

The **CRAFT** Code as a support model for mercury phasing out approaches

Code of **R**isk mitigation for **A**SM engaging in **F**ormal **T**rade



RESOLVE



Cadenas de Paz – [Supply] Chains of Peace



CAPAZ pursues holistic, supply chain solutions that leverage market dynamics to address development challenges



**ALLIANCE FOR
RESPONSIBLE MINING**

standards systems and initiatives + Latin America

RESOLVE multi-stakeholder engagement + supply chains + GLR ASM

Development of a global “market entry standard” and Colombia pilot funded by EPRM.

Need



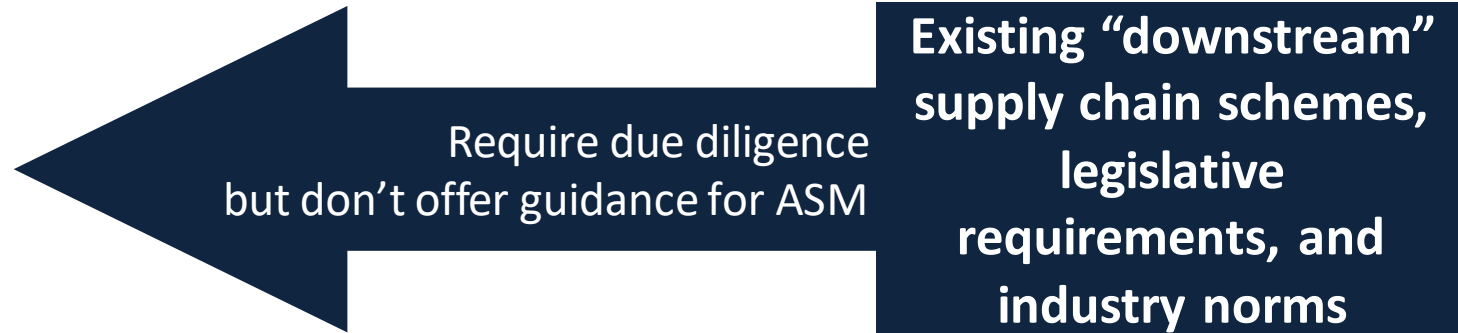
The problem

Lack of a general “upstream” supply chain scheme *

* Upstream schemes exist, but most are proprietary and specific to certain geographic contexts



Creates barriers



For ASM → to engage with → **Formal markets**

For downstream operators → to engage with → **ASM**

A Common Approach to ASM Sourcing



- Common framework for engagement, risk mitigation and transparent reporting
- An inclusive application of **OECD DD Guidance and PRINCIPLES**
- **ISEAL process** for a legitimate Standard
- Methodology incorporates *testing* in parallel to and as part of the consultation, to ensure learning by doing and rapid deployment
- **Open Source:** Creative Commons License



Why Open Source?



Not “owned” by any particular organization

The **upstream scheme** for ASM, will be:

Compatible

with **already existing supply chain standards** and **sourcing models** of downstream supply chain actors.

Adaptable

to the vast variety of **producers**, **legal frameworks** and **downstream supply chain actors** or **producer support programmes**.

Widely adopted

Simplifying due diligence for all supply chain actors.



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Prospective Users and Benefits of CRAFT



ASGM

- Access legal supply chains and sell under better conditions
- Understand buyers' expectations and needs
- Incorporate continuous improvement in organizational, environmental, labor, social practices

Downstream

- Expanded supply
- Demonstrate & document adherence to OECD & industry standards
- Build artisanal capacity
- Contribute to social, economic, and environmental improvements

Government/ Donors/NGOs

- Monitor and reduce risks from ASM sector (enviro, social, conflict)
- Promote sustainable economic development for mining communities
- Increase public revenue
- Improved environmental mgmt

Representative Code Development



- Advisory Group and Standards Committee members include: **UNEP, CFSI, RJC, IRMA, LBMA, PACT, RMI, Valcambi, Apple, Solidaridad, Miners from 5 countries, thematic experts, OECD as observer**

Structure of the CRAFT Code

Module 1

Scope and Affiliation

- Geography: global
- Product: gold (as pilot)
- ASM producers and aggregators
- CRAFT Code – vs – CRAFT Scheme
- Affiliations: Applicant, Candidate, Affiliate

Module 2

Legitimacy

- Legitimacy as a condition of engagement (OECD)
- 4 country context scenarios (ASM legislation, enforcement, state commercialization)

Progressive approach

Module 3

OECD Annex II – immediate disengagement risks

Module 4

OECD Annex II – risks requiring mitigation

Module 5

High risks beyond OECD DDG Annex II

Torture	Involvement of public and private security forces	Environmental mngt: Minamata + water
Forced labor	Money laundering	Health and safety
Worst forms of child labor	Bribery/fraudulent representation of origin	Child labor Women's rights
Gross human rights violations	Non-payment of taxes, fees, royalties	Land & mineral rights + formalization
War crimes		Peaceful coexistence
Support to non-state armed forces		Organization strengthening

Requirements / guidance / compliance criteria

Specific aspects of module 5

- Aspirational module in principle
- Meant to foster development of the mine -> work practice improvements
- Still high risks -> loss of business opportunities
- The way conformity with agreement are addressed:
 - **Controlled:** The risk is assessed and mitigation measures for improvement are taken with ASM good practice
 - **Progressing:** The AMP is implementing mitigation measures
 - **Unaddressed:** The risk is not assessed no steps have been taken to mitigate the risk
- The standard is not prescriptive on the priorities of the requirements, nor it imposes a minimum conformities
- It is based on the definition of improvement plans, which are the central tool for evaluation and follow up of the situation.

Specific aspects on mercury management

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

Guidance: Addresses Minamata Convention (UNEP 2013), Annex C, par.1 (b) (i).
Applies to miners and to processing plants that are part of the AMP

Criteria	Description
R.1	The AMP takes steps towards elimination of whole ore amalgamation
R.2	The AMP takes steps towards elimination of open burning of amalgam or processed amalgam
R.3	The AMP takes steps towards elimination of amalgam burning in residential areas
R.4	The AMP takes steps towards elimination of the practice of cyanide leaching of sediments, ore, or tailings to which mercury had been added, without first removing the mercury

Adopting better practices in a sustainable manner

CRAFT supports both the creation of legal supply chains and the progressive path towards better mercury practices

- Financial sustainability
- Access to finance
- Investment capacity

- Awareness raising
- Process control
- Virtuous circle towards elimination of Hg

Building capacity for a technological jump towards mercury-free processing techniques

Thank you!

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