

ASI Standards Committee – Minutes – Teleconference

Date: 28 September 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: Deviah Aiama (IUCN), Catherine Athenes (Constellium), Stephanie Boulos (Coca-Cola Enterprises), Christophe Boussebart (Nespresso), Justin Furness (Council for Aluminium in Building), Annemarie Goedmakers (Chimbo Foundation), Bjoern Kulmann (Ball), Jerome Lucaes (Rusal), Rosa Garcia Pineiro (Alcoa), Josef Schoen (Audi), Jostein Soreide (Norsk Hydro).

ASI Secretariat: Sam Brumale (Chair), Fiona Solomon, Michelle Freesz

Apologies: Marie-Josée Artist (VIDS - Association of Village Leaders, Suriname), Karl Barth (BMW), Bernhard Bauske (WWF), Roland Dubois (Rio Tinto Aluminium), Robeliza Halip (Asia Indigenous Peoples Pact), Tom Maddox (Fauna and Flora International), Jean-Pierre Mean (Transparency International), Stefan Rohrmus (Schueco).

Invited: None

Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting v1
3. Alternate Form [Word]
4. Proxy form for this meeting [Word]

Meeting objectives:

1. Adopt minutes of the previous meeting.
2. Table and discuss Part A (provision 1 & 2) from draft 3a of the Chain of Custody Standard on Management Systems, Reporting and Responsibilities, and Outsourcing Contractors (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 14 September 2016.

For the benefit of people that could not attend the previous meeting, the justification to support the recommendation of the legal committee regarding the minimum 20% material input specified in the CoC Standard was confirmed and noted that the 20% input requirement may not meet competition principles of being: objective (since the proposed level is arbitrary), proportionate (since would affect organisations differently, depending on size and degree of vertical integration) and non-discriminatory (could be seen to place limits

on freedom to develop non-CoC products). Removing this requirement from these criteria would reduce the risk of competition law challenges.

Action: *The notes from the ASI Legal Committee regarding their recommendation to be circulated to the Standards Committee.*

- 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 was informed that the public period for the ASI CoC Standard Summary and Consultation Plan had closed. There were no comments received other than clarification of when draft 3 would be available for review.

3. Chain of Custody Standard

- a. Part A (section 1, and 2) from Draft 3a of the Chain of Custody (CoC) Standard and the corresponding section from Draft 1a of the accompanying Guidance was presented and discussed.

The presentation on Provision 1 covered requirements for management systems including responsibilities and reporting to effectively implement the ASI CoC Standard. This included an overview of the definition of an Entity in relation to the CoC Standard and how the management system needs to relate to the CoC Certification scope and the flow of CoC Material. The management system requirements including the need for regular reviews, appointment of a management representative(s), training, record keeping and reporting. The discussion on the reporting requirements covered:

- The CoC information to be reported to the ASI Secretariat annually to support the mass flow of aluminium and sustainability performance was presented. The reported information would only be accessible by the ASI Secretariat and only aggregated data would be published. The information, which would be verified by the independent certification auditors, will be used as a quality check to detect potentially fraudulent or non-conformant behaviour over supply chain flows of inputs and outputs. The information would also support ASI's Monitoring and Evaluation program designed to assess ASI's overall impacts and progress towards desired changes in the ASI Theory of Change. Finally the information can be used to support ASI's position to promote responsible mining and recycling, as well as to be able to respond to ASI stakeholders about quantities and relative balance of primary vs recyclable inputs into ASI Aluminium.

Action: *Amend the draft CoC Standard to clarify that the information is reported to the ASI Secretariat.*

- Whilst there was agreement that the information was important, there was discussion about what information should be specified in the CoC Standard. It was proposed to identify alternative processes for the reporting of sustainability performance. Further the nature of sustainability performance reporting could be expanded from the current greenhouse gas emissions and intensities, to other environmental and social performance measures.

Action: *ASI Secretariat to review information reported to support the mass flow of aluminium versus information to support sustainability performance.*

The presentation on Provision 2 covered requirements for Outsourcing Contractors. For the purposes of the CoC Standard, Outsourcing Contractors include companies that take Custody of CoC Material – which is owned or controlled by the Entity seeking or holding CoC Certification – for the purpose of processing, treatment or manufacturing. Criteria 2.1-2.5 are applicable to all Entities that use Outsourcing Contractors to handle CoC Material that they own or control. This all means that the Outsourcing Contractor (if used by the Entity to take custody of the CoC Material) must be included in the Entity's CoC Certification Scope.

- b. During the previous Committee Meeting, there was an action to summarise the features, benefits and risks associated with inclusion of the Market Credits System in the CoC Standard. This was presented and discussion focused on whether the draft ASI CoC Standard should include a Market Credits System (described in Criteria 11) in addition to the Mass Balance Percentage System (Criteria 8). The Committee noted that there was still further discussion on whether the Market Credit System should be included in the draft CoC Standard issued for public consultation period commencing in mid-October 2016. There was also a request to provide additional background information on other initiatives that adopt multiple CoC systems (e.g. Roundtable for Sustainable Palm Oil, Roundtable for Sustainable Biomaterials)

***Action:** ASI Secretariat to circulate information about other systems that take multiple approaches to Chain of Custody.*

***Action:** Standards Committee to consider whether to include the Market Credits System criteria described in section 11 for the upcoming public consultation version (draft 3) of the CoC Standard.*

4. Working Groups

- a. An update on the inception meetings held with the Working Groups was provided. The Working Groups are negotiating how best to achieve the objectives set in the respective terms of reference. Outcomes of the Working Group progress will be reported back at future Committee meetings.

5. Assurance Manual Update

- a. To be updated at a future meeting.

6. ASI Auditor Accreditation Update

- a. To be updated at a future meeting.

7. AOB

- a. There was no other business raised.

8. Next teleconference

- a. Wednesday 12 October 2016.
- b. Focus for the next meeting will cover other matter from draft CoC Standard needing further attention including:
 - Reporting information (Criteria 1.7)
 - Market Credit System (Criteria 11)
 - CoC due diligence process (Criteria 7) and ASI Performance Standard Criteria (1.2, 2.4, 9.1 and 9.9)
 - Finalisation of draft 3 of the CoC Standard for the public comment period.