Mica CRAFT 1.0

Code Volume 1

Introduction and General Characteristics

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The Mica CRAFT 1.0 has been developed by the Responsible Mica Initiative (RMI) as a branched version of CRAFT 2.1, counting on technical support from the Alliance for Responsible Mining (ARM).

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[1] In the case of inconsistency between versions, reference defaults to the official language version: English, version number 1.0.

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The Mica CRAFT is committed to gender equality and especially to the protection of women who are typically exposed to gender discrimination. Throughout all volumes of the Mica CRAFT, 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

Background information about CRAFT

The years since 2008 have seen the emergence of a strong body of frameworks initially applicable to 3T metals (tin, tungsten, tantalum) and gold originating from Conflict-Affected and High-Risk Areas. 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, the European Union (EU) Conflict Minerals Regulation and related instruments encourage or require downstream actors to assess the risks in their supply chains and mitigate them. This normative framework, increasingly binding, will also enhance them to develop compliance processes and protocols for implementing risk-based due diligence and chain of custody or 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. Complex supply chains require complex due diligence processes that are costly. The situation is exacerbated by legal and reputational risks of sourcing from legitimate but still predominantly informal ASM mines. Consequently, many downstream supply chain actors have become reluctant to source minerals or metals from ASM or otherwise accept them in their supply chain. However, this response to avoid sourcing from ASM altogether further marginalizes the ASM sector and makes it easy prey for informal or criminal supply chain actors from buyers to armed groups.

In response to this critical challenge, 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 intended to serve as an instrument for ASM and the downstream industry to validate its eligibility to sell and source minerals and metals originating from ASM in conformance with the OECD Minerals Guidance and legislations derived from it, like the EU regulation on conflict minerals entering in force in 2021. In response to demand from various supply chain actors and initiatives, the current product scope of CRAFT version 2.1 covers gold, tin, tantalum, tungsten, cobalt and coloured gemstones. Mica is currently not in the commodity scope.

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). ASM producers, therefore, meet the requirements that their clients (those who buy their product) are obligated to demand from them,

[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.

according to international, regional and national laws and norms. Acting upon the conditions of formal markets is expected to facilitate the access of ASM mineral producers to those 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 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. The CC license also allows to re-use the Code, i.e. to build new standards upon it (by localizing and branching), as long as the CC license terms are respected (see Volume 3 for details).

Rationale for creating the "Mica CRAFT" as a branch of the CRAFT Core Version

Mica mining at ASM level differs from other commodities insofar that in the main ASM producer countries such as Madagascar and India it is done at a significantly lower development level, relying on most basic techniques, in remote locations, mostly as a seasonal activity and by widely analphabetic communities.

Because of these particular characteristics, and although the CRAFT Code was developed as a market entry standard, the Responsible Mica initiative (RMI) assessed that the entry level of some of the requirements of the CRAFT Code is still too demanding for the vast majority of mica miners. Attempts to apply the CRAFT Core Version would create a barrier against-, rather than facilitating formal engagement with downstream supply chain actors.

RMI therefore decided to create a branched Version of the CRAFT Code – the **Mica CRAFT** – with amended conformance criteria as described at continuation. This branching is done following the below considerations:

- The Mica CRAFT builds upon version 2.1 of the CRAFT Code. It modifies the CRAFT Code only where necessary. Wherever possible the original and internationally widely accepted wording is followed.
- The Mica CRAFT maintains consistently the wording of all requirements and conformance criteria as per CRAFT Code 2.1 but introduces additional progressive entry criteria where

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necessary for the ASM mica sector. All Mica CRAFT *entry criteria* are strictly progressive and only valid during a *transition period of limited duration*.

- The **transition period** that can be considered acceptable may vary from country to country and from site to site within a given country. In countries with a least developed ASM mica sector it needs to be longer, while in countries with a well-developed ASM mica sector it may be shorter or even waived. Even within the same country, its duration (and rules for possible extension if justified in case of good but not yet sufficient progress of an AMP) may vary on a case-by-case basis, according to the development level of the ASM mica mine and seasonality of operations. To ensure that transition periods are consistently granted as needed but only as necessary[5], the Code Maintainer RMI, in dialogue with national private and public sector stakeholders, will establish country-specific and site-specific parameters aligned with national and international laws for determining the duration of the acceptable transition period for ASM mica producers. [6]
- As **minimum entry conformance criteria**, the Mica CRAFT requires commitment and demonstrated good faith[7] of the mica miners, making continuous measurable progress in their work towards the full conformance criteria of the core version of the CRAFT Code 2.1.
- After the determined **transition period**, adequate to the context and the conditions of the miners, the miners must conform to the ordinary CRAFT Code 2.1 criteria, which are scheduled to be periodically submitted to an independent third-party assessment of alignment with the OECD Minerals Guidance.

The Mica CRAFT is therefore not to be considered a less stringent version of CRAFT; it is to be understood as a branched version of CRAFT that respects the needs of disadvantaged mica miners to learn and build their capacity to engage with formal markets.

Downstream companies sourcing mica from ASM are responsible for making their own sourcing decisions, taking into account national legislation and company policies. If using the Mica CRAFT to inform their sourcing, supported by a Mica CRAFT Scheme, it is solely their decision:

- to take a progressive development approach sourcing from all affiliated ASM Mica Producers (AMPs) of a Mica CRAFT Scheme, regardless of whether they are still in the transition period or have already passed it. To start sourcing from AMPs that are still in the transition period is a major development incentive, to bring them into formal supply chains. The OECD communicates to be supportive to a progressive due diligence approach (see footnote 7), and the footnote on requirement M.3/1.1.1/R.1 in Volume 2 explains how the OECD recommends addressing even gross human rights risks with a progressive approach; or
- to take a conservative de-risking approach and source only from AMPs that have passed the transition period and already conform with the set of criteria inherited from the Core Version of CRAFT 2.1.

As said, the approach to be taken is the decision of the company sourcing mica from ASM. The Mica CRAFT is designed to work for both options. RMI recommends taking the progressive development

[5] The duration of the transition period shall depend on the initial level of development of each site / mica mining country.

[6] These criteria can only be determined on a country by country basis once the Mica CRAFT has been adopted and published.

[7] The OECD Guidance uses in various instances the concept of good faith, such as e.g. "*When the applicable legal framework is not enforced, or in the absence of such a framework, the assessment of the legitimacy of artisanal and small-scale mining will take into account the good faith efforts of artisanal and small-scale miners and enterprises to operate within the applicable legal framework (where it exists)*". As the Mica CRAFT requirements related to Annex II risks (MODULEs 2 to 4) also relate to legal requirements (where they exist), using the concept of good faith as minimum conformance criteria is considered as aligned with the intent of the OECD Guidance as practically feasible for the context of Mica ASM.

approach. The conservative de-risking approach should only be taken if the company is under the pressure of a national due diligence regulation in its own country.

2 Characteristics and Scope of the Mica CRAFT Code

2.1 Type of Standard

Mica CRAFT is a voluntary sustainability standard.

Mica CRAFT is a progressive performance standard for ASM mica producers.

Mica 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 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 Mica CRAFT is the **ASM Mica Producer (AMP)**[8], 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 intermediate processors as well as local and national aggregators if they, jointly with the miners, constitute a *supply-chain based group*.

The Mica 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 place[9]. Membership in the AMP is functional rather than administrative.

[8] Which is the commodity-specific equivalent to the commodity-agnostic term "ASM Mineral Producer (AMP)" in the CRAFT Code.

[9] 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.

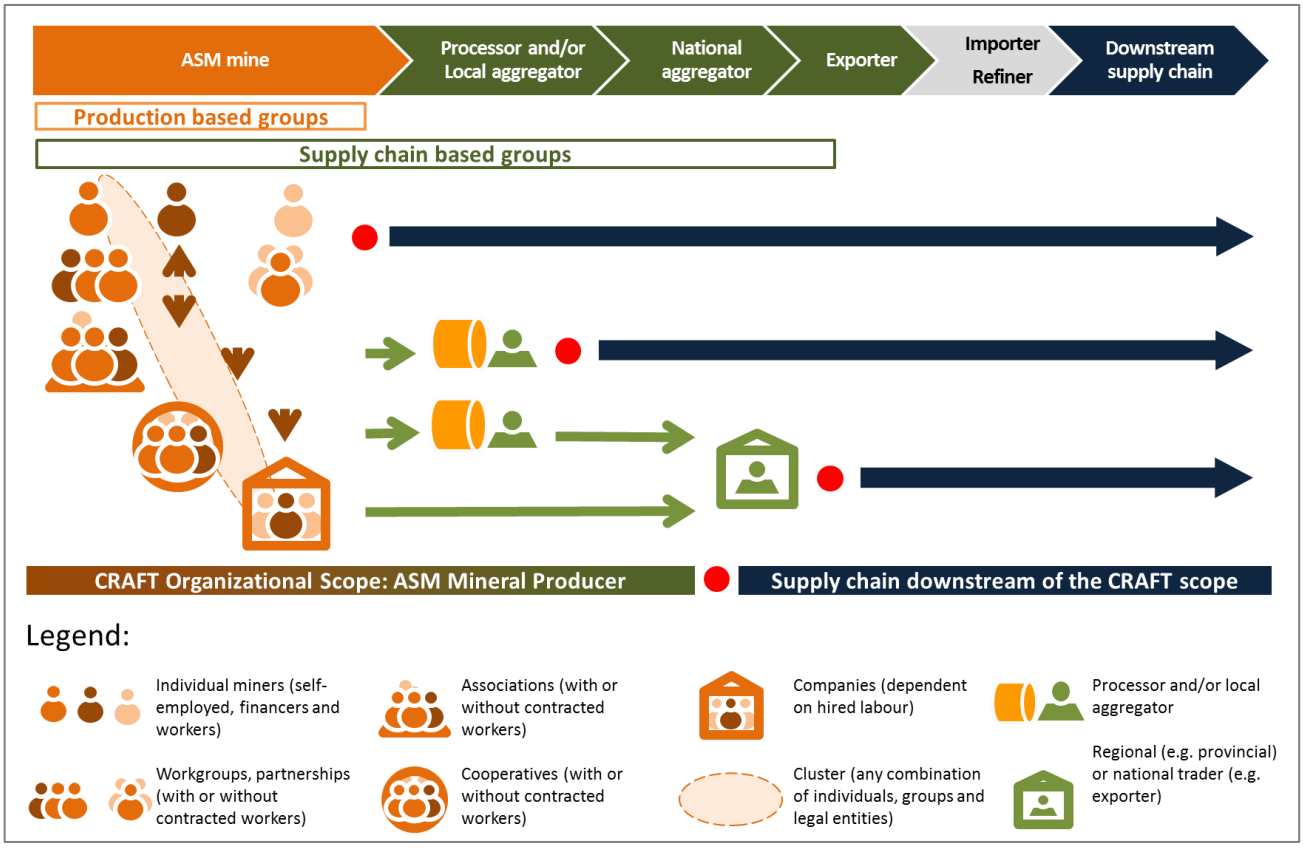

Figure 1: The organizational scope of CRAFT covers miners and optionally processors and/or aggregators at the upstream end of the supply chain, down to the point (i.e. red dot, point of assurance) where the mined and eventually processed product enters the supply chain downstream of the CRAFT scope.

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, financiers, or ultimate owners, as well as de facto entities like workgroups or partnerships and legal entities such as associations, cooperatives, or companies, etc. In short, anyone involved in the supply chain of the AMP down to the point where the mica 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 mica 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.)[10]
- Clusters (any combination of individuals and/or groups)

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

[10] This encompasses all types of "ASM Enterprises", per the definition of this term in the OECD Minerals Guidance.

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

- An organizational structure of Miners without intermediate processors and/or aggregators (i.e. a production-based group or cluster) qualifies as an AMP;
- An organizational structure comprised of Miners and intermediate 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 intermediate 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 CRAFT[11]), who source or intend to source minerals or metals from an AMP, are referred to, for brevity, with the catch-all term **BUYERS.** Similar as with 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 Mica CRAFT Scheme and constitute a pinch point in the mica supply chain, such as mica processors (or in generic terms: **Pinch Point Actors**) [12] 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 mineral.

2.3 Geographic Scope

The Mica CRAFT has a global scope, without any excluded areas.

Due to the exceptionally low development level of mica ASM in some major mica producing countries, which is the rationale for developing a branched Mica CRAFT (see chapter 1), the application of some of the Mica CRAFT requirements is country-specific (see chapter 3.2).

The Mica CRAFT is intended to be applicable to AMPs located in *Conflict-Affected and High-Risk Areas* (CAHRAs), 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.

Valid scenarios of supply-chain based groups also exist, where international Large-Scale Mining (LSM) mines aggregate the product of ASM miners operating on their concession, or where agents of international BUYERS aggregate directly from ASM miners. In such cases, the limitation of the geographic scope to one single country implies that the organizational scope is limited to the

[11] 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).

[12] For 3TG, the OECD Minerals Guidance considers the smelter/refiner (usually not located in the producer country) as most relevant pinch point. 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**" (usually located in the producer country) as its pinch point (RBA&RMI 2021). As it is possible that in case of mica other supply chain actors such as e.g. exporter or even importer (not located in the producer country) are found to be the most relevant pinch point, the Mica CRAFT uses the generic term **Pinch Point Actor**.

nationally operating agents of such entities (i.e. only the nationally operating aggregating agent may be Member of the AMP, not the internationally operating entity).

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

2.4 Commodity Scope

The Mica CRAFT is applicable to AMPs producing mica in any tradeable form and to all upstream mica supply chains that source mica from Mica CRAFT conformant AMPs.

If an AMP producing mica is conformant to the Mica 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 Mica CRAFT-conformant AMP". For more details on claims, see **volume 3**.

3 Overview of the Mica CRAFT

3.1 Structure of the Mica CRAFT

The Mica CRAFT is branched from CRAFT version 2.1 and maintains its structure:

Volumes 1 to 3 constitute the **Mica CRAFT**, containing all binding text.

Volume 4 is the **Mica CRAFT Guidance Book**, which will be published **at a later moment**, compiling practical experience and lessons learnt from pilot implementations of the Mica CRAFT. It will contain all guidance and explanatory notes, as well as further background information and suggested tools where available and applicable. In the meantime Volume 4 of the CRAFT Code may be used. All text in Volume 4 is non-binding.

Volume 1: Mica CRAFT - Introduction and General Characteristics

Volume 2: Mica CRAFT - Requirements for ASM Mica Producers

Volume 3: Mica CRAFT - Guiding Principles for CRAFT Schemes

Volume 4: Mica CRAFT Guidance Book

3.2 Structure of Requirements for ASM Mica Producers

The Mica CRAFT maintains the same modular structure of requirements for AMPs as the CRAFT Code.

The sequence of Modules in Volume 2 reflects the sequence that AMPs are expected to follow in order 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), explained in the CRAFT Code 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 has therefore only pass or progress criteria, of risks being controlled or mitigation in progress)

Modules 1 to 4 cover the requirements that ensure that 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"[13] for any AMP seeking to engage with formal markets.

Different to the Core Version of the CRAFT Code, Module 1 and Module 3 of the Mica CRAFT establish **Minimum entry conformance criteria**, as justified in chapter 1 in the Rationale for creating the Mica CRAFT as a branched version of the CRAFT Code in chapter 1. These minimum entry criteria are strictly progressive and require proven commitment and demonstrated good faith efforts from Miners, who otherwise would hardly ever be able to meet the expectations of BUYERS conforming to the OECD Minerals Guidance. Progressivity is reflected by a transition period provided, after which the AMP must meet the pass criteria, which are the same as in the core version of the CRAFT Code, aligned with the OECD Minerals Guidance.

The transition period that can be considered acceptable may vary from country to country and from site to site within a given country. Please see **Appendix: Country- and Site-specific Parameters for determining Transition Periods: MADAGASCAR for more detailed information.**

To ensure that transition periods are consistently granted as needed but only as necessary, the Code Maintainer RMI, in dialogue with national private and public sector stakeholders, will establish country-specific parameters for determining the duration of the acceptable transition period for AMPs. In countries with a least developed ASM mica sector this period needs to be longer, while in countries with a well-developed ASM mica sector it may be shorter or even waived. Even within the same country, the duration may vary on a case-to-case basis, according to the development level of the AMP and seasonality of operations.

These parameters will be determined[14] and published as annexes to the Mica CRAFT and will be binding for all Mica CRAFT Schemes. In countries for which no transition period duration parameters have been determined, the Minimum entry conformance criteria are not applicable.

Regarding the term "Disengagement" in Modules 3 and 4 it is important to note that it does not refer to CRAFT Schemes and only refers to commercial sourcing relations between the AMP and 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.

Module 5 contains requirements that go beyond the OECD Minerals Guidance and is, therefore "aspirational". The "High Risks" in Module 5 cover the majority (although not all) of aspects that

[13] 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.

[14] The parameters can only be defined on a country by country basis, once the Code and its requirements and criteria are approved and published.

BUYERS committed to responsible sourcing may expect from their suppliers. 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.

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

4 Instruments of the Mica CRAFT

4.1 CRAFT Reports

For simplicity of the text and communications, the Mica CRAFT uses the same term "CRAFT Report" as the CRAFT Code. In order to avoid confusion, CRAFT Reports shall always make a reference to the Mica CRAFT.

The Mica 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 Mica CRAFT 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, the Mica 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.
- Mica 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 Mica CRAFT Schemes in Volume 3, AMPs shall be supported in these tasks by the CRAFT Scheme to which they are affiliated.

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 strict sense companies that constitute a pinch point in the supply chain, such as mica processors), and not the responsibility of the ASM sector. Therefore, the Mica CRAFT does not require AMPs to contract audits or any other type 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** (indicating that it relates to the Mica CRAFT), 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 Mica CRAFT Volume 2) in the form of *verifiable claims*.[15] 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 assessments[16]. It is expected that CRAFT Reports will simplify BUYER's due diligence to mainly *verifying verifiable claims*, as a part of the BUYER´s supply chain policy.[17]

For AMPs, these CRAFT Reports represent their "*passport to formal markets*"[18]. 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 the Mica CRAFT as the AMP's management system and supply chain policy, consistent with the specific content of the OECD Minerals Guidance.
        - Detailed information, methodology and supporting evidence (where applicable) about the risk assessment results,
        - Detailed information about the steps taken to manage risks, such as 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.

[15] 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.

[16] In general, but particularly in case of enhanced due diligence in CAHRAs.

[17] 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.

[18] 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.

- 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 Mica 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 Mica CRAFT Requirement (Volume 2) at least the status qualifier (e.g. legal, legitimate, mitigated, satisfactory progress, improved, ongoing improvement, etc.), as well as the progressivity level of conformance (at minimum Mica CRAFT level or at ordinary CRAFT Code level).
  - The summary CRAFT Report may contain additional non -confidential information as considered appropriate by the AMP.

4.2 Mica CRAFT Schemes

For better readability, this chapter refers to Mica CRAFT Schemes just as "CRAFT Schemes".

A supply chain scheme, in general, is any set of rules for engagement between upstream and downstream[19] supply chain actors established by BUYERS, governments, civil society organizations, private sector service providers, projects or programmes. A **(Mica) CRAFT Scheme** is a supply chain scheme that follows, uses, incorporates, or builds upon the rules of the Mica CRAFT.

Experience with the CRAFT Code showed that AMPs, able to implement the CRAFT on their own, are the exception rather than the rule. The role of CRAFT Schemes is therefore pivotal. CRAFT Scheme owners usually engage with AMPs for the purpose of implementing the CRAFT in their supply chain or programme. AMPs usually engage with CRAFT Schemes for the purpose of obtaining support for improving responsible mining practices and for engaging with formal markets. In case of least developed mica AMPs the role of CRAFT Schemes will be even more important. 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, AMPs may implement the Mica 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 the prevalent scenario of AMPs affiliated to CRAFT Schemes, implementation of the Mica CRAFT is a shared responsibility of AMPs and CRAFT Schemes. While the AMP is always the

[19] See footnote 11 on the usage of the terms "upstream" and "downstream" in CRAFT, which is different from the usage in the OECD Minerals Guidance.

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

1. **Candidate:** AMPs that fit into the scope of the Mica CRAFT may apply to affiliate with a CRAFT Scheme by providing all required information (MODULE 1). At 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. During the transition period AMPs must meet all Minimum Mica CRAFT Criteria and all Mica CRAFT criteria that are applicable at the moment of affiliation of an AMP to a CRAFT Scheme. See more detailed explanation in Volume 2, introduction to Module 1 and Module 3.

   At candidate level, AMPs shall be supported by CRAFT Schemes guiding them in their process towards Mica 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 (initially at least at Minimum Mica CRAFT level) 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 of MODULEs 1-4, the AMP returns to Candidate status. AMPs need to be made aware that any non-conformances (fail criteria) may cause temporary suspension or disengagement of commercial relations with BUYERS.

   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 the Mica CRAFT is to reduce barriers to formal markets for AMPs, by making due diligence easier for BUYERS. However, it is not the purpose of the Mica 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.[20] Their responsibility is to monitor the affiliation status of AMPs. This shall be based on the completeness of the CRAFT Reports

[20] 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.

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. Carrying out due diligence is an added value service beyond the scope of the Mica 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 even obtain recognition as UAMs through an independent third-party assessment of alignment with the OECD Minerals Guidance, following OECD's alignment assessment methodology (OECD 2018). In such "CRAFT Upstream Assurance Schemes" ("**Mica CRAFT UA-Scheme**" or simply "**UA-Scheme**"), the entire supply chain – originating from the AMP all along the way down to the **Pinch Point Actor** (e.g. mica processor or exporter) 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.[21]

This use case of the Mica CRAFT is described in detail in the chapter "Optional Specific Requirements for Mica CRAFT Upstream Assurance Schemes (UA-Schemes)" in Volume 3.[22]

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

Mica CRAFT	**Mica CRAFT Scheme**
The Mica CRAFT is open source under the Creative Commons license CC BY-SA 4.0. The Code is branched from the CRAFT Code 2.1 and based on the OECD Minerals Guidance, in particular the MODULES 2 to 4 of the Code, addressing the "Annex II risks" of the Guidance.	CRAFT Schemes, established by a Scheme owner, may be proprietary. 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.

[21] 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 mica processor, 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 or standards such as the joint standard of RMI and RBA for mica processors (see footnote 12).

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

[22] 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.

Due to the terms of the open source license, RMI, as the code maintainer of the Mica CRAFT, 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.	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. CRAFT Scheme owners have full control over their scheme.
The Mica CRAFT is a generic document that establishes requirements, common guiding principles and provides guidance.	CRAFT Schemes follow, use, incorporate, or builds upon all rules of the Mica CRAFT (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 Mica CRAFT. Volume 4 provides non-binding guidance for this purpose.
The Mica CRAFT 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. However: Volume 4 provides guidance and examples.	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.
The Mica CRAFT is a progressive performance standard for ASM mineral producers, providing assurance through first- and second-party verification by the AMP. The Mica CRAFT is a process standard and not a product standard nor a certification scheme.	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. However: CRAFT Schemes may carry out due diligence or third-party verification as seen appropriate, and/or incorporate the Mica CRAFT into certification schemes if applicable.
Volume 3 of the Mica CRAFT defines guiding principles for CRAFT Schemes, to ensure compatibility and interoperability.	CRAFT Schemes are required to respect the Creative Commons license terms and are expected to abide by the guiding principles.

5 REFERENCES

5.1 References to international conventions, standards and laws

The Mica CRAFT 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:

- ARM (2024): CRAFT Code Version 2.1
- 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.
- RMI & RBA (2021): Global Workplace, Responsible Sourcing, Environmental, Health and Safety Due Diligence Standard for Mica Processors.
- 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.

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6 Appendix : Country- and Site-specific Parameters for determining Transition

Parameters for Madagascar

1. INTRODUCTION

The objective of this appendix is to identify and explain the transition period for implementing the CRAFT Code criteria in mica ASM in the Malagasy context. This document is relevant for any value chain actor, from upstream to downstream, any local or international stakeholder engaged in improving practices at ASM mica mines. This appendix forms an integral part of and is not to be dissociated from the MICA CRAFT Code.

Mica mining at ASM level differs from other commodities insofar that in the main ASM producer countries such as India and Madagascar, it is done at a significantly lower development level, relying on most basic techniques, in remote locations, mostly as a seasonal activity and by widely analphabetic communities.

Because of these particular characteristics, and although the CRAFT Code was developed as a market entry standard, the Responsible Mica initiative (RMI) assessed that the entry level of some of the requirements of the CRAFT Code was still too demanding for the vast majority of mica miners. Attempts to apply the CRAFT Core Version would have created a barrier against, rather than facilitating formal engagement with downstream supply chain actors.

RMI therefore decided to create a branched Version of the CRAFT Code – the Mica CRAFT – with amended conformance criteria as described at continuation. This branching is done following the below considerations:

• The Mica CRAFT builds upon version 2.1 of the CRAFT Code. It modifies the CRAFT Code only where necessary. Wherever possible the original and internationally widely accepted wording is followed.

• The Mica CRAFT maintains consistently the wording of all requirements and conformance criteria as per CRAFT Code 2.1 but introduces additional progressive entry criteria where necessary for the ASM mica sector. All Mica CRAFT entry criteria are based on good faith and commitment from the ASM and only valid during a **transition period of limited duration**, after which the original CRAFT Code criteria apply.

To ensure that transition periods are consistently granted as needed but only as necessary the Code Maintainer RMI, in dialogue with national private and public sector stakeholders, will establish country-specific and site-specific parameters aligned with national and international laws for determining the duration of the acceptable transition period for ASM mica producers.

2. JUSTIFICATION FOR THE USE OF TRANSITION PERIODS

Transition periods play a crucial role in the effective implementation of progressive ESG standards. These periods provide essential time, resources, and adaptability for stakeholders moving toward more sustainable practices.

The transition period that can be considered acceptable may vary from country to country and from site to site within a given country. In countries with a least developed ASM mica sector it needs to be longer, while in countries with a well-developed ASM mica sector it may be shorter or even waived.

The development of the Mica CRAFT, including the setting of the transition period for Madagascar was the result of an extensive, multi-stakeholder consultation.
RMI worked closely with Madagascar's mining communities, exporters, Madagascar's national and regional authority representatives, responsible mining experts, and international experts to ensure that the standard was both practical and impactful. The process included the creation of a dedicated Steering Committee composed of these actors, and a public consultation which was launched by RMI to gather feedback from all possible stakeholders. Field consultations were conducted in Madagascar with artisanal miners and mica exporters to align the Mica CRAFT with on-the-ground realities and to consider the specificities of artisanal mica mining, ensuring it would be a tool offering meaningful and progressive change.

3. CRITERIA FOR ESTABLISHING THE TRANSITION PERIOD IN MADAGSCAR

The following factors have been considered in setting the transition period in section for Madagascar:

Socio-economic Factors

- **Precarity of Miners**: The limited human development, challenging economic circumstances, difficulties in accessing basic services and low education levels prevalent among mining communities create significant barriers to rapidly forming well-organized mining associations. Lack of literacy is a significant issue amongst miners[1].The baseline conducted by RMI in 2023 identified that 66% of the miners surveyed were unable to read or write. Out of the surveyed young people, 87% struggled with reading and writing deficiency.

Illiteracy and other fundamental socioeconomic constraints impede the establishment of effective management structures, as communities often lack the necessary administrative skills, financial literacy, and organizational knowledge required for proper governance.

Cultural and Social Factors

- **Local Dynamics**: Local cultural factors significantly shape mining communities. Deeply embedded habits, customs, traditions, and social norms determine how quickly mining communities can adapt to new practices or regulations. Shifts toward sustainability, formalization, or new technologies must contend with established ways of life that have often existed for generations. The pace of meaningful transformation is fundamentally governed by these cultural realities, requiring that any intervention or reform acknowledge and work within these existing social frameworks rather than attempting to override them. The alignment of desired changes under the standard with existing social systems requires a moderate and gradual implementation pace.

Operational Factors

- **Seasonality of Mining Operations**: Mining operations follow seasonal rhythms that disrupt continuity in best practices. The cyclical nature of mining activities—which pause and restart with changing seasons—creates a "reset effect" where implemented improvements in procedures, safety measures, and environmental protections are interrupted during inactive periods. This seasonal disruption means mining associations must reinitiate training, re-establish protocols, and rebuild momentum for responsible practices at the start of each new operational cycle. This constant need to restart

hampers linear sustained progress, as knowledge and compliance with standards erode during downtime, creating a recurring challenge where associations essentially rebuild their operational culture annually rather than only building upon previous years' advancements.

- **Isolation of Mining Sites**: Geographic isolation presents challenges for mining communities, as essential support stakeholders may face significant barriers to regular access. This remoteness often results in extended waiting periods before communities receive vital visits or training opportunities. Additionally, the limited availability of resources in these distant locations can substantially impede the effective execution of improvement measures.

Environmental and Security Factors

- **Climatic Context**: Environmental catastrophes, particularly the impacts of the lean season caused by drought or cyclones, can profoundly impact mining communities, creating significant barriers to the advancement of initiatives. In the aftermath of such events, community resources and attention necessarily shift toward survival and fundamental reconstruction efforts, temporarily suspending progress on planned improvements while recovery takes precedence.
- **Security Context**: Areas experiencing tensions between communities or affected by criminal organizations (such as the dahalo) pose security challenges for operational activities and the effective implementation of any remediation measures such as identified by the community. These environments create unpredictable safety concerns that can compromise the pace at which improvement measures are being implemented.

Demographic and Legal Factors

- **Migration Context**: Migration of miners is frequent. In addition to having the potential to create additional social and environmental pressures, transient workforce undermines organizational stability, as mining associations face ongoing membership fluctuations when established members depart. This frequent turnover may force mining associations to regularly reorganize their leadership structures, reassign responsibilities, and rebuild institutional knowledge—creating a perpetual cycle of restructuring that weakens governance capacity and hampers the development of consistent, long-term operational policies and practices.
- **Legal Environment**: Mining communities face a lengthy administrative journey to secure operational permits, with progress partly influenced by whether they receive support from exporters, collectors or the Responsible Mica Initiative (RMI) who can help with the application process. While these external actors can smoothen the process, ultimate authority rests with national government officials. All of the below steps need to be fulfilled:
    - Framing zone application
    - Artisanal mining authorization/permit (AMEA[2]) application
    - Formalisation of artisanal miners into legal mining associations
    - Transformation of the AMEA authorization into a PREA[3] permit
    - Compliance with environmental requirements: development of engagement plans and environmental authorization application

4. DURATION OF THE TRANSITION PERIOD FOR MADAGASCAR

After careful consultation with the above-mentioned local actors and based on the knowledge that RMI's interventions have yielded from the engagement with mining communities, **RMI has set the transition period for the effective implementation of the Mica CRAFT Code in Madagascar for a maximum duration of three (3) years**.

5. REVIEW AND COMPLETION OF THE TRANSITION PERIOD

As part of the effective implementation of the MICA CRAFT Code, RMI, the Code Maintainer along with the MICA CRAFT Steering Committee will regularly monitor the evolving need for the transition period mentioned in section 4.