

ASI Standards Committee – Minutes – Teleconference

Date: 22 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 Boulos (Coca-Cola Enterprises), Justin Furness (Council for Aluminium in Building), Annemarie Goedmakers (Chimbo Foundation), Frederic Huguet (Rio Tinto Aluminium – alternate for Roland Dubois), Bjoern Kulmann (Ball), Jerome Lucaes (Rusal), 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

Apologies: Deviah Aiama (IUCN), Christophe Boussemart (Nespresso), Marie-Josée Artist (VIDS - Association of Village Leaders, Suriname), Roland Dubois (Rio Tinto Aluminium), Robeliza Halip (Asia Indigenous Peoples Pact), Tom Maddox (Fauna and Flora International).

Invited: None

Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting v1
3. Draft 3a of the Chain of Custody Standard [PDF] (*same version issued for 2 August 2016 meeting*)
4. Draft 1a of the Chain of Custody Standard Guidance [PDF] (*same version issued for 2 August 2016 meeting*)
5. Alternate Form [Word]
6. Proxy form for this meeting [Word]

Meeting objectives:

1. Adopt minutes of the previous meeting.
2. Table and discuss Section B from draft 3a of the Chain of Custody Standard on Confirming Eligible Input (and the corresponding supporting information in draft 1a of the Chain of Custody Standard Guidance).

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 2 August 2016.

- d. The Standards Committee meetings Action Log was tabled indicating new and open actions. All actions on track or will be covered in the agenda for this meeting.

2. Standards Committee 2016 /2017 Work Plan and Meeting Dates

- a. The Committee welcomed Jerome Lucaes (Rusal), filling the casual vacancy in the Production and Transformation class.
- b. As reported at the last meeting, nominations from Committee Members for Co-Chair are requested to contact Michelle Freesz (ASI Secretariat) by 31 August 2016. Elections will be held in September 2016.
- c. Indigenous Peoples Advisory Forum (IPAF): April 2016 meeting report from host organisations was submitted to ASI in mid-August. The report (without participants' names) has been added to the ASI website. It includes the Terms of Reference for the IPAF representatives to participate on the Standards Committee.

3. Chain of Custody Standard – Part B

- a. Part B (sections 3 to 5 inclusively) from Draft 3a of the Chain of Custody (CoC) Standard and the corresponding section from Draft 1 of the accompanying Guidance was presented and discussed. Topics focused on the requirements to confirm eligibility of input material covering primary aluminium, recycled aluminium, casthouses and an introduction to the post-casthouse part of the supply chain.
The draft CoC standard addresses where the chain of custody commences for eligible primary and recycled aluminium, as well as the requirements to be met for eligibility of CoC Material. Key points noted included:
 - While aluminium smelters (primary) and re-melters/refiners (recycled) usually have on-site casthouses, this is not always the case. For this reason, the CoC Standard differentiates between Liquid Metal and Cold Metal inputs to the Casthouse as a separate step in the production of ASI Aluminium. For integrated operations (for example a smelter with on-site casthouse), the smelter criteria and the casthouse criteria in the CoC Standard would both apply. How integrated operations inform an entity's CoC Certification Scope will also be described in the Assurance Manual, and cross-referenced in the CoC Standard Guidance.
 - Whether or not to include reference to comparable responsible mining standards. Inclusion in the draft CoC Standard provides the architecture for any future cross-recognitions of responsible mining certifications. While there are no cross-recognitions currently planned, there are increasing expectations from a range of stakeholders for programs like ASI to explicitly address the inter-operability of standards. The Standards Benchmarking and Harmonisation Working Group would play a role in any future process to recognise other standards.
Action: ASI Secretariat to circulate more information on the range of voluntary mining standards that exist and are emerging.
 - Discussion pertaining whether to have a minimum percentage of eligible input material (e.g. alumina refiner sourcing x% of ASI Bauxite from an ASI certified mine). There are advantages and disadvantages regarding having a minimum percentage, and various factors to consider what a minimum % might be, and whether it may change over time. The idea from a previous Standards Committee meeting was to set a minimum so as to be worthwhile for the supply chain and the entity seeking CoC Certification, however this should not become an entry barrier and/or potential anti-trust risk. Alternatively, it could be left to individual businesses to determine whether CoC Certification delivered value for their suppliers and customers.
Action: Advice regarding the anti-trust implications of a minimum % of CoC Material inputs, to be sought from the Legal Committee as well as an anti-trust review by independent legal counsel.
 - Discussion around likely relative volumes of primary and recycled flows. Section 1 of the CoC Standard (to be covered in a future call) includes criteria to enable ASI to

collect aggregate data on these volumes for transparency over supply chain flows, for both quality control and impacts reporting purposes.

- Discussion around the proposed threshold for reporting cash financial transactions for procurement of recycled aluminium to comply with applicable law or where no applicable law exists to limit this to USD10,000 in accordance with the Financial Action Task Force (FATF) recommendations. As the threshold for reporting cash payments in some jurisdictions is higher than USD10,000, it was recommended to adopt this as a maximum, or lower where required by applicable law.
Action: Amend the CoC Standard to have a maximum of USD10,000, or as per applicable law if lower, for cash payments for eligible CoC recycled material.
- Further discussion on the remainder of Part B including due diligence to be covered in the next teleconference.

4. AOB

- a. There was no other business raised.

5. Next teleconference

- a. Wednesday 31 August 2016.
- b. Focus for the next meeting will cover the remainder of Part B from the Chain of Custody Standard (draft 3a) and Part C – CoC Accounting, Documentation and Claims.