

## ASI Standards Committee – Minutes – Teleconference

**Date:** 26 July 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:** Jostein Soreide (Norsk Hydro)

### Committee Members:

Annemarie Goedmakers (Chimbo Foundation) Bjoern Kulmann (Ball), Catherine Athenes (Constellium), Christophe Boussemart (Nespresso), Jean-Pierre Mean (Transparency International), Jenelle Sams (alternative for Marcel van der Velden - Arconic), Justin Furness (Council for Aluminium in Building), Justus Kammuehler (WWF), Neill Wilkins (Institute for Human Rights and Business) Rosa Garcia Pineiro (Alcoa), Stefan Rohrmus (Schueco),

**ASI Secretariat:** Sam Brumale, Krista West, Michelle Freesz

**Proxies:** Justus Kammuehler (WWF) for Giulia Carbone (IUCN) & Tom Maddox (Fauna and Flora International)

**Apologies:** Brenda Pulley (Keep America Beautiful), Jerome Lucaes (Rusal), Josef Schoen (Audi), Karl Bath (BMW), Marcel van der Velden (Arconic), Marie-Josée Artist (VIDS - Association of Village Leaders, Suriname), Philip Hunter (Verite), Robeliza Halip (Asia Indigenous Peoples Pact), Roland Dubois (Rio Tinto Aluminium), Tom Maddox (Fauna and Flora International).

**Invited:** None

### Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting 14 June 2017 v2
3. Log of Feedback and Comments from 2017 Public Consultation
4. ASI Assurance Manual (draft 6 – post 2017 consultation)
5. Minutes of the ASI Environmental Impacts Working Group Meeting 11 July 2017
6. Minutes of the ASI Environmental Impacts Working Group Meeting 18 July 2017
7. Minutes of the ASI Recycling and Material Stewardship Working Group Meeting 10/11 July 2017 v2
8. Minutes of the ASI Greenhouse Gas Working Group Meeting 11 July 2017
9. Alternate Form [Word]
10. Proxy form for this meeting [Word]

### Meeting objectives:

1. Adopt minutes of the previous meeting.
2. Provide a summary on feedback received from the public consultation process.
3. Discuss and review the updated ASI Assurance Manual (version 1, draft 6 – post consultation).

## Items discussed:

### 1. Preliminaries

- a. Welcome.
- b. Apologies, alternated and proxies were noted.
- c. It was **RESOLVED** to accept minutes of previous teleconference meeting held on 14 June 2017 (*version 2*).
- d. Review of Actions Log noting all actions closed except Action 77 relating to convening a biodiversity working group later this year.

### 2. Standards Committee Update

- a. An update about pilot program and Assurance Platform *elementAI* launched 17 July 2017 was presented noting that many users have commenced entering the Member detail related fields. In addition nine Self Assessments have been successfully initiated. There were three that did not initiate the first time and the ASI Secretariat will work through the reasons for this once details about error messages are received. There have been several requests to add additional uses and two improvement suggestions:
  - Auto log out after time
  - Ability to export data to Excel

There has been a request to understand the risks associated with security of the information entered into the database. As noted at the previous meeting, ASI hired an independent IT security firm to assess risks and controls for report back to the Board. No issues noted although prudent security measures such as keeping regular backups were suggested. The issue of information accessibility by the cloud host organisation is being further reviewed.

It was agreed that any information sharing, security concerns or other issues or suggestions with the Assurance Platform, to be communicated to the ASI Secretariat.

- b. The Committee was informed about the Indigenous Peoples Advisory Forum meeting underway this week in Nhulunbuy (Gove), Northern Territory, Australia, hosted by the Gumatj community (local Traditional Owners). The meeting is being facilitated by The University of Sunshine Coast and Wik Waya representatives. The key objectives and discussion topics include:
  - Indigenous participation in audit processes
  - Auditor review of FPIC and subsequent indigenous consultation processes
  - Area of Influence and Associated Facilities
  - Nominations of IPAF representatives to Standards Committee
  - Review of IPAF-ASI communications
  - Location and participation for the 2018 IPAF meeting

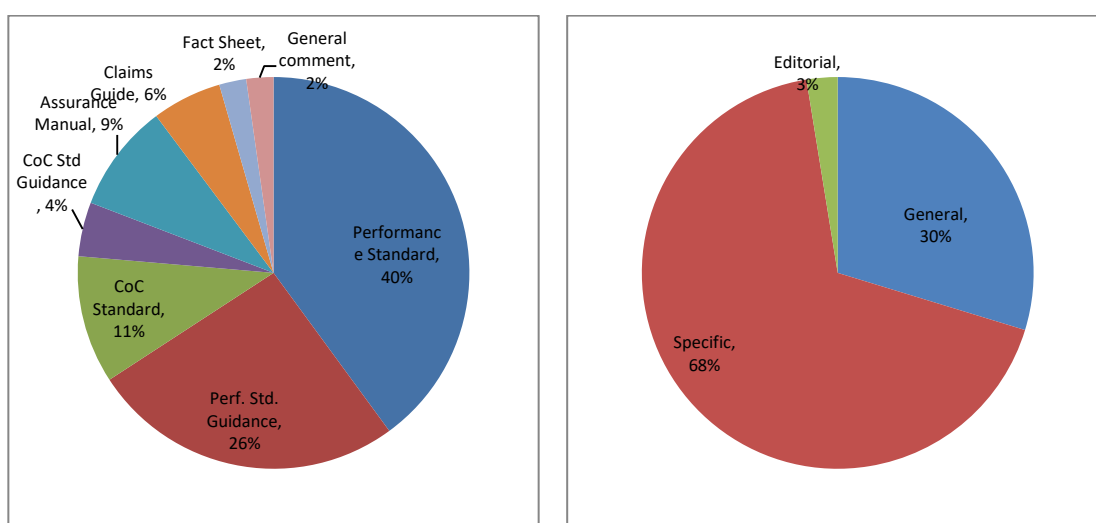
Participation from affiliations and the home countries are indicated in the table below:

Affiliation	Home country
University of Sunshine Coast	Australia
Wik Waya	Australia
IPAF rep to the ASI Standards Committee	Suriname
IPAF rep to the ASI Standards Committee	Philippines
Odisha Indigenous Peoples Forum	India
Mines et Développement Communautaire	Guinea
Asia Indigenous Peoples Pact	Thailand
Cambodia Indigenous Youth Association	Cambodia
Forest Peoples Programme	UK
JOAS	Malaysia
ASI	Australia, Switzerland
French translator, University of Sunshine Coast	Canada/Australia

Affiliation	Home country
Gumatj Aboriginal Corporation	Australia
Gumatj Traditional Owners	Australia

### 3. ASI Normative Documents and Public Consultation

- a. The log of comments received from the 60 day 2017 public consultation was circulated to the committee noting that some feedback was still coming in. In summary:
- As at 24 July 2017, over 310 responses from about 30 individuals representing 25 organisations (22 Members) were received. The feedback was supportive and constructive including comments, suggestions and feedback about the Standard, Guidance and general ASI certification programs (Pilot, Assurance Platform). There were 9 responses to the Fact Sheet regarding Membership Class and Certification Scope
  - A breakdown of the comments per document and by type was presented as follows:



- The range of comments and feedback was presented as follows (noting that comments about the Assurance Manual would be covered in agenda item 3c):

Perf. Std. & Guidance	CoC Std.	Claims Guide	Fact Sheet
<ul style="list-style-type: none"> <li>Area of Influence &amp; Associated Facilities</li> <li>Mine rehabilitation 'best practice'</li> <li>Quality targets for air emissions, water discharges and waste reduction</li> <li>Introduction of water stress and water stewardship concepts</li> <li>Specific comments about SPL and bauxite residue</li> <li>Expansion of No Go from WH sites to other areas</li> <li>Revisit the discussion on biodiversity and ecosystem services</li> <li>Additional guidance to support biodiversity related requirements including ecosystem services</li> <li>Additional guidance for GHG criteria</li> <li>Clarification of (environmental) requirements for new, existing and legacy sites</li> <li>Strengthening the health &amp; safety requirements</li> <li>Clarification of some social criteria (human rights and working conditions)</li> </ul>	<ul style="list-style-type: none"> <li>Clarification of terms in material accounting system</li> <li>Clarification of connection with Perf. Std Certification including how it applies to Post Casthouse Entities</li> <li>Market Credit system time limitation of 5 years too long (suggestion has been 2 years)</li> <li>Additional guidance for Due Diligence for eligible scrap</li> </ul>	<ul style="list-style-type: none"> <li>Clarification regarding applicability and compliance with Guide</li> <li>Additional examples of claims and suggested wording</li> <li>Clarification about verification of claims</li> <li>Expiration of claims</li> </ul>	<ul style="list-style-type: none"> <li>Additional examples and clarification of other activities such as forged products (for example)</li> </ul>

Perf. Std. & Guidance	CoC Std.	Claims Guide	Fact Sheet
<ul style="list-style-type: none"> <li>• Clarification of ‘Applicable Law’</li> <li>• General comments about removing ambiguity</li> </ul>			

- ASI Secretariat is finalising the compilation of the comments and will report full feedback to Committee.
- b. A recommended plan for Standards Committee and ASI Secretariat to respond to feedback was presented. The plan is for the ASI Secretariat to prepare a first response to all of the comments which the Standards Committee will review, discuss and agree on a way forward. The feedback will be grouped and reviewed as per the following schedule:
- ASI Assurance Manual – July meeting (this meeting) with feedback from Members over the pilot period.
  - Fact Sheet, the ASI Chain of Custody Standard (and Guidance) and Claims Guide – to be discussed at an unscheduled (new) teleconference proposed for Tuesday 29 August.
  - ASI Performance Standard (and Guidance) – to be discussed at the scheduled 13 September teleconference. Additional meetings, particularly to address the Performance Standard feedback were also proposed:
    - Tuesday 26 September 2017
    - Tuesday 10 October 2017

It was agreed to proceed with the proposed plan including the additional meeting dates. It was further noted that a request for an in person has already been tabled with the Board with acknowledgement of the limited resources in this calendar year.

It was also noted that no-go areas and protected areas will be discussed when reviewing the comments relating to the Performance Standard.

**Action:** ASI secretariat to send invitations for the additional teleconferences to review the public consultation feedback on Tuesday 29 August, Tuesday 26 September and Tuesday 10 October 2017.

- c. **Assurance Manual** –The updated ASI Assurance Manual (version 1, draft 6 – post consultation) incorporating public consultation feedback was presented and discussed. Feedback comments include:

Assurance Manual Feedback:	Changes in draft 6 of the Manual:	Discussion:
<ul style="list-style-type: none"> <li>• General feedback relating to the Assurance Platform.</li> </ul>	<ul style="list-style-type: none"> <li>• Section 3.3 Assurance Platform of the Assurance Manual updated to describe features and access to the ASI Assurance Platform elementAI</li> </ul>	<p>No further discussion. Changes accepted.</p>
<ul style="list-style-type: none"> <li>• Add “ISO 45001” at all points where OHSAS 18001:2007 is mentioned as OHSAS 18001:2007 will be replaced by ISO 45001 (planned for spring 2018)</li> <li>• Recognition of other GHG verifications including:           <ul style="list-style-type: none"> <li>• The Quebec SPEDE Standard</li> <li>• The EU ETS.</li> <li>• The BC Carbon Declaration Process</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Section 3.7 and Table 3:</li> <li>• Significant changes to table 3 based on feedback and recommendations from the Benchmarking &amp; Harmonisation Working Group</li> <li>• Acknowledge ISO 45001 and make allowance for other planned schemes</li> <li>• Direct cross reference specific ASI Criteria to the parallel scheme requirements</li> </ul>	<p>Note of a typo on page 22 of the ASI Chain of Custody Standard 7.1a (right hand column) should read ISO 37001 and not 27001.</p>

Assurance Manual Feedback:	Changes in draft 6 of the Manual:	Discussion:
<ul style="list-style-type: none"> <li>Can certified ISO9001 be considered for harmonisation with ASI Standards (Performance and CoC)?</li> </ul>	<ul style="list-style-type: none"> <li>Added weblink in Table for easy access to the parallel schemes</li> <li>Expected validation activities for auditors to verify harmonisation claims</li> <li>Other schemes such as the GHG related schemes to be discussed by the Benchmarking &amp; Harmonisation Working Group</li> </ul>	
<ul style="list-style-type: none"> <li>How to ensure that all material risks of an organisation are addressed when defining the scope?</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.2 includes cross reference to the Hot Spot issues in ASI's Monitoring &amp; Evaluation Plan and the concept of significant risks as described in the definition of Major Non-Conformances.</li> </ul>	<p>No further discussion. Changes accepted.</p>
<ul style="list-style-type: none"> <li>The recommended on-site time during audits is much higher than for e.g. SMETA audits.</li> </ul>	<ul style="list-style-type: none"> <li>Section 5.8 Table 11 has been modified to reflect timelines consistent with SMETA and revised IAF guidelines. Maturity Model</li> </ul>	<p>Clarified that over time all sites will be visited, though in any single audit only a sample of sites will be visited.</p>
<ul style="list-style-type: none"> <li>5.11 Sampling Techniques covers "sampling documentation and records, interviewing personnel and other stakeholders". Table 15 cannot be Minimum Sample Size for determining a representative selection of personnel, but only for records.</li> </ul>	<ul style="list-style-type: none"> <li>Section 5.811 Table 15. This is correct and the use of the table has been clarified.</li> <li>Inclusion of other guidelines added here to align with ISEAL and ISO17021 guidelines for sampling.</li> </ul>	<p>No further discussion. Changes accepted.</p>
<ul style="list-style-type: none"> <li>Clarification of the timelines to close corrective actions</li> </ul>	<ul style="list-style-type: none"> <li>Section 6.6 Corrective Action Plan and in Table 19:</li> <li>As a guide, timeline for the completion of corrective actions relating to:</li> <li>Minor Non-conformances should target completion within 18 months – 2 years</li> <li>Major Non-conformances should target completion within 6 months – 1 year.</li> </ul>	<p>No further discussion. Changes accepted.</p>
<ul style="list-style-type: none"> <li>How to avoid conflict of interests and enter credibility of audit outcomes? Suggest that Members pay ASI who in turn pay Auditors for the audit.</li> </ul>	<ul style="list-style-type: none"> <li>The commercial relationship will be between the ASI Member and the ASI Accredited Auditor. The ASI Secretariat will not be engaged or part of these commercial terms including payment for the audit service. This is consistent with other certification scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Discussion that the commercial relationship needs to be between the audit firm and the company to avoid ant-trust issues.</li> <li>Suggestion to review the potential for a 'fund' to be created to engage the auditors through ASI.</li> <li>It was noted that the draft of the ASI Oversight Mechanism as presented at the previous meeting continues and this includes the audit integrity and quality checks.</li> <li>Discussion on firm size versus potential for potential for corruption and reference to</li> </ul>

Assurance Manual Feedback:	Changes in draft 6 of the Manual:	Discussion:
		<p>some issues that other scheme have faced regarding poor audit quality control (e.g. PEFC issues in France). One suggestion was to include financial credit checks of audit firms applying for ASI accreditation.</p> <p><b>ACTION:</b> ASI to review alternative models to improve audit integrity that will not infringe on anti-trust and to learn from issue experienced by other certification schemes.</p>
<ul style="list-style-type: none"> <li>The auditor should also include consideration of degree of unionization at site when considering the number of individuals required for interviewing.</li> </ul>	<ul style="list-style-type: none"> <li>Section 8.7 - The issue of unionisation has been added for consideration when selecting personnel for interviews.</li> </ul>	<p>No further discussion. Changes accepted.</p>
<ul style="list-style-type: none"> <li>Specific control measures to ensure impartiality and audit quality control.</li> </ul>	<ul style="list-style-type: none"> <li>Section 10 – clarification of the ASI Oversight Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>The proposed changes were accepted.</li> <li>There was discussion regarding how maturity ratings apply in a certification audit versus on-going audits. The maturity rating is determined at the first certification audit and then is applied ahead, however, the auditor will take the information in the self-assessment in determining the audit scope for the certification audit.</li> </ul>
<ul style="list-style-type: none"> <li>Create common standard documents, including examples. Define the minimum documentation level.</li> </ul>	<ul style="list-style-type: none"> <li>Audit Report Templates and examples will be added to the Assurance Platform.</li> </ul>	<p>No further discussion. Changes accepted.</p>
<ul style="list-style-type: none"> <li>Clarity about Maturity Ratings and who performs these.</li> <li>Clarity on Risk Screening process</li> <li>Is the process designed to address the identified risks of the audit</li> </ul>	<ul style="list-style-type: none"> <li>Section 5 Maturity Model - Inclusion of diagrams used during the Pilot training where feedback indicated that these clarified many of the questions about the risk screening and Maturity Model.</li> <li>Also made reference to the Assurance Platform which has been designed to streamline the process.</li> <li>Minor change to clarify purpose of sampling and the need to verify that systems and processes are adequately designed and in place, and are effective.</li> </ul>	<ul style="list-style-type: none"> <li>The proposed changes were accepted</li> <li>There was discussion regarding how maturity ratings apply in a certification audit versus on-going audits. The maturity rating is determined at the first certification audit and then is applied ahead, however, the auditor will take the information in the self-assessment in determining the audit scope for the certification audit.</li> </ul>

- Other revisions in the draft Assurance Manual were presented and discussed:
  - New section 5.8.2 on Multi-site Organisation added to the draft Assurance Manual to provide guidance on the number of possible sites to include in the audit scope, was presented. A multi-site organisation is defined by the

Certification Scope where an Entity has an identified central head office (or functional office, or geographic headquarters, etc.) which controls or oversees the management of a network of sites or branches which carry out the Entity's activities. Examples of Multi-site Organisations include manufacturing companies with a network of manufacturing locations or Members with multiple bauxite mining sites or a Member with multiple outlets.

It was noted that the draft Assurance Manual also contains other factors when determining which sites to select. This includes guidance to ensure 'high risk' sites are included in the sample noting that the assurance process has other mechanisms to identify where these are missed (e.g. oversight mechanisms, response to stakeholder concerns, etc.)

- Section 5.10 was revised to clarify how far back auditors go to sample historical records as objective evidence.
- Section 6.4, table 19 was revised to clarify the role auditors play to check implementation, closure and effectiveness of corrective actions
- Other revisions included:
  - Additional examples to help Members prepare for audits
  - Additional examples to help conduct effective audits including interview techniques
  - Reference to ASI Registered Specialists
  - Discussion regarding use of separate auditors or an auditor for a gap analysis. Noted that use of auditors should be monitored carefully to ensure it doesn't create a future conflict of interest.
- It was agreed that the pilot program is a good opportunity to check these guidelines.

**Action:** *Committee members to provide feedback to ASI Secretariat about the revisions made in the draft Assurance Manual (version 1 draft 6) during the pilot period.*

#### 4. Working Group Update

- a. **Recycling and Material Stewardship Working Group** – Meeting held on 10/11 July to discuss:
  - The recycling and material stewardship -related program-level indicators in the draft ASI Monitoring & Evaluation Plan.
  - Preliminary comments from the public consultation relating to Performance Standard and Guidance relating to criteria 4, specifically:
    - criterion 4.1b on the term 'cradle to gate' vs 'cradle to grave'
    - comments about recycled content and recycling rates
    - clarity about the caveat in criterion 4.4
  - The Committee discussed the need to ensure the guidance is reviewed to clarify the differences between cradle to gate, cradle to grave and 'cradle to cradle' including how these are linked to being able to account for the GHG savings involved in recycling the product and what can be accounted for in a lifecycle assessment. This extends to issues of recycling and double counting in the aluminium circular economy.
  - The Committee also agreed that the guidance should clarify the position about recycling rates and recycled content.
- b. **Greenhouse Gas Working Group** – Meeting held on 11 July to discuss a plan to address the Working Groups Objective 1 "Address the implications of the COP21 agreement to review what a 1.5 degree and 2 degree GHG emissions trajectory would look like for the aluminium sector.". The Plan proposes three areas of study:
  - Understanding the climate impact of ASI compliant aluminium in detail

- Boost the positive impact of aluminium
  - understand Relevant Climate regulations
  - Discussions about the scope of the Plan and the resources to carry out the studies will continue at the next Working Group meeting with recommendations reported to the Standards Committee.
- c. **Environmental Impact Working Group** – Meetings held on 11 July and 18 July to discuss:
- Environment-related program-level indicators in the draft ASI Monitoring & Evaluation Plan.
  - Preliminary comments from the public consultation relating to Performance Standard and Guidance relating to criteria 2.5, 6, 7 and 8 including:
    - Clarification for application of criteria to existing, future and legacy sites
    - Comparison of mining requirements in ASI Performance Standard and the Initiative for Responsible Mining Assurance’s (IRMA) draft mining standard for mining operations
    - Expansion of guidance and cross referencing existing initiatives for:
      - quantified targets for air quality, water discharge quality and waste discharged in criteria 6.1, 6.2 and 6.5, respectively,
      - criterion 6.6c regarding discharge from bauxite residue areas
    - Implementation of definitions for ‘area of influence and associated facilities’
    - Clarification around intent of criterion 6.7c regarding SPL disposal methods
    - Revisit the discussion on biodiversity and ecosystem services
    - Clarity in criteria 8.4a&b regarding world heritage properties and possible expansion of criteria to cover other protected areas.

## 5. ASI Auditor Accreditation Processes

- a. **Update on ASI Auditor Accreditation** : The ASI Auditor Accreditation Procedure has been issued to interested auditors and audit firms registered with the Responsible Jewellery Council, APSCA and BetterCoal Initiative. Key points discussed include:
- Positive interest from Audit firms including participation at two auditor information webinars held on 28 June
  - Some audit firms withdrawing as they realize they don’t meet the criteria and will go down the registered specialist path.
  - Ongoing meetings with firms regarding the level of information required by ASI noting that information about the audit firms and individual auditors is required to cover the criteria in the Procedure. It was further noted that no one auditor will meet all the expertise requirements and thus it is expected audits will be conducted by teams.

## 6. AOB

- a. **No other business raised.**

## 7. Next Committee teleconference - Tuesday 29 August 2017