

## ASI Standards Committee – Minutes – Teleconference

**Date:** 3 May 2017

### 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:

**Chair:** Annemarie Goedmakers (Chimbo Foundation)

**Committee Members:** Catherine Athenes (Constellium), Karl Barth (BMW), Christophe Boussemart (Nespresso), Rosa Garcia Pineiro (Alcoa), Justus Kammuller (alternate for Bernhard Bauske, WWF), Justin Furness (Council for Aluminium in Building), 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, Sam Brumale, Krista West, Michelle Freesz, Thad Mermer

**Apologies:** Marie-Josée Artist (VIDS – Association of Village Leaders, Suriname – Indigenous Peoples Advisory Forum), Bernhard Bauske (WWF) – alternate attended, Roland Dubois (Rio Tinto Aluminium), Robeliza Halip (Indigenous Peoples Advisory Forum), Brenda Pulley (Keep America Beautiful), Giulia Carbone (IUCN), Jostein Soreide (Norsk Hydro).

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

### Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting v2
3. ASI Assurance Manual (consultation draft 5);
4. ASI Fact Sheet - Certification Scope and Membership Classes (draft 2)
5. ASI Performance Standard (version 2, consultation draft 1) and Guidance chapters available at: <https://aluminiumstewardship.box.com/s/30ladgtq72b48ulguew7a96pec8gxqr2>
6. ASI Chain of Custody Standard (consultation draft 4) and Guidance available at: <https://aluminiumstewardship.box.com/s/cu5kcy535ub28iiqfsa4xxvo96ku4hjr>
7. ASI Claims Guide (consultation draft 5)
8. Alternate Form [Word]
9. Proxy form for this meeting [Word]

### Meeting objectives:

1. Adopt minutes of the previous meeting.
2. Review identified edits since the Montreal Standards Committee meeting and approve the following drafts for release for public consultation for 60 days from May 5:
  - ASI Assurance Manual (draft 5)
  - ASI Performance Standard and Guidance (version 2, draft 1)
  - ASI Chain of Custody Standard and Guidance (version 1, draft 4)
  - ASI Claims Guide (draft 5)

## Items for discussion:

### 1. Preliminaries

- a. Welcome and review of meeting objectives.
- b. Apologies and proxies as noted.
- c. It was **RESOLVED** to accept the minutes of the previous meeting held in Montreal on 5-7 April 2017 (*version 2*).
- d. Review of Actions Log.

### 2. Standards Committee Update

- a. Noted for information that following the Standards Committee meeting in Montreal, agreed changes have been incorporated into the circulated drafts. The purpose of the meeting was to present how these actions had been captured in the normative documents, for confirmation by the Committee, to enable the scheduled public consultation period to start.

### 3. Review and Agree Changes to ASI Documents for Consultation

- a. Assurance Manual

#### *Certification Scope and Membership Class*

- Information regarding Certification Scope and Membership Class was provided in an ASI Fact Sheet (2 May 2017) which mirrored the section addressing the same issues in the Assurance Manual (in chapter 5).
- A schematic of the aluminium supply chain activities prepared by a Committee member was also presented, illustrating the links between the upstream production of primary aluminium (from bauxite mining to smelting) through the casthouse, semi-fabrication, material conversion and then further manufacturing (e.g. packaging, automotive, etc). The main purpose of the flow chart was to illustrate the types of activities covered by the 'material conversion' term which is common to both Production and Transformation and the Industrial Users Membership Classes.
- Examples were presented of the applicability of ASI Performance Standard and the ASI CoC Standard for a Material Conversion activity, depending on which membership class (as included in the Assurance Manual (Table 7) and in the ASI Fact Sheet – Certification Scope and Membership Class (Table 3)). The example given as crossing both classes is packaging production. Where an Industrial User member also carries out Semi-Fabrication or Aluminium Re-Melting/Refining, then the full Performance Standard would apply to that activity.
- There was further discussion regarding casting activities and which of these should be categorised as part of the Casthouse, Semi-Fabrication or Material Conversion. Points highlighted the link between the casting activities and the type of product from these activities, whether intermediate (for example ingot, billet, slabs, etc for further processing by rolling mills, extruders or material converters, etc), or for the production of a finished product (for example die casting aluminium components or finished products for automotive assembly).

***Action: ASI Secretariat to review wording regarding casting activities in the Assurance Manual also summarised in the ASI Fact Sheet - Certification Scope and Membership Classes, and update Glossary definitions accordingly.***

- The Committee discussed the clarity of application of the Performance Standard to various supply chain activities in Version 1 (2014) and Version 2 (draft being developed for consultation), and the development of definitions for supply chain activities and membership classes. It was noted that in 2015, ASI members worked to design a governance and membership model whereby the flexibility already in built into the 'Material conversion' applicability in V1 was applied to the membership classes to allow choice in certification uptake. The applicability table in V2 was updated accordingly, and activities defined in a new Glossary (as noted

above). If carrying out 'Material Conversion', companies can join either Production and Transformation to apply the full Performance Standard, or join Industrial Users if eligible for that class, to apply Material Stewardship, based on desired level of ASI Certification. The ASI Membership Information and Application Form contains the information to help potential members decide their membership class. The newly developed Fact Sheet aims to provide further information drawn from the Assurance Manual.

- It was noted that the focus for the Standards Committee is to make sure that applicability of ASI Standards is clear in ASI's normative documents for certification, so as to provide a foundation for any future clarifications by the Board of the Membership Form information, and/or update of the Constitution by ASI members.

**Action: ASI Secretariat to invite questions and feedback on the Fact Sheet as part of the consultation process.**

#### *Maturity Ratings*

- Wording for the ratings in the Assurance Manual has been updated to include reference to Governance, Environmental and Social dimensions. Maturity Ratings will be entered into the ASI Assurance Platform, as follows:
  - When conducting a Self Assessment or an audit of the ASI Performance Standard, the user will be asked to disaggregate the Maturity Rating (Low, Medium or High) for each of the Maturity model categories (System, Risk and Performance) into the three sustainability components built into the ASI Performance Standard:
    - o Governance
    - o Environment
    - o Social
  - When conducting a Self Assessment or an audit of the ASI Chain of Custody Standard, the user will be asked to select the Maturity Rating (Low, Medium or High) for each of the Maturity model categories (System, Risk and Performance).
- Terminology has been changed to avoid terms such as 'industry leading' whilst still differentiating performance from low to high.
- Table 8 in the Assurance Manual includes:
  - Guidance with examples indicating how the ratings apply to each Standard.
  - Differentiation of sustainability components in the ASI Performance Standard (namely, Governance, Environment and Social)
  - Application based on organisational scale and scope (i.e. large global operations versus smaller businesses)

#### *Maturity Model*

- The design and features of the ASI Maturity Model was also discussed. Whilst specific to ASI, it is based on the concepts of risk based auditing, which is not new. ISEAL and other standards including ISO17021 and ISO17065, require Standards Systems owners and audit firms to establish programs that identify and focus on the key risks, and drive continual improvement. The ASI Maturity Model has been designed to ensure the audit process prioritises those parts of the ASI Standards and the Entity's activities that present the greatest risk on non-conformance with the principles and criteria in the Standards. It adds dimensions such as Systems, Risk and Performance to make the risk prioritisation process more targeted and also sets a scale that promotes improvement over time.
- Other key changes in the Assurance Manual were noted for discussion:
  - Harmonisation table (Table 3 in the Assurance Manual) for recognition of parallel certification schemes with more to be added as these are

identified and as recommended by the Standards Benchmarking and Harmonisation Working Group

- Change to terminology to 'Provisional' Certification for Certification audits where there is at least one Major Non-Conformance identified
- Limit Provisional Certification to two consecutive terms rather than three
- Additional guidance for Members preparing for an audit.

It was **RESOLVED** to approve for release for public consultation the latest version (draft 5) of the ASI Assurance Manual, subject to any agreed amendments.

b. ASI Performance Standard and Guidance

*Area of Influence*

- The Performance Standard and Guidance chapters were reviewed to provide examples, guidance and context regarding the 'Area of influence' in Criteria 7.1 (Water), 8.1 (Biodiversity) and 9.5 (cultural and Sacred Heritage). Guidance included how this may apply to small businesses.
- The review also captured recommendations and suggestions made by the Environment Impacts Working Group. The Working Group in principle supported the use of 'Area of influence' subject to further clarification, context and examples in the Guidance documentation. The Working Group also recommended additional guidance in relation to the water-related risks in criterion 7.1 including referencing the ICMM water stewardship framework, AWS watershed boundaries definition and making reference to water quality (not just water use) when assessing water-related risk.

*Criterion 8.5 Mine Rehabilitation*

- The revised wording for Criterion 8.5 Mine rehabilitation was supported for inclusion in the consultation draft.

**8.5 [Mine rehabilitation.** *An Entity engaged in Bauxite Mining shall:*

- Adopt best practice techniques for the rehabilitation of environments disturbed or occupied by mining activities, to achieve outcomes agreed through participatory processes with key stakeholders in the mine closure planning process.*
- Put in place financial provisions to ensure availability of adequate resources to meet rehabilitation and mine closure requirements.]*

- Guidance for this criterion was reviewed and updated incorporating feedback received from the Environment Impacts Working Group, particularly in relation to best practice techniques and financial provisions.

*Criterion 10.3 Forced Labour*

- The wording of the criterion remained unchanged but the Guidance was updated to identify in more detail positive actions and approaches that companies can take and links to additional reference were added.

*Criterion 4.1(b) Environmental Life Cycle Assessment*

- The Guidance was updated to ensure business confidential information used in LCA's remains confidential.
- It was confirmed that the intent of information sharing following a customer request was to direct or commercial customers (i.e. in association with business to business transactions).

It was **RESOLVED** to approve for release for public consultation the latest version of the ASI Performance Standard and Guidance, subject to any agreed amendments.

c. ASI Chain of Custody Standard and Guidance

*Mass Balance: Question of re-allocating product to scrap*

- Following an action from the previous meeting, it was reported that the Institute for Scrap Recycling Industries (ISRI) did not support the concept to propose allocating 20% of output to scrap where there was no product customer, as had been suggested at the Montreal Committee meeting. The mass balance principles must be consistently applied else there were risks of inconsistent application, confusion and, in some scenarios, the mathematics of the mass balance accounting becoming illogical.

*GHG Data Averaging under the CoC Mass Balance Model*

- The Greenhouse Gas Working Group was asked to discuss the methodology and implications of averaging GHG emissions data from smelters under the mass balance model in the Chain of Custody Standard (in light of decision under Performance Standard that averaging across smelters for the purposes of criterion 5.3 was not the intent). The Working Group recommended that:
  - There should be consistency and transparency where GHG intensity data is provided in CoC Documents.
  - The CoC Guidance should repeat the same info on GHG calculations for smelters (IAI methodology) included in the Performance Standards Guidance chapter 5.
  - Re averaging: If there are multiple Aluminium Smelting and/or Aluminium Re-melting/Refining facilities within the one Certification Scope, then averaging of GHG intensity across these facilities would be required to align with the use of a mass balance model across the multiple facilities. Where averaging is used:
    - o The average must be based on total combined quantity of GHG emissions and total combined production from these facilities, not just the ASI Aluminium component.
    - o The CoC Document information must note that the figure is an average that has been calculated.

These changes have been reflected in the CoC Standard Guidance.

- The GHG working Group also discussed the importance of noting in the Performance Standard Guidance Chapter 5 on GHG Emissions, that Scope 2 calculations should favour actual GHG data when purchasing electricity directly from generators (where known) over use of general emission factors attributed to local, regional or national grid. It was also noted that IAI are developing additional guidance re data and calculations for Scope 2 emissions. Both recommendations have been reflected in the Guidance chapter.

*Market Credits system*

- Wording in the CoC Standard Criterion 11.3(g) has been modified to ensure purchasers can only buy ASI Credits for a period of five years following their first purchase, as follows:

*"A Post-Casthouse Entity purchasing ASI Credits shall have systems in place to ensure that: ...  
(g) ASI Credits are purchased by an Entity for a maximum period of five years from their first purchase."*

- The Guidance was also updated to further explain the intent of the Market Credits system to support the uptake of ASI Standards, and the need for the 5 year restriction, with scenario examples.

- It was confirmed that only certified Post-Casthouse Entities are able to purchase ASI Credits.

It was **RESOLVED** to approve for release for public consultation the latest version (draft 5) of the ASI Chain of Custody Standard and Guidance, subject to any agreed amendments.

d. ASI Claims Guide

- The ASI Claims Guide was reviewed and updated based on the agreed actions from the meeting in Montreal. Changed include the nature and type of claims and general reference statements for topic focused claims, as follows:

*[Member/entity/facility/program name's] is Certified against the ASI Performance Standard. This provides assurance of our work on [for example, as applicable, forced labour/modern slavery/human trafficking issues; human rights due diligence; evaluating the life cycle impacts of our products; occupational health and safety].*

It was **RESOLVED** to approve for release for public consultation the latest version (draft 5) of the ASI Claims Guide, subject to any agreed amendments.

e. Public consultation scope and process

- A recap describing the public consultation scope and process was provided, noting:
  - Public consultation process commences 5 May 2017 for 60 days, closing around 7 July 2017.
  - The process will be supported by webinars explaining the process and highlights from each document.
  - Documents will be made available in PDF format to encourage feedback and suggestions using the comments form. However Word versions will be made available upon request
- Member feedback can continue into the pilot program (July – September 2017) – additions to Guidance etc. arising from the public consultation period to be incorporated where appropriate.

#### 4. Auditor Accreditation Update

- A current list of audit firms interested in becoming ASI Accredited to perform ASI Certification Audits was circulated.
- Members were encouraged to let the ASI Secretariat know of other firms that may be interested.
- The Auditor Accreditation procedure will take into account the recently released revised draft of the ISEAL Assurance Code of Good Practice, currently out for public consultation.
- In addition to requiring audit firms to hold ISO17021 or ISO17065 accreditation, the Auditor Accreditation Procedure will specify requirements for certification bodies to 'manage the ASI certification program (i.e. through management review, training programs, etc) as well as sector specific competency for its auditors
- The roles of Registered Specialists as well as oversight mechanisms are included in the Procedure.
- The procedure will be finalised in May and invitations sent to interested auditors with a view to have ASI Accredited Auditors in time for the Pilot phase.

#### 5. AOB

- It was confirmed a second in-person Committee meeting was not currently in the 2017 budget. The Board discussed at their April 3 meeting how any additional resources beyond budgeted income may be allocated, and the initial focus was to allocate any additional resources to increasing the size of the ASI Secretariat to support the delivery, launch and roll-out of the ASI Certification program

- Details about the Pilot program were discussed. Members are reminded that the Secretariat is available for bilateral discussions to help Members consider their preparations for the pilot. Members are encouraged to consider their objectives for participation in the Pilot (for example, use as a trial run for actual certification, for planning purposes, as a gap assessment, etc).

**6. Next Committee teleconference - Wednesday 14 June 2017**

- Main topics for discussion will be the pilot phase planning and a status report on the public consultation feedback to date.