ASI Standards Committee – Minutes – Teleconference

Date: 16 October 2018

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:

Co-Chairs: Jostein Soreide (Norsk Hydro).

Committee Members: Catherine Athenes (Constellium), Steven Bater (EGA), Annemarie Goedmakers (Chimbo Foundation), Justus Kammueller (WWF), Catherine Munger (Rio Tinto), Rosa Garcia Pineiro (Alcoa), Pamela Ravasio (European Outdoor Group), Kendyl Salcito (NomoGaia), Marcel van der Velden (Arconic), Rolf Varis (IGORA).

Proxy: Justus Kammueller (WWF) proxy for Stefan Rohrmus (Schueco) and Giulia Carbone (IUCN)

Alternate: Jerome Lucaes (Rusal) for Alexey Spirin

ASI Secretariat: Sam Brumale

Apologies: Marie-Josee Artist (VIDS - Association of Village Leaders, Suriname), Nicholas Barla (Odisha Indigenous Peoples Forum, India), Karl Barth (BMW), Christophe Boussemart (Nespresso), Giulia Carbone (IUCN), Justin Furness (Council for Aluminium in Building), Adam Lee (IndustriALL Global Union), Tom Maddox (Fauna and Flora International), Jean-Pierre Mean (Independent anti-corruption expert), Hugo Rainey (Wildlife Conservation Society), Stefan Rohrmus (Schueco), Alexey Spirin (Rusal), Fiona Solomon (ASI), Krista West (ASI), Neill Wilkins (Institute for Human Rights and Business)

Invited: None

Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting 21 August 2018 v2
3. ASI Auditor Competence and Assessment Procedure (V1, 18 September 2018)
4. ASI Independent Accreditation Review Panel Selection and Management Procedure (V1, 5 October 2018)
5. Draft ASI Monitoring and Evaluation Plan (V7, 27 August 2018)
6. Identifying HRIA in Practice (29 Aug 2018 prepared by NomoGaia)
7. Alternate Form [Word]
8. Proxy form for this meeting [Word]

Meeting objectives:
1.   Adopt minutes of the previous meeting.
2.   Update of activities since previous meeting including the Human Rights Working Group and Biodiversity & Ecosystem Services Working Group.
3.   Present and discuss the revised draft ASI Monitoring and Evaluation Plan (v7 27 August 2018).

Items discussed:

1. Preliminaries
   a. The Co-Chair opened the meeting and welcomed everyone.
   b. Apologies and proxies received were noted.
   c. The objectives and approach for the meeting were presented.
   d. RESOLVED to accept minutes of previous meeting held on 21 August 2018 (*version 2*).
   e. There were no open actions from previous meetings not already covered elsewhere in the meeting.

2. Standards Committee Update:
   a. Certification Update [For Information]:
      - The 8th audit report was recently submitted to ASI Secretariat for oversight assessment.
      - Four new certifications announced in September and October 2018:
        – AMAG (Performance Standard), September 2018
        – Audi (Performance Standard – Material Stewardship), October 2018
        – SIG Combibloc (Performance Standard – Material Stewardship), October 2018
        – SIG Combibloc (Chain of Custody), October 2018
      - Certification Report Oversight Assessments are working to identify process issues requiring some follow-up by auditors before certification can be issued by ASI:
        – Clarification of scope
        – Clarification of ASI training of auditors
        – Incomplete sections in elementAl (e.g. reasons for Not Applicable ratings, links to external reports) Work in elementAl is continuing on the Auditor Dashboard, with the aim to streamline audit reporting and processes, including early identification of issues being picked up during the oversight assessment.
      - Work in elementAl is continuing on the Auditor Dashboard, with the aim to streamline audit reporting and processes, including early identification of issues being picked up during the oversight assessments and lessons learned interviews (with members & Auditors).
      - TÜV Rheinland Cert GmbH has been approved as an ASI Accredited Audit firm. Details to be added into elementAl and to the ASI website.
      - This brings the geographic coverage to 65 countries around the world. Existing ASI geographic coverage includes most locations where bauxite mining takes place. Gaps where bauxite mining operations exist include part of Africa (e.g. Guinea), Middle East (e.g. Saudi Arabia) and Central & South America (e.g. Jamaica).

      Committee Discussion:
      - The ASI was asked how the areas with current gaps were being addressed. The Secretariat noted that interest was being received from existing and new audit firms and some included coverage in these areas, particularly for the Middle East.
      - The bauxite mining in Saudi Arabia was briefly discussed and noted to be around 4 million Tonnes per annum.

   b. Member and Auditor Training Update [For Information]:
      - Training Program:
        – Training recently held in Berlin (11 September for Auditors and 12 September for Members/companies) and in Melbourne (9 October for auditors)
        – Planned auditor & member training for remainder of 2018:

- Chicago: 24 October for Auditors and Members/companies (combined into one session due to limited uptake).
- Dubai: 14 November 2018
        - Development of training program for 2019 underway. One change proposed for 2019 is to expand the auditor training to two days.
- The ASI Auditor Competence and Assessment Procedure V1 was approved by the CEO in September 2018 and has been circulated for information. The procedure describes the requirements set by ASI, and the associated processes carried out by the ASI Secretariat, to ensure competent implementation of the ASI assurance system by Accredited Auditor personnel. Specifically, it:
    - Expands on the requirements defined in the ASI Auditor Accreditation Procedure
    - Explains the processes carried out by the ASI Secretariat, to ensure competent implementation of the ASI assurance system by Accredited Auditor personnel.
    - Includes the consequences for not meeting the set competencies
    - Describes the mechanisms for building competence, auditor calibration, and refresher training.

Committee Discussion:
- The importance of ensuring that auditors were all accredited and had successfully completed the mandatory training before the audits commenced was discussed. This information will eventually be incorporated into the audit planning feature in elementAl, so that an Individual Auditor can only participate if they had successfully completed all mandatory training. In the interim, Members are able to seek clarification from the ASI Secretariat about the training status of individual auditors.
- Where auditors have not passed, or found to breach the rules outlined in the ASI Auditor Competence and Assessment Procedure, auditors are barred or suspended from the audit firm's ASI Accreditation.

c. Independent Accreditation Review Panel Update [For Information]:
- The ASI Independent Accreditation Review Panel Selection and Management Procedure V1 was approved by the CEO in October 2018 and has been circulated for information. The Procedure:
    - Supports the ASI Oversight Mechanism, which was approved by the Board in August 2018.
    - Describes the requirements set by ASI for the selection of the Independent Accreditation Review Panel and the associated processes carried out by the Independent Accreditation Review Panel.
    - Aims to ensure that accreditation and certification processes and decisions in relation to awarding, maintaining, extending, reducing, suspending and/or withdrawing ASI Accreditations and ASI Certifications, are carried out in accordance with the ASI Assurance Manual, and related procedures.
- Next steps:
    - Potential candidates will be identified and tabled for the December 2018 Board meeting for approval to appoint.
    - The IPAF-related candidate will be discussed at the IPAF meeting in India in February 2018 before appointment by the Board.
    - Aim to begin the first IARP review in March 2019 for accreditation and certification decision during 2018.

Committee Discussion:

- One member asked how candidates for the panel will be identified. The ASI Secretariat clarified that the ASI Secretariat would provide a list for the Board, but that Committee Members are also able to nominate individuals.
- Another member asked whether there was a quota prescribing the make-up of the panel in terms of the existing ASI Membership classes (e.g. Civil Society, Production & Transformation, etc.). The Secretariat noted that the Procedure describes the technical skills and competencies required associated with accreditation and certification processes, as well as key risk areas in the aluminium supply chain, rather than defining the individual's background. Candidates may come from industry, government, civil societies, academia, etc so long as the technical competencies are met.
- The importance of independence and free from conflict of interest and bias was noted.

d. ISEAL Update [For Information]:

- An update from the ISEAL Secretariat was received on 18 September 2018 regarding ASI's ISEAL membership application and assessment against the 3 Codes of Good Practice (Standards Setting, Assurance and Impacts). Key outcomes:
  – Positive feedback on ASI's systems and processes, particularly for its early stage of development and size of organisation.
  – No barriers to compliance and confirmation that the ASI meets the necessary requirements for Associate Membership.
  – Application has now moved to the comment period from current ISEAL members on Aluminium Stewardship Initiative's adherence to the ISEAL Code of Ethics.
  – This final internal membership process is anticipated to take 2-3 months before the final outcome is announced

3. Standards Committee 2018 Work Program Update:
   a. ASI Monitoring and Evaluation Plan [For Information and action] – Draft 7 of ASI's Monitoring and Evaluation Plan, which incorporated suggested improvements from the Committee and arising from the ISEAL membership review process has been prepared and circulated for discussion.
   - The draft M&E Plan has been restructured to better communicate the process and includes
     – New visualisation of ASI's Theory of Change
     – Long-term goals (impacts) that have framed the development of the ASI Certification program since 2015
     – Short- and medium-term outcomes that ASI expects to see, as a result of ASI's strategies agreed with the ASI Board
     – Clear links to the UN Sustainable Development Goals (adopted September 2015)
     – Indicators are differentiated in accordance with the ISEAL data pyramid as follows:
       - Level 1 (monitoring): monitoring data from all certified entities through existing ASI processes
       - Level 2 (sampled monitoring): monitoring data from a sample of certified entities and stakeholders
       - Level 3 (in-depth evaluations): in-depth studies to support evaluation of outcomes
   - The draft M&E Plan indicates:
     – Areas for further discussion with Working Groups / Indigenous Peoples Advisory Forum (yellow highlights).

- Additional detail on potential case studies / outcome evaluations for discussion with Standards Committee (green highlights).
- The Committee was invited to openly discuss and provide comments/feedback about the revised draft M&E Plan (draft 7).

Committee Discussion:
- The aim is to finalise the M&E Plan by the end of March 2019 so that data can be collected and reported the following year.
- The Working Groups and the Committee to discuss the program indicators for appropriateness and relevance. This will be on the agenda at the next meetings for each.
- The GHG Working Group can look at emerging issues such as how the recent IPCC report on climate change may shift the focus to a 1.5-degree trajectory.
- Comments about the long-term goals and short/medium outcomes are welcome. One member suggested rephrasing the third long term goal to match the strength of the first two. Further comments about the M&E Plan are welcome from the Committee.
- The Secretariat will continue to seek input and feedback from the Working Groups and IPAF.

Action: *The Committee to provide feedback/ comments on the draft M&E Plan (draft 7) ahead of the next Standards Committee Meeting.*

b. **Human Rights Working Group Update [For Information] –** WG Activity since the previous meeting:
- Meeting held on 5 October 2018 (minutes previously shared with the Committee). At the meeting, Nomo Gaia presented guidance to support the implementation of ASI Performance Standard criterion 2.5 Impact Assessment regarding how to identify a legitimate Human Rights Impact Assessment. The presentation covered:
    - Human Rights Impact Assessment as a Part of Impact Assessment
    - Human Rights Impact Assessment and Human Rights Due Diligence
    - Essential Elements of a Human Rights Impact Assessment
    - Decision Flowchart for ASI Performance Standard 2.5
- The guidance was acknowledged as being very useful and key discussion included:
    - Incorporation of the guidance into auditor training and alignment with audit processes defined in the ASI Assurance Manual
    - Extent and quality of existing Human Rights Impact Assessments
    - Connection with environmental and other social factors
- The next steps include arranging webinars to a broader audience including Members and auditors

Committee Discussion:
- It was noted that list of rights holders does not clearly articulate the inclusion of job seekers from within the project area and that job-seekers from outside the areas should not be listed as rights holders where they introduce other complexities and risks.
- There was discussion about where the line is drawn for major versus minor. It was noted that the function of the information is guidance on how to conduct Human Rights Risk Assessments. However, the guidance also helps auditors determine the level of conformance, and in particular when non-conformities can be reported as minor non-conformance or elevated to a major non-conformance. It is recognized that auditor judgement based on objective evidence still is at play in the final decision and this is consistent with the processes in the Assurance Manual and common for all Guidance material.

- It was noted that the paper outlines drivers for improvement of practices by prioritising corrective actions based on the implementation of the 5 steps in the HRIA.
- Another question was how the proposed guidance aligned with IFC Performance Standard. It was noted that the 5 steps go further and describe how the IFC requirement can be implemented. It was noted that the paper will provide clarity on how the proposed HRIA guidance differs from the requirements of IFC.
- The guidance was acknowledged as being very useful and a starting point, and that the Working Group would continue to discuss how this will be applied.
- One member asked generally, how changes to the Guidance documents can be implemented and whether the Guidance documents can be revised and reissued with changes as they arise. The Secretariat noted that so long as the Standards were not being changed, that the Guidance documents can be revised and reissued. This is common as editorial errors are identified and as new references or guidance (such as the HRIA guidance) emerges. The Secretariat agreed that the Guidance documents, the Assurance Manual and the Claims Guide should be revised and reissued to accommodate editorial changes, the addition of new guidance and reference material to support the existing standards, and areas for clarification.
- NomoGaia was thanked for preparing and presenting the details outlined in the paper.

Action: The Human Rights Working Group to finalise the HRIA Guidance after clarifying the inclusion of job seekers from within the project area as rights holders, and the difference between the HRIA guidance and the IFC Performance Standards.
Action: The Secretariat to propose how the Guidance documents (and others) can be revised and reissued ahead of the next Standards revision cycle for the Standards.

- Other points covered at the recent Human Rights WG meeting noted and discussed by the Committee included the following:
    - The Secretariat noted for information that Human Rights Watch has prepared a report on mining in Guinea, "What do we get out of it" The Human Rights Impact of Bauxite in Guinea, now available via: https://www.hrw.org/report/2018/10/04/what-do-we-get-out-it/human-rights-impact-bauxite-mining-guinea . Comment was noted about the importance of a study in the region regarding impacts on biodiversity from bauxite mining. This is a current action with the Biodiversity & Ecosystem Services Working Group.
    - The UK and other countries including US, Canada, New Zealand and Australia, have agreed on principles for tackling modern slavery in supply chains. For further information see: https://www.gov.uk/government/news/uk-agrees-principles-for-tackling-modern-slavery-in-supply-chains
    - A company accused of environmental and human rights abuses in India has just de-listed from the London Stock Exchange. Information on the de-listing can be found here: https://economictimes.indiatimes.com/markets/stocks/news/vedanta-resources-gets-approval-to-delist-from-lse/articleshow/66029146.cms

c. **Biodiversity and Ecosystems Working Group Update [For Information]** – Activity since the previous meeting:
- Meeting held on 6 September 2018 (minutes previously shared with the Committee).
    - At the meeting, the Working Group mining industry members presented a proposal for future changes to the ASI Performance Standard and the Guidance, which covered:
        - Use a risk-based approach consistent with the nature of the industry

- Follow the mitigation hierarchy, favouring avoidance of impacts over mitigation
- Improved referencing of areas where bauxite mining will not take place
- Where relevant, to make support for these commitments publicly available and communicated to relevant stakeholders
- Promote and strengthen the progressive nature of bauxite rehabilitation.
  - Discussion points raised by the Working Group included:
    - General agreement that the proposed changes on progressive rehabilitation was seen as an improvement
    - Need for further work on the guidance to support the risk-based approach to biodiversity management. The Secretariat compared this with the Human Rights Impact Assessment Guidance that the Human Rights WG is currently preparing.
    - The proposal introduced the concept to respect legally protected areas but did not change the list of no-go areas to more than World Heritage Sites, and this was not seen to be adequate by several members of the Working Group.
    - Ongoing work is required and the mining industry members have agreed to review the feedback and revisit the proposal for discussion at the next meeting.
- The Biodiversity & Ecosystem WG meeting also noted the registration details of the IBAT (Integrated Biodiversity Assessment Tool) webinar hosted by Birdlife International via the following link: Wednesday 24th October, 4-5pm, Singapore time

Committee Discussion:
- It was noted by Committee members present at the Working Group that the WG agreed on the benefit to enhancing the biodiversity criteria and guidance as part of the next revision.
- One member asked whether the risk-based guidance would apply to just members with mining activities or all parts of the supply chain. The Secretariat responded that the biodiversity assessment criterion 8.1 applied to all parts of the supply chain so therefore the guidance can be used by all members.
- There was also discussion about the merits and constraints on the expanded defined no-go boundaries versus the risk-based approaches. It was noted that both methods should result in the same outcome in terms of biodiversity protection.
- It was noted that whilst the proposal put forward by industry, did include improvements in some aspects, it did not deal with the issues of expanding the "No Go" requirements in the Performance Standard.
- An alternate proposal will be prepared by the biodiversity civil society members of the working group after the industry members of the working group review and revisit the proposal for discussion at the next WG meeting.
- One member acknowledged the value in attending the webinar and the usefulness of the IBAT tool when implementing the biodiversity criteria in the Performance Standard.

d. **Greenhouse Gas Working Group Update [For Information] –** Activity since the previous meeting:
- Initial meeting and follow-up correspondence with WWF and WRI regarding science based targets sectorial development framework project for the aluminium industry.
- Further information about the WRI/WWF project and alignment with the GHG WG to be discussed. WWF/WRI contacts have been invited to the ASI GHG WG.

4. AOB, and closing remarks
   - One member asked about the status of the Biodiversity & Ecosystem Services WG action for Secretariat to prepare potential timelines for future revision processes. The Secretariat noted that the matters pertaining to the revision cycle timeline was on the agenda for discussion at the next Board meeting in October as part of the ASI Strategy. Feedback from the Board meeting as it relates to the revision cycle will be provided to the Committee.
   - The Secretariat and the Committee also formally thanked Pamela Ravasio for her contribution on the Committee. The Secretariat will circulate out information about process for filling the Industrial Users vacancy on the Committee.
   - No other business was raised.

   Action: The Secretariat to arrange process for filling the Industrial User vacancy.

5. **Next Committee teleconference** – *4 December 2018* with continue focus on the revised draft M&E Plan, and programme for 2019 (with meeting dates).