ASI Standards Committee – Minutes – Teleconference

Date: 2 August 2016 (2 hours)

Antitrust Statement:
Attendees are kindly reminded that the ASI is committed to complying with all relevant antitrust and competition laws and regulations and, to that end, has adopted an Antitrust Policy, compliance with which is a condition of continued ASI participation. Failure to abide by these laws can potentially have extremely serious consequences for the ASI and its participants, including heavy fines and, in some jurisdictions, imprisonment for individuals. You are therefore asked to have due regard to this Policy today and indeed in respect of all other ASI activity.

Participants:
Committee Members: Catherine Athenes (Constellium), Karl Barth (BMW), Bernhard Bauske (WWF), Stephanie Boulous (Coca-Cola Enterprises), Christophe Boussemart (Nespresso), Annemarie Goedmakers (Chimbo Foundation), Bjoern Kulmann (Ball), Jean-Pierre Mean (Transparency International), Jostein Soreide (Norsk Hydro), Rosa Garcia Pineiro (Alcoa), Stefan Rohrmus (Schueco), Josef Schoen (Audi).
ASI Secretariat: Sam Brumale (Chair), Fiona Solomon
Invited: None

Documents circulated:
1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting v1
3. Draft Standards Committee Work Plan v3
4. ASI Antitrust Compliance Policy v2
5. Draft 3a of the Chain of Custody Standard [Word and PDF]
6. Draft 1a of the Chain of Custody Standard Guidance [Word and PDF]
7. Working Group Terms of Reference (draft v4) covering:
   o Standards Benchmarking and Harmonisation Working Group
   o Environmental Impacts Working Group
   o Greenhouse Gas Working Group
   o Material Stewardship and Recycling Working Group

Meeting objectives:
1. Adopt minutes of the previous meeting.
2. Present the ASI Antitrust Compliance Policy
3. Table and review the updated draft Standards Committee 2016/2017 Work Plan with additional detail and meeting dates for the Chain of Custody Standard draft 3 development.
4. Table and discuss draft 3a of the Chain of Custody Standard and draft 1a of the Chain of Custody Standard Guidance.

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Items discussed:

1. Preliminaries
   a. Meeting objectives and meeting process were noted as per the agenda.
   b. Attendance, apologies, proxies and alternates noted.
   c. It was RESOLVED to accept the minutes of the previous teleconference Standards Committee meeting on 15 June 2016.
   d. A Log of actions from the Standards Committee meetings was tabled. Previous actions were reviewed, noting that many were completed prior to this meeting or included in the agenda for this meeting.

2. Standards Committee 2016 /2017 Work Plan and Meeting Dates
   a. Elections for the three nominations received for the casual vacancy on the Standards Committee in the Production and Transformation class close on 5 August 2016. The status of the Standard Committee Co-chairs was also discussed. As the IPAF interim representatives will remain as ‘interim’ until the next IPAF meeting in 2017, selection of Committee Co-chairs will now proceed. Committee Members interested in nominating for Co-Chair are requested to contact Michelle Freesz (ASI Secretariat) by 31 August 2016. Elections will be held in September 2016.
      Action: Committee Members interested in nominating as a Co-chair to contact the ASI Secretariat by 31 August 2016.
   b. Draft 3 of the 2016/2017 Work Plan for Standards Committee was tabled and discussed. Changes to the Work Plan included:
      • Detailed program for development of ASI Chain of Custody Standard including additional meeting dates prior to release of draft 3 for public consultation.
      • Working Groups plans
      • More detail on interdependencies
      Discussion noted the multiple work streams required to meet the certification target for the end of 2017. The Work Plan has incorporated flexibility and contingency for achieving broad-based consent regarding the ASI Standards and normative documents. The unknown variable relates to additional time that may be needed to address feedback received during the public consultation periods and reach consensus among the Committee.
      Discussion also noted a preference for meetings to be held on a Wednesday, with the exception being the planned meeting for 22 August 2016 (a Monday).
      Action: Meeting dates for 2016 /2017 to be adjusted to give preference to Wednesdays.
   c. Information about the ASI Anti-Trust Compliance Policy, anti-trust and completion laws for Members was presented. This included an overview of:
      • Types of antitrust/competition law risks include “spill over risk”, competition being restricted through ASI activities, and discriminatory membership policies
      • ASI controls and governing documents and processes in place, including the Constitution, policies, membership documents, meeting procedures, training and support from the Legal Committee/external counsel
      • Risk assessment methods as the Committee develops its standard and certification program
      The discussion included a reminder that antitrust compliance is the responsibility of every ASI member and participant in governance, including the Standards Committee. It is important that due process is followed during standards development and review, with clear justification and reasons for sustainability performance requirements so as not to be exclusionary or discriminatory. Relevant information about actual and potential anti-trust cases will be periodically circulated to the Committee.
      Action: In response to a question during discussion, ASI Secretariat to circulate information about the case where the Roundtable for Sustainable Palm Oil (RSPO) suspended certification of IOI Group.
3. **Chain of Custody Standard – Next Steps**  
   a. Draft 3a of the Chain of Custody (CoC) Standard and draft 1 of the accompanying Guidance was introduced and presented. The drafts were prepared by the ASI Secretariat building on draft 2 of the CoC Standard, input from the ASI AGM and Ingolstadt Standards Committee meeting, as well as information gathered over the last 12 months from site visits and discussions with members, stakeholders and other certification organisations.  
   An overview of the style and format of the Standard (which will be applied during the minor review of the ASI Performance Standard) was given. There are three main sources of documentation that makes up the ASI Chain of Custody program, namely the CoC Standard, the CoC Standards Guidance and the supporting normative documents (Assurance Manual, Claims Guide and Audit Protocol).  
   The key principles of draft 3a of the CoC Standard were discussed:  
   - CoC Certification can be sought at a Business or Facility level.  
   - Both Primary Aluminium and Recycled Aluminium are addressed.  
   - Main focus is on the flow of CoC Material with the criteria for confirming eligible inputs are set out in the CoC Standard.  
   - Non-CoC Material is subject to due diligence addressing key aspects of the ASI Performance Standard.  
   - A Mass Balance System allows for CoC Material to be mixed over a defined period, and at any stage in the supply chain. CoC Documents are used to transfer required and optional information about CoC Material to the next Entity. Sustainability data and broader claims may be made via the Mass Balance model.  
   - A Market Credits System is provided as an alternative to the Mass Balance System, where it is difficult for Post-Casthouse businesses to build an unbroken chain of custody for physical material. ASI Credits Certificates can be used to allocate non-physical credits that are linked back to physical ASI Aluminium produced at a Casthouse. It was made clear that the proposed Market Credits System is an alternative to the Mass Balance System and that it is not a trading platform for re-trading of credits or certification. Commercial terms are to be negotiated between an ASI Certified Casthouse and an Entity purchasing the Market Credits and will not involve ASI or other Members. The use of the Market Credit System limits the allowable claims to responsible sources and does not include any sustainability data connected to physical products.  
   The 12 sections in draft 3a of the CoC Standard were introduced as was the importance of the Casthouse as this stage is common to both primary and recycled aluminium. There was discussion about how the CoC Standard accommodates the many processes involving Casthouses particularly in relation to sourcing of both primary and recycled aluminium. Other points noted included:  
   - Internally generated process scrap is addressed in the draft  
   - The CoC Standard focuses on the flow of material, while the Performance Standard focuses on performance requirements re practices / sustainability issues  
   - The CoC Standard will undergo legal review  
   Future meetings will cover these processes and following topics:  
   - 22 August 2016 meeting – Part B – Confirming Eligible Input  
   - 31 August 2016 and 14 September 2016 meetings– Part C – CoC Accounting, Documentation and Claims  
   - 28 September 2016 meeting – Part A – General CoC Management  
   An additional meeting has been tentatively scheduled for 12 October 2016 to address remaining issues for discussion.  
   **Action:** Committee Members to review the draft CoC Standard (draft 3a) and CoC Standards Guidance (draft 1a) and provide comments by 31 August 2016. The review should cover whether the concepts are clear, auditable and credibly apply to the respective part of the supply chain.
4. Working Groups  
   a. The final scope, objectives and work plan in the Terms of Reference (version 4) for each of the respective Working Groups was discussed:  
      • Standards Benchmarking and Harmonisation  
      • Environmental Impacts (previously Mining, Biodiversity and Environmental Impacts)  
      • Greenhouse Gas  
      • Material Stewardship and Recycling  
   It was noted that the scope of the Environment Impacts Working Group (formerly Mining, Biodiversity and Environmental Impacts) has been extended to cover the broader supply chain although its initial and primary focus will be on impacts associated with mining related activities. It was also noted that the scope of the GHG working group has been expanded to cover development of information to support the narrative in the CoC Standards Guidance relating to GHG Sustainability Data. The discussion also noted that interest from external participants was growing.  
      **Action:** Other interested Members to nominate the suitable and available personnel to participate in the Working Groups.  
   b. It was **RESOLVED** to adopt the Standards Benchmarking and Harmonisation Terms of Reference. Next steps involve electing Co-Chairs and coordination of work activities.  
   c. It was **RESOLVED** to adopt the Environmental Impacts Terms of Reference. Next steps involve electing Co-Chairs and coordination of work activities.  
   d. It was **RESOLVED** to adopt the Greenhouse Gas Terms of Reference. Next steps involve electing Co-Chairs and coordination of work activities.  
   e. It was **RESOLVED** to adopt the Material Stewardship and Recycling Terms of Reference. Next steps involve electing Co-Chairs and coordination of work activities.  

5. Assurance Manual Update  
   a. Work on refinement of the Assurance Manual by ASI Secretariat continues. The next steps include:  
      • Incorporation of input from Working Groups (as this work is completed):  
         - Harmonisation/Cross Recognition (Benchmarking & Harmonisation WG)  
         - Area of Influence for mining related associated infrastructure (Environment Impacts WG)  
      • Broadening definition of Certification Scope for Performance Standard vs Chain of Custody (business, facility, program level)  
      • Audit expectations for claims (by Standard)  
      • Information collected by ASI and accessibility (review draft IUCN Indicators Document)  
   A revised version of the Assurance Manual (version 3) will be prepared for the second September meeting. Comments on the existing draft still welcome.  

6. ASI Auditor Accreditation Update  
   a. Twelve audit firms have contacted ASI and expressed interest in becoming ASI accredited auditors. Committee Members were invited to speak with their audit firms about ASI accreditation and if interested to get in touch with the ASI Secretariat.  

7. AOB  
   a. There was no other business raised.  

8. Next teleconference  
   a. Wednesday 22 August 2016 (calendar invites to be circulated for this and all future 2016 meetings).  
   b. Focus for the next meeting includes Chain of Custody Standard (draft 3a) – Part B Confirming Eligible Input