ASI Standards Committee – Minutes – In-Person

Date: 7 June 2019

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) and Annemarie Goedmakers (Chimbo Foundation).

Committee Members: Alexey Spirin (Rusal), Catherine Athenes (Constellium), Catherine Munger (Rio Tinto), Christophe Boussemart (Nespresso), Giulia Carbone (IUCN), Jean-Pierre Mean (Independent anti-corruption expert), Justus Kammueller (WWF), Kendyl Salcito (NomoGaia), Marcel van der Velden (Arconic), Neill Wilkins (Institute for Human Rights and Business), Nicholas Barla (Odisha Indigenous Peoples Forum, India), Rolf Varis (IGORA), Stefan Rohrmus (Schueco), Steven Bater (EGA), Tina Björnestål (Tetra Pak).

ASI Secretariat: Sam Brumale, Fiona Solomon, Krista West, Marieke van der Mijn.

Apologies: Hugo Rainey (Wildlife Conservation Society), Justin Furness (Council for Aluminium in Building), Karl Barth (BMW), Marie-Josee Artist (VIDS - Association of Village Leaders, Suriname), Rosa Garcia Pineiro (Norsk Hydro), Tom Maddox (Fauna and Flora International).

Alternates / Proxies: Andrew Grigg (Alcoa) alterative for Rosa Garcia Pineiro (Norsk Hydro), Heather Rose (WIK Aurukun Australia) for Marie-Josee Artist (VIDS - Association of Village Leaders, Suriname), Janne Patak (BMW) for Karl Barth (BMW), Samir Whitaker for Tom Maddox (Fauna and Flora International).

Invited: Patrick Brading (Hydro), Nicole Jankowski (AMAG), Marcus Moreno (CBA), Mark Annandale (University of Sunshine Coast), Miles Prosser (Australian Aluminium Council), Penda Diallo (University of Exeter).

Documents circulated:

1. Meeting Agenda (including Meeting Action Log)
2. Minutes of previous meeting 9 April 2019 v1
3. Summary of Post 2017 Launch Log of Suggestions and Comments 23 May 2019 [Excel]
4. Alternate Form [Word]
5. Proxy form for this meeting [Word]
6. PowerPoint presentation slides

Meeting objectives:

1. Adopt minutes of the previous meeting.
2. Finalise Standards Committee Terms of Reference for ASI Governance Review.
3. Presentation and update for each Working Group.
4. Begin planning for the 2020 Standards Revision Cycle.

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. <u>RESOLVED</u> to accept minutes of previous meeting held on 9 April 2019 (*version 2*).
   e. One open action from previous meetings
      - Action 146: *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*.
        – Action to be incorporated into the *ASI Communications Procedure for Changes to ASI Documents* currently being drafted as part of a follow-up actions identified through the ISEAL review process.

   <u>Committee Discussion:</u>
   - None.

2. **Standards Committee**
   a. **Standards Committee Terms of Reference** (section 11a from [Governance Handbook](#)) was presented for final discussion and review in advance of the ASI Governance Review (as set out in the Constitution) underway in CY 2019.
      - The Standards Committee Terms of Reference (section 11a from [Governance Handbook](#)) are part of the ASI:
        – *Approve new and revised ASI standards and related normative documents for assurance, for adoption by the ASI Board as a By-Law based on good process having been followed and review of any material risks*
        – *Provide regular updates to the ASI Board during active standards setting periods, to enhance the early identification of any material risks to ASI which need to be addressed*
        – *Provide guidance on the consultation and engagement of stakeholders during standards development activities*
        – *Recommend that ASI convene working groups or forums on specific standards-related issues, so as to inform the development of guidance or standards development activities*
        – *Review and make recommendations to the Board on the design, implementation and continuous improvement of ASI Certification*
        – *Review and make recommendations on allowed claims relating to ASI certification and recommend courses of action to prevent misrepresentative claims*
        – *Review and make recommendations on ASI's monitoring and evaluation of impacts, including the ASI Theory of Change*
        – *Provide guidance relating to the quality and impartiality of ASI's certification and auditor accreditation activities*
        – *Conduct, with the support of the ASI Secretariat, and/or a person engaged by the ASI Secretariat, an annual review of the impartiality of the decision-making processes relating to ASI Certification.*
      - Committee Members invited to comment and provide feedback on the Standards Committee Terms of Reference, such as clarification or suggestions for change.

Committee Discussion:
- None.

b. **Governance and Culture –**An overview of the expected governance and culture including mechanisms for reaching consensus for the Standards Committee was presented.

- Wherever possible, ASI decisions should be made by consensus. Consensus is defined as general agreement, through (i) positive indication of acceptance of the proposed decision; or (ii) the absence of sustained opposition to the proposed decision by any one or more participants. Thus, consensus can be achieved even where there is not unanimity.
- Participants in the ASI Board, Committees and Working Groups should attempt to reach consensus using a process which takes participants' views into account and reconciles any conflicting arguments. This process should:
    – Ensure all participants in a proposed decision are invited to express their views (in ASI, this includes public consultation processes).
    – Allocate sufficient time to discuss and debate decisions.
    – Allow additional time and/or information to be requested to help facilitate a consensus outcome.
- ASI does have procedures for voting in the absence of consensus. This may be where
    – a decision is time sensitive, and/or
    – differences will or may not be resolved by allowing further time and/or information than has already been given during the consensus-building process, and/or
    – there has been insufficient participation in the consensus-building process to determine whether a broad consensus exists.
- Consensus-building is still the priority. For example, on the biodiversity issues, the Board has indicated it would like to see the Working Group and Standards Committee take the necessary time to work towards consensus.
- The Committee then participated in a Governance *Code of Conduct* exercise, which aimed to identify the important aspects associated with expected Code of Conduct for ASI meeting and Standards development. The exercise
    – It was agreed that a code of conduct should be developed for inclusion in the revised ASI Governance Handbook.
    – The exercise also highlighted to role Committee members have in terms of representing their own organisation as well as the interest of ASI, in a similar way to Directors on the ASI Board
    – Outcomes captured from the exercise will be used to develop a code of conduct for inclusion in the revised version of the ASI Governance Handbook.

Action: Outcomes from the exercise to inform a code of conduct and role of Committee members for inclusion in the revised version of the ASI Governance Handbook.

3. **Working Group Updates** - Representatives from each Working Group (Standards Committee and Working Group members) presented a status briefing with particular focus on progress to date and current status, issues and challenges and the next steps.
    a. **Biodiversity and Ecosystem Services Working Group (BESWG)**

- Progress and current status:
  - 3 Meetings 31 January 2019, 14 February 2019 & 8 May 2019
  - Constructive discussion with acknowledgement from participants about work to date
  - Revised proposal from the mining members of the WG to review the biodiversity protected areas-related requirements in the Performance Standard (and supporting Guidance was presented. No-go was expanded to cover IUCN I-III
  - CSO members IUCN/WWF/FFI/WCS have provided a response and amendment to the proposal prepared by the mining members. CSO proposal covered expanded section on protected areas and ecosystem services noting brief for the mining members was just about protected areas (IUCN I-VI, areas where indigenous people live in (voluntary) isolation)
  - Discussion about comparison with other standards on scope of no-go for mining activities (e.g. ResponsibleSteel and IRMA)
  - Revised proposal was welcomed and there was acknowledgement of the changes proposed
  - Feedback and further comment on the proposal was invited. Nothing has been received at this stage
  - An alternative proposal is being prepared by the CSO members of the WG for presentation at a future meeting
  - Some WG members also proposed the review of the Chain of Custody Standard include biodiversity aspects to be part of the responsible sourcing due diligence requirements.
  - Ongoing sharing of information
  - One open action in relation to impact study in Guinea Bissau & Guinea from bauxite mining.
- Issues and challenges:
  - Scope of protected areas as no-go
  - Clarification about terms, supporting guidance, balance between what and how
  - Third party mediation of future in person meeting (September)
- Next steps:
  - Comments about both proposals welcome
  - IPAF Key Principles discussion to be covered at the next BESWG meeting.

Committee Discussion:
- Several members acknowledged the progress that has been made particularly through the in person informal meetings during the AGM week.
- One member expressed the importance of setting standards that protect biodiversity based on science with consideration about the views of Indigenous Peoples in the region, and that a goal of no loss of biodiversity should be set to avoid credibility risks for ASI and to support ASI' values. An example of credibility risk was highlighted in regard to a mine in Ghana that recently started production with poor biodiversity controls (https://www.birdlife.org/worldwide/news/ghanas-atewa-forest-under-threat-mining-devastatio).

- Another member noted that the Ghana example would not achieve ASI certification under the current standard and that expanding the No-Go to include IUCN categories I-IV would not prevent such a mine from operating.
- A general discussion noted that examples of good and responsible practice was needed and for the BESWG to then work on how to achieve this through proposed changes to the Standard and the Guidance. This would more clearly differentiate responsible (certified) sites from those that aren't.
- One member sought clarification about IUCN categories I-III versus I-VI and whether the order was important.   It was noted that the list is not a ranking of importance but of different management objectives for each category.
- One member stated that it is clear from the AGM weeks meetings that to act on climate change is imperative for the industry. However, the member believed that the same awareness and commitment needs to be applied to global biodiversity impacts.
- One member brought attention to the Principles brought forward by IPAF and that mining and biodiversity values aren't necessarily mutually exclusive.
- It was noted that work was still required to bridge the differences between the goal of the environment CSO and industry mining members
- The Secretariat was asked about the September meeting and responded that there is a September meeting but conversations should continue through by teleconference and we will decide closer to the date. One member stated that as the small group discussions over this week have been very effective, it is suggested that this continue including exploring the opportunity for the small groups to meet in person before the ASI September meetings.
- Another member noted that the September meetings would greatly benefit from being held at the Flora & fauna offices in Cambridge (UK) as there is access to other expertise, as required. The Secretariat will consider this offer when exploring options for the location of the September meeting.
- A link to a video about Forest-Smart mining was shared: https://www.youtube.com/watch?v=dkEi5NZZzWo

b. Environmental Impacts Working Group (EIWG)

- Progress and current status:
  - Constructive comments about the M&E Plan (incorporated into the issued version)
  - Agreement to review guidance to support implementation of the environment related requirements in the Performance Standard and to prepare for the next revision round
  - No open actions.
- Issues and challenges:
  - None identified
- Next steps:

- No current need for face to face meeting in September so next meeting (TBA) will be via teleconference.

Committee Discussion:
- One member asked for clarification about the scope of the working group and how it compared with the BESWG and the GHGWG. The Secretariat provided an overview of the different scopes and the overlap.
- One member asked whether life cycle assessment (LCA) were included in the terms of reference for the Environmental Impacts Working Group. The Secretariat responded that LCA falls within the scope of the Material Stewardship Working Group but that the environment components can be covered or reviewed by the expertise on the EIWG, as appropriate.
- The EIWG would continue to prepare for the next Standards revision cycle and look at guidance to support conduct of environmental risk assessments and setting of performance measures.

c. Greenhouse Gas Working Group (GHGWG)
- Progress and current status:
  - Constructive comments about the M&E Plan (incorporated into the issued version)
  - Presentation from IAI about Science Based Targets (SBT) Initiative Project sponsored by IAI, funded by the Alcoa Foundation and managed by WRI. The project aims to identify viable pathways and tools for aluminium companies to set science-based targets, as well as understand the current reasons. SBT project is aimed at companies rather than a sector-based approach and will also look at the integration between scope 2 emissions and the energy infrastructure associated with aluminium production. Members invited to be involved
  - Guidance and methodologies to support Entities throughout the supply chain to establish context based and meaningful GHG reduction targets, based on scientific rationale
  - No open actions.
- Issues and challenges:
  - Input sought from mid and downstream supply chain
  - Guidance for SME
- Next steps:
  - No current need for face to face meeting in September unless it can be arranged to coincide with the next SBTi Project workshop (WRI).

Committee Discussion:
- The importance of climate change was noted in discussion as was the complexity of incorporating a 1.5degree global warming to stay below directly into the Standard. It was agreed that the SBT Initiative Project is an opportunity to help address these complexities and also an opportunity for the middle of the value chain to be involved.

d. **Human Rights Working Group (HRWG)**
- Progress and current status:
  – Constructive comments about the M&E Plan (incorporated into the issued version)
  – Final revision and issue of the HRIA guidance (https://aluminium-stewardship.org/wp-content/uploads/2019/04/ASI-Identifying-HRIA-in-Practice-FINAL-1.pdf)
  – Two webinars held (accessible via ASI website (https://youtu.be/04vAjIehh0Q)
  – No open actions
- Issues and challenges:
  – None at this stage
- Next steps:
  – Human Rights Due Diligence guidance
  – Labour Rights Guidance and suggested revision to Performance Standard in preparation for 2020 revision cycle.

Committee Discussion:
- The HRWG elaborated the importance of labour rights especially as this relates to certifications of members operating in regions where freedom of association is restricted. The Working Group will look at additional guidance for members and auditors on what conformance looks like in these regions.
- It was agreed that the HRWG also develop more detailed guidance to support the human rights related topics such as women's rights and human rights due diligence.
- Potential areas to be addressed during the Standards revision cycle include the subject of LGBT rights in the workplace and this should be included more explicit in the Standard.
- One member noted that consideration should be given to applying the human rights criteria to Industrial Users as well as Production and Transformation member classes.
- One member noted that the revision process should also look at options to help members implement the human rights related criterion especially for small to medium sized enterprises, or for entities operating in highly regulated regions. This could be done via a materiality analysis that accounts for factors such as geographic or legislative contexts. The discussion considered a red flag approach where there is clear guidance by activity or operation where you have highest risk, and the balance between rigid expectations for critical matters versus flexibility in other areas. A suggestion was provided by one member.
- However, it was also noted that the advent of human rights due diligence arose from failure of governments to mitigate human rights impacts even in highly regulated locations. The Secretariat added that materiality can mean different things to different parts of the supply chain or based on where you are located.
- One member agreed that transparency in human rights impacts assessment and/or in audit reports could help raise awareness and control

human rights violations. The Secretariat noted that the audit process requires affected local stakeholders to be included in the audit process acknowledging that more Guidance on these topics is always welcome.

- Follow-up on actions arising from the audit was also noted as an important issue to ensure measures continue to be effective after an audit is complete.
- All agreed that the objective was to have a practical approach that ensures human rights are upheld and adverse impacts mitigated.

e. Recycling and Material Stewardship Working Group (RMSWG)
- Progress and current status:
  – Constructive comments about the M&E Plan (incorporated into the issued version)
  – For 2020 revision cycle agree to look at:
    o Certification of traders and scrap collectors
    o Greater information and guidance around the application of criteria 4.4 regarding the recycling strategy
    o Case studies and examples illustrating what is expected for the material stewardship criteria to help inform members implementing the requirements as well as auditors assessing an Entity's conformance with the requirements
  – No open actions
- Issues and challenges:
  – None at this stage
- Next steps:
  – Work with European Aluminium to develop guidance to assist integration of SME's including due diligence requirements for responsible sourcing (project underway).
  – No identified need for in person meeting in September.

Committee Discussion:
- One member of the RMSWG stated that the purpose of Principle 4 is to increase recycling and that measuring impacts associated with increased recycling rates is important, and that benefits such as reduced GHG emissions need to be better communicated. As data is collected via CoC Certified entities, the data can be analysed to draw conclusions about the benefits that the ASI program is having.
- Clarification was sought about eligible scrap and how it enters the supply chain to become ASI Material. All scrap is subject to due diligence but only post-consumer scrap is directly eligible to become CoC Material through the due diligence process. The RMSWG could also review work by the World resources Forum Sustainable Recycling Industry project as well or other initiatives led by industry associations like GDA.
- A video link about recycling produced by Constellium was shared: https://www.youtube.com/watch?time_continue=11&v=LxLF9RSVLgM

f. Standards Benchmarking and Harmonisation Working Group (SBH)
- Progress and current status:
  – First draft of ASI's procedure for Standards Benchmarking and Harmonisation (ISEAL improvement opportunity)

- Review of additional external certification standards and parallel initiatives for recognition (for example, ISO 45001-2018 for OHS Management Systems).
- Issues and challenges:
    - Importance to have ASI standards recognised by other external schemes and initiatives.
    - BREEAM was the first identified for ASI Secretariat to pursue
        - Round 1 complete, progressing to Round 2
    - Will look at others like LEED or equivalent in other countries
    - Some like BREEAM also have direct costs.
    - Response to emerging standards for ASI Recognition.
- Next steps:
    - Action to finalise of the ASI Standards Benchmarking and Harmonisation Procedure (ASI Secretariat)
    - Action to formally recognise ISO 45001 OHS Management Systems in elementAl in addition to OHSAS 18001 (ASI Secretariat)
    - No identified need for in person meeting in September.

Committee Discussion:
- One member asked how the harmonization decision is done? The Secretariat responded that the procedure currently being drafted will provide a standardised approach, consistent with ISEAL principles. The procedure will formalise the current process and note the role of the WG, the SC, the ASI Board and the Secretariat.
- The importance of mutual recognition was noted; however, the cost was noted. The cost for recognition by BREEAM incurs a fee of 15,000AUD and then this fee is charged again after every review of the Standard. BREAM has been recognized as important and worth this investment by the Board.
- One member asked about what is being done to recognise the LME recommendations for Responsible Sourcing. The Secretariat responded that ASI has made a submission to LME and we are working towards a process on this.

4. **Learnings since launch of the ASI Certification Program** – A presentation on key learnings gathered since the 2017 launch and the suggested improvements associated with the ASI Certification Program was provided.
    a. **ASI's outcomes and impacts dashboard –** The ASI outcomes and impacts dashboard was recently launched. It provides a summary of the data collected from members, audits and indicators in the Monitoring and Evaluation Plan. This is accessible via the ASI website: https://aluminium-stewardship.org/why-aluminium/asi-outcomes-impacts/

    Committee Discussion:
    - None.

    b. **Key Learnings and Improvement Suggestions –** Since the launch of the ASI certification program in December 2017, the Secretariat has maintained a log of key learnings and improvement suggestions.
        - Lessons and suggested improvements associated with the ASI Certification Program:

- Feedback from post certification audit interviews (Members and Auditors)
- Committee and Working Group discussions
- Frequently Asked Questions (FAQs) in elementAl and from training
- Direct communication
- Post Launch Improvement Log (circulated)
  - Over 100 items (excludes the elementAl functionality suggestions)
  - Minor items have been addressed or in progress (e.g. through training, procedure updates)
  - Standards Committee asked to focus on new of significant changes to current practices or where there is a need for expertise from working groups.
  - A summary of the feedback and suggestions by topic or ASI document is noted in the following table:

Item	Summary
Assurance Manual	• Level of effort for audits: – Material Stewardship vs full Standard – CoC audits • Clarify when and sampling workers, Indigenous Peoples and stakeholders • Involvement of Indigenous Peoples in audit team selection, audit outcomes and report finalization • Process and timeline limits between when report is finalized and certification is not issued • Process for communication of changes (minor and outside of the scope of the ASI Standards Setting Procedure) • Response to emerging standards for ASI Recognition.
Claims Guide	• More examples for: – On-product claims for companies that buy credits – Non-ASI Members like ASI Accredited Auditors and ASI Registered Specialists.
Chain of Custody Standard and Guidance	• Alignment with external Standards (LME, OECD Due Diligence) • Expansion of definition of CoC Materials (e.g. Nepheline) • Inclusion of other Supply Chain Activities • Brokers & traders • Scrap collectors • Re-selling Market Credits • Material accounting of alloys • Due diligence guidance especially for SMEs.
Performance Standard and Guidance	• Alignment with other external Standards (LME, ISO 14001, OHSAS 18001) • Expansion of legal compliance to include Indigenous Peoples Protocol Agreements • Impact assessments

	- Public availability of LCAs - Greater clarity around recycling rates vs recycled content - Additional GHG guidance - Guidance for management of biodiversity management in industrial areas - No-go areas and ecosystem services requirements extended to other supply chain activities - Legacy human rights issues - Expanding FPIC requirements and guidance - Informing Indigenous Peoples of ASI - More guidance on mine rehabilitation and sale of mines - A review of the Freedom of Association and Collective Bargaining requirements - Forced Labour in low-risk countries - Guidance on positive discrimination.

c. **Themes/topics/issues for 2020 Standards Revision Cycle** – The Committee worked in teams to identify and prioritise new themes or topics for the 2020 revision cycle. These are summarised below:

- ASI Performance Standard & Guidance
  - More requirements about climate change risk and adaptation
  - Introduce criteria for internal Management System Audits, continuous improvement and leadership
  - Align Standard with SDG
  - Requirement for clean water availability
  - Greater clarity between workers versus contractors for the Labour rights criteria and guidance on related evidence
  - Review of reference to Indigenous Peoples and Local Communities for consistency and correctness
  - Decommissioning of industrial plans not just mines
  - Indigenous Peoples impact and benefit agreement for new projects required
  - Direct reference to Science Based Targets for GHG reduction targets
  - More result-oriented criteria, where relevant
  - More guidance on mine closure best practice
  - Management of closed or abandoned mines
  - Community and worker health
- ASI Chain of Custody Standard & Guidance
  - Stronger managing of traceability risk - potential risks of uncertified material becoming certified material because of cert scope
  - Section 7.1: adapt to new LME requirements
  - More guidance for companies who source from multiply suppliers
- ASI Assurance Manual
  - Tiered approach to certification including a scheme for SMEs
  - Transparency including making available in English some of the website references that are linked to in the reports

- How to deal with legacy issues for existing sites that had a major issue and how the process looks back at the issues and corrective actions taken
- Template with more detail for the public summary audit reports
- Publication of corrective action plan for non-conformances
- How to promote more certified material over time if it doesn't happen on its own (i.e. will we force members to certify primary sites).
- Critical breech – should be more transparency in reports and more oversight.
- Auditors need more guidance on assessing material flow.

- ASI Claims Guide
  - More examples about what can be said and consider being more bold
  - Share amongst the members all the claims that have been approved so there is a longer example list (unless commercially sensitive)
- Other:
  - Need for a Chain of Custody working Group
  - New ways of communicating expectations
  - Improve a sharing of best practice information for auditors and members (subject to confidentiality and anti-trust).

d. **September 2019 In Person Meeting –** The Committee was asked to identify potential topics for discussion at the September in person meeting. These are summarised below and will be used by the Secretariat when preparing the agenda for the meeting:

- ASI Performance Standard & Guidance
  - Biodiversity (no net loss; net positive outcome)
  - And Ecosystem Services
  - The Role of IPAF
  - Science based targets for GHG
  - Legacy sites with human rights abuses
- ASI Chain of Custody Standard & Guidance
  - How to deal with traders and scrap dealers in the supply chain
  - CoC Due diligence
  - Establishment of a Chain of Custody Working Group
- ASI Assurance Manual
  - Sampling of community members, Indigenous Peoples, workers, worker representatives for interview during audits
  - Informing Indigenous Peoples about ASI and ASI audits
  - Level of effort for different types of audits (Performance Standard, Material Stewardship, Chain of Custody, etc)
- ASI Claims Guide
  - More examples about what can be said and consider being more bold
  - Share amongst the members all the claims that have been approved so there is a longer example list (unless commercially sensitive)

5. AOB, recap and reflections
   a. Any Other business:

- IUCN member noted that the IUCN World Conservation Congress is taking place in Marseilles in June 2020. The deadline for submissions is 17 July.

b. Actions for the Secretariat include:
- Inclusion of a Code of Conduct in the revised Governance Handbook
- Ongoing coordination of Working Group meetings including provision of feedback arising from discussions in item 3
- Continue prepare the agenda and logistic including the location for the September in-person meeting taking into account topic for discussion note in item 4c.

c. Chairs and participants reflected on the discussion, agreements and matters for ongoing resolution arising from this meeting, as well as the whole AGM Week.

d. The Chairs thanked all for their participation and the ASI Secretariat for the work preparing and facilitating the entire AGM Week.

e. Next Committee teleconference – *6 August 2019*