

ASI Standards Committee – Minutes – Teleconference

Date: 7 February 2017 (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), Roland Dubois (Rio Tinto Aluminium), Annemarie Goedmakers (Committee Co-Chair, Chimbo Foundation), Philip Hunter (Verite), Bjoern Kulmann (Ball), Tom Maddox (Fauna and Flora International), , Rosa Garcia Pineiro (Alcoa), Brenda Pulley (Keep America Beautiful), Stefan Rohrmus (Schueco), Josef Schoen (Audi), Jostein Soreide (Committee Co-Chair, Norsk Hydro)

ASI Secretariat: Fiona Solomon, Sam Brumale, Krista West, Michelle Freesz

Apologies: Marie-Josée Artist (VIDS - Association of Village Leaders, Suriname), Bernhard Bauske (WWF), Christophe Boussemart (Nespresso), Justin Furness (Council for Aluminium in Building), Robeliza Halip (Asia Indigenous Peoples Pact), Jerome Lucaes (Rusal), Jean-Pierre Mean (Transparency International)

Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting v1
3. Governance survey re Standards Committee effectiveness – summary of responses [PDF]
4. ASI Performance Standard (version 2, draft 1)
5. ASI Performance Standard Guidance (version 1, draft 1)
6. ASI Performance Standard Version 2 Public Summary and Consultation Plan (v1)
7. ASI Performance Standard List of Example Evidence (working document as input for the Assurance Platform)
8. Alternate Form [Word]
9. Proxy form for this meeting [Word]

Meeting objectives:

1. Adopt minutes of the previous meeting.
2. Recap of the 2017 Work Plan including the Montreal Standard Committee Meeting
3. Review and discuss the revised format and minor changes to the ASI Performance Standard (version 2, draft 1)
4. Review and discuss the ASI Performance Standard Guidance (version 1, draft 1)
5. Review and adopt the Public Summary and Consultation plan for the revised draft ASI Performance Standard (Version 2, draft 1) and the draft ASI Performance Standard Guidance (version 1, draft 1)
6. Presentation and discussion of the ASI Performance Standard List of Example Evidence

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 version 1 of the minutes of the previous teleconference Standards Committee meeting on 7 December 2017.
- 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 latest work plan and focus for each of the meetings planned for 2017 was presented to the Committee. This included the estimated timeline for the second public consultation period for the CoC Standard and Guidance, a public consultation period for the minor revision of the Performance Standard and Guidance, and the timing for the ASI Assurance Platform pilot testing.

There was discussion around the timing and scope of the pilot program. The importance of encouraging broad participation was noted, and a number of Member companies have already expressed strong interest in the pilot and were planning their approach. The timing of the pilot, currently July-August 2017, is scheduled to meet the overall goal to go live with the ASI certification program by the end of 2017. As this timing is during the European summer period, it was noted that some flexibility may be necessary, balanced against the parallel development of consultations and finalisation of the program.

- b. A draft outline of the proposed agenda for the in person Standards Committee meeting to be held in Montreal 5-7 April 2017 was presented and discussed. The draft outline of the agenda consists of:
 - Wed morning: site visits of local aluminium aircraft manufacturers with ASI Board and Association Leaders (attending a parallel meeting on the Monday plus the ASI AGM)
 - Wed afternoon: Committee meeting commences; focus on Assurance and claims, including certification scope and risk maturity model.
 - Thurs morning: Performance Standard – draft Version 2 and Guidance chapters, areas identified for discussion, preparation for consultation.
 - Thurs afternoon: Performance Standard + CoC Standard – due diligence as overlapping framework.
 - Friday morning through to 2pm: CoC Standard – remaining issues identified for discussion, including Market Credits proposal, and preparation for final consultation phase.

The Secretariat plans to develop a more detailed agenda in the coming weeks, taking account of any feedback on the above draft outline.

Krista West, a standards and certification expert based in Ottawa, will provide support to the Secretariat for the AGM and Standards Committee. Krista is an experienced auditor and has extensive experience in designing and implementing certification programs in the forest sector, and more recently in extractives. The Committee and the Secretariat welcomed Krista.

Action: *Committee Members to identify any other specific topics for discussion at the Montreal meeting.*

- c. The Committee was updated on the process for nominations to fill the two casual vacancies on the Committee for Members in the Industrial Users class. Nominations close February 10, and where nominations exceed vacancies, an election will be held. A further update will

be provided at the next Committee meeting. ASI sincerely thanks the departing individuals, Stephanie Boulos and Justin Furness, for their contributions to the Committee.

- d. In December 2016-January 2017, a survey was conducted of Standards Committee members to review the effectiveness of the Committee. The survey is part of ASI's commitment to good governance, and the general approach is outlined in the ASI Governance Handbook and overseen by the ASI Governance Committee, a sub-committee of the Board. A copy of the survey results was circulated, noting the following key findings:
- 86% of both Committee and general member respondents thought the Standards Committee was delivering effectively on its objectives.
 - In comments, several respondents thought the Secretariat leads the direction and the drafting of the work too strongly, while several others noted the meetings were constructive and lead the Committee effectively through discussions.
 - Several respondents noted the challenging nature of consensus building on complex issues, and suggestions noted the use of offline discussions, Working Groups, holding off to subsequent meetings and taking a vote (all currently used).
 - All respondents were happy with Board and Committee meeting preparation by the Secretariat.

Specific suggestions for improvement have been noted and have been actioned/are in review.

- e. An update of the 2017 IPAF meeting was presented. It is anticipated that the 2017 IPAF meeting will be held in June 2017. While the location is still to be determined, interest in hosting the meeting has been expressed by the Wik Waya people in northern Australia who are the traditional owners of land on which bauxite mining is taking place. Further information will be provided at future meetings.

3. ASI Standards

- a. **Chain of Custody Standard** – An overview of the feedback received from the CoC Standard and CoC Standard Guidance public consultation (October – December 2016) was presented. The Committee was informed that 228 separate comments or suggestions were received and that these are published on the ASI Website. The feedback was generally supportive of the proposed draft with lots of constructive suggestions offered. Thematic aspects extracted from the feedback include the proposed market credit system, due diligence, outsourcing contractors and recycling initiatives. There were also 9 responses to the market credit system survey included in the consultation with two supporting the proposed inclusion of the market credit system in the CoC Standard, 2 against, and five offering supporting with suggested additional controls. The proposed market credit system and the other thematic areas will be discussed further during future meetings, including at the in-person meeting in Montreal.
- b. The revised **Performance Standard** (draft 1a, version 2) was circulated and discussed at the meeting. The changes reflect a commitment to conduct a minor review with non-substantive changes as part of the development of the ASI certification program, particularly to prepare for pilot program. The revision incorporates non-substantive changes that are not intended to change the content or performance requirements specified in the Standard. These changes cover:
- Layout to meet ASI Style Guide
 - Updated introduction reflecting ASI's organisational changes following its incorporation in 2015
 - Re-structuring of criteria into sub-sections to be more readily implementable, enhance auditability, express a single expectation, be simple, clear, concise and minor clarification of language and intent in some criteria. Key changes presented and discussed covered:
 - Expanded glossary and consistent use of defined terms

- Change from 'Company' to 'Entity'
- Separate criterion into discreet requirements
- Consistency of language within the Performance Standards
- Reference activity directly in the criteria rather than a footnote
- Reordering criteria to reflect supply chain or order of importance
- Alignment with external standards
- Change "Should" to "Shall" or move into guidance
- Removed some redundancy
- Combined similar criteria
- Inclusion of context regarding "Area of Influence"
- Separate section on Mine Rehabilitation (8.5) which is a derivative of the existing criteria on closure (2.8) and biodiversity management (8.2).

References to the supporting documents and processes that had been developed since V1 of the Standard was published at the end of 2014, including the Standard Guidance and Assurance Manual, have now been added. The revised Standard also includes an application table which more clearly identifies those parts of the Standard that apply to entities engaged in different supply chain activities (where included in the Certification Scope). Further discussion of these, in the context of an entity's Certification Scope and membership class, will be tabled in Montreal.

Whilst the proposed changes are non-substantive, the revised document and the development of the supporting guidance draft will be subject to a round of public consultation in accordance with the ASI Standards Setting Procedure and ISEAL guidance. Key dates for the finalisation of the Performance Standard:

- Draft 1 of Standard (v2) and Guidance (v1) for one public comment period June 2017
- Draft 2 of Standard (v2) and Guidance (v1) for pilot program July- August 2017
- Target Standards Committee approval – October 2017
- Target Board adoption – November 2017
- Release December 2017

Discussion of the above included:

- Site vs corporate level responsibilities for policies and processes noting that this is part of the certification scope definition and audit scope setting, as described in the Assurance Manual:
- Feedback that most of the changes are minor and do not change meaning, but there may be a few where there is the potential for the original intent to shift. It was noted that these should be identified in the coming weeks and will be included on the agenda for the Montreal meeting for further discussion.
- The proposed wording for the new criteria on Mine Rehabilitation was identified as one that should have additional discussion.

It was noted that the finalisation of the revised Performance Standard will be covered during future Committee meetings leading up to and including at the in person Montreal meeting.

Action: *Committee members to review the draft revised Performance Standard and identify areas for further discussion.*

- c. A first draft of the **Performance Standard Guidance chapters** was circulated to the Committee. It was noted that these chapters require feedback from the respective Working Groups before they are finalised. It was noted that the guidance chapters have drawn from the draft 'Indicators, Means for Verification and Guidance' document and includes:
- Background into the risks or issues the criterion is attempting to manage / improve
 - Explanation of special terms or processes

- Cross reference to other parts of the ASI Standard or ASI normative documents
- Reference to other relevant international standards, processes, guidelines, etc.
- Consideration of the size and maturity of the entity (e.g. small business, established businesses, etc.)
- Application across different jurisdictions
- Examples of good practice (performance and systems)
- Consideration of the materiality for the supply chain segments (where applicable).

Action: *Performance Standard Guidance chapters to be reviewed and expanded by the Committee and respective Working Groups in the lead up to, and at the Committee's Montreal meeting.*

d. **Performance Standard & Guidance Public Summary and Consultation Plan** (version 1)

This plan is an important first step in the ASI Standards Setting Procedure and includes:

- Summary Information including about ASI, the Performance Standard, the Performance Standard Guidance
- Purpose & scope of the review
 - rebranded ASI template design
 - an updated introductory section
 - an expanded glossary of definitions
 - the performance criteria reviewed and restructured for clarity and auditability, and
 - accompanying Guidance chapters to support interpretation and implementation.
- Draft Standard for the consultation to be issued in English and French
- Process for responding to comments including ASI Contact details and a Comments Form
- Process for responding to comments
- Key dates:
 - Public Summary and Consultation Plan – 30 day consultation during March 2017
 - Performance Standard (draft 1, Version 2) - 30 day consultation during June 2017
 - Performance Standard Guidance (draft 1, Version 1) - 60 day consultation during June & July 2017
 - Member and public webinars will be convened during these periods.

Its purpose is to provide stakeholders with advance notice of an upcoming consultation period and to advise the proposed scope of the standards process (in this case, a minor revision).

The Committee discussed the timing of the consultation period relative to the CoC Standard consultation and the pilot program, and the differing time periods for the Guidance and the Standard that were proposed.

Action: *The Secretariat will revisit the proposed timing in the context of the overall 2017 plan and the Committee's approval of the Plan will be re-scheduled for the next teleconference.*

- e. A working draft of the List of Example Evidence was circulated and presented at the meeting. The list identifies typical examples of objective evidence grouped to demonstrate conformance with each criteria in the ASI Performance Standard, which is the level of a certification audit.

The initial draft of the List was developed based on the examples noted in the draft 'Indicators, Means for Verification and Guidance' document, specifically the column with heading 'Means for Verification'. Given this and as noted in item 3c, this means that the draft 'Indicators, Means for Verification and Guidance' document has now been retired and all superseded parts of the Indicators document now reside in other normative documents or tools that will support the certification program, namely:

- Glossary is now in the revised ASI Performance Standard
- The Guidance Notes (including specific reference to small business or indigenous peoples) is now in the ASI Performance Standard Guidance
- The Indicators are also captured in the ASI Performance Standard Guidance
- The Means for Verification is now in the List of Example Evidence and this list will be incorporated into the ASI Assurance Platform

It was noted that the List of Example Evidence is provided for guidance purposes and is not meant to be exhaustive or express mandatory expectations. It will be included in the Assurance Platform to support the implementation and auditability of the requirements in the Standards. Feedback on the list is welcome from the Committee and Working Groups in advance of, and during, the pilot program.

4. Working Groups

- a. The Committee was advised that the first draft of the Performance Standard Guidance chapters are being circulated to the respective Working Groups for comments and further development, as noted in item 3c.

5. Assurance Manual Update

- a. The Secretariat is continuing work on the Assessment Manual as per the actions arising from the previous meeting. The Committee was also advised that work to develop the Assurance Platform has commenced. A working version will be ready for testing during the pilot and a demonstration of the Platform with screen shots is planned to be presented at the AGM in Montreal.

6. ASI Auditor Accreditation Update

- a. Work continues to finalise the ASI Auditor Accreditation procedure, taking into account insights from ISEAL feedback to other programs that use a 'proxy accreditation' approach and recent changes to ISO17061/17065. The final version will be presented at a future meeting.

7. AOB

- a. There was no other business raised.

8. Next teleconference

Wednesday 22 February 2017. Approval of Performance Standard Consultation Plan; and discussion on specific topics relating to the revised Performance Standard, as identified (draft 1a, Version 2).