

ASI Standards Committee – Minutes – Teleconference

Date: 8 November 2017

Antitrust Statement:

Attendees are kindly reminded that 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 have extremely serious consequences for 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 in respect of all other ASI activities.

Participants:

Chair: Jostein Soreide (Norsk Hydro)

Committee Members: Bjoern Kulmann (Ball), Catherine Athenes (Constellium), Giulia Carbone (IUCN), Josef Schoen (Audi), Justin Furness (Council for Aluminium in Building), Justus Kammueeller (WWF), Roland Dubois (Rio Tinto Aluminium), Rosa Garcia Pineiro (Alcoa), Stefan Rohrmus (Schueco), Marcel van der Velden (Arconic), Marie-Josée Artist (VIDS - Association of Village Leaders, Suriname), Tom Maddox (Fauna and Flora International), Jerome Lucaes (Rusal).

Alternates: Nicole Funk as alternate for Karl Barth (BMW).

Proxies: Jean-Pierre Mean (Independent anti-corruption expert) – nominated Chair as proxy, Christophe Boussemart (Nespresso) – nominated Chair as proxy, Adam Lee (IndustriALL Global Union) – nominated Giulia Carbone (IUCN) as proxy.

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

Apologies: Annemarie Goedmakers (Chimbo Foundation), Brenda Pulley (Keep America Beautiful), Robeliza Halip (Tebtebba Foundation), Karl Barth (BMW), Neill Wilkins (Institute for Human Rights and Business, Phillipe Hunter (Verite).

Invited: None

Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting 25 October 2017 v2
3. Action 123 - Performance Standard Minor and Major Review Options 30 Oct 2017
4. Updated Log of Feedback and Comments from 2017 Public Consultation
5. ASI Performance Standard (Version 2, draft 3d WIP)
6. ASI Performance Standard Guidance (Version 1, draft 3d WIP)
7. Action 93 – Review of market credits and semi-fab 121017 Paper
8. Action 94 - Review of scheme claims 050917 Paper
9. Alternate Form [Word]
10. Proxy form for this meeting [Word]

Meeting objectives:

1. Adopt minutes of the previous meeting.
2. Discuss and resolve the terms of the Performance Standard review (i.e Minor vs Major).
3. Discuss and review the suggested revision to the ASI Performance Standard (Version 2, draft 3) and the Guidance (Version 1, draft 3) for Principle 7 (Water), Principle 8 (Biodiversity) based on the comments from the 2017 public consultation.

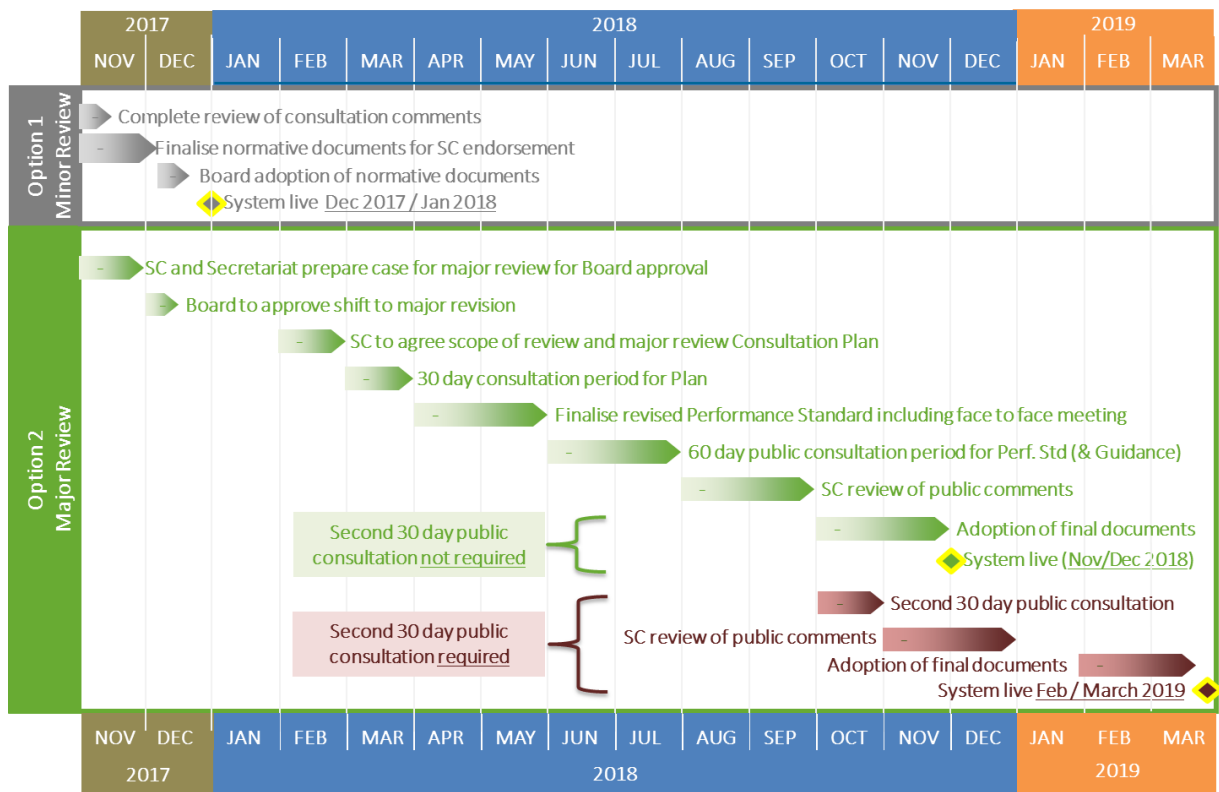
Items discussed:

1. Preliminaries

- a. Welcome and anti-trust reminder.
- b. Apologies and proxies received as noted.
- c. **RESOLUTION to accept minutes of previous teleconference meeting held on 25 October 2017 (version 2).**
- d. Review of Actions Log – see list at end of Agenda.
 - Action 123 regarding minor and major review of Performance Standard will be discussed in Agenda item 2a
 - Remaining key actions (Agenda item 3c and Action 122) to be covered at a future meeting

2. Standards Committee Update

- a. **Performance Standard Minor vs Major Revision** – At the Standards Committee teleconference on 25 October 2017, there was an agreed action to analyse the potential advantages and disadvantages, including risks and opportunities, to shift the current minor review of the Performance Standard to a major review.
 - The two main options that had been tabled for this analysis were included in the options paper:
 - Option 1 Proceed with Planned Minor Review – The Standard Committee continues with the minor revision scope and timelines as planned. Consideration can be given to signals, processes and timing re future work and company activities related to the identified topic/s.
 - Option 2 Convert to a Major Review – The Standard Committee recommends to the ASI Board that a major revision process be initiated that can consider the proposed change in the requirements for no go areas, and other major changes that may be considered important by other stakeholders. Background leading to the action to review the current review period was noted. This included:
 - Version 1 of the ASI Performance Standard was released in December 2014.
 - The 2016/2017 ASI work program (agreed by the ASI Board) included a minor review and re-issue of the Performance Standard as part of the development of the ASI certification program
 - The terms of the Performance Standard minor review, as set out in the ASI Standards 2017 Consultation Plan, specifically noted that “The process is NOT intended as a major revision of the broad intent or scope of the Standard’s performance requirements”
 - The ASI Standards 2017 Consultation Plan was first reviewed by the Standards Committee at the 8 February 2017 teleconference. Following some changes made as a result of the initial presentation and discussion, the Committee agreed the Plan at its teleconference held 22 February 2017.
 - The Plan was published for public consultation for a 30 day period in accordance with the ASI Standards Setting procedure (which follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards). There were no comments received about the Plan.
 - Draft 1 of Performance Standard V2 was circulated to committee for 8 Feb 2017 teleconference. A revised draft (1.1) was circulated and discussed at the Montreal meeting.
 - The points discussed in relation to biodiversity were clarification about ecosystem services and a discussion about legally protected areas, where it was agreed to not include them in the Performance Standard (V2), however an action item was taken to convene a Working Group on biodiversity for the next revision of the Standard.
 - A visualisation of the time frames for the two tabled options (minor review vs major review) was also presented:



- A third option had been raised by a Committee member via email prior to the call. This third option was summarised as:

Proceed with planned minor review with earlier major review and moratorium – The Standard Committee continues with the minor revision scope and timelines as planned but commits to holding the next major review by 2019 and places a moratorium on any mining activities in protected areas pending the results of the major review'*

**In this context, protected areas are defined as all World Heritage Sites, all IUCN protected areas categories I-VI, core areas of UNESCO biosphere reserves, and Ramsar*

- The first part of this option is consistent with Option 1 in that it aligns with the planned minor review. However, it was noted by the Secretariat that in line with ASI's governance structure, the placement of a 'moratorium' either needs to sit inside the Standard (as per the role of the Standards Committee) or be a rule for Members which is set by the Board.
- Other risks associated with the moratorium concept that would need to be fully explored included:
 - Anti-trust risk, in consideration of the potential for setting exclusionary requirements
 - Restricting the availability of ASI bauxite and by sequence ASI Alumina, and primary ASI Aluminium, and hence uptake of the ASI standards through the supply chain.
- It was also noted that there may also be risks and impacts to the program associated with having too early a review cycle in terms of Member uptake.
- It was noted that the ASI Board was meeting the following day on 9 November, had been briefed on the Standards Committee discussion, and were anticipating an outcome about the way forward.
- Key points raised in the Committee's discussion of the circulated options paper and other proposals included:

- Expansion of no-go areas is a major revision to the Standard. A proper process would be needed and the outcomes are not a foregone conclusion. There was general agreement that the shift to a major review was not appropriate.
- The process needs to involve experts on biodiversity and bauxite mining, along with appropriate consultation.
- A study identifying overlap of bauxite mines and reserves with protected areas, and potential impact of ASI actions on this issue, is required to inform the Committee before further deliberation of the topic.
- A suggestion for using a ‘cut-off’ date was put forward – for example, a mine built or expanded in 2019 could not be certified in anticipation of a future change to the Standard, in effect deciding in advance that such mining is ‘unsustainable’.
- Leaving the expansion of no-go areas unaddressed was seen by some CSO’s and downstream users as a weakness and that launching the Standard without a considerable change or relevant proposition on dealing with the issue would be a serious credibility risk.
- It was noted that bauxite mining by its nature regularly applies for expansion of its mining permits, for example every 2 years. Such a cut-off would encompass all relevant bauxite mining activities. Most bauxite reserves are understood to be in or adjacent to protected areas according to their geological distribution, and the study would shed further light on this.
- It was noted that for the automotive sector, mining issues - including the no-go areas issue now seen as critical - are becoming more important in the debate over electric vehicles, particularly with metals like lithium and cobalt, but aluminium will also be used in future cars. However a 100% solution that solves all issues is not required in the short term, as it is important that ASI progresses to its launch.
- It was noted that if the ASI Standard is too restrictive, no growth will be possible from responsible suppliers. However bauxite resources will still be extracted due to demand for the metal and the practices used for this would not be bound by any standards. It was agreed that if no bauxite supply was possible, then the ASI Standard would make no sense.
- Support was expressed for having a “decision cut-off date”, i.e. that by xxx date ASI will make a decision on how to proceed on protected areas in terms of process of research and consultation, and timing of the next major revision of the Performance Standard. Specific communications can accompany the launch of the ASI program that identifies the areas where work is continuing.
- More detail and clarification on the “cut-off” concept is still required. For example, it was proposed that a cut-off date could be used to define the time from which the yet-to-be determined decision on expanding no-go areas in the Standard would apply. Questions were raised as to whether it was a process cut-off, or eligibility cut-off such as changing rules for current participants and/or different rules for later entrants. One suggestion was that if for example the cut-off date that was agreed was 1 January 2017, and a review of the Standard in 2019 expanded no-go areas to include IUCN category I-IV areas, then a mine built in 2018 in such an area would not be able to be certified, or would be de-certified, as it would be an “existing” mine. Another suggestion was that the cut-off meant having a new criterion on this issue by the end of 2018.
- It was noted that the biodiversity issue is also very important to Indigenous peoples, and the Indigenous Peoples Advisory Forum (IPAF) would also expect to be able to consult on the matter with their networks.
- The Chair raised a procedural point that it was inconsistent from a governance perspective to treat one ‘major revision’ issue separately from other issues that may be brought forward under a wider scope. The minor revision process had revealed areas where further work through Working Groups will be conducted – including Biodiversity, GHGs, Human Rights, IPAF.

- However it was noted that the no-go issue was understood to be different in scope than any of these other issues, as it allowed no avenue for continuous improvement such as is possible for water targets, for example.
- It was noted that a moratorium-type ‘cut-off’ before the conclusions of further study and discussion was the incorrect sequence, and would present a credibility risk for ASI if moratorium approach was found to be unsound. However another perspective was that a moratorium provided a temporary halt while waiting for the outcome of the study. It was noted that under this approach, companies would not undertake any certification of mining operations because of the potential risk of eligibility change under the next revision.
- It was noted that criterion 8.4 has an ‘existing mines’ clause in relation to no-go in World Heritage Areas which would mean that existing operations would not necessarily be excluded. However it was noted that mining permits are renovated regularly (typically every two years), and the extension process enables new conditions to be applied in line with regulatory and community standards. Such extensions were considered to be an expansion that would probably not fit under the definition of an ‘existing mine’.
- It was noted that the 2018 ASI AGM in May will give Standards Committee members the opportunity to visit a bauxite mine operating in a protected area in Western Australia for more than 60 years.
- It was noted that the Convention on Biological Diversity is working on mining issues during 2018, and ASI can seek to engage with this process.
- The Chair noted that it is the Board’s role to decide the nature and timing of revision processes. A 5 year timeframe for the next revision is when the process must conclude, which means that the formal consultation process would need to commence in 3 years at the latest.
- A shorter review period, for example 3 years, would bring a major revision process forward.

In concluding the discussion of the options paper, it was RESOLVED to continue with the current minor review of the Performance Standard and that an action is raised for the Secretariat to work with the Committee on further options and future work plans (see action below).

***Action:** Secretariat to work with Committee members to draft a paper for Committee discussion on options/future work plans, and the process for discussing and deciding among the options, with an expectation that the process be agreed before the launch of the ASI program. One option would relate to the work plan for ‘Option 1’ in the options paper that was circulated for this meeting. The other ‘Option X’ needs to clarify:*

- *The cut-off date itself*
- *What is being “cut off”*
- *If it’s eligibility of mines for certification, if that applies to new vs expanding operations vs existing operations, and whether mines would be de-certified if the eligibility restriction took effect; plus a discussion of the potential limitations of availability of ASI material if this approach was taken*
- *If it’s a process cut-off, a timeline for discussion of no-go areas*
- *Proposed revision date of the Performance Standard.*

3. ASI Normative Documents and Public Consultation

- a. **Performance Standard and Guidance on 7 Water Stewardship** – Discussed and reviewed updates and comments related to Principle 7 Water (Stewardship) in the ASI Performance Standard (Version 2, draft 3d WIP) and Performance Standard Guidance (Version 1, draft 3d WIP):

Feedback:	Comments & Proposed changes:	Discussion Notes
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<p><i>Principle 7 Water & Criterion 7.2 Water Management</i></p> <ul style="list-style-type: none"> The term “water management” is reflective of past approaches – not emerging, contemporary approaches. Suggest changing. The term “water management” should be replaced with “water stewardship” (along with an increased scope). 	<p>Section heading and principle statement changed as follows:</p> <p>7 Water Stewardship</p> <p><i>Principle: The [Entity] shall consume withdraw, use and manage water responsibly to support the stewardship of global water resources.</i></p> <p>Reorganised Criteria sub-points as follows:</p> <ul style="list-style-type: none"> 7.1 a&b Water assessment 7.2 a&b Water management 7.3 Disclosure of water usage and risks. 	<p>Change accepted with the removal of the word ‘global’ from the Principle wording.</p> <p>ACTION: Secretariat to remove the word ‘global’ from the Principle and review the Guidance to note that availability of water resources can create impacts on small businesses, and to ensure there are examples of how small businesses can assess risks given their scale.</p>
<p><i>Principle 7 Water</i></p> <ul style="list-style-type: none"> Overall the water criteria are very weak and below business as usual expectations. A review of the standard should be undertaken to: <ul style="list-style-type: none"> Review ICMM guidance at a minimum Review AWS Standard for alignment Link water section to SDG6 (WASH, quality, balance, IWRM, ecosystems) 	<p>Have proposed some changes to the criterion wording for discussion by the Standards Committee, noting that external references such as WWF’s Water Risk Filter, Alliance for Water Stewardship – International Water Stewardship Standard, ISO 14046 on Environmental management -- Water footprint -- Principles, requirements and guidelines and (for mining), the ICMM Water Stewardship Framework, A practical Guide to Catchment Based Water Management are included in the Guidance (Chapter 7).</p>	<p>Change accepted as proposed.</p>
<p><i>Principle 7 Water</i></p> <ul style="list-style-type: none"> There is an opportunity to incorporate water stress and the recent ISO water footprinting guidance (14046) in next iteration and major review of the standard 	<p>Note for a future revision. In the meantime, we have added ISO 14046 as a reference in the Guidance and a reference to water stress as a potential contextual issue.</p> <ul style="list-style-type: none"> <i>The water risk assessment should take into account, and be proportional to, the relationship between water use intensity and water availability in the area. Water quality, issues or water stress or shared water challenges in catchments impacts may be an important issue in some contexts.</i> 	<p>Change accepted as proposed.</p>
<p><i>Principle 7 Water</i></p> <ul style="list-style-type: none"> Increasingly companies are relying on hydropower for the generation of green energy for the production of Aluminium. This is in itself a positive trend, however hydropower facilities have the potential to create significant negative impact on terrestrial waterways. Needs a criterion, especially if said dam is part of the operation. Suggest the following new criterion: “The [Entity] shall conduct a review using the Hydropower 	<p>This has been added to the Guidance for criterion 7.1b (new sub criterion) where hydropower is a part of the Entity's operations and/or identified as part of the water-related risks:</p> <ul style="list-style-type: none"> <i>Increasingly companies are relying on hydropower for the generation of green energy for aluminium production. For hydropower facilities that are part of the operations, the Hydropower Sustainability Assessment Protocol may be relevant.</i> 	<p>Change accepted as proposed.</p>

Feedback:	Comments & Proposed changes:	Discussion Notes
<p><i>Sustainability Assessment Protocol and implement appropriate measures.”</i></p>		
<p><i>Criterion 7.1 Water Assessment and reporting</i></p> <ul style="list-style-type: none"> • This paragraph is poorly worded and its intent is unclear. • Water mapping should be done source (and type of water – ground, surface, etc.); water risks should be identified and qualified (by risk type) and then identified as material based on context. Shared water challenges should also be noted and language be made more specific. Catchments is a more global term than “watershed”. 	<p>Have made edits to both the criterion and guidance for 7.1 to address this (first) concern.</p> <p>Have (also addressed second comment) - added 'by source and type' to criteria, also 'withdrawals' (and use). A reference to shared water challenges has been added to the Guidance.</p> <p>7.1 Water assessment and reporting. <i>The [Entity] shall:</i></p> <p>a. Identify and map and report <i>its water withdrawal and use by source and type.</i></p> <p>b. Assess and disclose <i>material water-related risks in Watershed[s] in the Entity’s Area of Influence].</i></p> <p>Note that reporting/disclosure in the original 7.1 has now included in its own criterion as 7.3 (to have a consistent flow as with other parts of the Standard):</p> <p>7.3 Disclosure of water usage and risks. <i>The Entity shall report water withdrawal and use and disclose material water-related risks.</i></p> <p>Watershed is defined as an interchangeable term with catchment.</p> <p>Watershed – <i>An area of land that drains all the streams and rainfall to a common outlet such as the outflow of a reservoir, mouth of a bay, or any point along a stream channel. The word watershed is sometimes used interchangeably with drainage basin or catchment. (Adapted from United States Geological Survey (USGS))</i></p>	<p>Change accepted as proposed.</p>
<p><i>Criterion 7.2 Water Management</i></p> <ul style="list-style-type: none"> • Suggest inclusion of context-based water targets. This is the emergent best practice and is being explored by mining companies, plus others. • Suggest new criterion: “The [Entity] shall <i>publish time-bound, context-based water target and implement a plan to achieve these targets. Targets shall be approved by the CBWT initiative.</i>” 	<p>Propose to amend the wording of 7.2 to include time-based targets in the water management plans.</p> <p>7.2 Water management. <i>The [Entity] shall:</i></p> <p>a. Implement water management plans, with time-bound targets for responsible water management that to <i>address material risks identified in criterion 7.1</i></p> <p>(b). and</p> <p>b. Monitor their effectiveness of the plans.</p> <p>Re CBWT, reference is now made to this emerging work in the Guidance (including a hyperlink to CDP Water web page on this topic).</p> <ul style="list-style-type: none"> ○ The planning process needs to identify time-bound targets for responsible water management that seek to achieve improvements in water efficiency, and where possible, reduction of water withdrawal and usage. ○ Emerging work on Context Based Water Targets, that aim to make use of the best available science, are informed by contextual social needs, and align with 	<p>Change accepted as proposed.</p> <p>It was noted that the CBWT work has now progressed to a pilot testing stage and that this would be noted in the comments log.</p>

Feedback:	Comments & Proposed changes:	Discussion Notes
	<p><u>local and global public policy objectives such as the Sustainable Development Goals, may also be of interest when develop plans and setting targets.</u></p> <p>However the current status (of CBWT) appears to be a paper published in April 2017 by WWF, CDP, UN CEO Mandate, WRI and Nature Conservancy so processes for 'approval' by the initiative seems unclear.</p>	

- At this time the meeting time ran over and discussion on the remaining Performance Standard comments, as well as discussion related to actions arising from previous Committee teleconferences, will continue at the next Committee teleconference.

4. AOB

- a. No other business.

5. Next Committee teleconferences:

- a. Next meeting:
 - *Potentially Wednesday 16 November 2017, although other dates will be explored to accommodate availability of Committee Members (for instance 23 November or 28 November or 29 November – **finalisation of public comments review and follow-up and review of actions from SC discussion (date to be established through a Doodle Poll)***
- b. Remaining meetings for currently scheduled for 2017:
 - *Tuesday 21 November 2017 – Target finalisation of normative documents for Board endorsement (and translation)*
 - *Wednesday 6 December 2017 – Work planning for 2018 including on Biodiversity and Human Rights Working Groups*