Members</i>	14
3.1.5 <i>Grievance mechanism</i>	14
3.1.6 <i>Reporting</i>	15
3.2 CRAFT UA-Scheme’s responsibilities related to AMPs.....	15
3.3 CRAFT UA-Scheme’s responsibilities related to Scheme Members.....	17
3.3.1 <i>Management of Annex II risks at Scheme Members’ premises</i>	17
3.3.2 <i>Scheme Members' due diligence capacity</i>	19
3.3.3 <i>Control Systems and Chain of Custody</i>	20
3.3.4 <i>Assurance claims</i>	21
4. Aspects related to the Open Source Characteristics of CRAFT	22
4.1 Implications of the Creative Commons License CC-BY-SA 4.0	22
4.2 Localising CRAFT	23
4.3 Adapting CRAFT for specific purposes (branching)	23
4.4 Incorporating CRAFT in other Standards.....	24
5. Claims and Communications.....	25
5.1 Claims of CRAFT Schemes	25
5.2 Communications.....	25
5.3 Usage of the CRAFT logo	26

1. Introduction

For a general introduction to CRAFT, please see Volume 1. For the CRAFT requirements that ASM mineral producers (AMPs) are expected to comply with, please see Volume 2 (2A and 2B).

Several of the requirements for AMPs have implications for CRAFT Schemes. **This Volume 3** reflects these requirements from the perspective of CRAFT Schemes and provides clarifications regarding implications of the open-source characteristics, as well as on CRAFT related communication.

Background information, explanatory notes, examples, and suggested tools are contained in **Volume 4** (Guidance Book).

To clarify the role of CRAFT Schemes, the following aspects are relevant:

- **The CRAFT is principally a tool for AMPs**, to empower them to understand and comply with market expectations, thereby improving their access to formal markets.
- **The CRAFT is also important for BUYERS**, to manage the risks in their supply chain and improve sourcing opportunities from the ASM supply chain. While CRAFT is not intended to substitute the BUYER's due diligence responsibility (nor shift it to AMPs), it has significant potential to **simplify the due diligence process**. With AMPs preparing CRAFT Reports containing verifiable claims about risks and their mitigation, due diligence complexity can be greatly reduced, focusing on verifying these claims instead of conducting extensive risk assessments from scratch.
- **The CRAFT Code is open source** under the Creative Commons license CC-BY-SA. Due to the terms of this open-source license, the code maintainer of the CRAFT Code has limited control over who uses the code, for which purpose, and under which conditions, as long as the open source licensing terms of CC BY-SA 4.0 are respected.
- **Open source provides clear rules**. As defined in Volume 1, *“supply chain schemes that incorporate and use the CRAFT for sourcing from ASM or for supporting ASM development are referred to as **CRAFT Schemes**”*. This refers to **this** version of the CRAFT Code (also referred to as “Core version”), issued by the Code maintainer. It must be incorporated or used without any modification such as adding, modifying, or dropping requirements for AMPs.
- **Open source provides flexibility**. If a supply chain scheme wishes to implement and use the CRAFT Code with added, modified, or dropped requirements for AMPs or beyond its scope, the CC-BY-SA license applies. In such cases, the CC-BY-SA license allows to developing an adapted (localized or branched)² version of CRAFT. Such an adapted version shall be published under the same open-source terms (Share-Alike term of the license) and an **adapted CRAFT Scheme** implementing the adapted version may be established, communicating explicitly that it is based on an adapted (localized or branched) version of the CRAFT Code (Attribution term of the license). For further details see chapter 4.

Evolution of the CRAFT Code related to CRAFT Schemes

Version 1.0 of the CRAFT Code was developed as a voluntary sustainability standard intended as a progressive performance standard for ASM mineral producers (AMPs). To facilitate the

² See chapter 4 on these terms.

engagement of AMPs with formal markets, the concept of CRAFT Schemes was introduced. Experience with CRAFT version 1.0, however, showed that **AMPs, able to implement the CRAFT on their own, are the exception rather than the rule.**

Version 2.0 maintained the approach to empower and encourage AMPs to implement the CRAFT independently but recognized that the pivotal role of CRAFT Schemes in supporting AMPs in their task to conform with the CRAFT. To ensure consistency between CRAFT Schemes, version 2.0 introduced this **Volume 3**, which provides **Guiding Principles** that CRAFT Schemes are expected to follow. These principles establish **clear rules of engagement** for BUYERS and AMPs, helping AMPs understand what to expect and ensuring **consistent application of the CRAFT Code**, thereby building market confidence in CRAFT-related claims.

Version 2.1 of CRAFT was then developed as a minor revision after recognizing the CRAFT Code's potential to serve as a framework for **Upstream Assurance Mechanisms (UAM)**. These mechanisms could bridge the gap between the audit scope of Institutionalized Mechanisms (pinch points such as smelter or refiner according to the OECD Minerals Guidance)³ and the organizational scope of the AMP as defined in the CRAFT Code.

The CRAFT Code defines CRAFT Schemes as *“Supply chain schemes that incorporate and use the CRAFT for sourcing from ASM or for supporting ASM development”*. Supply chain schemes that *source from ASM* may involve all supply chain actors in the above-mentioned gap, such as traders, processors, consolidators, exporters, etc. sourcing from ASM. These actors are considered “CRAFT Scheme Members”. By following an optional, clear, binding and OECD-aligned set of rules for the supply chain segment between the AMP and the pinch point of smelters or refiners, a CRAFT Scheme can evolve into an Upstream Assurance Mechanism (UAM).

To cover this application scenario of CRAFT Schemes that aim to provide upstream assurance (**CRAFT UA-Schemes**), version 2.1 adds an **optional chapter** on *Specific Requirements for CRAFT UA-Schemes* (new Chapter 3). Adding this optional chapter does not change the application for existing CRAFT Schemes that do not aspire to become UAMs. It also does not modify the overall intent or scope of the CRAFT Code. This justified the inclusion of this chapter as part of the **minor revision** in version 2.1.

2. General Guiding Principles for CRAFT Schemes

The General Guiding Principles outlined in this chapter are considered good practice. CRAFT Schemes are expected to perform according to these Guiding Principles, **particularly if they make public claims related to the use or implementation of CRAFT.**

³ The conceptual applicability of CRAFT is not limited to minerals which undergo a smelting or refining process. E.g., since version 2.0 coloured gemstones are in the commodity scope. In such cases, the term “pinch point” may not be as clearly defined as in case of metallic commodities. In general, the pinch point is the point in the supply chain where the material from the upstream supply chain enters the downstream supply chain. In general, pinch points are characterized by the confluence of mined material from many upstream sources and the distribution of the mineral product to many downstream users. Typically, Institutionalized Mechanisms require audits at this point in the supply chain (e.g. the “Global workplace responsible sourcing, environmental, health and safety due diligence standard for mica processors” by the Responsible Business Alliance and the Responsible Mica Initiative defines the “processor” as its pinch point). In case of coloured gemstone supply chains it could be the gemstone exporter or the gemstone cutting centre, or a similar type of supply chain actors to be defined by a CRAFT Scheme.

2.1 Engagement with AMPs

AMPs typically engage with CRAFT Schemes with the **expectation of obtaining support for improving** mining practices and for **engaging with formal markets**.

As outlined in Volume 1, the process of AMPs affiliating to a CRAFT Scheme is progressive, following the stepwise approach of CRAFT, with two levels of adherence: Candidate and Affiliate.

In practice, the driving force often comes from the downstream. In most cases CRAFT Schemes reach out to AMPs to incorporate them into their supply chain or programme.

CRAFT Schemes are expected to support AMPs with whom they engage by guiding them in their process towards CRAFT conformance.

1. **Candidate status** of an AMP corresponds to the **initial phase of engagement**, during which CRAFT Schemes evaluate whether the AMP is legitimate (MODULE 2) and whether any “Annex II risks” are present that require immediate disengagement, i.e. those that impede sourcing from the AMP (MODULE 3).

CRAFT Schemes are expected to support AMPs by starting to facilitate commercial engagement with formal markets as soon as all risks in MODULE 3 are found to be absent.

2. **Affiliate status** of an AMP corresponds to an **advanced stage of engagement**, where CRAFT Schemes have obtained reasonable certainty that all Annex II risks requiring disengagement after unsuccessful mitigation efforts (MODULE 4) are:
 - a. Controlled, or
 - b. measurable progress of risk mitigation can be demonstrated within 6 months from the commercial engagement of a BUYER with the AMP.

At the affiliate level, AMPs are required to **periodically assess** the non-Annex II risks covered in MODULE 5, prioritize those risks and issues which the Members of the AMP consider most important, and commit to measurable progress in their mitigation during the upcoming reporting period.

Risks covered by MODULE 3 and 4 are obligatory to address. However, non-OECD risks covered by MODULE 5 provide room for guidance on prioritization by the CRAFT Scheme. Risks that the CRAFT Scheme supports are likely to become the risks and issues that the members of the AMP consider most important to address.

The use of the terms *Candidate* or *Affiliate* is not binding. CRAFT Schemes may use their own descriptors and may add further status levels as needed; e.g. the applicant status from version 1.0 or higher levels for AMPs that have advanced well into MODULE 5. However, **it is expected that CRAFT Schemes maintain the stepwise approach of CRAFT**, with a breakpoint at MODULE 3, where commercial engagement of AMPs with formal markets aligned with the OECD Minerals Guidance becomes possible.

2.2 Support to AMPs to achieve Risk Mitigation

2.2.1 Expected Support to AMPs to accomplish Module 1

If CRAFT Schemes reach out to AMPs to incorporate them into their supply chain or programme, the CRAFT Scheme shall evaluate if the AMP falls within the scope of CRAFT and if the organizational setup of the AMP is suitable for commercial engagement.

As applicable, CRAFT Schemes may **start supporting AMPs to establish and strengthen their organizational structure** at this early stage of engagement.

2.2.2 Expected Support to AMPs to accomplish Module 2

Except in likely exceptional cases where an AMP's **operation is legal, counting on all public or private documents that authorize its operation, determination of legitimacy** based on the four Country Case scenarios of MODULE 2 might be difficult for the AMP.

The initial phase of engagement of CRAFT Schemes and AMPs, during which legitimacy is evaluated, is expected to provide guidance to AMPs to accomplish MODULE 2.

2.2.3 Expected Support to AMPs to accomplish Module 3

For some of the requirements in MODULE 3, it might be difficult for AMPs to obtain evidence to make verifiable claims. In certain cases where the Members of the AMP are victims of human rights abuses by non-state armed groups, attempting to assess these crimes may put their physical safety at life-threatening risk.

CRAFT Schemes may count on tools or contacts to access sensitive conflict-related information that AMPs do not have. CRAFT Schemes are expected to **support AMPs to the extent possible with the collection of evidence** to accomplish MODULE 3.

2.2.4 Expected Support to AMPs to accomplish Module 4

For some of the requirements in MODULE 4, it might also be challenging for AMPs to obtain evidence to make verifiable claims. Where the Members of the AMP are victims of human rights abuses by state armed groups, the attempt of assessment of these crimes may even put their physical safety at life-threatening risk. ASM miners, in their relations with public security forces, are often victims of abuse and extortion, rendering them extremely vulnerable. Where risks are identified, AMPs are rarely able to implement risk management plans on their own.

The assessments and particularly the implementation of risk management plans, which are requirements for AMPs in Volume 2A, are in practice a shared responsibility of AMPs and CRAFT Schemes. CRAFT Schemes are expected to support AMPs to the extent possible with the collection of evidence and the implementation of risk management plans, as required to accomplish MODULE 4.

2.2.5 Expected Support to AMPs to accomplish Module 5

MODULE 5 is progressive and aspirational, not addressing any of the issues that require conformity of supply chains with the OECD Minerals Guidance to access formal markets. However, by failing to address these risks and not improving work practices, AMPs miss out on their own development opportunities. CRAFT is intentionally not prescriptive on sequencing and prioritizing improvements of risks in MODULE 5. CRAFT is also not prescriptive on the number of improvements to be pursued simultaneously.

MODULE 5 offers an **opportunity for CRAFT Schemes to proactively contribute to responsible ASM mining practices, responsible supply chains, and sustainable development (e.g. the indicators of Sustainable Development Goals)**. CRAFT Schemes are encouraged to contribute to their development agenda (economic, environmental, and social issues which they intend to be addressed as a priority in their supply chain), but they are expected to simultaneously respect the development priorities of the AMPs they work with.

2.3 The CRAFT Report and Due Diligence

2.3.1 Expected Support to AMPs to prepare their CRAFT Report

For assurance of conformity, CRAFT only relies on first- and second-party verification. First-party verification (by Miners) and/or second-party verification (by Processors or Aggregators) is formally the responsibility of the AMP, which is required to document the findings and commitments in its CRAFT Report, as described in Volume 1, chapter 4.1.

As indicated in chapter 2.1, in practice, and in most cases, CRAFT Schemes reach out to AMPs to incorporate them into their supply chain or programme. Along with providing the expected support, as outlined in chapter 2.2, CRAFT Schemes (mainly those that provide due diligence as an added value service beyond the scope of the CRAFT) may be tempted to “shortcut” the CRAFT Report and produce a third-party due diligence report instead.⁴

While this approach is fit for the purpose of facilitating access to formal markets for AMPs, and therefore aligned with the “market entry” focus of CRAFT, it is not entirely aligned with the overall **intent of CRAFT to empower AMPs in understanding and complying with market expectations and due diligence needs.**

Additionally, by shortcutting the CRAFT Report, the CRAFT Scheme misses the opportunity to train the AMP in the application of the Five-Step Framework⁵, particularly in risk assessment (step 2), risk mitigation (step 3), verification (step 4), and reporting (step 5). As due diligence is not a one-time effort but “*an on-going, proactive and reactive process*”, the main benefit of CRAFT for CRAFT Schemes, which is reducing due diligence efforts to mainly *verifying the claims made in the CRAFT reports*, will not be achieved.

Consequently, CRAFT Schemes should provide advice on **how to prepare the report by providing templates, tools, and additional guidance.**

As much as possible of the CRAFT Report should be contributed by the AMP. Even in the case of grassroots AMPs that are not able to carry out a self-assessment (e.g. in areas with high illiteracy), the CRAFT Report should reflect a **self-declaration of the AMP**, i.e. the CRAFT Report (if produced by external advisors) should be validated by the AMP and “owned” by the AMP in the sense that it reflects their own claims about themselves.

2.3.2 Use of the CRAFT Report for Due Diligence

As indicated in Volume 1, **CRAFT Schemes have no obligation to carry out due diligence or verification of the content of CRAFT Reports.** Their responsibility is to monitor the affiliation status of AMPs based on completeness of the CRAFT Reports presented by the AMP. As per the **OECD Minerals Guidance, due diligence is the responsibility of the supply chain** actors that source or wish to source from ASM (i.e. BUYERS), not the responsibility of the ASM sector or CRAFT Schemes, unless the Scheme owner is a BUYER or if the CRAFT Scheme aspires to act as an Upstream Assurance Mechanism (UAM). For this usage case of CRAFT see chapter 3.

However, CRAFT Schemes may carry out due diligence or third-party verification they deem **appropriate.**

⁴ Observation from CRAFT 1.0 implementation.

⁵ OECD Minerals Guidance – 5-Step Framework for Upstream and Downstream Supply Chain: 1. Strong company management systems 2. Identify & Assess risks in supply chain 3. Manage risks 4. Audit of smelter/refiner due diligence practices 5. Publicity report on Due Diligence.

Due diligence based on CRAFT is expected to consist mainly of the verification of the verifiable claims or findings and commitments in the CRAFT Report; applying additional instruments and means of verification beyond CRAFT as needed.

3. Optional Specific Requirements for CRAFT Upstream Assurance Schemes (UA-Schemes)

Introduction

Some CRAFT Schemes may aspire to act as Upstream Assurance Mechanisms (UAM) and/or seek recognition as UAMs through an OECD Alignment Assessment.

For a CRAFT Scheme to act as an UAM (a “**CRAFT UA-Scheme**” or simply “**UA-Scheme**”), the UA-Scheme’s supply chain – originating from the AMP all the way to the smelter or refiner (or a similar pinch point in the audit scope of an institutionalized mechanism) – needs to be fully conformant with the OECD Minerals Guidance. This implies that such a Scheme provides assurance that production practices of affiliated AMPs and due diligence or sourcing practices of supply chain actors sourcing from these AMPs conform with the OECD Minerals Guidance.

This chapter, introduced as amendment in version 2.1, is optional and applies only to CRAFT UA-Schemes. Its requirements are binding only for UA-Schemes. For all other CRAFT Schemes, including those already established, this chapter is for informational purpose only and implies or requires no change **unless** a Scheme aspires to evolve into a UAM.

Brief Rationale

The OECD Minerals Guidance “... calls on ... upstream companies to provide the results of risk assessments to their downstream purchasers and have the smelters/refiners’ due diligence practices audited by independent third parties, including through an institutionalized mechanism.” The audit scope of the OECD Minerals Guidance⁶ is therefore the smelter/refiner.

The organizational scope of CRAFT is defined as the “...ASM Mineral Producer (AMP), which may comprise any *de facto* or formally established organizational structure of producers (production-based groups of ASM miners as individuals or entities) and may optionally include processors as well as local and national aggregators if these, jointly with the miners, constitute a supply-chain based group”. Supply chain actors who source from the AMP are referred to by the catch-all term BUYER.

If the BUYER is a smelter or refiner, then there is no gap between the organizational scope of the AMP as defined in CRAFT and the audit scope of the OECD Minerals Guidance. As due diligence is always the responsibility of the BUYER, the CRAFT concept of simplifying Due Diligence by verifying verifiable claims is fully valid if this verification is done by the smelter/refiner.

However, in many cases the supply chain between the BUYER and the smelter/refiner consists of intermediate traders, consolidators, processors, exporters or similar, who act in a scope gap between OECD’s audit scope and the AMP scope of CRAFT. In such cases, the CRAFT Report loses some practical value for the purpose of simplifying smelter/refiner's Due Diligence.

⁶ This is also the audit scope of typical institutionalized mechanisms such as RMAP by RMI, RGG by LBMA, CoP and CoC by RJC, etc.

The intent of this optional chapter is to fill this gap for the purpose of enabling CRAFT Schemes to act as CRAFT UA-Schemes. This usage case of CRAFT requires UA-Schemes to assume responsibilities not only with the affiliated AMPs but also with all upstream supply chain actors operating in this gap (intermediate traders, consolidators, processors, exporters or similar). For this purpose, UA-Schemes need to formally engage with these upstream supply chain actors, which the CRAFT Code refers to as “**Scheme Members**”.⁷

The intended supply chain coverage of a CRAFT UA-Scheme can be summarized as follows:

- a) It covers the entire upstream supply chain from the AMP along all Scheme Members, down to the pinch point where smelters or refiners (as midstream supply chain actors) or downstream companies source the mined products produced by the AMP.
- b) Midstream or downstream supply chain actors which have – according to Step 4 of the OECD Minerals Guidance – an obligation to prove their conformance through independent third party audits (such as smelters or refiners), are not considered Scheme Members.⁸ They are meant to be the main users of the information and assurance provided by UAMs, such as a CRAFT UA-Scheme.
- c) Smelters and refiners, even more so than Scheme Members, must prove their conformance to the OECD Minerals Guidance through a well-designed and audited management system of their own devise, or supported through their participation in an institutionalized mechanism (as per footnote 6). Consequently, to avoid duplication and overlaps, the CRAFT Code does not provide guidance or requirements for audits.
- d) CRAFT UA-Schemes act as a bridge between midstream and downstream supply chain actors and AMPs, often disconnected by various intermediary supply chain actors. They enable smelters or refiners as well as downstream companies to conform with their obligations to design, support, implement and monitor risk management- and improvement plans at the AMPs from which they source. Financial support by mid- and downstream supply chain actors for these purposes can be channeled by the UA-Scheme directly to the AMPs that need this support.

In analogy to the OECD Minerals Guidance, which assigns the responsibility for responsible conduct of the upstream supply chain to a pinch point with leverage (i.e. smelter/refiner), CRAFT assigns the responsibility of assuring responsible practices to the UA-Scheme. This avoids the need to inflate CRAFT by an entire additional standard for Scheme Members (such as Vol.2 for AMPs), but allows to address assurance and due diligence needs through three areas of responsibilities of CRAFT UA-Schemes:

- CRAFT UA-Scheme’s responsibilities for its own processes
- CRAFT UA-Scheme’s responsibilities related to AMPs
- CRAFT UA-Scheme’s responsibilities related to Scheme Members

These responsibilities are not intended to substitute responsibilities of Scheme Members. Regardless of the extent of due diligence provided by a UA-Scheme, it ultimately always remains

⁷ CRAFT uses this generic term, because not all of them might be companies (e.g. some might be cooperatives) and not all of them might take ownership as buyers of the mineral along the supply chain (e.g. some might be service provider such as toll mills). The term Scheme Member intends to cover all upstream supply chain actors between the AMP and the smelter/refiner. In case of coloured gemstones the endpoint could be the cutter, where the mined gemstone is processed into a product (jewel) that enters the downstream supply chain (jewellery manufacturing).

⁸ Depending on the individual setup of the supply chain of a UA-Scheme, this may also apply to intermediate refiners who voluntarily undergo an independent third party audit under an institutionalized mechanism like RMI, LBMA, RCJ or similar. They may be considered pinch points where the supply chain coverage by the UA-Scheme ends.

the individual responsibility of the Scheme Members to undertake due diligence as an ongoing proactive process, to react to changes of circumstances and risks in the supply chain, and to progressively improve their due diligence activities and risk management performance over time.⁹

3.1 CRAFT UA-Scheme’s responsibilities for its own processes

- a) CRAFT UA-Schemes are responsible for establishing the necessary organizational structure and communication processes that will ensure critical information about supply chain due diligence, including the Scheme’s policy, reaches relevant employees, AMPs, Scheme Members, final BUYERs such as smelter or refiner sourcing mineral products originating from the AMPs affiliated to the Scheme, as well as any other stakeholder with a legitimate interest such as government agencies.
- b) UA-Schemes are responsible for ensuring internal accountability with respect to the implementation of the supply chain due diligence process. Due diligence roles, responsibilities and reporting obligations within the UA-Scheme’s organization, as well as between the UA-Scheme’s organization, AMPs, and Scheme Member shall be clearly defined and fit for the purpose.
- c) CRAFT UA-Schemes have a dual role. In their support role, they often not only support but implement risk assessment and risk mitigation or improvement plans. In such cases, in their assurance role they must verify their own findings or the measurable progress of their own interventions. Internal accountability is particularly important in such cases of potential conflicts of interest. With a proper organizational structure, such multifunctional interventions of UA-Schemes can be very robust if support roles are clearly separated from verification and assurance roles. For example, by assigning these responsibilities to different teams within the UA-Scheme, independence can be ensured.
- d) To provide proof of the reliability of its verification and assurance role, a CRAFT UA-Scheme shall periodically undergo an independent third-party assessment of alignment with the OECD Minerals Guidance, following OECD’s alignment assessment methodology (OECD 2018). As the CRAFT Code version 2.1 has successfully passed such an Alignment Assessment for “standard only”, the Alignment Assessment of the UA-Scheme shall put emphasis on the assessment of the Scheme’s policies and implementation. If the independent third-party assessment (i.e. audit) of the UA-Scheme validates the assurance claims issued by the UA-Scheme (see 3.3.4 below), it eliminates the need to subject each individual affiliated AMP and Scheme Member to an independent third-party audit.¹⁰
- e) CRAFT UA-Schemes shall transparently and publicly communicate the supply chains or supply chain segments for which the UA-Scheme provides assurance. Knowledge of the pinch point to which the UA-Scheme provides assurance (e.g. trader A, exporter B, refiner C) allows downstream supply chain actors to make informed sourcing decisions.

This also enables UA-Scheme owners to operate Non-UA-Schemes (i.e. ordinary CRAFT Schemes with no assurance) in parallel to UA-Schemes. This may be necessary during the

⁹ OECD Minerals Guidance; “Companies retain individual responsibility for their due diligence, and should ensure that all joint work [e.g. DD services provided by CRAFT Scheme] duly takes into consideration circumstances specific to the individual company”

¹⁰ Note that the OECD Minerals Guidance does not require independent third-party audits of ASM mineral producers or intermediate upstream supply chain actors. The audit scope of the OECD Minerals Guidance is the smelter or refiner.

setting-up phase of new supply chains. This may also be desirable if the UA-Scheme owner decides to implement CRAFT-based ASM development projects in contexts with limited possibilities for engaging miners with markets. In such cases, transparent communication is key for credibility.

3.1.1 Engagement with AMPs and Scheme Members

As explained in the introduction of Volume 1 “*The CRAFT aims at facilitating engagement of the downstream supply chain actors¹¹ with upstream ASM producers*”. CRAFT UA-Schemes serve this purpose in the supply chain segment between AMPs and smelters/refiners. Conversely, this enhances the engagement of the supply chain actors with their suppliers up to the AMP and strengthens internal controls along the supply chain. For this purpose, a key characteristic and role of UA-Schemes is to engage as a facilitator not only with AMPs but also with Scheme Members.

For **Engagement with AMPs**, the conditions in Module 1 and 2 of Volume 2A have to be met. Schemes are not required to disengage if an AMP is non-conformant with Modules 3 or 4; instead, the Scheme may support the AMP to become conformant.

However, as long as an AMP fails to meet any of the requirements in Module 3 and Module 4, the AMP shall not be granted clearance to sell their product into the supply chain of the UA-Scheme.

For **Engagement with Scheme Members**, a CRAFT UA-Scheme shall:

- a) Conduct due diligence risk assessments, to ensure that the Scheme Member is legal¹² and that no condition exists that would require others downstream of the Scheme Members to disengage because of supply chain risks related to Annex II of the OECD Minerals Guidance (serious abuses associated with the extraction, transport or trade of minerals, direct or indirect support to non-state armed groups, public or private security forces, bribery and fraudulent misrepresentation of the origin of minerals, money laundering, payment of taxes, fees and royalties due to governments and bribery). Due diligence shall also cover other KYC-related aspects such as ownership (including beneficial ownership), corporate structure of the Scheme Member and the possible added value provided by the Scheme Member¹³.

If conditions for suspending or discontinuing commercial relations are identified, Schemes are not required to disengage but may continue supporting the Scheme Member to become conformant. However, as long as such nonconformities persist, the Scheme Member shall not be granted clearance to sell products into the supply chain of the UA-Scheme.

- b) Relations of the CRAFT UA-Scheme with Scheme Members shall be governed by a written contract which covers at least the following aspects:
 - i. The Scheme Member recognizes that participation in the UA-Scheme does not release it from being responsible for the scope and quality of due diligence in their own supply chains and for reporting on the due diligence that is undertaken in their supply chains.

¹¹ Referring to supply chain actors downstream of the AMP.

¹² Note the difference that AMPs (any de facto or formally established organizational structure of ASM producers) are required to be at least legitimate, while Scheme Members (companies) are always required to be legal.

¹³ Assessing money laundering risk by middle men charging money without providing any tangible service

The Scheme Member also acknowledges that responsibility for actions in response to identified risks rests with the company's management.

- ii. The Scheme Member declares that it is committed to responsible sourcing, processing, and trade of minerals and metals from AMPs in alignment with the OECD Minerals Guidance. For this purpose, the Scheme Member adopts the CRAFT Code as its Management System for risk identification and mitigation, implements a supply chain policy aligned with Annex II of the OECD Minerals Guidance by declaring that assessment and management of the OECD Minerals Guidance Annex II risks, as well as the conformity with all CRAFT requirements are the core elements of its supply chain policy, and commits to progressively fulfil all requirements of the CRAFT Code. Depending on the policy of the UA-Scheme this commitment may also address all or selected progress requirements of MODULE 5.
- iii. The Scheme Member nominates a Responsible Person, who is accountable for the implementation of CRAFT. This person must count on the necessary competence, knowledge and experience and be assigned authority and responsibility to oversee supply chain due diligence. As counterpart, the UA-Scheme nominates its responsible point of contact (e.g. task manager).
- iv. The Scheme Member and the UA-Scheme agree on the extent of due diligence and assurance services to be provided by the CRAFT UA-Scheme. These services shall be carried out in good faith, with reasonable effort, and take into account factors such as the Scheme Member's company size, activities, location, material type, and country context. To ensure that sufficient resources are made available to support the operation and monitoring of supply chain due diligence processes, contributions and responsibilities of the parties need to be clearly defined.
- v. For the purpose of carrying out due diligence services and providing assurance, the Scheme Member grants the UA-Scheme access to company sites, documentation, records and, as appropriate, access to suppliers and other relevant stakeholders, such as on-the-ground assessment teams.

The same access rights shall also be granted to external auditors or assessors in case of smelter or refiner audits as per the OECD Minerals Guidance or for the purpose of an OECD alignment assessment of the CRAFT UA-Scheme.

3.1.2 Mapping the Supply Chain (determination of CAHRA and Red Flag conditions)

The supply chain of a CRAFT UA-Scheme may consist of one or many physically interconnected or closed pipe supply chains, as illustrated in Figure 1.

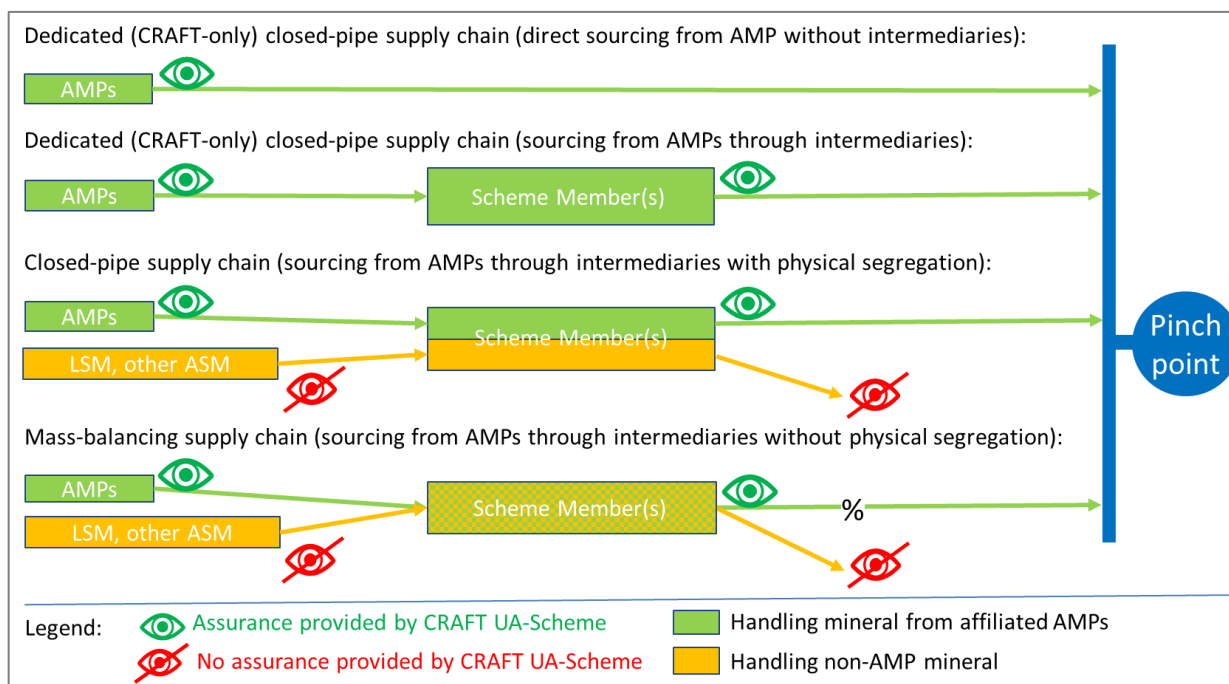


Figure 1: Possible supply chains of a CRAFT UA-Scheme with material flows AMP → Scheme Member, down to a pinch point (e.g. smelter/refiner). Depending on aggregation along the supply chain, assurance can be provided for closed pipe or mass balanced supply chains. Material from other sources or passing through non-members is out of scope.

It is one of the core responsibilities of a CRAFT UA-Scheme to **map** the factual circumstances of the Scheme’s supply chain, including the origin of minerals and the activities/relationships of suppliers (AMPs and Scheme Members).

- a) UA-Schemes shall determine – as Joint Work of affiliated AMPs and Scheme Members – if parts of the supply chain are located in a conflict-affected or high-risk area (CAHRA) or if red flag conditions apply to locations of mineral origin and transit, supplier characteristics and trade-related circumstances.
- b) **To determine CAHRAs**, the CRAFT UA-Schemes shall apply the definition of the OECD Minerals Guidance:

“Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. 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.”

The UA-Scheme shall document the sources used to identify CAHRAs, the criteria used to make the determination, and the frequency of updating the determination.

- c) **To determine Red Flag considerations**, the CRAFT UA-Schemes shall apply the definition of the OECD Minerals Guidance¹⁴:

¹⁴ Combined red flag definitions of the gold and 3T supplement, with exception of the red flag on scrap and mixed sources considered as N/A

“Red flag locations of mineral origin and transit:

The minerals originate from or have been transported via a conflict-affected or high-risk area.

The minerals are claimed to originate from a country that has limited known reserves, likely resources or expected production levels of the mineral in question (i.e. the declared volumes of mineral from that country are out of keeping with its known reserves or expected production levels).

The minerals are claimed to originate from a country in which minerals from conflict-affected and high-risk areas are known to transit.

Supplier red flags:

The company’s suppliers or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.

The company’s suppliers’ or other known upstream companies are known to have sourced minerals from a red flag location of mineral origin and transit in the last 12 months.

Red flag circumstances:

Anomalies or unusual circumstances are identified which give rise to a reasonable suspicion that the minerals may contribute to conflict or serious abuses associated with the extraction, transport or trade.”

The assessment of supplier red flags of the UA-Scheme shall cover all affiliated AMPs and all Scheme Members, taking a risk-based approach and using good faith and reasonable efforts¹⁵. Assurance can only be provided for the mineral products originating from within the scope of the UA-Scheme’s supply chain (see Figure 1)

- d) After having mapped and determined CAHRA and Red Flag considerations, UA-Schemes shall, for every AMP and Scheme Member in their supply chain, identify and assess whether their locations of mineral origin and transit, the nature of suppliers, or the circumstances within the supply chain may trigger 'red flags' as defined above. The assessment shall also determine whether AMPs also purchase material from other ASM locations and whether this may trigger Red Flags. This forms part of the UA-Scheme’s due diligence, covered in the next chapter 3.1.3.
- e) The Scheme shall inform all Scheme Members about the existence or absence of Red Flags in their supply chain.

3.1.3 Rendering Due Diligence Services

Due diligence services provided by a CRAFT UA-Scheme follow the concept laid out in the OECD Minerals Guidance that Scheme Members retain individual responsibility for their due diligence (see 3.1.1.) but may cooperate through joint initiatives and joint work, duly considering the circumstances specific to each Scheme Member.

¹⁵ For a supply chain actor (e.g. an aggregator) that sources from hundreds of suppliers out of scope but from just a few suppliers in scope it is an unreasonable effort, if not practically impossible, to carry out a complete red flag determination, investigating all the hundreds of suppliers out of scope in order to assess if any of them presents a red flag circumstance.

Specific responsibilities related to the joint work with AMPs and Scheme Members are addressed in the chapters 3.2 and 3.3.

General due diligence principles of CRAFT UA-Schemes for their own processes are:

- a) The measures that a CRAFT UA-Scheme takes to conduct due diligence shall always be commensurate to the severity and likelihood of the identified risks.
- b) For minerals mined by AMPs in red-flagged operations or purchased from such AMPs by Scheme Members, risks must be determined through evidence gathered by desktop research, interviews with stakeholders and site visits, with reference to the criteria set out in the corresponding Supplement of the OECD Minerals Guidance.

These criteria are reflected in the requirements of Volume 2 of the CRAFT Code. To ensure full alignment with the OECD Minerals Guidance, the UA-Scheme shall consult the corresponding Supplement.

- c) Due diligence activities on red-flagged supply chains shall involve an in-depth review of the context of all red-flagged locations and the due diligence practices of any red-flagged suppliers, covering all the aspects referenced in the corresponding Supplement of the OECD Minerals Guidance.

These aspects are reflected in the requirements of Volume 2 of the CRAFT Code. To ensure full alignment with the OECD Minerals Guidance, the UA-Scheme shall consult the corresponding Supplement.

- d) Due diligence activities on red-flagged supply chains shall always involve on-the-ground assessments. For that purpose, the UA-Scheme shall establish on-the-ground assessment teams of suitably qualified and independent assessors with appropriate capabilities and access rights. As Scheme Members retain individual responsibility for their due diligence, they shall always be invited and encouraged to actively participate in the on-the-ground assessment teams. It is their responsibility to ensure that circumstances specific to their operations (of which the Scheme may not be aware) are duly taken into consideration. On-the-ground assessments shall cover all risks referenced in the corresponding Supplement of the OECD Minerals Guidance.

These risks are reflected in the requirements of Volume 2 of the CRAFT Code. To ensure full alignment with the OECD Minerals Guidance, the UA-Scheme shall consult the corresponding Supplement.

- e) Findings of risk assessment always need to be reported to the designated senior management (i.e. the “Responsible Person” of the AMP or the Scheme Member, and senior management of the UA-Scheme), outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment. In case of serious risks that trigger a suspension of trade or disengagement according to Annex II of the OECD Minerals Guidance, the UA-Scheme shall ensure that suspension or disengagement is applied consistently along the UA-Scheme’s supply chain. Regardless of commercial suspension or disengagement, the UA-Scheme (jointly with Scheme Members) shall make reasonable best efforts to support the compromised entity (AMP or Scheme Member) towards becoming conformant with the OECD Minerals Guidance by fulfilling the requirements of the CRAFT Code.
- f) Information about the results of assessments shall be provided to companies downstream in the supply chain with a legitimate interest in the findings, including Scheme Members and

– for the purpose of providing assurance – downstream companies sourcing from the UA-Scheme’s supply chain. Summary Reports may be provided without restriction, Full Reports shall only be provided on a need-to-know basis (e.g. if a supply chain actor needs access to the information for its own due diligence), under terms of strict business confidentiality and respecting competitive concerns.

- g) CRAFT UA-Schemes must maintain all due diligence related information for a minimum of five years, preferably in a computerised database.

3.1.4 Capacity building of AMPs and Scheme Members

Experience has shown that most AMPs and Scheme Members, such as intermediate traders, consolidators, processors, exporters, or similar in producer countries of the Global South (with some remarkable exceptions) have limited knowledge of the OECD Minerals Guidance and its implications for their businesses. Capacity building is therefore a core activity of most CRAFT Schemes. For CRAFT UA-Schemes, it is a responsibility.

CRAFT UA-Schemes shall provide capacity building and training

- to Members of AMPs and Scheme Members, including their owners, managers and employees;
- on understanding the OECD Minerals Guidance and its practical application and building due diligence capacity;
- on understanding the CRAFT Code as a management system and supply chain policy;
- to improve risk management performance and be able to comply with the requirements of the CRAFT Code’s supply chain policy based on the OECD Minerals Guidance.

With a training of trainers approach, Scheme Members shall be enabled to train and assist their suppliers.

3.1.5 Grievance mechanism

CRAFT UA-Schemes must have a grievance mechanism in place. This mechanism shall enable any affected stakeholder or whistle-blower to voice concerns regarding the circumstances of extraction, trade, handling, and export of minerals.

From the outset of engaging with AMPs, the Scheme shall establish a reporting protocol with the AMP’s contact for complaints (see Vol 2A M.1/5.2.8/R.1). The grievance mechanism of a CRAFT UA-Scheme shall reinforce their AMP’s own grievance mechanisms (see Vol 2A M.5/5.2.8/R.1).

Access to the grievance mechanism shall be provided or facilitated in a way that allows any impacted stakeholder to voice concerns related to any aspect of the activities of participants in the Scheme (individual AMP Members, AMPs and Scheme Members) as well as of the Scheme itself.

The grievance mechanism may be provided as stand-alone mechanism of the CRAFT UA-Scheme, or in collaboration with other schemes, programs or institutionalised mechanisms.

3.1.6 Reporting

CRAFT UA-Schemes have reporting obligations at two levels:

Reporting on the Scheme’s performance

- a) Every CRAFT UA-Scheme shall have an evaluation and impact monitoring process in place, to qualitatively or quantitatively evaluate the social and economic impacts that the requirements may have on the miners and communities and developing countries where it operates, and how the Scheme contributes to existing internationally recognized standards. Results of this evaluation and conclusions for improvements shall be documented periodically (e.g. in Annual Reports).

Reporting on the conformance of AMPs and Scheme Members

Not all AMPs and Scheme Members of CRAFT UA-Schemes, such as local intermediate traders, consolidators, processors, exporters or similar in producer countries of the Global South, can be expected to count on staff with reporting skills. UA-Schemes should always encourage AMPs and Scheme Member to report on their own and provide training to progressively do so.

- Where AMPs and Scheme Members have reporting capacities, the CRAFT UA-Scheme shall verify (for assurance purpose) and consolidate their reports.
 - Where this is not the case, the CRAFT UA-Scheme shall prepare the report as “joint work” as part of its due diligence activities of providing assurance.
- b) CRAFT UA-Schemes shall publish annual reports which describe the Scheme’s management systems, supply chain due diligence activities, the methodology and results of the risk assessment and the steps taken to manage risks at the AMPs in their scope as well as along the Scheme Members’ supply chain originating from the AMPs.

Note: As it is common for Scheme Members to deal with mined products originating from both the AMPs participating in the CRAFT UA-Scheme and other sources (see Figure 1), reporting obligations are limited to the supply chain originating from the Scheme’s AMP scope. Other sources are beyond scope. General due diligence and KYC requirements for engaging with Scheme Members as per 3.1.1. still apply.

Audit readiness

- c) In case of smelter or refiner audits as per the OECD Minerals Guidance or for the purpose of an OECD alignment assessment of the CRAFT UA-Scheme, the Scheme shall provide auditors or assessors access to all its offices and on-the-ground assessment teams, documentation, records and, as appropriate, facilitate access to AMP’s and Scheme Members’ sites and documentation.

3.2 CRAFT UA-Scheme’s responsibilities related to AMPs

General Guiding Principles for the interaction of all CRAFT Schemes with AMPs are provided in chapter 2.

By acting as a CRAFT UA-Scheme, the Scheme assumes the additional responsibility of assuring that the affiliated AMPs carry out adequate due diligence on their internal supply chain. For providing this assurance, the UA-Scheme itself needs to carry out due diligence.

- a) UA-Schemes need to inform AMPs, and AMPs need to recognize in writing that participation in the Scheme and due diligence carried out by the Scheme does not release them from being responsible for the scope and quality of their own due diligence in their own internal supply chain and for reporting on the due diligence that they undertake in their internal supply chains.

As indicated above in chapter 3.1-d) as a recommendation, provision of assurance might be achieved by distributing the producer support role and the verification and assurance role of the Scheme to different independent teams. Regardless of the extent of involvement of the producer support team in the preparation of the CRAFT Report, verification and assurance can then follow the conceptual design of CRAFT, centered in verifying verifiable claims made by AMPs in their CRAFT Report.

CRAFT UA-Schemes have the following responsibilities related to their affiliated AMPs:

- b) Monitor and verify that – through conformance with Vol.1/Mod.1 – the AMP has adopted CRAFT as its management system and has implemented a supply chain policy aligned with Annex II of the OECD Minerals Guidance by committing to work towards full conformity with all CRAFT requirements.
- c) Support, monitor, and verify that the scope of risk identification and assessment extends to all of the risks set out in Annex II and the relevant supplement of the OECD Minerals Guidance, by verifying that no requirement in Modules 1 to 4 of the volumes 2A and 2B of the CRAFT Code meets a fail criterion.
- d) Support, monitor, and verify that – additional to conforming with the Modules 1 to 4 of the volumes 2A and 2B of the CRAFT Code as specified above – risks are also assessed against national laws and other relevant legal instruments. Any reasonable inconsistency between these requirements and the information obtained through due diligence should constitute a risk to be mitigated.
- e) Support AMPs – where possible as joint work in cooperation/collaboration with Scheme Members – in the process of designing measurable risk mitigation and improvement plans. Involve external stakeholders such as official and traditional authorities/government or civil society as appropriate.
- f) Support, monitor, and verify that risk mitigation plans are consulted with the Members of the AMP and where applicable with affected stakeholders, and agreed upon as strategies for measurable risk mitigation.
- g) Support, monitor, and verify that risk management plans are implemented as agreed, and that effectiveness of risk mitigation efforts is evaluated.
- h) Monitor and verify the implementation of risk management plans and maintain ongoing risk monitoring. Undertake additional fact and risk assessments as required. Where feasible this monitoring shall be done in cooperation or consultation with local and central authorities and other relevant stakeholders and may include supporting community-based networks.
- i) Monitor and verify that all results of risk assessments and performance monitoring of the implementation of risk management plans are reported to the responsible person of the AMP and the senior management of the Scheme.
- j) If risks related to the requirements of Vol.2/Mod.3 were identified or if mitigation attempts of risks related to the requirements of Vol.2/Mod.4 have failed, the senior management of

the Scheme shall advise Scheme Members that are BUYERS to suspend or discontinue trade with an AMP.

- k) For clarification: Requirements to suspend or discontinue engagement with suppliers as per the OECD Minerals Guidance apply to Scheme Members and in particular to BUYERS. They do not apply to the Scheme itself, which may continue its engagement to support the AMP on its way to become conformant.
- l) Involve Scheme Members in the processes of risk assessments and implementation of risk management plans, reminding them of their ultimate individual responsibility of undertaking due diligence. Build and/or exercise leverage over the Scheme Members who can most effectively and most directly prevent and mitigate the risks of adverse impacts.
- m) Support AMPs in the process of preparing their CRAFT Reports. Even in case of prevailing low literacy, where reporting might need to be performed by the UA-Scheme, require active participation of the AMP in this task, to ensure that the AMP is fully aware of the verifiable claims made in their CRAFT Report (even if it is written on their behalf).
- n) Support the AMP in publishing the Public CRAFT Report (with due regard to business confidentiality and other competitive or security related concerns), for example at the UA-Scheme's website. Ensure that the full CRAFT Report is accessible to Scheme Members sourcing from the AMP (BUYERS) and for all purposes which require verifying the verifiable claims (such as smelter or refiner audits as per the OECD Minerals Guidance or for the purpose of an OECD alignment assessment of the CRAFT UA-Scheme).
- o) Support, monitor, and verify that AMPs maintain all relevant information related to due diligence for a minimum of five years.

3.3 CRAFT UA-Scheme's responsibilities related to Scheme Members

3.3.1 Management of Annex II risks at Scheme Members' premises

The CRAFT Code in Vol.1, chapter 2.2 differentiates between the *main organizational scope* of an AMP and an *extended organizational scope*, defined as "*In the case of supply-chain based groups, the extended organizational scope may additionally include Processors and/or Aggregators as Members of an AMP*".

If upstream supply chain actors, such as intermediate traders, processors, aggregators, etc. participate in an AMP, Volume 2 (i.e. 2A and 2B) applies to them. If the same upstream supply chain actors do not participate in an AMP, they are considered Scheme Members of a CRAFT UA-Scheme. Being the same type of upstream supply chain actors, it is reasonable to demand that they conform to the same requirements.

Volume 2 of the CRAFT Code, and particularly Modules 1 to 4 addressing the supply chain risks specified in Annex II and the corresponding supplements of the OECD Minerals Guidance, therefore also applies to Scheme Members.

For simplicity, the requirements are not repeated here. The scope for the risk assessment depends on the position in the supply chain. For Scheme Members, Volume 2 of the Code must be read in analogy, with mainly "*AMP and its Members*" equivalent to "*Scheme Member and its employees*," and "*mine site*" equivalent to "*Scheme Members' company premises*." Examples of context-specific rewording of the requirements will be provided in Volume 4 (Guidance Book).

Applying the concept of CRAFT – of simplifying due diligence through a process of verifying verifiable claims made in a CRAFT Report which reflects a self-assessment (first party assurance) – Scheme Members shall be expected to prepare a CRAFT Report making the corresponding claims related to their company and operations.

With regards to the above, CRAFT UA-Schemes have the following responsibilities related to their participating Scheme Members:

- a) Monitor and verify that – through conformance with Module 1 of Volume 2 – the Scheme Member has adopted CRAFT as its management system and has implemented a supply chain policy aligned with Annex II of the OECD Minerals Guidance by committing to work towards full conformity with all CRAFT requirements.
- b) Support, monitor, and verify that the scope of risk identification and assessment extends to all of the risks set out in Annex II and the relevant supplement of the OECD Minerals Guidance, by verifying that no requirement in Modules 2 to 4 of Volume 2 of the CRAFT Code meets a fail criterion. This includes – inter alia – the Scheme Member’s obligation to support the implementation of the principles and criteria of the Extractive Industry Transparency Initiative (EITI), as specified in requirement M.4/2.2.1/R.2 of Volume 2A.
- c) Support, monitor, and verify that – additional to conforming with the Modules 1 to 4 of the volumes 2A and 2B of the CRAFT Code as specified above – risks are also assessed against national laws and other relevant legal instruments. Any reasonable inconsistency between these requirements and the information obtained through due diligence should constitute a risk to be mitigated.
- d) Support, monitor, and verify the process of designing and implementing measurable risk mitigation and improvement plans, ensuring that
 - these plans involve external stakeholders such as government or civil society as appropriate and are consulted with suppliers, such as AMPs and Scheme Members further upstream, and agreed upon as strategies for measurable risk mitigation,
 - effectiveness of risk mitigation efforts is monitored and evaluated on an ongoing basis and additional fact and risk assessments are carried out as required,
 - all results of risk assessments and performance monitoring are reported to the responsible person of the Scheme Member and the senior management of the UA-Scheme.
- e) If risks related to the requirements of Module 3 of Vol.2 are identified or if mitigation attempts of risks related to the requirements of Module 4 of Vol.2 have failed, the senior management of the UA-Scheme shall advise Scheme Members further downstream of the compromised Scheme Member to suspend or discontinue trade.
- f) Support Scheme Members in the process of preparing their CRAFT Reports and publishing the Public CRAFT Report (with due regard to business confidentiality and other competitive or security related concerns), for example, on the UA-Scheme’s website.
- g) Ensure that the full CRAFT Report is accessible to Scheme Members further downstream the supply chain and for all purposes which require verifying the verifiable claims (such as smelter or refiner audits as per the OECD Minerals Guidance or for the purpose of an OECD alignment assessment of the CRAFT UA-Scheme).

3.3.2 Scheme Members' due diligence capacity

Furthermore, CRAFT UA-Schemes have the following responsibilities related to their participating Scheme Members:

- a) Support Scheme Members to establish long-term relationships with their suppliers (AMPs and/or other Scheme Members upstream their position in the supply chain) to build responsible sourcing relationships with them.
- b) Involve Scheme Members in a participatory due diligence process (“joint work”) to verify the claims made by their upstream suppliers. Scheme Members shall have access to the CRAFT Reports of their suppliers (upstream AMPs and Scheme Members) and be required to comment on any potential gaps, inconsistencies, or red flags identified. This input will strengthen the UA-Scheme’s due diligence and verification processes. Scheme Members must then manage their risks according to the Scheme’s risk management processes by either: i) continuing trade while pursuing measurable risk mitigation efforts, ii) temporarily suspending trade during ongoing risk mitigation, or iii) disengaging with a supplier if risk mitigation fails or is deemed unfeasible or unacceptable.
- c) Support Scheme Members to develop a deeper understanding of the OECD Minerals Guidance and to go beyond adopting CRAFT as their supply chain policy and management system. Progressively, Scheme Members shall:
 - Elaborate, adopt, and clearly communicate to suppliers and the public, their own supply chain policy, specific to their business context, applicable to the company and its suppliers, and consistent with the standards provided in Annex II of the OECD Minerals Guidance.
 - The Scheme Member’s own supply chain policy is expected to provide the principles and standards for identifying and managing the risks in their supply chain of minerals, against which the company will assess itself and the activities and relationships of suppliers. It shall set out a clear and coherent management process for risk management and commit to the due diligence steps as described in Annex I and the applicable Supplement of the OECD Minerals Guidance.
 - Apply their company-specific supply chain policy and management system not only to the supply chain in the scope of the UA-Scheme but to all business relations and mineral transaction.
- d) Offer support to Scheme Members to develop capacity to carry out due diligence on their own, always reminding them on their individual responsibility for the scope and quality of the due diligence in their supply chains and for reporting on the due diligence that they undertake in their supply chains. This may be particularly important for intermediate Scheme Members such as local traders, processors and aggregators that are not in direct contact with international markets¹⁶, and which operate simultaneously supply chains within and beyond the scope of the UA-Scheme.

¹⁶ It can be assumed that exporters are more familiar with the requirements of the OECD Minerals Guidance; but they may also be included in trainings.

3.3.3 Control Systems and Chain of Custody

In order to provide assurance that the origin of the mineral products are the AMPs affiliated to the CRAFT UA-Scheme, a strong control- and chain of custody (traceability) system needs to be in place.

If a Scheme Member simultaneously trades, processes, aggregates or exports mineral products in scope and out of scope of the UA-Scheme, the Chain of Custody system may consist of physical segregation for a closed pipe supply chain, or may be based on mass balance without physical segregation (see Figure 1). Both supply chain models are admissible, provided that the factual circumstances of the mined material are communicated transparently and truthfully.

- In a closed pipe supply chain, 100% of the output material must have its physical origin from the AMPs affiliated to the UA-Scheme.
- In a mass balanced supply chain, only the percentage of outputs that that is equivalent to the inputs from the AMPs in scope can be claimed to origin from the AMPs affiliated to the UA-Scheme. Mass balance must be reported as a material characteristic to all buyers downstream of the Scheme Member that mixes materials from origins in scope and out of scope of the UA-Scheme.

Responsibilities of CRAFT UA-Schemes – within their joint work with Scheme Members – are:

- a) Support, monitor, and verify that Scheme Members have a system of controls and transparency over the mineral supply chain originating from AMPs affiliated to the UA-Scheme in place, including a chain of custody or traceability system.

To the extent that a Scheme Member carries out due diligence additional to the due diligence carried out by the UA-Scheme as “joint work”, documentation of supply chain due diligence processes, findings and resulting decisions shall also be recorded and maintained.

- b) Support, monitor, and verify Scheme Members’ efforts to implement a Chain of Custody (CoC) system ensuring physical integrity of the mineral products traded, processed and exported.
 - Every shipment between AMPs and Scheme Members, and between Scheme Members, must be identifiable, indicating the quantity and quality of the mined product(s) that it contains and its origin(s). For gold, the gold supplement of the OECD Minerals Guidance provides specific requirements.¹⁷
 - Every shipment must be identifiable, so that the receiving Scheme Member can inspect it for conformity to the information provided by the supplier on type of material, weight and quality. Inconsistencies must be reported to the management responsible for due diligence. Until the inconsistency is resolved, the shipment must be physically segregated and secured. Inconsistencies must be resolved before the receiving Scheme Member can proceed with the material.
 - Every Scheme Member shall keep an inventory of all mined materials originating from the AMPs affiliated with the UA-Scheme. At any time, the Scheme Members shall be able to inform about quantity, characteristics and origin of the materials in existence and be able

¹⁷ In case of gold, the control system has to include tamper proof physical security measures, such as assigning a unique reference number to each input and output. Additionally, receiving parties must use reasonable and good faith efforts and steps proportional to risk, to determine whether the gold is really mined gold, and not recycled or grandfathered material.

to link them to the corresponding identifying references for processing, purchases and sales.

- Records must be kept by the Scheme Member in a way that allows the UA-Scheme to consolidate data for the purpose of verification.
- c) Encourage the Scheme Members to apply the same system of controls and chain of custody also for supply chains that are not in scope of the UA-Scheme.
- d) Support, monitor and verify that all financial transactions are supported by verifiable information in the Scheme Members' accounting system. This applies particularly in case of cash transactions. Support Scheme Members to avoid cash transactions at all, wherever this is feasible and practicable.

For verification by the UA-Scheme, smelter/refiner audits or OECD alignment assessments of the UA-Scheme, Scheme Members must be able to disclose (under terms of strict business confidentiality and respecting competitive concerns) at least:

- Invoices or receipts related to all inputs and outputs of mineral products originating from the AMPs affiliated to the UA-Scheme
 - Payments of taxes and fees and details of mineral origin and transportation as set out in the 3T Supplement
 - Other payments made to public or private security forces or other armed groups
- e) Support, monitor and verify that Scheme Members maintain all relevant information related to due diligence for a minimum of five years, preferably on a computerised database.

3.3.4 Assurance claims

By acting as a CRAFT UA-Scheme, the Scheme assumes the responsibility of assuring that participating AMPs and Scheme Members conform with the requirements of the OECD Minerals Guidance and that adequate due diligence is carried out in the UA-Scheme's supply chain.

The UA-Scheme's responsibility for provision of assurance is inherently limited to the supply chain originating from the AMPs affiliated to the Scheme. Mined products originating from elsewhere are explicitly out of scope.

- a) CRAFT UA-Schemes may issue assurance statements, indicating that an AMP or a Scheme Member (with regards to the mined products originating from the Scheme's supply chain) is found to be conformant with the requirements of the CRAFT Code. The duration of validity of this statement shall be determined by the risk level and be clearly indicated.
- b) CRAFT UA-Schemes shall ensure that Scheme Members communicate assurance by the UA-Scheme only in relation to the mined products originating from AMPs affiliated to the Scheme.¹⁸

¹⁸ This does not preclude the business case that CRAFT UA-Schemes also act as generic Upstream Assurance Mechanisms (UAM) offering due diligence verification and assurance services outside the scope of CRAFT (verification of any ASM, LSM and intermediary upstream company). In this case the CRAFT UA-Scheme must publicly disclose its broader scope. Companies that have undergone verification may then communicate accordingly.

4. Aspects related to the Open Source Characteristics of CRAFT

4.1 Implications of the Creative Commons License CC-BY-SA 4.0

The CRAFT is published under the Creative Commons License CC-BY-SA 4.0. This license is widely used by open-source projects such as Wikipedia. The legal text of the license is published at <https://creativecommons.org/licenses/by-sa/4.0/legalcode>. Creative Commons provides the following “human-readable summary”¹⁹:

You are free to:

- Share — copy and redistribute the material in any medium or format
- Adapt — remix, transform, and build upon the material

for any purpose, even commercially.

The licensor cannot revoke these freedoms as long as you follow the license terms.

Under the following terms:

- Attribution — You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.
- Share Alike — If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original.
- No additional restrictions — You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits.

Notices:

You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation.

No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material.

In even more simple terms, Creative Commons explains: “This license lets others remix, tweak, and build upon your work even for commercial purposes, as long as they credit you and license their new creations under the identical terms.”

In practice this means:

- **Anyone is free to use or redistribute the CRAFT Code**, even for commercial purposes (e.g. provision of services or CRAFT Schemes by BUYERS) and without need to request permission.
- **Anyone** (e.g. ASM Programmes or CRAFT Schemes) **may adapt the CRAFT Code** to fit their specific needs (i.e. create a *branch*).
- **Whoever uses or adapts** (branches) **the CRAFT Code, must reference the original document** (the 3 volumes of this “official” version, published by the Code maintainer) and disclose any eventual modification (i.e. indicate that it is not the “official” version).

¹⁹ <https://creativecommons.org/licenses/by-sa/4.0/>

- **Whoever adapts** (branches) **the CRAFT Code, must release the branched code under the same license**, i.e. may not apply any restriction.

In particular, the freedom to *Adapt* and the requirement of *Share-Alike* have implications on localising or branching CRAFT or for incorporating it into other Standards.

4.2 Localising CRAFT

The geographic scope of CRAFT is **global** and consequently, all requirements for AMPs (Volume 2) are designed and worded to be as globally applicable as possible.

Notwithstanding, for specific national contexts, some requirements of this CRAFT criteria might be too generic, particularly in countries where a detailed legal and regulatory framework for ASM is in place and fully operational. Particularly in such cases, **national legislation prevails**.

For this purpose, the freedom to *Adapt* the CRAFT Code provides CRAFT Schemes with a convenient way of working with a legally valid localised version.

A localised version is usually characterized by:

- modification of one or more requirements for AMPs (in Volume 2A or 2B) to align it with national legislation as required to access formal markets, while maintaining the rest of the Code unmodified,
- indication of its geographic scope,
- copyright notice compliant with the *Attribution* and *Share Alike* terms of the CC-BY-SA 4.0 license
- contact information of the entity that adapted the CRAFT and assumes the responsibility to act as maintainer of the localised version.

Request to CRAFT Schemes:

The maintainer of the CRAFT Code ([Alliance for Responsible Mining](#)– ARM) **solicits submission of a copy of any localized version, to be published on the CRAFT website**, in order to avoid duplication by various CRAFT Schemes creating various localised versions for the same country.

Publication of the localised version on the CRAFT website **does not automatically imply endorsement by the standard maintainer** (ARM). However, localised versions may be endorsed by the standard maintainer (ARM), following its standard-setting procedures.

4.3 Adapting CRAFT for specific purposes (branching)

As indicated in Volume 1: *“the overall intent of the Code is to promote the sustainable social, environmental, and economic development of the ASM sector, by leveraging demonstrable conformance with due diligence requirements as an instrument for generating a positive development impact for ASM producers. The CRAFT expects to be a tool principally for the miners, to empower them in understanding and complying with market expectations and due diligence needs.”*

Supply chain initiatives for ASM commodities might have the need or might wish to adapt CRAFT for their specific purposes or for commodities not covered in the Core Version. Such “branching” is easily possible, as the CC-BY-SA license allows to *Adapt* the Code, but has certain implications:

- The Share-Alike term of CC-BY-SA requires the branched version to be published under the same CC-BY-SA license, i.e. the branched version must remain open source.
- The Attribution term of CC-BY-SA requires to always communicate explicitly that the branched version is a modified²⁰ version of the CRAFT Code published by the licensor, i.e. the Code maintainer ARM.
- The Attribution term also indicates, “... *but not in any way that suggests the licensor endorses you or your use*”, in this case, *ARM as the Code maintainer*. This implies that supply chain schemes that use the branched version shall not use the term “CRAFT Scheme” without an attribute that indicates the modification.²¹

These clear rules provided by the CC-BY-SA 4.0 license aim to ensure transparency among branched versions, avoiding to “call different things with the same name”. This will ultimately strengthen the credibility of CRAFT and its user community of AMPs, supply chain schemes and ASM programmes.

Before branching the CRAFT Code, initiatives are advised to consider the following aspects:

- **The Core Version was developed through an inclusive and participatory multi-stakeholder process**, as aligned with ISEAL best practice for standard-setting as possible and has undergone extensive public consultation. This solid process is the basis for the legitimacy and recognition that CRAFT enjoys.
- It will be the responsibility of the initiative to take appropriate steps to ensure the legitimacy, reputation, and recognition of the branched version.

The maintainer of the CRAFT Code (Alliance for Responsible Mining – ARM) welcomes any branching initiative, as the *Share-Alike* requirement allows to merge the branch, or successful elements of it, back into the Core Version. **Any branching initiative is therefore at the same time a valuable contribution to the potential future development of the Core Version of the CRAFT Code.**

Alternatively, the supply chain initiative that sees a need for branching may contact the standard maintainer (ARM) standards@responsiblemines.org, to jointly explore if the desired modification can be achieved by amending the Core Version of the CRAFT Code.

4.4 Incorporating CRAFT in other Standards

One of the considerations to develop the CRAFT under open-source license terms was that, by this approach, CRAFT may not only be adopted by supply chain schemes but also **incorporated into existing supply chain initiatives such as responsible mining standards**. The CC-BY-SA freedom to *Adapt* allows for “remixing and building upon the material”.

When elements of CRAFT are incorporated into other already existing Standards, only the parts based on CRAFT become subject to the *Share-Alike* term and maintain the CC-BY-SA license. The

²⁰ The terms “remixed, transformed or built upon” of CC-BY-SA 4.0 cover all kinds of modification such as adding, modifying or dropping requirements, the scope of the Code or other features of the CRAFT Code.

²¹ Such attributes could be the name of the institution responsible for the branched version, the specific focus of the branched version, or any denominator that distinguishes the “Branched CRAFT Scheme” from “CRAFT Schemes” using this version published by the Code maintainer. “Branched CRAFT Scheme” is an example for doing so, whereby the word [Branched] is a placeholder for such attribute.

Attribution term applies. As CRAFT is not a certification scheme on its own, this will not duplicate or affect the certification mechanism of the Standard that incorporates CRAFT.

5. Claims and Communications

5.1 Claims of CRAFT Schemes

The CRAFT Code is a progressive performance standard for ASM Mineral Producers, providing assurance through first- and second-party verification by the AMP. **CRAFT is a process standard and it is not a product standard nor a certification scheme.**

CRAFT Schemes wishing to make claims, have to consider the following aspects for valid claims:

- The claim may express that the AMPs affiliated to its CRAFT Scheme affirm in their CRAFT Reports to operate in conformity with the CRAFT Code. The claim may describe the support provided by the CRAFT Scheme.
- If applicable, the claim may express that the CRAFT scheme verified (or that it was independently third-party verified) that the AMPs produced the mineral or metal in conformity with the CRAFT Code. If the CRAFT Scheme is a certification scheme, this verification may be certified under the certification terms of that scheme.

Claims other than **the above are not aligned with the CRAFT Code and are/will be considered invalid.** In particular, as CRAFT is not a product standard, product-related claims such as “CRAFT Gold” are invalid.

Please contact ARM as the CRAFT maintainer (standards@responsiblemines.org) in case of doubt or suspected misuse.

5.2 Communications

The *Attribution* term of the CC-BY-SA license encourages and even requires CRAFT Schemes or other users to communicate the use of CRAFT, giving appropriate credit in any reasonable manner, but not in any way that suggests the licensor endorses the user or the use.

According to Volume 1, “*a **CRAFT Scheme** is a supply chain scheme that follows, uses, incorporates, or builds upon the rules of the CRAFT Code*”. According to this definition, a supply chain scheme can be explicitly or implicitly a CRAFT Scheme.

- A supply chain scheme is **implicitly** a CRAFT Scheme if it uses the CRAFT in its work internally, **without making any public statements about it.**
- A supply chain scheme is **explicitly** a CRAFT Scheme if it **publicly declares or communicates to follow, use, incorporate, or build upon the rules of the CRAFT Code.** If it builds upon CRAFT using a branched version of CRAFT, then this should be communicated accordingly (see chapter 3.3).

CRAFT Schemes are encouraged **to communicate their use of the CRAFT.** However, communications shall **not suggest that their work or their use of CRAFT is endorsed in any way by the maintainer of the CRAFT Code (ARM).**

5.3 Usage of the CRAFT logo

For usage with version CRAFT 2.0 onwards, the Code maintainer (ARM), on behalf of the open-source community developing the CRAFT, created this logo:



This **official CRAFT logo** is not derivative work, as it does not *Adapt* (remix, transform, or build upon) the CRAFT Code. The official CRAFT logo is therefore not covered by or subject to the CC-BY-SA license under which the Code is published. The official CRAFT logo is the intellectual property of the open-source community developing the CRAFT, represented by ARM as the Code maintainer, and is correspondingly protected.

The official CRAFT logo is used to identify official documents such as released versions of the CRAFT or CRAFT-related communications by the code maintainer, e.g. the CRAFT website.

Please contact the CRAFT Code maintainer (Alliance for Responsible Mining ARM, standards@responsiblemines.org) in case you wish to use the logo.