ASI Standards Committee – Minutes – Teleconference

Date: 21 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: Annemarie Goedmakers (Chimbo Foundation)
Committee Members: Marie-Josee Artist (VIDS - Association of Village Leaders, Suriname), Catherine Athenes (Constellium), Christophe Boussemart (Nespresso), Giulia Carbone (IUCN), Justin Furness (Council for Aluminium in Building), Justus Kammueller (WWF), Bjorn Kulmann (Ball), Adam Lee (IndustriALL Global Union), Jean-Pierre Mean (Independent anti-corruption expert), Rosa Garcia Pineiro (Alcoa), Josef Schoen (Audi), Jostein Soreide (Norsk Hydro), Marcel van der Velden (Arconic), Neill Wilkins (Institute for Human Rights and Business), Jerome Lucaes (Rusal).
Alternates: Nicole Funk – alternate for Karl Barth (BMW).
Proxies: Roland Dubois (Rio Tinto Aluminium) – nominated Jostein Soreide (Norsk Hydro) as proxy, Tom Maddox (Fauna and Flora International) – nominated Justus Kammueller (WWF) as proxy.
ASI Secretariat: Fiona Solomon, Sam Brumale, Krista West, Michelle Freesz
Apologies: Brenda Pulley (Keep America Beautiful), Stefan Rohrmus (Schueco), Robeliza Halip (Tebtebba Foundation), Philip Hunter (Verite).
Invited: None

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

As for all Standards Committee Teleconferences, the PowerPoint presentation slides were also circulated.

Meeting objectives:
1. Adopt minutes of the previous meeting.
2. Discuss and review the suggested revision to the ASI Performance Standard (Version 2, draft 3) and the Guidance (Version 1, draft 3) for Principle 8 (Biodiversity) based on the comments from the 2017 public consultation.
3. Review the actions arising from the previous Committee teleconferences in relation to the minor review process.
Items discussed:

1. Preliminaries
   a. Welcome.
   b. Apologies and proxies received as noted.
   c. **RESOLUTION** to accept minutes of previous teleconference meeting held on 8 November 2017 (version 2).
   d. Review of Actions Log – see item 3b. The Secretariat noted that several Committee members are progressing input on ‘Option X’ for the discussion paper on post-launch Workplans on biodiversity topics. The paper will be distributed prior to the next teleconference on 29 November 2017.

2. Standards Committee Update
   a. **ASI China Workshop** – Feedback of ASI Workshop held in Shanghai Monday 13 November 2017 was presented:
      • Purpose of the workshop was to provide an overview of ASI’s Standards and certification program to new and potential members in China
      • 22 people participated in plenary and small group discussions (with parallel Chinese language translations)
         o Local experience with standards and certification
         o How might be ASI be similar or different?
         o What kind of support would be useful from ASI?
      • Positive feedback with several non-member organisations indicating they are interested to join ASI in future
      • Key outcomes:
         o Reinforced importance of clear terms and glossary for translations and access to ASI information in local languages
         o Further workshops planned for 2018, post launch

3. ASI Normative Documents and Public Consultation

<table>
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<th>Feedback: Principle 8 Biodiversity</th>
<th>Comments &amp; Proposed changes:</th>
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| • ... ecological sustainability is the understanding of earth-systems and the essential services (a liveable and resilient planet for humanity) they provide. It is clear, and the science community is rapidly producing more and more detailed work on this, that some forms of human behaviour have detrimental effects on earth-systems, with potentially disastrous consequences. The emerging science (e.g. Rockstroem et al. “Planetary Boundaries”) is showing very clearly that in order to preserve the ecological conditions that will allow 9bn people to live on earth | Propose editing the Standard at the Principle level to accommodate these points. For example: **8 Biodiversity**
   
   Principle: The [Entity] shall manage its biodiversity impacts in accordance with the mitigation hierarchy to protect ecosystems, habitats and species. | • One member stated that the proposed change does not fully address the breadth of the comment raised regarding planetary boundaries. The term ‘maintain’ may be preferred to ‘protect’.
   • The option of adding reference to ‘planetary boundaries’ to the Principle was discussed.
   • However it was agreed that this was too complex an issue to be addressed with just the addition of the term, and possibly outside of the scope of the entity. It was agreed that discussion of the concept could also continue within the Biodiversity Working Group.  
   **ACTION:** The Secretariat will add information about the concept of ‘Planetary Boundaries’ to the Guidance.
   **ACTION:** The Secretariat will add the concept of ‘Planetary Boundaries’ into the draft Biodiversity Working Group’s Terms of Reference.

Response accepted with the above actions taken.
sustainably and in prosperity, human impacts have to remain inside certain ecological boundaries. Any certification scheme, business strategy or organization that calls itself sustainable must ultimately be designed to drive its relevant stakeholders to change practices in line with these boundaries.

- Inclusion of general statement acknowledging the “frame” within which the Aluminium industry operates: planetary boundaries. Inclusion of relevant targets into each of the impact areas (climate, water, emissions, waste, land-use, biodiversity) that are in line with the planetary boundaries.

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<td>• There is significant duplication within the ASI performance standard to the IRMA mining standard for mining operations.</td>
<td>A significant amount of work by many organisations has been invested in the development of the ASI Performance Standard under the IUCN standards setting process from 2012-2014. The ASI Performance Standard has mining-related criteria and guidance that are specific to bauxite mining, while the draft IRMA standard is more generic. The suggestion to remove all mining-related criteria would also put ASI in the position of not covering these important issues in the aluminium supply chain, until the IRMA standard is finalised - which is out of the control of ASI. However, when the IRMA standard is finalised and launched, ASI is committed to reviewing it for cross-recognition purposes. Indeed, the ASI Chain of Custody Standard has built in the architecture for direct recognition of other responsible mining standards. Under the Performance Standard, this analysis can be taken down to a criteria level as well.</td>
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<td>• The ASI standard however does not address the many and significant issues that can be associated with mining operations to any significant degree.</td>
<td>• It's anticipated that the IRMA Standard will indeed be a useful reference once completed. As it is still in draft form and undergoing modification/development, this can be reviewed in future for reference in the ASI Guidance / additional resources made available through elementAl (e.g. a recorded training module).</td>
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<td>• ResponsibleSteel and IRMA have recently (June 2017) announced a strategic partnership</td>
<td></td>
<td>Response accepted and no further changes suggested.</td>
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<td>• Also in regards to this, the ASI states on its website that it “is committed to harmonisation, collaboration and engagement with related schemes and initiatives.”</td>
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<td>• It is strongly suggested that by default all mining operations be certified under the IRMA standard to avoid the multiplication and duplication of mining standards.</td>
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<td>• Suggest removing all mining related criteria and referencing the IRMA standard in their place.</td>
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**Feedback:**

**Comments & Proposed changes:**

**Discussion Notes**

**Principle 8 Biodiversity**
- The general lack of reference to ecosystem services in the standard is surprising, as referring to biodiversity and ecosystem services is fairly standard practice in business-environment discussions. Focusing solely on biodiversity risks focusing solely on endangered species etc...

The importance of biodiversity is also defined by the benefits it provides to people, particularly rural people in areas of mines. Propose to quickly revisit the discussion on this topic, as it represents a major shortage in relation to best practice status quo.

This was a topic of significant discussion in the Montreal Standards Committee meeting, and it was agreed to not include ‘ecosystem services’ in the current minor revision process, noting that the concept is included for context in the Guidance. It was also agreed to establish a Biodiversity Working Group to work on this in preparation for a future revision.

A draft Terms of Reference for the Biodiversity & Ecosystems Services Working Group has been developed:

**Biodiversity and Ecosystems Working Group Terms of Reference (draft)**

**Scope**
- Define & establish requirements to manage biodiversity and ecosystem services related impacts for the aluminium supply chain
- Priority to be given to those supply chain activities with the highest potential impact to biodiversity values and ecosystem services.

**Objectives**
- To develop guidance to support implementation of the Biodiversity criteria in the Performance Standard
- To review existing Biodiversity related criteria and propose changes/additions to the Performance Standard regarding biodiversity and ecosystem services.

**For Consideration**
- New WG deals exclusively with the issues that are time-sensitive and need to be addressed before the next major review period (circa 2022)
- Include in scope the proposal to expand No Go Areas beyond World Heritage properties
- Alternative approach may be for new Working Group to deal exclusively with expansion of No Go Areas beyond World Heritage Sites

Membership/participation to be determined.

Response accepted and no further changes suggested.

- Action 122 in relation to the changes to criterion 8.1 from V1 to V2 was presented.

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<td>122</td>
<td>Secretariat to review previous minutes regarding the decision to remove ‘dependencies’ from the consultation draft of the V2 Performance Standard.</td>
<td>A sequence of events which led to the decision to remove ‘dependencies’ from the consultation draft of the V2 Performance Standard was presented as follows:</td>
<td>One member acknowledged that the term ‘dependencies’ in V1 may not have been clear, but stated that they would be happy to provide clarification of ‘impacts and dependencies’ as it relates to biodiversity and business practices. The member noted that ‘dependencies’ is a term commonly used by conservation organizations but may not be used more globally. The term should be added back to the Standard as the deletion is considered a ‘major change’, and a mistake by environmental CSOs. A definition of ‘dependencies’ should be added to the glossary.</td>
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**Version 1, December 2014:**

8.1 Biodiversity assessment. The Company shall assess the risk and materiality of the biodiversity impacts and dependencies from the land use and activities over which the company has direct management control or significant influence.

- No definition of ‘direct management control’ or ‘significant influence’ in the Standard.
• The draft indicators document stated that these terms “aligned with “areas of influence” as defined in IFC PS 1”
• Also comments as recorded in the Indicator workshop 6-9 July 2015 stated “Interchangeable use of ‘major’, ‘significant’, ‘material’ throughout the standard. Could benefit from using one word throughout (e.g. material) and defining what that word means at the start of the standard?”

**Version 2 draft 1 January 2017** (circulated to SC for 7 Feb 2017 teleconference discussion): 8.1 Biodiversity assessment. The Company **Entity** shall assess the risk and materiality of the biodiversity impacts and dependencies from the land use and activities over which the company has direct management or significant influence in the Entity’s Area of Influence.

• IFC definition of Area of Influence adopted and added to Glossary in the Performance Standard.

**Version 2, draft 1.1 March 2017** (circulated and discussed in Montreal)
8.1 Biodiversity assessment. The **Entity** shall assess the risk and materiality of the biodiversity impacts and dependencies from the land use and activities in the Entity’s Area of Influence.

• Introduced Ecosystem Services in response to a suggestion from CSO’s for its explicit inclusion
• nobody present understood the meaning of ‘dependencies’ with the term not referenced or defined in the Standard or in the draft indicators document
• The Montreal meeting minutes noted the agreement not to include Ecosystem Services and an action to establish a Biodiversity and Ecosystem Services Working Group to explore this and legally protected areas for the next revision.

**Version 2, public consultation draft May – June 2017** (approved for release by SC, as recorded in minutes 3 May 2017)
8.1 Biodiversity assessment. The **Entity** shall assess the risk and materiality of the impacts on biodiversity from the land use and activities in the **Entity’s Area of Influence**.

• As noted previously, the main comments for 8.1 relate to Ecosystem Services and ‘Area of Influence’.

**25 October 2017 Teleconference:**
• At the teleconference held on 25 October 2017 it was noted that the use of the term ‘dependencies’ in V1 was intended to refer to an analysis of ecosystem services as per the following reference (circulated after the meeting):
  
  https://www.cbd.int/business/info/bb.shtml
• The Chair reiterated that the Standards Committee discussed this topic at length at

• One member asked for clarification that the draft V2 version most recently circulated for public consultation did not have ‘dependencies’ included. It was confirmed that the draft V2 version circulated in the 2017 public consultation did not have the word ‘dependencies’ included in this criterion.
• One member noted that the draft V1 version of the Performance Standard circulated for public consultation in 2014 did have the term ‘dependencies’ included.
• Several members stated that the deletion of ‘dependencies’ was not discussed and not agreed upon. Several other members disagreed. It was noted that the term was presented as a strikethrough (as per at left) and discussed during the Ecosystem Services discussion during the Montreal meeting, and then the language agreed by the Committee for the consultation draft.
• Several members stated that adding ‘dependencies’ back in at this point undermines the decision-making and consultation processes to date.
• One member stated that not reinstating dependencies would be a ‘major change’ and thus not in line with other decisions the Committee has made. However it was noted that many editorial changes have been made to improve auditability and clarity of language (e.g. section 4 on Material Stewardship), which are within the scope of the minor revision process.
• One member suggested that perhaps the Committee could refer to the Convention on Biological Diversity in the Standard as a possible suggestion. Other members and the Secretariat stated that this is not a performance requirement that can be included in a Standard, though discussion of the Convention is included in the Guidance.
• One member stated that if a mistake was clerical in nature then indeed the Committee could move ahead with just putting it back, however, for a mistake that is substantive it is good practice to remedy the mistake and then follow through with the rest of the process which in this case would involve further public consultation. This viewpoint was supported by another Member.
• The Chair noted that there were members on both sides raising concerns about process — whether it was a ‘mistake’ that the Committee should correct, whether a decision had or had not been taken on the matter, whether further consultation would be necessary if the term was reinstated — with all wanting to abide by proper process. The Chair suggested that perhaps the Committee could seek guidance from the Board on process.
• The Secretariat proposed that the Committee first define the term
The review of comments from the public consultation then resumed.

### Area of Influence - Criterion & Guidance for 7.1 Water Assessment, Criterion 8.1 Biodiversity Assessment, Criterion 9.5 Cultural and Sacred Heritage, and Glossary definition:

- Inclusion of “area of influence” materially increases the scope of the criteria. It is also problematic to apply to existing operations. Suggest do not include ‘area of influence’ terminology.
- Inclusion of [in the Entity’s Area of Influence] constitutes a major revision to the standard, beyond the scope of the current review exercise. Better to have this discussion during the next major review round. Inclusion also raises questions on other criteria beyond the Entity – e.g. electricity supply, governance and human rights etc.
- Concept “Area of Influence” seems at odds with the concept of an “Entity” that receives ASI certification.
- The notion of “area of influence” is very tricky. Suggest modifying.

The intent of ‘area of influence’ is to better define the scope. In the case of water, a watershed may extend well beyond the Entity’s ‘area of influence’ so the criterion as worded aims to clarify that the Entity can act where it does have influence, not where it doesn’t. It is not assigning control to the Entity of areas/facilities etc. that it does not Control. It is for the purpose of assessing impacts and managing risks. Have added the following to the definition of ‘Area of Influence’ in the Glossary and also in relevant parts of the Guidance:

Notes:
- ‘Area of Influence’ is referenced in 7.1 (Water Stewardship), 8.1 (Biodiversity) and 9.5 (Cultural and Sacred Heritage), in relation to the Entity assessing impacts and managing risks in these areas for a given Certification Scope.
- Some activities and related impacts/risks in an Area of Influence may not be under the Control of the Entity. However where required by these criteria, these impacts and risks shall still be assessed by the Entity and, wherever practicable, mitigation measures and/or controls should be put in place.
- Associated facilities which are part of an Entity’s Area of Influence but not under the Entity’s Control are not part of the Certification Scope. In other words, the activities and related impacts/risks of associated facilities which are not under the Entity’s Control are not factored into determining the Entity’s conformance.

The intent of defining the term ‘Area of Influence’ is to better define the criteria’s scope.
- In the case of water, a watershed may extend well beyond the Entity’s ‘area of influence’ so the criterion as worded aims to clarify that the Entity can act where it does have influence, not where it doesn’t.
- It is not assigning control to the Entity of areas/facilities etc. that it does not Control (i.e. ownership or executive management).
- The term is used for the purpose of assessing risks and managing risks/impacts where practicable.
- Associated facilities which are part of an Entity’s Area of Influence but not under

### Discussion Notes

- One member acknowledged that the additions address the concerns originally raised about the area of influence concept.
- One member stated that the proposed wording changes the scope of the criteria. However other members responded that it simply clarified the scope of what an entity is required to do in order to achieve and maintain certification.
- The Secretariat clarified that if an associated facility is within the management control of the entity then the facility would be included in the scope of the audit. However auditors can’t audit a facility outside of the entity’s control or unrelated to the entity, or hold a company accountable under ASI certification for the actions of another organisation that it has no control over.
- One member noted that companies should not be able to outsource critical functions as a way to avoid responsibilities under a standard or certification scheme. Auditors can audit what an organisation has done to make sure sub-contractors, for example, abide by the organisation’s policy/ies.
- This was confirmed by the Secretariat. The criteria clearly sets out that the entity must assess risks and mitigate impacts where they have influence: so they must act where they do have influence.

Response accepted and no further changes suggested.
the Entity’s Control are not part of the Certification Scope.
So, the actual activities and related impacts/risks of associated facilities which are not under the Entity’s Control (and therefore not part of the Certification Scope), are not factored into determining the Entity’s conformance.

• Further response from ASI Secretariat to concerns raised by commenters:
  • That it expands the scope: however the intention is exactly the opposite. It aims to introduce a common term that is relevant to the identified areas (water, biodiversity, cultural heritage) where scope may be ambiguous and/or contested. This supports consistency of auditor interpretation and audit outcomes.
  • Minor vs major revision: minor revision includes clarification of issues like scope of application. Without the clarification, the application issue remains unaddressed. Its addition is not seen as a major revision given the ambiguity in version 1 and strengthens the auditability of criteria.
  • The definition for ‘Area of Influence’ is drawn from the IFC Performance Standards and is a concept that has been applied extensively in IFC audits since at least 2006.
  • ASI is aware of at least one current member that is audited against the IFC framework as part of additional finance for an existing operation. The concept has not proved problematic.

Example – use in Water criteria:
• Without some kind of qualifier such as ‘Area of Influence’, the application of 7.1(b) is unconstrained and determined by the definition of ‘Watershed’.

• Glossary definition:

  **Watershed** – 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))

• Current criteria wording:
  7.1(b) **Assess** material water-related risks in Watershed(s in the Entity’s Area of Influence).

• Note the focus of 7.1(b) is only on assessing water-related risks and tying this back to where the Entity has some influence and not more broadly.

For Standards Committee:
1. **Proposed response for discussion and feedback today.**
2. For those who continue to oppose or have concerns about the ‘Area of Influence’ term, request that:
  a. Further reflection on points raised –
8. Criterion for achieving these.

mitigation hierarchy to the application of the biodiversity objectives, and committing to no net loss of biodiversity management.

consider specifically ASI members should considered industry good practice in relation to biodiversity management.

ASL members should consider specifically committing to no net loss of biodiversity objectives, and the application of the mitigation hierarchy to achieve these.

Criteria for 8.2 Biodiversity Management

The Key-Biodiversity Area (KBA) approach is gaining importance in terms of best practice approaches. Based on the still ongoing discussion around strategies and implementation, specific guidelines for operations that have impact on KBAs could be added to the ASI standards. These guidelines (still being discussed) include:

- Implement pre-project conservation actions...

Reference to net loss has been added to the Guidance for criterion 8.2 as follows:

Documented action plans to mitigate material biodiversity impacts should and establish time-bound targets to result in no net loss and ideally deliver biodiversity benefits. No net loss is where impacts on biodiversity are balanced by measures taken to avoid and minimize the impacts, implement site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale.

A number of these points have been integrated into the Guidance for criterion 8.2, where the mitigation hierarchy etc. is referenced. "Time-bound targets" has also been added to the criterion, to align with the approach for water and GHG.

a. The [Entity] shall implement and monitor a Biodiversity Action Plan with time-bound targets to address material impacts identified through Criterion 8.1 [and monitor its effectiveness].

Additional Guidance includes:

- Avoid impacts by designing or modifying an existing or proposed operation in order to prevent a potential biodiversity impact. For example, where feasible, this could include not proceeding with project development as proposed, or perhaps relocating the project to already...

**Principle 8 Biodiversity**

"No net Loss" principle is considered industry good practice in relation to biodiversity management. ASL members should consider specifically committing to no net loss of biodiversity objectives, and the application of the mitigation hierarchy to achieve these.

**Criterion and Guidance for 8.2 Biodiversity Management**

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**Note that the of 'Area of Influence' in 7.1 (Water), 8.1 (Biodiversity) and 9.5 Cultural and Sacred Heritage is shown in table below**

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▪ Now relevant only to risk assessment. |
| 8.1 'The Company shall assess the risk and material of the biodiversity impacts and dependencies from the land use and activities over which the company has direct management control or significant influence.' | 8.1 'The Entity shall assess the risk and materiality of the impacts on biodiversity from the land use and activities in the Entity’s Area of Influence.' | ▪ Scope-related references 'direct management control or significant influence' now defined under a common term, 'Area of Influence'.  
▪ 'Significant influence' would otherwise need to be defined – introducing a new term, likely with the same concepts as 'Area of influence'?
| 9.5 'The Company, in consultation with affected communities, shall cooperatively identify sacred or cultural heritage sites and values within their area of influence …' | 9.5 'The Entity, in consultation with affected Communities, shall cooperatively identify sacred or cultural heritage sites and values within the Entity’s Area of Influence …' | ▪ Wording is identical, now with defined terms.  
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| 7.1 'The Company shall map, reports its own water use, and disclose material water-related risks in the watershed.' | 7.1 'Assess water-related risks in Watersheds in the Entity’s Area of Influence.' | ▪ Scope-related terms (Watershed, Area of Influence) are now defined.  
▪ Now relevant only to risk assessment. |
| 8.1 'The Company shall assess the risk and material of the biodiversity impacts and dependencies from the land use and activities over which the company has direct management control or significant influence.' | 8.1 'The Entity shall assess the risk and materiality of the impacts on biodiversity from the land use and activities in the Entity’s Area of Influence.' | ▪ Scope-related references 'direct management control or significant influence' now defined under a common term, 'Area of Influence'.  
▪ 'Significant influence' would otherwise need to be defined – introducing a new term, likely with the same concepts as 'Area of influence'?
| 9.5 'The Company, in consultation with affected communities, shall cooperatively identify sacred or cultural heritage sites and values within their area of influence …' | 9.5 'The Entity, in consultation with affected Communities, shall cooperatively identify sacred or cultural heritage sites and values within the Entity’s Area of Influence …' | ▪ Wording is identical, now with defined terms.  
▪ The Indigenous Peoples Advisory Forum (IPAF) have a strong expectation that this wording be retained from V1 to V2 and support the definition. |
- Priority to avoidance.
- Limits to impact restoration.
- Biodiversity impact monitoring.
- Financial security for the mitigation measures.

- A precautionary approach to ecological restoration should be applied, particularly when predicting restoration success as part of residual impact estimates.
- Wherever possible, offset gains should be achieved before impacts occur. If offset gains may take time to achieve, offsets should be initiated with dedicated financing before impacts occur.

Documented action plans to mitigate material biodiversity impacts and establish time-bound targets to should result in no net loss and ideally deliver biodiversity benefits. No net loss is where impacts on biodiversity are balanced by measures taken to avoid and minimize the impacts, implement site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale.

**Principle 8 Biodiversity and Criterion 8.4 Commitment to “No Go” in World Heritage properties**

- 8.4 a and b appear a little inconsistent. If b allows existing operation in World Heritage properties (under conditions), how can a exclude all exploration and mining in World Heritage properties. Is the intent for no new mining in World Heritage properties?

- It is important that the requirements of 8.4 allow for mining adjacent to a WHA and that the restrictions of the requirement don’t increase to include other protected areas criteria.

- This criterion should not be limited to bauxite mining

- It is also very important that the requirements of 8.4 are only applied to mining operations and not other aspects of aluminium production.

While this was the exact wording of the ICMM Mining and Protected Areas Position Statement (2003), 8.4(a) has now been clarified as proposed by the Environmental Impacts Working Group:

a. Not explore or develop new mines in World Heritage properties.

b. Take all possible steps to ensure that existing operations in World Heritage properties as well as existing and future operations adjacent to World Heritage properties are not incompatible with the outstanding universal value for which these properties are listed and do not put the integrity of these properties at risk.

This criteria is tied to the ICMM commitment on no-go in World Heritage Areas, so the intent was always to link it to mining – and so in ASI’s case, bauxite mining.

- One member asked about major expansions.

- The Secretariat clarified that new mines include major expansions (though not the ongoing permit expansions that are required annually or bi-annually in many jurisdictions) and this is in the Guidance Document.

Response accepted and no further changes suggested.

<table>
<thead>
<tr>
<th>Criterion 8.4 Commitment to “No Go” in World Heritage properties</th>
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<tr>
<td>* There are many other</td>
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8.4 on "no go" is an exact cut and paste from the ICMM Mining and Protected Areas Position Statement. However, we have included these aspects as key areas to

- One member asked if Indigenous Peoples and Communities Conservation Areas (ICCA) falls under the IUCN categories and whether this should be added to the suggested list in
areas that society and leading corporations consider “no go” for the development of industrial facilities and mines.

- Initiate discussion to expand the “no go” list to include the following:
  - IUCN category I-IV protected areas and marine protected areas I-V
  - World Heritage Sites & Nominated World Heritage Sites (natural&cultural)
  - Ramsar Sites (wetlands) 1
  - Core areas of UNESCO biosphere reserves
  - Areas where indigenous peoples live in (voluntary) isolation
  - High Conservation Value Areas (HCVA)
  - Key Biodiversity Areas

Defer to IRMA RMA Standard for Responsible Mining (Draft 2.0) Chapter 3.7 Protected Areas consider in biodiversity assessments under 8.1.

- The Integrated Biodiversity Assessment Tool (IBAT) is an example of a tool that can be used as a first step to identify the location of relevant key biodiversity areas. It is designed to facilitate access to up-to-date and accurate biodiversity information to support critical business decisions. It uses a central database for globally recognised biodiversity information including key biodiversity areas and legally protected areas. These include:
  - IUCN category I-IV protected areas and marine protected areas I-V
  - World Heritage Sites & Nominated World Heritage Sites
  - Ramsar Sites (wetlands)
  - Core areas of UNESCO biosphere reserves
  - High Conservation Value Areas (HCVA)
  - Key Biodiversity Areas

It’s anticipated that the IRMA Standard will indeed be a useful reference once completed. As it is still in draft form and undergoing modification/development, this can be reviewed in future for reference in the ASI Guidance / additional resources made available through elementAl (e.g. a recorded training module).

Also noted was that at the previous meeting, it was agreed to continue with the minor revision of the Performance Standard, and that a paper on future workplans to address biodiversity no-go areas to be discussed by the Committee at the next teleconference, 29 November 2017.

Criterion 8.5 Mine Rehabilitation

- The use of the term ‘best practice’ is problematic and difficult to define in a way that is applicable to all jurisdictions.
- “best practices” may be extremely expensive, and inappropriate depending on the situation: Also it is not consistent with the rest of the standard which is not about best practices
- “Best practices” difficult to define and not necessarily applicable to differing local situations (for bx mining such specificity is more pronounced than other points in the value chain).
- Exemplar practices and even best practices for

Criterion focus is on rehabilitation and criterion amended to:

8.5  [Mine rehabilitation. An Entity engaged in Bauxite Mining shall:
  a. Adopt best practice techniques for the rehabilitation of Rehabilitate environments disturbed or occupied by mining activities, using best available techniques to achieve outcomes agreed through participatory processes with key stakeholders in the mine closure planning process.
  b. Put in place financial provisions to ensure availability of adequate resources to meet rehabilitation and mine closure requirements.]
specific situations may be included in the guidance.

- Could tie to risk management, which will be locally specific.
- Replace ‘best practice’ with ‘techniques appropriate to achieve required outcomes’ or similar

- It was noted that the Standards Committee had completed the review of comments received during the public consultation period. All agreed actions will be reflected in the normative documents and the responses to the public comments would be published on the ASI website, as planned.

**Action**: Responses to public comments received during the public consultation to be published on the ASI website in accordance with the public consultation plan.

**b. Review of key actions arising from Committee discussion of public consultation comments:**

- Discussed and reviewed key actions arising from Standards Committee discussion about comments received from the public consultation. Given the time constraints, the actions circulated for presentation included those that:
  
  o resulted in a change to the wording in the Standard’s Principles or Criteria unless this was an agreed action from a previously discussed change (for example to remove the word ‘global’ from the change to Principle 7 Water)
  
  o requested specific feedback analysis from Secretariat including Action 93 (Review of market credits and semi-fabrication paper circulated in advance of this meeting), Action 94 (Review of scheme claims paper circulated in advance of this meeting)
  
  o required significant (for clarification) change to the Guidance documents

- Actions with responses presented during the teleconference:

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<th>Response / Changes:</th>
<th>Discussion Notes</th>
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| 93 | Secretariat to prepare a separate discussion paper on potential pros and cons of the proposal to allow Semi-Fabrication Entities to issue market credits, for Committee review | A paper was circulated to the Committee on 31 October 2017. This option had been considered by the Secretariat during the 2016 drafting stages for the CoC Standard but was not taken forward for Committee discussion due to the additional complexity and control risk it could introduce. Advantages of this option include:
  
  • Significantly more numbers and types of Entities could issue ASI Credits
  
  • Greater implementation of the ASI Credits model, potentially further supporting transitions to Mass Balance model by Post-Casthouse Entities (if ASI Credits are viewed as a transition enabler)
  
  Disadvantages include:
  
  • Following recent emails among the Committee, an example diagram was prepared to illustrate how integrated Casthouse with semi-fabrication operations could issue ASI Credits. It was confirmed that the example would also apply to extrusion mills as well as rolling mills and that the example will be included in the Guidance.
  
  • One member perceived that for semi-fabricators there is an imbalance between the Performance Standard, where semi-fabrication activities must apply the full Standard and not just the material stewardship section, and the CoC Standard, where they are ‘Post-Casthouse’ and cannot issue ASI Credits. This is seen as an inconsistency between the duties of certified companies and the potential benefits of the ASI program, as semi-fabrication is not included in the Market credit system. However the complexity of changing the current structure was acknowledged.
  
  • One member stated that companies who implement the full system may face negative unintended consequences due to the market credit system.
  
  • The Secretariat noted that impacts of all ASI Standards, including the credits scheme will be kept under review as part of the Monitoring and Evaluation of the the whole ASI certification program. | This Action Item is closed. |
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<tbody>
<tr>
<td>•</td>
<td>Works against Committee concerns that use of the ASI Credits model be restricted through appropriate controls</td>
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<td>•</td>
<td>Greater implementation of the ASI Credits model, potentially undermining transitions to Mass Balance model by Post-Casthouse Entities (if ASI Credits are viewed as a transition underminer)</td>
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<td>•</td>
<td>Works against the ‘choke point’ concept of Casthouses, common to both primary and recycled production</td>
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<td>•</td>
<td>Potential for confusion when both Casthouses and their direct customers (Semi-Fab, also included under Post-Casthouse) could issue ASI Credits – may see Credits issued twice</td>
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<td>•</td>
<td>Would require rework of the CoC Standard and Guidance in terms of conceptual frameworks, which would then either require further public consultation, pushing out the launch timeline, or be issued without consultative review, which brings risk of untested design and stakeholder backlash</td>
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Note that an Entity with Casthouse activities integrated with other semi-fabrication operations (e.g. rolling mill / extrusion plant) can already sell ASI Credits because the Casthouse is eligible to under the CoC Standard.

An example of how this might work for an integrated Entity with Casthouse and rolling mill selling ASI credits was illustrated. The facilities shown in the example (see below) are within the same Certification Scope and input/output quantities reconciled in Entity’s Material Accounting System. This example will be included in the CoC Standard Guidance.
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| 94 | Secretariat to research how other schemes approach claims on credits in relation to amounts / equivalency | A paper was circulated to the Committee on 31 October 2017. It notes that:  
- The ISEAL Sustainability Claims Good Practice Guide was a key reference for the development of the first drafts of the ASI Claims Guide  
- The Code notes that ‘Mass Balance’ (like ASI’s mass balance model) and ‘Certificate Trading’ (like ASI’s credits model) should have similar types of claims noting both are administrative (paper) systems (i.e. not segregation which means CoC and Non-CoC can be mixed)  
- The RSPO operates a range of different CoC models within its program, including identity preserved, segregated, mass balance, and book and claim. The RSPO Rules on Market Communications and Claims (2016) sets out the following for mass balance and book and claim (similar to ASI Credits).  
- The ASI Claims Guide has examples for CoC-type claims. All on-product claims (under the ASI Mass Balance Model) and all claims related to ASI Credits require approval by the ASI Secretariat.  
- Further it was presented that ASI Credits need a unit so that quantities can be reconciled in the Entity’s Material Accounting System (remembering that the ASI CoC mass balance model is administrative and not a segregation model)  
- Example of the types of claims that can be made under mass balance vs certificate trading was discussed. |  
- The Secretariat reiterated that both mass balance and book and claim type systems are both ‘paper systems’, not based on physical segregation – so mixing happens at all stages. ISEAL Guidance sets out that there is thus little difference between the types of claims that can be made. (A copy of the Guidance will be circulated with the minutes).  
- One member stated that in the RSPO certification scheme example, the major difference in claims seemed between market credits/book and claim and mass balance/segregation systems. The Secretariat noted that one of the reasons was that the RSPO ‘credits’ model was set up as a separate trading platform run under a different organisation structure. The ASI credits model does not allow trading. The ASI Claims Guide has followed the ISEAL Guidance on these matters.  
- Two members stated that claims are critical so that ASI members are motivated towards mass balance versus market credits.  
- The Secretariat noted that a unit is needed to communicate and reconcile the scale the credits, for example what is meant by 1 credit vs 500 credits.  
- One member suggested that members sourcing ASI credits be allowed to state simply “Entity XXX supports ASI”, without reporting the size/scale of credits purchases.  
- The meeting then closed with Committee members asked to provide other examples of potential claims concepts/wording examples for further discussion.  
This Action remains open until the 29 November 2017 meeting. |  
- The following actions were circulated as part of the presentation slides but were not able to be presented as the meeting time ran over. Committee Members will be asked to review and raise any that require further discussion at the next meeting, otherwise they will be taken as closed.  

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**ASI Standards Committee Minutes**

21 November 2017

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| 89 | Add clarification including a diagram to the Guidance, about internal and external recycling and recovery of Aluminium from dross. Note at the 13 September 2017, it was agreed to add a second example related to rolling foil or similar. | The following text has been added to the Guidance for CoC Standard Criterion 4.2a:  
- For the avoidance of doubt, 4.2(a) requires that the Material Accounting System of an Entity engaged in Aluminium Re-melting/Refining activities, includes quantities of Pre-Consumer Scrap designated as CoC Material sourced from another CoC Certified Entity and/or Aluminium recovered from Dross and/or treated Dross residues so long as the supplier of the aluminium recovered from the Dross (and/or treated Dross residue) has been subjected to a due diligence review by the Entity. Criterion 4.2(a) does not require that the Material Accounting System is used to record Aluminium from internally processed dross or dross residues, although the Entity may wish to do so. This is illustrated in Figure 10 which shows an example of a Semi-Fabricator with Remelting/Refining processes (e.g. dross presses, rotary furnaces, induction furnaces, etc.), as well as a Casthouse to produce block ingot that is rolled into can stock and aluminium foil for sale. As indicated in Figure 10, only streams A, B and F need to be included in the Entities Material Accounting System to conform to criterion 4.2a of the ASI Chain of Custody Standard. However, other internal streams may be included for internal accounting, inventory control purposes and waste management practices. |
| 107| Review criterion 6.5a in relation to the comments and the meaningfulness of an effective waste management strategy. | Edited as follows:  
6.5 Waste management and reporting.  
a. The [Entity] shall implement a waste management strategy that is designed in accordance with the Waste Mitigation Hierarchy.  
Additional Guidance added to support implementation of this criterion including revision to the Glossary. Guidance specifies that waste management strategy address the generation, storage, handling, treatment, transportation and disposal of waste. |
| 109| Secretariat to work with the Committee Members with smelting activities to review the proposed changes to the criteria in 6.7 with due consideration to the comments received. | Criterion 6.7 modified as follows:  
6.7 Spent Pot Lining (SPL). [An Entity engaged in Aluminium Smelting] shall:  
a. Store and manage SPL to prevent the release of SPL or leachate to the environment,  
b. Optimise processes for the recovery and recycling of carbon and refractory materials from SPL,  
c. Not landfill Untreated SPL where there is the potential for adverse environmental effects,  
d. Review at least annually alternative options to landfilling of [treated] SPL and/or stockpiling of SPL.  
Not discharge SPL to fresh water or marine or aquatic environments.  
Definition of Untreated SPL added to the Glossary:  
Untreated SPL: SPL that has not been treated, either fully or partially, to alter its reactive properties and to eliminate its hazardous properties. |
| 112| Review the suggested change related to Applicable Law in both 10.1a and 10.1b to allow | 10.1 has been reworded to reflect cases where applicable law curtails freedom of association and collective bargaining  
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| 116 | Review Criterion 10.7 to capture the additional risks associated with remuneration and include reference to relevant ILO convention(s). | The following revision has been made to criterion 10.7 Remuneration: **10.7 Remuneration**  
   a. The [Entity] shall: Respect the rights of [Workers] to a living wage and ensure that wages paid for a normal working week shall always meet at least a legal or industry minimum standard and shall be sufficient to meet the basic needs of [Workers] and to provide some discretionary income.  
   b. Make wage payments that are timely, in legal tender and fully documented.  
   Guidance includes references to relevant ILO conventions and information about how payments can be made. |
| 95  | Secretariat to discuss with Legal Committee mechanisms by which companies set aside financial assurance for mine closure, aside from what may be required by the host jurisdiction. | Input from the Legal Committee which could include input from, or introductions to, specialists in this area. Points raised included:  
   - Jurisdictions do differ on requirements. For example in Brazil, there is no requirement for separate funding or securities and resources are maintained in the corporate accounts. In Western Australia, the government has shifted from a bond model to an insurance model. Various models are used by governments to avoid bankruptcy etc. being used as a way to abandon mines and closure obligations. Canada and Australia were noted to have some of the more stringent regimes.  
   - Further, for bauxite mining, rehabilitation is usually done progressively which means that resources are spent during the operational life and not all locked away until the end of the mining stage. This could be usefully noted under the Guidance for this section.  
   - Should be clarified in the Guidance that ‘financial provisions’ does not necessarily have a prescriptive legal or accounting meaning, and that the key objective is that a company has the necessary means, reflected in some way in their corporate accounts, to meet their liabilities for closure.  
   The above recommended revisions to the Guidance have been made. |
| 96  | Review the proposed additional guidance for criterion 4.1b to ensure it promotes the importance of ‘cradle-to-grave’ for LCA assessments where information is available (not just ‘meet and exceed’) and ensure it is clear that the LCA needs to be qualified with the assumptions used. | The following has been added to Performance Standard Guidance for 4.1b:  
   *Where ‘cradle-to-grave’ information is available, this would meet and exceed this requirement and is encouraged by ASI members wherever possible to enable more informed decision-making regarding aluminium. A cradle-to-grave analysis could also include the environmental benefits resulting from the use stage and collection and recycling at end of life (see criterion 4.4), noting any assumptions. However, given the difficulty for upstream producers to track where metal goes, a cradle-to-gate analysis is often more feasible.* |
| 100 | Add examples to the Guidance to support the caveat for criterion 4.4 and review the above sentence and the link back to 4.1. | The following changes made to the Guidance for 4.4:  
   *Note: This criterion excludes aluminium-containing products where comparative Life Cycle Assessment demonstrates that material recycling is not the best option for the environment.*  
   - This can be determined through comparative LCAs which may draw on information the Entity has already determined under criterion 4.1a, or gathered from suppliers or the public domain as appropriate.  
   - Comparative LCAs need to be based on a full-life-cycle assessment and robustly prepared considering all major factors relating to inputs and impacts. The LCAs need to have a consistent basis for comparison, for example, relative CO₂ emissions using similar methodologies. Other factors may include the availability and recoverability of the aluminium in the waste products, and the resources and impacts of the recovery...
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| 103 | Basis for the 8 t CO₂eq per metric tonne incorporated into version 1 of the ASI Performance Standard to be recorded. | The following will be recorded in the minutes of this meeting and adapted for inclusion in the Performance Guidance Document Chapter 5:

The 8 t CO₂eq per metric tonne incorporated into the ASI Performance Standard was established after extensive discussion by the IUCN Standards Setting Group during the development of Version 1 of the Performance Standard. This level applies to aluminium smelting, and the discussion drew on data and expertise available at the time including the average GHG emissions intensity for the aluminium industry. The 8 t CO₂eq per metric tonne was ultimately a negotiated and agreed level aimed at a shared objective to drive reduction in greenhouse gas emissions over time from smelting operations. The discussions also introduced different time bound targets for existing and planned smelters signalling a transition period to achieve the target. |
| 104 | Secretariat to facilitate expansion of the GHG Working Group’s terms of reference to include guidance and methodologies to support Entities throughout the supply chain establish context based and meaningful GHG reduction targets, based on scientific rationale | As part of Objective 4 in the existing GHG WG Terms of Reference, the following scope will be added for the WG to action:

4. Develop guidance to support the implementation of the Performance Standard criteria:

5.1 - Disclosure and reporting of GHG emissions and energy use

5.2 - GHG emission reduction targets and initiatives – this will include guidance and methodologies to support Entities throughout the supply chain establish context based and meaningful GHG reduction targets, based on scientific rationale

5.3 & 5.4 - Methods for existing and new smelters to reduce GHG emissions to meet the 8 t CO₂eq/t Aluminium

The GHG WG will be asked on behalf of the SC, to develop an action plan with timelines and resources, (in the same way it is pursuing with Objective 1 in relation to COP21) to achieve the expanded scope for Objective 4. The work will be conducted in 2018. |
| 114 | Revise the suggested inclusion for criterion 10.5 to include cases where worker representatives do not exist, and confirm that there are examples of worker representatives in the Guidance. | The following has been added to the Guidance for 10.5:

Consider how to establish and use communication channels that ensure open communication with workers and their representatives (such as freely elected unions, delegates or spokespeople or others as nominated, where they exist), relating to working conditions, and any workplace and compensation issues. |
| 115 | Review the relevant criteria in the Standard to ensure that the basic rights afforded to Workers that are citizens of the country or State in which they work in explicitly cover Migrant Workers and that the particular risks faced by Migrant Workers are addressed in the Guidance. Expand the definition of Workers in the Glossary to specifically mention Migrant Workers. | The following definition has been added to the Glossary:

**Migrant Worker:** A person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national. (Adapted from the UN Convention on the Rights of Migrants)

The definition of ‘Worker’ was revised to acknowledge Migrant Workers:

**Workers:** Includes employees (individuals who have entered into or works under a contract of employment or a contract of service or apprenticeship, whether express or implied and whether oral or in writing, or as defined by Applicable Law); and contractors (an individual, company or other legal entity that carries out work or performs services pursuant to a contract for services). For the avoidance of doubt, Workers include Migrant Workers.

Further, the Guidance for 9.1 Human Rights Due Diligence and 10.4 Non-Discrimination include reference to Migrant Workers and there is direct reference to the Verite’ Fair hiring toolkit in the guidance for 10.4. |
| 119 | Remove the reference to ‘uncontrolled’ from the revision in 11.1d. | Revised Criterion 11.1d:

d. Include in the Policy that Workers have the right to understand the hazards and safe practices for their work, and the authority to refuse or stop unsafe or uncontrolled work. |
| 120 | Remove the first part of the suggested change in 11.2 and move it to the Guidance. | Revised Criterion 11.2:

**11.2 OH&S Management System.** The [Entity] shall assess and manage its occupational health and safety risks using have a documented Occupational Health and Safety...**
### Action Response / Changes:

Management System that is compliant conformat with applicable national and international standards. Guidance includes elements of an OHS management systems and the importance to address OHS related risks.

- **121** Make the following change to 11.4: “… with peers and best practices, where available, and strive to continuously improve.”

  Revised Criterion 11.4:

  **11.4 OH&S Performance**

  The [Entity] shall evaluate its [Occupational Health and Safety] performance using lagging and leading indicators, compare this with peers and best practices where available, and strive to continuously improve.

- **125** 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

  Revised Principle:

  Principle: The [Entity] shall consume withdraw, use and manage water responsibly to support the stewardship of global water resources.

  Added information and examples to Guidance including:

  - It is also important that Entities may both contribute to impacts from water related risks or be affected by these impacts, with the latter particularly relevant for smaller business.
    - The water risk assessment should also be commensurate with the size and nature of the Entity. Small businesses may have relatively minor impacts to water resources but be highly dependent on the supply and access to water appropriate resources (in terms of quality and quantity). In these cases, the ‘Area of influence’ becomes more important for small businesses as their ability to influence is often limited.
    - An example template of a water map or inventory with example entries for a small foundry business is shown

<table>
<thead>
<tr>
<th>Entity</th>
<th>Production Type</th>
<th>Water Use</th>
<th>Compliance &amp; Standards</th>
<th>Data Source</th>
<th>Description</th>
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</thead>
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<tr>
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<td>Water treatment</td>
<td>Compliance &amp; standards</td>
<td>Data source</td>
<td>Description</td>
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4. **AOB**

   a. No other business.

5. **Next Committee teleconferences:**

   a. Next meeting:
      - **Wednesday 29 November 2017:**
        - Close Action 94 regarding Claims Guide
        - Close Action 128 from this meeting regarding ‘dependencies’ definition and discuss whether to include ‘dependencies’ in criterion 8.1
        - Discuss any comments as requested in advance of the 29 November teleconference about the responses to actions that were not able to be discussed during the 21 November teleconference (as circulated in the related presentation slides).
        - Discuss and agree future Workplans (Action 124) for Biodiversity topics
        - Committee approval of ASI normative documents for Board adoption, following final legal review
   
   b. Remaining meetings for 2017:
      - **Wednesday 6 December 2017** – Work planning for 2018