

ASI Standards Committee – Minutes – Montreal

Date: 5-7 April 2017

Venue: Centre for Sustainable Development, Montreal

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:

Co-Chairs: Annemarie Goedmakers (Chimbo Foundation), Jostein Soreide (Norsk Hydro)

Committee Members: Marie-Josée Artist (VIDS – Association of Village Leaders, Suriname – Indigenous Peoples Advisory Forum), Catherine Athenes (Constellium), Karl Barth (BMW), Christophe Boussemart (Nespresso), Roland Dubois (Rio Tinto Aluminium), Rosa Garcia Pineiro (Alcoa), Justus Kammüller (alternative for Bernhard Bauske, WWF – attended April 5), Robeliza Halip (Asia Indigenous Peoples Pact), Philip Hunter (Verite), Bjoern Kulmann (Ball), Jerome Lucaes (Rusal), Tom Maddox (Fauna and Flora International), Jean-Pierre Mean (Transparency International), Stefan Rohrmus (Schueco), Josef Schoen (Audi), Marcel van der Velden (Arconic), Neill Wilkins (Institute for Human Rights and Business).

ASI Secretariat: Fiona Solomon, Krista West

Apologies: Bernhard Bauske (WWF) – alternate attending, Justin Furness (Council for Aluminium in Building), Brenda Pulley (Keep America Beautiful), Giulia Carbone (IUCN), Sam Brumale (ASI).

Proxies: Tom Maddox (Fauna and Flora International) for Giulia Carbone (IUCN).

Documents circulated:

Certification program documentation

- ASI Assurance Manual (draft 4)
- ASI Performance Standard V2 (draft 1 - March) and Guidance (internal drafts 1, 2 or 3 depending on chapter)
- ASI Chain of Custody Standard (draft 4) and Guidance (draft 2)
- ASI Claims Guide (draft 5)

Other information

- ASI Pilot Program 2017 – Plan and Participation Information
- CoC Log of Comments + edits (Excel)
- CoC Consultation Summary Report
- Slide set for Committee Meeting

Meeting objectives:

1. Agree identified Assurance Manual topics
2. Agree draft Performance Standard and Guidance for next consultation period
3. Agree draft CoC Standard and Guidance for next consultation period
4. Review additions to draft ASI Claims Guide
5. Discuss approach to pilot program and member/stakeholder objectives

Items for discussion:

1. Preliminaries

- a. Welcome
- b. Apologies and proxies as noted.
- c. Roundtable introductions.
- d. It was **RESOLVED** to accept the minutes of the previous teleconference meeting on 15 March 2017 (*version 1*).
- e. Review of meeting overview and objectives.

2. Assurance Manual

- a. Certification Scope
 - An overview of the Certification Scope section of the Assurance Manual was provided.
 - Change in Certification Scope over time are allowed and guidance is provided in the Assurance Manual. There is not a one-size-fits all model for the diverse range of member companies, and thus flexibility and changes are accommodated.
 - Only material from a smelter (or any other operation) within the Certification Scope of a member can be sold as ASI material under the Chain of Custody Standard. For example, if two smelters are both within the Certification Scope of a member, ASI material can be sold from either.
 - Discussion on the definition of Semi-Fabrication versus Material Conversion categories resulted in a decision to keep the categories as defined.
 - **Agreement:** In principle, the Standards Committee agrees that criteria should apply consistently as a level playing field from Bauxite Mining to Semi-Fabrication; and that criteria in the ASI Performance Standard are applicable to the respective supply chain activities where they are included within the Certification Scope, irrespective of the ASI's Member's membership class (ie Production and Transformation vs Industrial Users).
 - *Action: Secretariat to develop a summary document of the overlap of membership classes and the Performance Standard, including examples of casting.*
 - *Action: Review definition of "Control" with Legal Committee, as it relates to language of 'direct and indirect'.*
- b. Divestments and acquisitions:
 - **Agreement:** Timelines for an audit after an acquisition should tie to the timeline of audits and closing of non-conformances already in place at the operation (within the one year timeline).
 - *Action: The Assurance Manual to be reviewed/updated accordingly.*
- c. Risk-based approach
 - *Action: Performance maturity ratings should be evaluated within each part of the Performance Standard: Governance, Environment, Social; also Chain of Custody as separate.*
 - *Action: Review wording in maturity rating table for low/medium/high regarding the wording 'industry leading' (not everyone can be industry leading).*
 - **Agreement:** Maturity ratings will not be public information at a member/certificate level.
 - The maturity ratings relate to the member's ability to demonstrate conformance to the Standard. The focus in the Maturity Rating Model is on the member's ability to respond to risk rather than the degree of relative risk. Risk is irrespective of the size of the organization; focus is on ability to respond to risk.
 - *Action: Language in the maturity rating definitions should be adapted to also include/refer to small businesses.*
 - When risk is evaluated in an organization with a broad certification scope, the rating will default to the facility with the lowest ratings.
 - *Action: ASI Secretariat to review whether there is any guidance/experience among ISEAL on similar any maturity rating models.*
- d. Certification status

- **Agreement:** Change 'Interim Certification' back to 'Provisional Certification' in all documents.
- e. Non-conformances and critical breaches
- **Agreement:** Add that if a member has a Major Non-Conformance then it should be closed by the conformity assessment body (Auditor) that issued it, wherever possible.
 - **Agreement:** Add 'serious environmental impacts' to the itemized list of potential critical breaches.
 - **Agreement:** Delete the bullet 'has not attempted to rectify the situation' from the definition of a Major Non-Conformance.
- f. Audit reports
- **Agreement:** A public summary for each ASI Certification will be published, including a summary of evidence reviewed, a description of conformance demonstrated for each criterion, and non-conformances issued. Reports to be reviewed and approved by member prior to publication.
- ### 3. Working Group Reports
- a. Greenhouse gas emissions
- **Agreement:** Averaging of emissions across smelters is not within the intent of ASI.
 - **Action:** *The GHG Guidance Chapter to be updated accordingly.*
- b. Environmental impacts
- The 'Why' explanation seems to be lacking in the Biodiversity Guidance chapter. A Committee member offered to provide input into the introduction.
- c. Material stewardship and recycling
- Proposed changes to section 4 of the Performance Standard reviewed later in the meeting.
- d. Standards benchmarking and harmonisation
- Next Working Group meeting to take place in April/May.
- ### 6. Performance Standard
- a. Overview of V2 minor revision and Guidance
- The next revision of the Performance Standard will be 2022 (i.e. 5 years from launch of the ASI program).
- b. Material stewardship
- **Action:** *Ensure that Guidance chapter is clear that business confidential information in LCA's, eg site specific data, may remain confidential.*
 - **Agreement:** Change 'should' to 'shall' in Criterion 4.1.
 - **Agreement:** Include 'should systematically contribute to LCI databases' in the guidance, not the standard.
 - **Agreement:** add back 'in their respective markets' to 4.4 for draft for consultation.
- c. Mine site rehabilitation
- Comments that the Criterion 8.5 needed to focus on best practices; consider rehabilitation in the context of the existing landscape; include a requirement for financial sureties; and emphasise the importance of participatory processes, particularly with Indigenous peoples, to consider issues beyond biodiversity such as closure and removal of infrastructure.
 - **Agreement:** Reframe Criterion 8.5 around three parts:
 - Best practices (changing 'good' to best' in the Criterion as written)
 - Achieving outcomes through a participatory process
 - Requiring appropriate financial provisioning through the life of the mine.
 - **Action:** *Environmental WG to be invited to provide further input to the Guidance chapter to ensure it is consistent with this agreed upon direction.*
- d. 'Area of Influence' incorporating concept of 'associated facilities'
- Comment made that expanding the requirements of Criteria 7.1 (Biodiversity) & 8.1 (Water) beyond the facility itself added a layer of complexity and expense to do comprehensively and that adding this was not a minor revision.

- Conversely, it was expressed that extending the scope to include area of influence was not a major change from the previous wording for the relevant criteria, and was already included in the language for Cultural Heritage. Using a consistent defined term was in line with the minor revision process, incorporated input re ‘associated facilities’ from the Indigenous Peoples Advisory Forum, and aligned with the IFC Performance Standards which have extensive implementation experience.
 - Comments as to whether there was a difference in applying the ‘area of influence’ concept in the water impact and biodiversity assessments for an existing versus a new facility (with a new facility being seen as more feasible).
 - **Action: Environmental Impacts WG to discuss further.**
 - **Action: Secretariat to add to Guidance chapter/Glossary from IFC Performance Standard with further examples of associated facilities eg railways, roads, logistics; and add to Guidance re simpler situations for small business.**
- e. Payments to government
- **Agreement: Retain original language in Performance Standard V1.**
- f. Additional detail in criteria for freedom of association/collective bargaining, child labour and forced labour
- **Agreement: Include the new language of Criterion 10.1(a) and the newly proposed 10.1 (b).**
 - **Agreement: Include the new additional bullets under Criterion 10.2.**
 - **Agreement: Include the new additional bullets under Criterion 10.3 and refer to ILO Protocol 2014 covering new forms of exploitation.**
 - **Action: Secretariat to explore reframing some or all bullets under 10.3 as positive rather than negative statements.**
- g. Ecosystem services
- Comment that the addition of ‘Ecosystem Services’ to the requirements already existing in the Standard to do biodiversity assessments is a minor revision and is current best practice.
 - Conversely, comments expressed that the current Standard does not include an assessment of ‘Ecosystem Services’ and is thus a major revision.
 - **Agreement: Do not include ecosystem services in V2 of the Standard, but plan for a future revision on this topic.**
 - **Action: Convene a Biodiversity WG with biodiversity experts to explore the addition of ecosystem services and legally protected areas (below) in the next revision.**
- h. Legally protected areas
- **Agreement: Address this topic for a future revision under the Biodiversity WG above.**
- i. Monitoring for effectiveness
- **Agreement: Include effectiveness monitoring in criteria 7.2 and 8.2.**
- j. Noise and in-migration
- **Agreement: Include noise in the Guidance document as it relates to an emission with potential effects on humans and biodiversity (eg affecting bats).**
 - **Agreement: Include effects of in-migration on biodiversity in Guidance (eg bushmeat trade).**
7. ASI Pilot – Group Exercise:
- a. Group 1: ‘What do we want to learn from the pilot’:
- Auditability of Standard
 - Kind of documentation required for audit
 - Learning for the auditors (if utilized)
 - Feedback on the potential certified value chain (geography, size of facilities, amount of potential material to be certified)
 - Opportunities for efficiencies (i.e. in establishing certification scope)
 - Cross-sharing of information
 - Learning on some of the technical issues

- Learning regarding internal resources required within an organization to implement the Standards
 - Gap analysis
 - Degree of interpretative variability
 - Compatibility of member cyber-security requirements with online platform
- b. Group 2: 'How might we approach the pilot':
- Define certification scope
 - Engage internal auditing teams
 - Evaluate internal and external support available
 - Get support of potential future auditors
 - Involve ASI and non-ASI members
 - Generate a feedback report for the ASI membership
 - Training program
 - Prepare a kick off package
 - Analysis of existing certifications
 - Identify gaps
 - Involve associated facilities and communities
 - Provide guidance on specific topics
- c. These reflections will be used to inform the ASI training material for the pilot program.

8. Chain of Custody

- b. Eligible scrap
- Committee members noted the varying comments in the consultation process re distinguishing pre- and post-consumer scrap, as proposed in draft 3 of the Chain of Custody Standard. Points noted included:
 - Process (pre-consumer) scrap is of such high economic value that there's no loss; the focus should be on continuing to incentivise collection and recycling of post-consumer so that there's no loss of aluminium from the economy.
 - The Performance Standard does promote increased post-consumer recycling.
 - The CoC Standard may not make a large difference through the distinction, and implementing it may be difficult in practice, or particularly complicated for some companies/kinds of supply chains.
 - However without the distinction, ASI could be considered a huge 'laundering machine' particularly in high scrap-rate processes.
 - In LCA's, the value of post-consumer material to offset GHG emissions doesn't apply to pre-consumer material.
 - ISO standards differentiate between pre- and post-consumer, so ASI should match this approach.
 - Implementing this will be customer-driven (similar to QS9000 in the automotive supply chain). It is recognised that there will be a transition process.
 - The potential to estimate pre- and post-consumer quantities where there is mixed supply has been added to the Guidance.
 - **Agreement: Draft Standard will continue to distinguish between pre- and post-consumer scrap.**
 - **Action: Secretariat to discuss proposal, of allocating 20% of output to scrap if no product customer, with ISRI and bring back to the Standards Committee.**
- c. Eligible scrap and due diligence
- **Agreement: Include wording changes proposed in response to comments from consultation process.**
- d. KYC and due diligence
- **Agreement: Include wording changes proposed in response to comments from consultation process.**
- e. Responsible sourcing and due diligence

- Comment that French law on environmental risk of suppliers has been passed, and can also be noted in the Guidance for 8(e).
 - **Agreement: Continue with the current approach – no changes necessary.**
- f. Small business and due diligence
- **Agreement: Include proposed additions to Guidance in response to comments from consultation process.**
- g. Small business and due diligence
- The Committee acknowledges the challenges of certification systems for small businesses.
 - This could perhaps be a topic for a future working group.
 - **Agreement: The Committee does not support exempting small business and it is agreed that it is critical to preserve the ambitions of ASI.**
- h. BREEAM certification
- Discussion regarding the point at which ASI certification ‘carries’ material and how this can then feed into another certification system, such as BREEAM or LEED.
 - **Agreement: Include proposed additions to Guidance and Claims Guide in response to comments from consultation process and Committee members.**
 - **Action: Meeting of construction sector members and stakeholders in July in London being convened.**
- i. Tolerated material
- **Agreement: Include wording in the Standard to clarify that the Outsourcing Contactors criteria do not extend to tolling arrangements for alumina refiners, smelters, aluminium re-melters/refiners and casthouses.**
- j. Market credits system
- Comments that some Committee members feel that the market credit system will dilute the ASI brand and introduce risk into the system.
 - Other members felt that the market credit system was necessary as a transition approach to stimulate demand for the ASI CoC Standard in a workable timeframe.
 - It was noted that CoC programs take many years (sometimes decades) to achieve uptake, and most sustainability standards adopt multiple CoC models to provide relevant entry points.
 - **Agreement: Keep the market credits system in the CoC Standard. Include wording that purchasers may only buy market credits for a period of five years following their first purchase. Additionally, include language in the Standard that indicates that ASI intends to have the market credit system as a transitional mechanism and implementation data for the CoC Standard will be reviewed at the next revision.**
- k. Disclosure of GHG emissions
- **Agreement: While there was a proposal in the comments process to make disclosure of GHG emissions mandatory under 9.3 – it was agreed to keep optional.** It was noted that smelter-level data may be competition-sensitive data.
 - **Agreement: While there were proposals in the comments process to require the inclusion of GHG emissions from bauxite mining and refining in the GHG calculation upstream, and for Post-Casthouse entities to add on/include their Scope 1 and 2 emissions, these were not supported.** It was noted that ASI is not a carbon footprint standard. Customers have the right to ask for such data but it would not be mandatory.
 - **Action: GHG WG to discuss averaging under the mass balance model.**
- l. Mass balance administration
- The current Guidance on the mass balance model was noted.
- m. Confidentiality
- Comments on confidentiality and anti-trust policy and additions to the Standard introduction and Guidance chapters were noted.
 - Legal committee is conducting a periodic review of the ASI Anti-Trust Compliance Policy to consider further clarification on the minimum number of companies required in an identifiable sector before ASI will publish aggregate data.

n. Auditor accreditation

- **Action:** Secretariat to circulate a list of interested auditing firms to members. This list will also be included on the online Assurance Platform (indicating both interested firms and accredited firms – once accredited).

12. Claims

- The Claims Guide will be included in the package of documents for consultation in May/June.
- **Action:** Secretariat to review Claims Guide to:
 - Remove 'directly' from claim re ASI credits
 - Ensure that 'we have great practices' type claims should only be associated with ASI certification, not ASI membership
 - Include guidance on 'modern slavery' type reporting.

13. Next steps and milestones

- **Members:** Review Claims Guide/Guidance chapters and submit comments in the next 2 weeks.
- **Secretariat:** Actions as noted above and continue plan for launch at end of 2017.
- **Reflections included:**
 - Human Rights WG be established in future.
 - ASI to consider activities that support and/or are beyond certification from 2018 as part of future strategy.
 - Board to consider whether there will be available budget for an additional face-to-face meeting for the Standards Committee in 2017, vs additional resources for staff to support delivery, launch and roll-out of program. A telepresence meeting could also be considered.
- **Next Meeting:** 3 May 2017 by teleconference.