

# ASI Governance Handbook

Version 2

September 2019

## Aluminium Stewardship Initiative (ASI)

ASI is a not-for-profit standards setting and certification organisation for the aluminium value chain.

Our **vision** is to maximise the contribution of aluminium to a sustainable society.

Our **mission** is to recognise and collaboratively foster responsible production, sourcing and stewardship of aluminium.

Our **values** include:

- Being inclusive in our work and decision making processes by promoting and enabling the participation of representatives in all relevant stakeholder groups.
- Encouraging uptake throughout the bauxite, alumina and aluminium value chain, from mine to downstream users.
- Advancing material stewardship as a shared responsibility in the lifecycle of aluminium from extraction, production, use and recycling.

### General Enquiries

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### Disclaimer

*This document does not intend to, nor does it, replace, contravene or otherwise alter the requirements of the ASI Constitution or any applicable national, state or local government laws, regulations or other requirements regarding the matters included herein. This document gives general guidance only and should be not be regarded as a complete and authoritative statement on the subject matter contained herein. ASI documents are updated from time to time, and the version posted on the ASI website supersedes all other earlier versions.*

*Organisations that make ASI-related claims are each responsible for their own compliance with Applicable Law, including laws and regulations related to labelling, advertisement, and consumer protection, and competition or antitrust laws, at all times. ASI does not accept liability for any violations of Applicable Law or any infringement of third-party rights (each a Breach) by other organisations, even where such Breach arises in relation to, or in reliance upon, any ASI Standard, document or other material, recommendation or directive issued by or on behalf of ASI. ASI gives no undertaking, representation or warranty that compliance with an ASI Standard, document or other material, recommendation or directive issued by or on behalf of ASI will result in compliance with any Applicable Law, or will avoid any Breach from occurring.*

# ASI Governance Handbook

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## 1. Purpose and Scope of this Handbook

Aluminium Stewardship Initiative Ltd (**ASI**) is committed to developing and implementing good operational and governance practices on behalf of its multi-stakeholder membership.

This Handbook provides an overview of the design and implementation of the ASI governance model. It is aimed at orienting and guiding the various participants in ASI's governance structure, including Board directors, Committee members and ASI staff. As a publicly available document, the Handbook also enhances transparency of ASI governance to broader stakeholders.

ASI is a not-for-profit public company limited by guarantee under the *Corporations Act* of Australia and has been registered as a charity under the *Australian Charities and Not-for-profits Commission Act* (ACNC). It may also be the case that in time, additional ASI-related entities are established in other regions. The [Constitution](#) of ASI is a legal document that sets out ASI's objects, powers, responsibilities and overall management. This Handbook is intended as a user-friendly companion to the Constitution, and it will continue to evolve to meet the needs of ASI as the organisation grows and matures.

## 2. Anti-Trust Compliance

ASI is committed to complying with all relevant antitrust and competition laws. It has adopted an Anti-Trust Compliance Policy, compliance with which is a condition of continuing participation in ASI. All participants in ASI governance are required to read and understand this Policy, available at:

<http://aluminium-stewardship.org/about-asi/legal-finance-policies/>

## 3. Good Governance Principles

Corporate governance refers to the systems and processes put in place to control and monitor – or 'govern' – an organisation. Good governance is embedded in the good conduct and judgement of those who are responsible for decision-making and oversight. Governance ultimately concerns the relationships of the people involved with an organisation, both between each other and with the organisation itself, and the ways that the expectations of these relationships are understood and met. A clearly articulated governance model enables authority to be exercised appropriately and for the people who exercise it to be held to account (AICD, 2019).

ASI's Board and Committees are comprised of volunteers from among members and external organisations who play central roles in governance. The following ten principles of good governance for not-for-profit organisations (AICD, 2019) are a useful introduction to understanding and implementing good governance. ASI's approach to these principles is also noted in the table. While the principles are directed to the Board level, most of these also apply at other levels of ASI's governance such as Committees and Working Groups.

<i>Principle</i>	<i>Intent</i>	<i>ASI's approach</i>
<b>Purpose and strategy</b>	The organisation has a clear purpose and a strategy which aligns its activities to its purpose.	ASI's purpose is set out in its Constitution, and its mission, vision and values. The Board approves ASI's strategy and regularly reviews progress.
<b>Roles and responsibilities</b>	There is clarity about the roles, responsibilities and relationships of the board (and other governance participants).	This Governance Handbook sets out roles and responsibilities for governance participants. The Board periodically reviews documented delegations.
<b>Board composition</b>	The board's structure and composition enable it to fulfil its role effectively.	Representative Directors are elected by members, and Independent Directors are appointed, on the basis of skills and experience. Tenure is limited to encourage renewal and staggered to retain corporate knowledge.
<b>Board effectiveness</b>	The board is run effectively and its performance is periodically evaluated.	Directors receive an induction and an annual performance review is conducted, seeking input from both Directors and ASI members more broadly.
<b>Risk management</b>	Board decision making is informed by an understanding of risk and how it is managed.	The Board oversees a comprehensive risk management framework that is periodically reviewed and updated.
<b>Performance</b>	The organisation uses its resources appropriately and evaluates its performance.	The Board oversees appropriate use of ASI's resources: approves the annual budget, monitors solvency, and evaluates ASI's performance against its strategy.
<b>Accountability and transparency</b>	The board demonstrates accountability by providing information to stakeholders about the organisation and its performance	ASI's Governance Handbook, audited financial statements and AGM minutes are publicly available. A summary of Board minutes and Standards Committee meeting minutes are also published following approval.
<b>Stakeholder engagement</b>	There is meaningful engagement of stakeholders and their interests are understood and considered by the board.	The Board oversees a framework for meaningful engagement with stakeholders. ASI conducts annual governance surveys of members, holds annual meetings of the Indigenous Peoples Advisory Forum,

		and also has a Complaints Mechanism available.
<b>Conduct and compliance</b>	The expectations of behaviour for the people involved in the organisation are clear and understood	The ASI Governance Handbook and the Code of Conduct in Appendix 1 sets out expectations of conduct. The Board oversees: compliance with relevant laws, regulations and internal policies; conflicts of interest; and processes for instances of misconduct.
<b>Culture</b>	The board models and works to instil a culture that supports the organisation’s purpose and strategy	The ASI Governance Committee oversees organisational culture and ASI’s annual governance surveys. ASI’s values are regularly communicated, included on the ASI website and via meeting agendas, and are periodically renewed.

These general principles of clarity, integrity, accountability and good practice provide a foundation for the governance approach outlined in this Handbook.

**Practical steps that ASI will take** to support good governance are highlighted throughout this Handbook, in break-out boxes like this one.

#### 4. Overview of ASI Governance

ASI governance is designed to reflect the interests and priorities of its diverse members and stakeholders, while also meeting its broader responsibilities as an international standards program and not-for-profit organisation.

Figure 1 below illustrates the key bodies in ASI’s governance. More details on the responsibilities of each body are contained in the relevant sections of this Handbook.

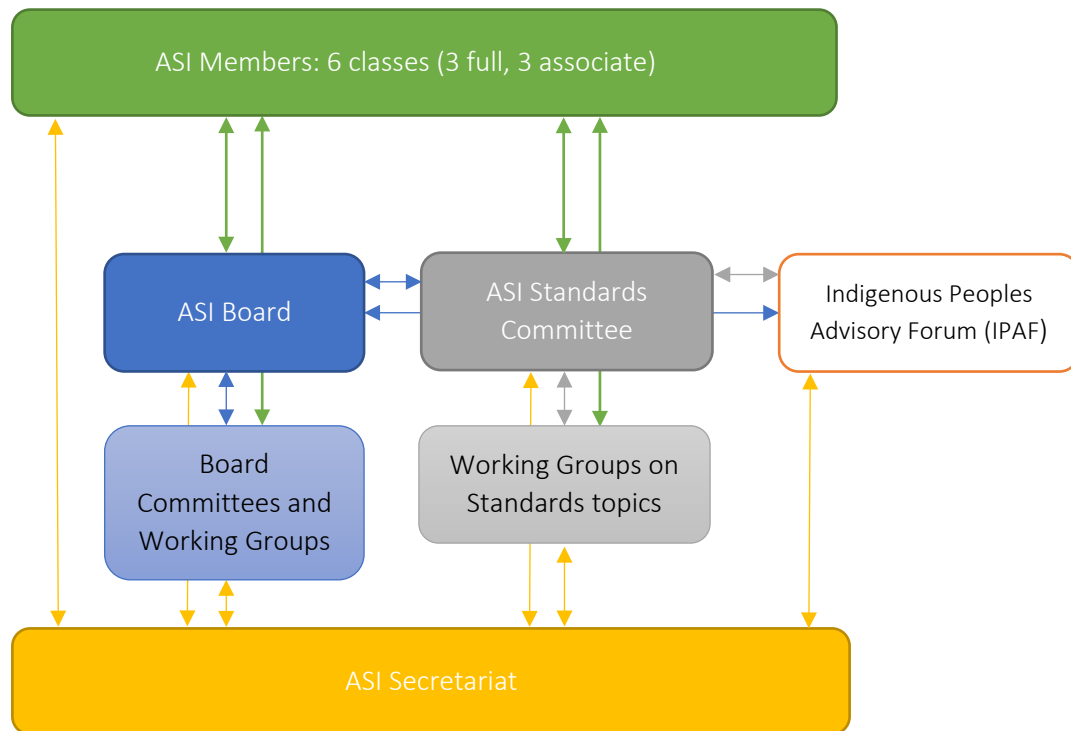


Figure 1 – Overview of ASI Governance

ASI strives to reflect an appropriate balance of interests in its governance. The member representatives on the Board and Standards Committee are elected by all ASI members.

The Board and Standards Committee is comprised of representatives of ASI Full Members. In addition, the Board has two additional Independent Directors, while the Standards Committee has two representatives nominated from the Indigenous Peoples Advisory Forum.

Standing Board Committees include a Legal Committee, a Governance Committee and a Finance and Audit Committee. The Board may create other ad hoc Committees as required, and may also convene Working Groups to provide input on organisational matters where they seek stakeholder input. The Standards Committee can convene Working Groups on specific issues related to standards programs, which enable participation from all membership classes as well as broader stakeholders and experts.

Through this structure, both members' interests and broader independence and expertise are included in ASI governance.

## 5. Overview of ASI Membership

### a. Membership classes

ASI’s membership comes from across the world, from all parts of the aluminium value chain, and from broader stakeholders committed to sustainability and stewardship.

ASI members are organisations that join within one of the six different membership classes, in accordance with the nature of their primary activities. The six classes are shown in Figure 2 below.



Figure 2 – ASI membership classes

### b. Eligibility, rights and responsibilities

As part of the membership application process, all ASI members are required to commit in writing to be bound by ASI’s Constitution and to comply with the ASI Antitrust Compliance Policy and the ASI Complaints Mechanism. Specific eligibility, rights and responsibilities for each membership class are



set out in Table 1 below, and further information is contained in the ASI Membership Information and Application Form available on the ASI website: <https://aluminium-stewardship.org/join-asi/>

Two of the membership classes (Production and Transformation, and Industrial Users) are designed for those seeking certification against ASI standards. Representatives from members of these two classes, plus the Civil Society class, each of which are Full Members, are eligible for election to the ASI Board and Standards Committee. All ASI member classes are eligible to vote as a Member (see section 6).

Membership class	Eligibility	Eligible to nominate for ASI Board and Standards Committee	Eligible for ASI Working Groups	Eligible to vote as Member	Minimum Certification commitment
<b>Production and Transformation</b>	Organisations with mining, refining, smelting, recycling, semi-fabrication, and/or material conversion activities, seeking certification against ASI standards.	X	X	X	ASI Performance Standard – full standard. Chain-of-Custody Standard is voluntary, though encouraged.
<b>Industrial Users</b>	Downstream users of aluminium, including consumer and commercial goods suppliers, seeking certification against ASI standards.	X	X	X	ASI Performance Standard – Material Stewardship. Chain-of-Custody Standard is voluntary, though encouraged.
<b>Downstream Supporters</b>	Downstream users of aluminium, including consumer and commercial goods suppliers, which do not seek certification against ASI standards.		X	X	Downstream Supporters may shift class to Industrial Users when they wish to seek ASI Certification.
<b>Civil Society</b>	NGOs, labour organisations, community organisations, Indigenous Peoples organisations and similar types of organisations.	X	X	X	N/A
<b>Associations</b>	Industry and other trade associations that represent commercial interests in any part of the aluminium value chain, such as aluminium associations, green building councils, and downstream sector associations.		X	X	N/A
<b>General Supporters</b>	Organisations that support ASI’s mission not falling into one of the other membership classes.		X	X	N/A

Table 1 – ASI membership classes: rights and responsibilities

If there is any doubt or uncertainty over an organisation’s entitlement to be a member in any particular membership class, the Board retains discretion to determine the appropriate class.

### c. Members' role in governance

Members are the ultimate authority of ASI, as they elect the Board and Standards Committee, vote to approve changes to the Constitution, have the power to call general meetings, pass member resolutions (such as those relating to the ASI Constitution) and have the opportunity for practical and determinative participation in ASI governance.

### d. Annual General Meetings

ASI Annual General Meetings (AGM's) provide an opportunity for all members to convene and discuss progress and future priorities. Important procedural aspects of the AGM are for members to receive annual financial reports, vote on resolutions put to members, hear reports on activities and future plans from representatives of the Board, Committees and the ASI Secretariat, and participate in member consultations.

AGM gatherings also provide opportunities for broader stakeholder engagement in the form of workshop, conference or forum style events for members and non-members, outside of the formal business of the AGM itself. Face-to-face meetings of ASI governance groups are also scheduled to align with the AGM, wherever possible.

### e. Member resolutions

Member resolutions are put to all members in the form of a proposed motion, and members may vote for, against or abstain. The membership class voting weights, as set out in section 6(e) below, will apply to votes cast in member resolutions. Because of the voting weights structure, member resolutions will normally be conducted by electronic poll over a defined period, to enable accurate compilation of results.

Ordinary resolutions are passed by a simple majority of votes cast by ASI members eligible to vote. In the case of an equality of votes upon any proposed resolution, the resolution is to be regarded as defeated.

A specific kind of member resolution is a 'special resolution', which is required to change the ASI Constitution or to appoint financial auditors to the company. Under applicable law, 75% of the votes cast by ASI members must be in favour to adopt a special resolution.

More detail on members' rights and responsibilities under the ASI Constitution can be found in Appendix 2 of this Handbook and in the [Constitution](#) itself.

## 6. How to become involved in ASI governance

### a. Stand for election

Representatives of ASI members have the opportunity to actively participate in ASI governance by nominating for the Board, Committees or Working Groups.

The process for member nominations is as follows:

- Vacancies will be advised to all members by email. These may be regular vacancies due to the expiration of the incumbents' terms, or a casual vacancy due to a resignation mid-term.
- Eligible candidates may self-nominate or be nominated by their member organisation for election to these vacancies, as indicated in the invitation to nominate.
- The nomination form will include a request for a description of relevant experience and a short biography from the candidate, to be distributed to members where an election is required.

*Note that each member organisation is entitled to nominate only one candidate to each of the Board and the Standards Committee. These cannot be the same person.*

### b. Overseeing diversity and sufficiency of candidates

The ASI Governance Committee (see section 11a) has a role to oversee the integrity and effectiveness of ASI governance, and may seek additional nominations to encourage the desired diversity among candidates, including:

- Production and Transformation: a mix of organisations from upstream primary, midstream and recycling, and material conversion sectors
- Industrial Users and Downstream Supporters: a mix of downstream industry sectors, including building and construction, transport and automotive, and packaging and consumer durables
- Civil Society: a mix of environmental and social organisations
- General: a mix of gender, geography, size of organisation, cultural and linguistic background, professional experience, technical skills or other factor as identified.

#### Practical steps for good governance

Bringing a gender perspective into organisations, including our own, is a key objective for ASI that is embedded in both our Standards and our Constitution. Increasing gender equality is 'the right thing to do' from a human rights perspective; it is also 'the smart thing to do', with many studies linking gender equality to organisational effectiveness and results.

In the case of the ASI Standards Committee, if there are known to be insufficient members in a membership class to fill all vacancies, even if every member in that class submitted a nomination, then Members will be asked to suggest additional candidates.

- In the case of Production and Transformation or Industrial Users, these would be individuals from other Members outside of that membership class;
- In the case of Civil Society, these would be individuals from non-member civil society organisations or other Members such as Associations where relevant.

The ASI Standards Committee will then decide who will be nominated, on the basis that the individuals must in their reasonable opinion:

- i. fairly reflect the interests of the relevant membership class, and
- ii. help address any perceived skill, experience, gender or representation deficiencies on the Committee.

The nominations are to be provided to the ASI Board no less than 14 days before the commencement of the relevant Standards Committee election process. As long as the candidates are deemed by the Board to fulfil (i) and (ii), and do not result in more than one representative per ASI member on the Committee, they will be deemed elected for a one-year term. The Board will advise the Standards Committee and Governance Committee of its decision to revoke any nominations in cases where these criteria are not satisfied.

If there are still insufficient nominations or elected candidates for the number of vacancies following the Standards Committee election, these will be treated as casual vacancies as per the ASI Constitution and the Board may appoint individuals to the Committee to represent the relevant interests on the Committee until the next annual nomination and election opportunity for ASI members.

### c. Overview of the election process

The Secretariat will compile the nominations received and implement the following process:

- Where the number of nominations is less than or equal to the number of vacancies, the candidate/s will be deemed elected.
- Where the number of nominations exceeds the number of vacancies, then an electronic poll of all members will be conducted to determine the successful candidate/s. The poll will be open for a minimum of 10 working days, assessed across all relevant jurisdictions.
- Vacancies will be filled in order by those candidates with the highest amount of votes, following a cumulative voting and weighting system (see sections d and e below).
- Where the candidate with the most votes notifies ASI that they are unable to accept the position within four months following an election, the runner-up candidate will be appointed if available. Otherwise a casual vacancy process will apply.

To support elections for multiple candidates, as well as an appropriate balance of interests in decision-making, involves a two-step process:

- Voting by individual members (using a cumulative voting model for governance elections – see section 8d below), then

- Weighting by the ASI Secretariat of the aggregate votes cast (using the ASI membership class voting weights – see section 8e below).

**d. Cumulative voting method for governance elections**

As there will be multiple vacancies to fill in some Board and Standards Committee elections, a ‘cumulative voting’ system will be used for ASI elections. Cumulative voting is a form of proportional voting common in corporate governance, as voters are not limited to voting for only one candidate.

Each ASI member votes for candidates in all membership classes. The poll will be conducted electronically and each member will have 100 votes for each election of candidates in a given class, to be distributed as they choose across the candidates in a class. This provides for a flexible allocation of voting preferences.

**Practical steps for good governance**

**All members (Full and Associate) are entitled and strongly encouraged to vote in elections.** There is no quorum for an election. Members are encouraged to support diversity and a balance of interests in their voting preferences.

Figure 3 provides an example of elections of Board directors from the 3 eligible membership classes. In the election for two Board directors from the Production and Transformation class, there are 4 candidates. Each ASI member has 100 votes to cast within this class. The member’s vote could be cast with 100 votes to one candidate, 50 votes each to two candidates, or any other possible combination. Similarly, 100 votes per member are also allocated for each of election of candidates in the Civil Society class and Industrial Users class.

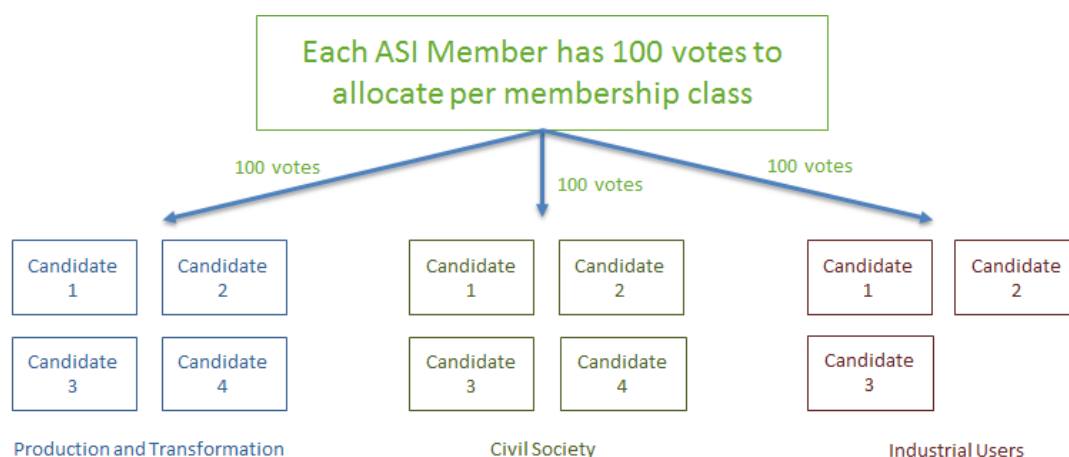


Figure 3 – Cumulative voting system, shown for hypothetical elections in three membership classes

**e. Membership class voting weights**

To ensure a balance of interests across ASI membership classes, irrespective of numbers of members in each individual class, weights are applied to the aggregate cast votes. The weights of Production and Transformation (30%), Civil Society (30%) and Industrial Users and Downstream Supporters combined (20%+10%=30%) are equal. The remaining 10% is split between Associations and General Supporters. These weights are shown in Table 2.

Full/Associate	Membership Class	Weight
Full	Production and Transformation	30%
	Industrial Users	20%
	Civil Society	30%
Associate	Downstream Supporters	10%*
	Associations	5%
	General Supporters	5%
<b>Total</b>		<b>100%</b>

Table 2 – ASI membership classes: voting weights

For Board and Committee elections, these weights are applied following the cumulative voting step described in section 8(d) above. For member resolutions, the weights are applied to the votes cast for or against a proposed resolution.

When applying the weights, the votes of voting members in each membership class are first aggregated. The totals will then be normalised across all classes, and then weighted according to the weight of the respective membership class.

\*In the case of there being **no current ASI members** in the Downstream Supporters class, the 10% would be allocated to the Industrial Users class.

However in the case of **zero votes received** in any membership class, the weight for that class is unallocated: it is not distributed across the other classes, including in the scenario of ASI members in the Downstream Supporters class who do not exercise their right to vote. This ensures that the weights allocated to each membership class are not exceeded, even where some ASI members choose not to participate in voting.

**Practical steps for good governance**

ASI strongly encourages all ASI members to vote in governance elections and on member resolutions. The voting weights mean that every vote is important, and it is undesirable to have a small voter turnout in any particular class to avoid concentration of voting power.

#### f. Resignations and casual vacancies

As candidates to the Board and Standards Committee are elected as individuals, resignations will trigger a casual vacancy. The applicable processes are:

- If there is less than four months until elections will be held for all regular vacancies, or there are no nominations for the vacancy, the ASI Board will be entitled to appoint a replacement from the relevant membership class or stakeholder category, who will hold office until the next AGM, at which time that position is filled by a fresh election.

ASI's Constitution notes that Directors or Standards Committee members can no longer serve if they are no longer employed by their nominating ASI member organisation. In the case of an acquisition or merger, where the individual remains technically employed by their nominated member even if it has changed its name, size or structure, then they would not normally need to vacate office. The exceptions would be:

- If through the merger or acquisition, it results in two representatives of the (now same) ASI member being on the Board or Standards Committee. Then one would need to step down, as the Constitution states that members cannot have two representatives on the Board, or two on the Standards Committee.
- If the merger or acquisition resulted in the new combined member being in a different membership class, then they would no longer be eligible to represent the class they had been elected in, so a casual vacancy process would ensue.

#### g. Participate in Working Groups

All ASI members have the opportunity to participate in ASI governance through involvement in a Working Group on a particular topic or task. ASI Working Groups are convened by the Board and Standards Committee to address strategic or technical issues as identified. They are an important way to contribute expertise and perspectives for further consideration within ASI's governance model, and diverse stakeholder participation is greatly appreciated.

See section 13 for more information on Working Groups, and contact the ASI Secretariat to find out about current opportunities: [info@aluminium-stewardship.org](mailto:info@aluminium-stewardship.org)

## 7. ASI Culture and Conduct

### a. ASI culture and values

A strong culture is an invaluable asset to an organisation and can contribute significantly to an organisation's ability to achieve its purpose. Culture represents the shared values, assumptions and beliefs that shape the behaviour of the people involved in an organisation. While it may be difficult to measure or define, it is a powerful influence on the people involved in an organisation and their actions (AICD, 2019).

Organisational culture is expressed through both formal and informal behaviours. Some of ASI's core expectations and values are included as reminders on all ASI meeting agendas:

#### **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.*

#### **ASI Ways of Working**

*ASI is a multi-stakeholder organisation. Dialogue is at the heart of everything we do. It is critical to ensure that the organisation delivers on its mission. We welcome all participants and value the diversity of backgrounds, views and opinions represented in this meeting. We recognise that we have different opinions; that is the heart of healthy debate and leads to better outcomes. To ensure our meetings are successful, we need to express our views and hear the views of others in a respectful and professional way, protecting the dignity and safety of all participants and enabling full participation from all attendees.*

#### **Acknowledgement of Indigenous Peoples**

*ASI acknowledges Indigenous Peoples and their connections to their traditional lands where we and our members operate. We aim to respect cultural heritage, customs and beliefs of all Indigenous people and we pay our respects to elders past, present and emerging.*

#### **Health and Safety**

*ASI places a high priority on health and safety through the ASI Performance Standard, and likewise aims to ensure that our employees, contractors and participants work and meet safely. If you are travelling for this meeting, please consider health and safety risks, including from transport, illness, manual handling, slips and trips, personal safety and emergency situations. Let us know if you have any concerns or feedback.*

#### **b. Expectations for conduct**

In 2019, the ASI Board developed a Code of Conduct for all participants in ASI Governance. A copy can be found in Appendix 1 of this Handbook.

The Code of Conduct aims to clearly set out expectations for how participants in ASI's governance are expected to behave. All participants in ASI governance are expected to review, understand and acknowledge their responsibilities under this Code.



ASI's Code of Conduct is made up of ten principles, 6 applicable to all governance participants (Part A) and an additional 4 applicable to participants in the ASI Standards Committee and Working Groups for standards-related issues (Part B). The ten principles are:

*Part A:*

1. Work for the net benefit of all stakeholders
2. Respect others
3. Uphold a professional meeting culture
4. Declare all relevant interests
5. Behave legally and ethically
6. Support the Code of Conduct in action

*Part B:*

7. Participate actively in standards development
8. Agree to clear purpose and workplans
9. Uphold the consensus process
10. Identify and resolve issues

The ASI Board has the responsibility to oversee issues relating to misconduct in ASI. Issues may be raised directly with Board Directors, or anonymously via the ASI Secretariat. The Board will:

- Review the available information
- Seek further information from relevant stakeholders as appropriate
- Decide a course of action which best upholds ASI's governance and desired culture, to be implemented by the Board directly or via the ASI Secretariat
- Communicate the decision and outcomes to relevant stakeholders
- Review progress and/or feedback as appropriate.

Consequences for serious breaches of the ASI Code of Conduct, or for other behaviour that is unacceptable in the context of ASI's culture and values, may include temporary or permanent removal of an individual from ASI governance roles.

If you have any concerns about a participant in ASI governance, please raise them as soon as possible via email to: [complaints@aluminium-stewardship.org](mailto:complaints@aluminium-stewardship.org)

### **c. Supporting constructive meetings**

Good meeting practices are an important foundation for robust and effective governance. Board Directors, Committee members, Working Groups and the ASI Secretariat are collectively responsible for working together towards this outcome.

Actions that support a good meeting include (adapted from AICD, 2013):

- Clear, concise and focused agenda covering relevant issues with any proposed resolutions identified
- Papers delivered in good time containing relevant, timely and accessible information and analyses
- Prepared participants who have reviewed the meeting papers in advance

- An effective meeting chair
- Relevant, robust, inclusive and respectful debate
- Participants that can balance the need to express individual thoughts with maintaining the overall effectiveness of the group
- Minutes that accurately record information and decisions, and that are finalised promptly
- In the case of the Board, opportunities for in-camera sessions in which Directors meet without the CEO or other staff being present.

Factors that can contribute to poor meetings include (adapted from AICD, 2013):

- Poor performance by the chair
- Absenteeism by Board or Committee members
- Conflict of interest issues not being appropriately dealt with
- Dominant chairs and/or senior management taking over meetings, or making decisions without sufficient regard for other Directors' or Committee members' views
- Single-issue focus to the exclusion of the interests or perspectives of others
- Continuing to revisit decisions already made with due process
- Inappropriate agenda and papers
- Not enough time allowed for pre-reading and/or discussion
- Participants seeing themselves representing solely the interests of a particular organisation or group of stakeholders, and not taking into account the mission of ASI more broadly.

#### d. Meeting minutes

Minutes are prepared for all ASI governance meetings to record relevant processes and decisions. They are not a transcript of every word that was said during a meeting or a record of individual contributions. Individuals are not usually identified in minutes, unless this is specifically requested to note an abstention or dissent to a decision, or more generally to identify the source of – or follow up contact for – information that has been shared.

ASI meeting minutes include:

- What meeting was held, where (by teleconference or in person) and when
- The names of attendees and any apologies, proxies, alternates or invited guests
- Any conflicts of interest declared
- Matters discussed at the meeting
- Any resolutions or decisions made
- Any actions agreed.

Meeting minutes are circulated to participants promptly, and approved at the following meeting (or earlier if required). All participants should review meeting minutes carefully before approval, to ensure they are accurate and complete, noting that they are designed to be a record of key aspects of the meeting but not a transcript.

Some information relevant to a meeting may be recorded outside of the formal minutes. In the case of legal advice given to a Board meeting, where the advice is subject to legal professional privilege,

the privileged information may be noted in an appendix to the minutes or a separate paper. The Board Chair may also wish to record any ‘in camera’ discussions about a serious or sensitive matter in a separate confidential minute, which is then circulated only to Directors.

The Standards Committee minutes and a summary of the Board meeting minutes are published on the ASI website, to provide insight into ASI’s governance for all interested stakeholders. Meeting minutes are an important record for ASI and are retained for at least seven years.

The following principles are applied in preparing the summary of the Board meeting minutes:

- Statements or perspectives are not attributed to individuals.
- The following matters are not included in the summary: personnel matters, financial approvals, small items, or sensitive, premature or evolving discussions.
- Board decisions are shared, but not the deliberations or decision-making processes that lead to them.
- Publishing the Board’s decisions does not invite or open up debate about these decisions.
- The Board approves the summary before publication on the ASI website.

#### e. ASI languages

The official language of ASI is English. ASI makes translations of some ASI documents and communications available in other languages, but not all ASI material is translated. Translations are posted on the ASI website once available. In the case of inconsistency between versions, reference shall default to the official language version.

ASI recognises and respects that its stakeholders speak a wide variety of languages and that English fluency is not universal nor expected. While the majority of ASI’s governance is undertaken in English, ASI does not require its members to internally operate or publish their own organisational information in English.

## 8. Consensus-Based Decision-making

### a. Aim for consensus

Wherever possible, ASI decisions should be made by consensus. Consensus is defined as general agreement, through:

- Positive indication of acceptance of the proposed decision; or
- The absence of sustained opposition to the proposed decision by any one or more participants.

Therefore, consensus can be achieved even where there is not unanimity.

A key indicator of whether or not a consensus has been reached is that everyone agrees they can live with the final proposal; that is, after every effort has been made to meet any outstanding interests. Thus, consensus requires that one or more participants frame a proposal after listening carefully to everyone's interests. Interests are not the same as positions or demands. Demands and positions are

what people say they must have, but interests are the underlying needs or reasons that explain why they take the positions that they do.

Participants in the ASI Board, Committees and Working Groups should attempt to reach consensus using a process which takes participants' interests into account and wherever possible reconciles any conflicting arguments. While many decisions are usually straightforward, some topics and decisions require significant effort to build and reach consensus.

The consensus-building process will be supported by teleconferences, face-to-face meetings where possible, and emails to support the sharing of information and proposals between these. The overall aims are to:

- Ensure all participants in a decision-making process are invited to express their views.
- Allow sufficient time to discuss and debate ideas, and consider divergent perspectives, before making decisions.
- Allocate additional time and/or information to help facilitate a consensus outcome where needed and possible. This may include establishing a new, or seeking input from an existing, Working Group, Committee, or similar process, in order to bring in relevant expertise and stakeholder perspectives on an issue, before a decision process is progressed further.

Complex multi-stakeholder discussions will usually evolve over time, as they progress through a consensus process.

At the beginning, the discussion may seem divergent, as people bring different perspectives and ideas to the group. This provides the material needed for a broad-ranging discussion which explores all the options and helps people understand each other's concerns. This can sometimes be a turbulent and difficult stage if views are diverse – as participants might be grappling with lots of competing or contradictory ideas. However ultimately it should set the foundation for the next steps.

After relevant information and perspectives have been shared, the group can move on to synthesise a proposal. This means finding the group's common ground, weeding out some ideas and combining all the useful parts into a proposal for discussion. This process may even generate multiple proposals from different perspectives and then over time converge into one document through a number of iterations. The ASI Secretariat will often lead the drafting process, but individuals or groups may also directly contribute or take the lead in the formative stages or in the context of polarising discussions.

Finally, if the group is in broad support of a proposal, a decision can be sought and ideally reached. The next two sections provide additional guidance on how participants can support consensus-building in practice, and express agreement or disagreement along the way.

## **b. Supporting a consensus-building process**

At its best, consensus decision making is a creative and dynamic way of reaching agreement. Instead of simply voting for an item and having the majority of the group getting their way, a consensus-building process aims to find solutions that everyone actively supports – or at least can live with. This

makes sure that all opinions, ideas and concerns are taken into account. By listening closely to each other, the group aims to come up with proposals that can work for everyone.

When participants *work together* to ensure the following is in place, this will help to support a consensus-building process (Seeds for Change, 2010):

- **Common Goal:** Share a clear common goal and be willing to work together towards it. Work out together what your goals are and how you will get there. If differences arise later, revisit the common goal to help to focus and unite the group.
- **Commitment to reaching consensus:** Everyone needs to be willing to really give it a go. This means being deeply honest about what it is you want or don't want, and properly listening to what others have to say. Everyone must be willing to shift their positions, to be open to alternative solutions and be able to reassess their needs.
- **Trust and openness:** We need to be able to trust that everyone shares our commitment to consensus and that everyone respects our opinions and equal rights. It would be a big breach of trust for people to manipulate the process of the meeting in order to get the decision they most want. If everyone is able to talk openly then the group will have the information it requires to take everyone's positions into account and to come up with a solution that everyone can support.
- **Clear Process:** It's essential to have a clear process for making decisions and to make sure that everyone has a shared understanding of how it works.

Participants in ASI governance also have a key role to play *individually* in supporting consensus processes. Tips for individuals include (Seeds for Change, 2010):

- **Be willing to work towards the solution that's best for everyone, not just what's best for you.** Be flexible and willing to give something up to reach an agreement.
- **Help to create a respectful and trusting atmosphere.** Nobody should be afraid to express their ideas and opinions. But remember that we all have different values, backgrounds and behaviour and we get upset by different things.
- **Explain your own position clearly.** Be open and honest about the reasons for your view points. Express your concerns early on in the process so that they can be taken into account in any proposals.
- **Listen actively to what people are trying to say.** Make an effort to understand someone's position and their underlying needs, concerns and emotions. Give everyone space to finish and take time to consider their point of view.
- **Think before you speak, listen before you object.** Listen to other members' reactions and consider them carefully before pressing your point. Self-restraint is essential in consensus – sometimes the biggest obstacle to progress is an individual's attachment to one idea. If another proposal is good, don't complicate matters by opposing it just because it isn't your favourite idea! Ask yourself: "Does this idea work for the group, even if I don't like it the best?" or "Does it matter which one we choose?"
- **Don't be afraid of disagreement.** Consensus isn't about us all thinking the same thing. Differences of opinion are natural and to be expected.

### c. Agreement and disagreement

In trying to reach consensus and ultimately make a decision, individuals may find themselves at various stages in various types of agreement or disagreement. It is helpful to understand these different types, so that they can be expressed more clearly during the process and inform the ongoing consensus building process.

**At the decision stage/s**, participants have the ability to express these positions (Seeds for Change, 2010):

- **Agreement with the proposal.**
- **Reservations:** You are willing to let the proposal go ahead, but want to make the group aware you aren't happy with it or that it could be further improved. You may wish to make sure your concerns have been formally acknowledged, for example in meeting minutes.
- **Standing aside:** You want to object or abstain, but not block the proposal. You might stand aside because you disagree with the proposal, or you might like the decision but be unable to formally support it because of competing pressures.
- **Block:** A block expresses a fundamental objection. It isn't "I don't really like it," or "I liked the other idea better." It means that you cannot live with the proposal. The group can either start work on a new proposal, or look for amendments to overcome the objection. In an ideal consensus process, a block wouldn't happen since any major concerns about a proposal should be addressed before the decision stage. However, sometimes people aren't able to express their concerns clearly enough, or aren't heard by the group. In such situations the block acts as a safeguard to ensure that decisions are supported by everyone. Being able to block is an integral part of consensus, but it comes with a big responsibility. A block at a late stage is disruptive, and it should therefore only be used if serious concerns are unresolved.

All ASI participants should make sure they understand these different options for expressing disagreement. Often people are confused and block when they'd actually be happy to stand aside; or sometimes people are scared of blocking, even if they are deeply unhappy and use a milder form of disagreement instead (Seeds for Change, 2010).

### d. Where consensus is not possible

In the event that consensus ultimately cannot be reached on a decision, and sufficient time and opportunity for deliberation has been allowed, a vote may need to be taken. For issues where views are known to be polarised, this is usually a step of last resort and 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.

The need for a decision by vote may be flagged in meeting agendas, and/or email communications and/or by the chair/s at the relevant meeting. This is normally in the form of a **resolution** or similar.

(Of course there are also decisions made in the same way by ASI governance groups, which are procedural or operational in nature and do not rest on a formal consensus-building process.)

Participants should not seek a vote as a way to sidestep the work of a consensus-building process, or to be divisive. In standards development processes, the ASI Board has the role to oversee the process and ensure that due process has been followed and assess any material risks, such as insufficient stakeholder engagement. In the case of a vote sought or taken that does not represent a good faith process, the Board may still determine that more work is required by the Standards Committee or Working Group to build greater consensus on a given issue, and ask that this be carried out.

#### **e. Procedure for decisions by vote**

A vote can be taken during a meeting (in person or teleconference, including by proxy) if the relevant quorum is present.

Proxy appointments for decisions during a Board or Standards Committee meeting must be in writing, and must either direct the proxy how to vote on a proposed decision, or expressly permit the proxy to vote as the proxy sees fit. If a Director or Standards Committee member holds more than one appointment as a proxy, only one of those can allow them to vote as they see fit and the others must direct the proxy how to vote. To be valid, proxy appointments must be submitted to the ASI Secretariat in time to be provided to the Chair of the meeting at or before the start of the relevant meeting.

Otherwise, or where the decision is significant in the opinion of 50% or more of the participants present or the chair of the meeting, the vote will be conducted via email poll. A minimum of 3 working days, assessed across all relevant jurisdictions, will be allowed for response. In cases where the decision is less time sensitive, up to ten working days may be allowed for response. The response time will be specified in the poll invitation. The CEO or his/her delegate will act as the returning officer for email polls.

Votes will be registered as either 'for', 'against', or 'abstain' for a motion, while non-responses will be counted as 'silent'. A resolution is regarded as passed if a simple majority of the votes cast (i.e. excluding any 'silent' and 'abstain' votes) are 'for', and a quorum participate in voting.

### **9. Managing Conflicts of Interest**

The actions and decisions taken by the participants in ASI governance need to be informed, objective and fair. If ASI and its governance participants do not effectively recognise, report and manage conflicts of interest, these conflicts may affect the way a participant acts, the decisions they make, or the way they vote.

A person has a "conflict of interest" where some or all of the interests of that person are inconsistent with, or diverge from, some or all of the interests of ASI, such that there is a conflict, or a real

possibility of a conflict, between the competing interest and the interests of ASI which may adversely affect the person’s ability to act in good faith.

A conflict may be actual, potential or perceived, and all three types must be managed appropriately.

<b>Actual</b> conflict of interest	There is a real conflict between your duties to ASI and the competing interest
<b>Potential</b> conflict of interest	There are circumstances where it is foreseeable that a conflict may arise in future and steps should be taken now to mitigate that future risk
<b>Perceived</b> conflict of interest	A third party could reasonably form the view other interests could improperly influence your decisions or actions, now or in the future

Conflicts of interest and conflicts of duties must be managed by law for ASI Directors. Appendix 3 of this Handbook contains more information on these issues and how they should be managed by Directors.

However conflicts of interest are also relevant to other parts of ASI’s Governance. In particular, the ASI Standards Committee is elected by all ASI members to oversee standards development and revision processes. In this sense, Standards Committee members play an important role on behalf of *all* ASI members. The purpose of being a Standards Committee member is not to advance the interests of only your own organisation without regard to the interests of others, but to seek net benefit for all stakeholders of ASI.

Conflicts of interest can’t always be avoided and do not necessarily represent a problem. However, it is important that they are managed properly (AICD, 2019). ASI’s Code of Conduct in Appendix 1 include a principle for all governance participants to ‘declare all relevant interests’.

The first step to managing conflicts of interest is thus identification. Meeting agendas for the Board and Standards Committee invite participants to declare any conflicts of interests at the beginning of a meeting.

Once a conflict has been identified, the group must decide how it will be managed. For example, the conflicted individual may:

- Refrain from participating in any discussion about related matters;
- Remove themselves from the room; or
- Abstain from voting on any matter related to the conflict.

This is called taking remedial action. The appropriate remedial action will depend on the nature of the conflict and the circumstances of the situation. Where remedial action is taken to manage a conflict of interest, it will be recorded in the meeting minutes.



If in doubt about whether something could be a conflict of interest, it is always best to err on the side of caution and to disclose it. This can also assist in promoting accountability, especially if there is visibility of the disclosure by an organisation's stakeholders.

Where material conflicts of interest exist and fail to be disclosed at any level of ASI governance, the ASI Board has a responsibility to review the matter and decide an appropriate course of action.

*The following sections outline the definitive structures for ASI governance and management, including:*

- *ASI Board and sub-Committees*
- *ASI Standards Committee*
- *ASI Working Groups*
- *Indigenous Peoples Advisory Forum*
- *ASI Secretariat*

## 10. Board of Directors

### a. Roles and responsibilities

A governing board's primary responsibility, on behalf of its members, is to ensure that the organisation that it is responsible for remains viable and thrives. This is an important stewardship role that is focused on the organisation's future.

A board's role can be broken down into 6 main dimensions:



Figure 4 – Six main dimensions of the Board's role (AICD, 2019)

As a general rule, directors operate on a longer-term time frame and at a more strategic level than the organisation’s management. Thus:

- Directors are generally held to be responsible for setting the appetite for risk, while management ensures that risks are managed
- Directors set the strategic direction and vision, while management devises the strategic plan and implements it
- Directors set the ‘tone at the top’ by acting ethically, modelling the correct values and requiring management to demonstrate, develop and support appropriate values for the organisation.

Key responsibilities of the ASI Board include:

- Setting the vision, purpose and strategies of the organisation and assessing overall organisational performance
- Ensuring financial integrity and resilience, including approving annual budgets, reviewing financial reports, approving expenditures over pre-defined limits, and appointing external financial auditors
- Ensuring the organisation complies with statutory and contractual requirements
- Overseeing risk assessment and management of identified risks
- Adoption of new or revised ASI standards and assurance models by making them a By-Law, where due process has been followed by responsible Committees and no material risks are identified
- Appointing the CEO, supporting his/her responsibilities and evaluating his/her performance
- Communicating with members and stakeholders to ensure they are kept informed about performance and have input into ASI direction
- Overseeing implementation of the ASI Complaints Mechanism and related disciplinary procedures for members
- Setting the tone for ASI’s culture and conduct, and ethical and responsible decision-making throughout the organisation.

Directors play a fiduciary role on behalf of all ASI members and their duties include:

- To act with reasonable care and due diligence
- To act in the best interest of ASI and for a proper purpose
- Not to improperly use information or their position as a Director
- To ensure that ASI’s financial affairs managed responsibly
- To disclose and manage conflicts of interest
- Not to allow ASI to operate while insolvent

#### Practical steps for good governance

A Governance Committee is appointed by the Board to oversee Board-level competence and skills, Board recruitment and succession planning, and reviews of Board effectiveness.

The respective functions and powers of Directors and the CEO are delineated in a formal delegation of authority policy.

## b. Board composition and terms

ASI is governed by a multi-stakeholder Board of Directors:

ASI Board:

Size	Up to 8 Directors
Composition	2 representatives from the 'Production and Transformation' membership class 2 representatives from the 'Industrial Users' membership class 2 representatives from the 'Civil Society' membership class Up to 2 Independent Directors appointed by the Board, including two Australian-resident directors if not among the above 6 representatives.
Chair	Elected by the Directors
Quorum	Half (rounded up if necessary) of sitting Directors
Terms	Normally 2 years Possibility for re-election at the end of the term (or re-appointment in the case of independent directors), up to a maximum of 6 continuous years (or longer where ASI members allow a longer term).

Candidates for Director roles in the membership classes can be nominated by a member or be identified by the Governance Committee. From these nominations, the entire ASI membership will elect the candidates to fill these vacancies.

Candidates for Independent Directors are identified by the ASI Governance Committee and must fulfil the requirements for 'Independent' as defined in the ASI Constitution. Independent Directors are selected and appointed by the Board.

Directors have staggered terms, so that in each of the 3 membership classes and among the two Independent Directors, there will arise one vacancy per year.

### Practical steps for good governance

A letter of appointment for all new directors sets out details such as:

- An overview of ASI and its governance
- How they were elected/appointed and from what date
- The requirement for a Consent to Act form to be completed
- Their role, responsibilities and duties
- The term of the appointment and any conditions or limits
- Expectations for their role, including time commitments
- Opportunities to participate in Board Committees
- An induction process, which would include a detailed introductory conversation with the CEO and/or Board Chair and legal briefing
- Links to key orientation documents, including this Handbook, the ASI Constitution, and the ASI Risk Assessment, relevant policies and documents, and supporting training materials

### c. Board skills and experience

As the ASI directors have specific fiduciary responsibilities, the collective skills and experience of individuals serving as directors is an important consideration. Board directors should be senior and experienced people, able to participate effectively in ASI Board decisions.

A “skills matrix” is useful to assess whether the board has the right balance of these, and assist with identifying potential new board candidates as vacancies arise. Key areas of general competence and experience for the ASI Board include:

- Strategic expertise – the ability to guide and review strategy through constructive questioning and suggestion.
- Financial literacy – the ability to read and comprehend the organisation’s accounts, financial reports, and the organisation’s funding and business model.
- Governance – knowledge and/or experience of leading organisational governance, organisational culture and conduct, and taking a collegiate approach to decision-making.
- Legal – understanding an individual director’s legal duties and responsibilities, and contributing to the board’s responsibility for overseeing ASI’s compliance with applicable law.
- Managing risk – expertise/experience to oversee strategic, financial and operational risk to the organisation.

Diversity of gender and geography are also relevant considerations for ASI as a global initiative. Identified skills, diversity or geographical gaps can be partially addressed through the Independent Director category.

### d. Board meetings

Board meetings will ordinarily be held at least four times per year. It is anticipated that the Board will meet mainly by teleconference to enable broad participation, with one face-to-face meeting per year (potentially two, if warranted by the work program and where time and resources permit). Additional teleconferences or meetings may be convened as required.

Board Directors should attend teleconferences and the ASI Annual General Meeting (where the face-to-face Board meeting will be held) unless such participation in a specific case is not possible. Directors will, however, be able to vote by proxy if their attendance at a meeting or teleconference is not possible. Under ASI’s Constitution, alternates are not permitted.

### e. Annual agenda

The Board has an annual agenda to be covered through its regular meetings, and may identify additional issues and timeframes for decision-making through each year. The annual agenda includes a core workplan around statutory compliance and organisational performance, plus any additional issues or workstreams to be addressed by the Board.

#### Practical steps for good governance

The Board’s annual agenda will include the following:

##### *Annually:*

- Annual review of organisational strategy
- Approval of annual budget
- Annual review of organisational performance
- Annual review of Board and Committee effectiveness
- CEO’s performance appraisal cycle
- Preparation for the Annual General Meeting
- Approval of the year-end Financial Accounts and Directors Report

##### *Quarterly / as required:*

- Review of organisational risks
- Financial governance
- Business model/financial planning
- Appointment of the financial auditor
- Review of operational reports
- Oversight of governance
- Dialogue sessions on emerging issues
- Input from Indigenous Peoples Advisory Forum
- Reporting from Committees
- Consultation with members
- Policy review schedule
- Any additional workstreams identified by the Board

### f. Role of the Chair

The Board Chair presides at board meetings and annual general meetings, and acts as a key interface between the Board and the ASI CEO. Attributes of a good board chair (AICD, 2013) include:

- Provides overall effective leadership to enhance the effectiveness of the Board
- Has the confidence of the Board
- Has a productive working relationship with the CEO
- Has a good understanding of the organisation’s purpose and operational challenges
- Has the skills to ensure the Board works as a cohesive team
- Is an effective conductor of Board meetings

The Board Chair is elected by the ASI Board Directors and serves one director's term, with possibility for re-election. It is recommended that when possible, the Board Chair be one of the independent Directors to promote impartiality. Note the Board Chair is the Chair of the Board, not the Chair of ASI.

The Board Chair has a key role to ensure:

- There is comprehensive, relevant and timely information from management.
- There is an appropriate Board environment and open culture for robust board discussion.
- There is sufficient time for timely decisions to be made.
- There is a culture of inclusiveness to allow all Directors to express their views.
- The Board is aware of Directors' or management's conflicts of interest or duty and manage any such conflicts.
- The Board's decision-making processes are aligned to ASI's governance, strategy, values and risk profile.
- The Board addresses all the major strategy issues that can affect ASI's credibility and sustainability.
- The Board is engaged in assessing and improving its effectiveness.

The Board Chair will generally take responsibility for leading the process around CEO remuneration, performance and succession planning. The Chair would normally also lead the process for CEO appointment, and if necessary, disciplinary action or dismissal.

#### **g. Role of the CEO**

It is important to establish a clear distinction between the job of the Board to govern – provide direction and oversight – and the job of the CEO to manage the operations of the organisation.

It is the CEO's responsibility to ensure that the Board is informed and supported in its work.

Accordingly, the CEO shall:

- Provide information in a timely, accurate and understandable fashion, addressing the various issues to be monitored by the Board
- Provide financial reports that make clear significant trends and data relevant to agreed benchmarks
- Inform the Board of significant trends, implications of Board decisions, or issues arising from policy matters
- Inform Board members when for any reason there is an actual or anticipated non-compliance with ASI policies or procedures
- Inform the Board of any actual or potential serious legal conflict or dispute that has arisen or may arise in relation to matters affecting ASI
- Deal with the Board as a whole on formal matters, except when dealing with individual requests for information or requests from Board Committees or Working Groups.

Within the direction set by the Board and delegations of authority determined by the Board, the CEO uses his/her professional judgement to make management decisions and take action when appropriate and necessary to achieve the outcomes and priorities agreed by the Board. The CEO

appoints and leads the ASI Secretariat, who support implementation of ASI's agreed workplan within the approved budget.

#### **h. Directors act in the interest of ASI as a whole**

The ASI Board includes representatives of various stakeholders groups, to help promote an appropriate diversity of views and create opportunities for involvement of the relevant membership classes in strategic decision-making.

While a director's appointment may stem from their association with a particular membership class, all directors must apply an independent mind to the board's work and decision-making. Individual directors must not regard themselves only as representatives of their particular stakeholder group or organisation, as they must act in the best interests of the entire ASI membership.

Thus a Board director's legal accountability is to the ASI membership as a whole, notwithstanding the obligation they may feel to 'represent' their individual member organisation or stakeholder group. This brings us to the related issue of conflicts of interest and duties.

#### **i. Conflicts of interest and duties**

As many Board directors will also be employees or officers of ASI members, it is important to distinguish the particular duties that come with a Board role. Board members are fiduciaries who share common legal and moral responsibilities. These include to:

- exercise a duty of care
- act honestly
- exercise a reasonable level of care and diligence
- avoid using their positions, or information gained in their position, for personal advantage
- comply with all relevant legislation and organisation constitutional requirements
- act in the best interests of the organisation as a whole.

Decisions made by the Board must be impartial and in the best interests of ASI as an organisation. Any potential conflicts of interest for ASI Board directors, and for members of the Governance, Legal and Finance and Audit sub-Committees, must therefore be identified, declared and managed appropriately.

A conflict of interest is any situation that puts a director in a position where their interests as a director of ASI and their interests in another capacity, are inconsistent. For example, if a particular decision could, if made a particular way, benefit a director's employer without commensurate benefit to ASI, then that director is no longer in a position to make an impartial decision: he or she has a conflict of interest.

A conflict of duty is a related concept, however it is a conflict between two different legal or ethical duties. A conflict of duty may arise when a director's obligations to ASI cannot properly be fulfilled

whilst also fulfilling the director's obligations to another company. For example, a director may have confidential information that is important to ASI, but the director also has duties to a third party to keep that information confidential.

It is not uncommon for directors to experience a conflict of interest or duty on particular matters from time to time. For example, ASI directors dealing with changes to membership fees may also be employees or officers of an ASI member. This would normally not be regarded as a conflict of interest or duty. Corporate governance is usually concerned only with what are known as "material conflicts".

The law of companies does not formally define a "material" conflict. The extent to which a conflict is material depends on the circumstances of each case. Case law suggests that the word "material" means that a reasonable person might conclude that the conflict has the potential to influence the vote of the particular director.

If a material conflict has been identified, whether of interest or duty, it must be disclosed and from the moment it is disclosed, that director or sub-Committee member is no longer invited to exercise judgement on how the conflict should be resolved or how the underlying matter giving rise to the conflict should be dealt with by ASI. The other members of the Board or sub-Committee should then decide the best course of action given the conflict situation. The individual with the conflict may be excluded from any further discussion, or be allowed to be present but not permitted to vote. The Board or sub-Committee may also tailor the papers provided so that the conflicted individual receives no information on the issue. The minutes of the meeting will note the identified conflict and the course of action taken to manage it.

Appendix 3 of this Handbook contains more information on Directors' interests, duties, confidentiality and liability which should be reviewed by all acting Directors and individuals considering nominating for a Director role.

#### **j. Board and Committee effectiveness**

Boards aspire to be effective in their governing of an organisation. Board effectiveness is usually enhanced when adopting the following governing style:

- Focus on the future, avoiding being unduly preoccupied with the past and the present.
- Look beyond the boundaries of the organisation, avoiding being preoccupied with internal concerns.
- Be proactive rather than reactive.
- Encourage the expression of a diversity of views and opinions.
- Ensure its time is spent on strategic leadership rather than administrative detail.
- Cultivate a sense of group responsibility making collective rather than individual decisions.
- Ensure there is a clear distinction between governance (Board) and operational (CEO and Secretariat) roles.



As a part of good practice, the ASI Board conducts annual reviews of its overall effectiveness with a view to taking steps to improve the quality of its governance, boardroom discussion and decision-making. The Board also reviews the effectiveness of other key elements of ASI governance, including Board Committees and the Standards Committee. Overseeing this process is one of the responsibilities of the Governance Committee (see section 11(a) below).

### Practical steps for good governance

Questions to consider as part of a Board and Standards Committee effectiveness review include:

- Are the Board and Committee meetings sufficiently prepared by the ASI Secretariat?
- Are Board and Committee meetings effective in achieving their objectives?
- From ASI members’ perspectives, do the Board and Standards Committee appear to be working effectively on their duties?
- Is the Board adopting an effective governing style?
- Is the Board focusing on the right strategic areas?
- Do Board discussions find the right balance between strategic and operational issues?
- Are Board meetings effective in supporting the achievement of the ASI Strategic Plan?
- Can the Board and Committee induction process be improved?
- Are Board Committees (Governance, Finance, Legal) effectively supporting the Board’s duties?
- What steps does (or should) be taken to promote cohesive decision-making?
- Is there a gap in skills, knowledge or experience which would help the Board or Committee to function more effectively?
- Are there any individual conduct issues which need intervention?

## 11. Committees of the Board

ASI governance is also carried out through Committees covering critical work programs and organisational responsibilities. Standing Committees of the Board include:

- Governance Committee
- Finance and Audit Committee
- Legal Committee

Terms of reference for each are contained in the sections below. As ASI membership and activities expand over time, additional or alternative Committees or Working Groups may be constituted by the Board to effectively support the ASI work program.

### a. Governance Committee

The Governance Committee is a committee of the Board, focused on the integrity and effectiveness of ASI's governance. It plays an important role in overseeing nomination and election processes for Board and Committee vacancies, so as to enhance appropriate diversity and skills.

#### *Membership:*

- A maximum of 5 Committee members, one drawn from each of the Production and Transformation, Industrial Users and Civil Society classes, and one Independent director. The Board may also choose to appoint external individuals with appropriate qualifications to the Committee (including as a potential pipeline for future Independent Directors). Non-Director Committee members are also voting members of the Committee.
- Committee chair elected by and from among the Committee members.
- Quorum = 2
- Terms of 2 years (or duration of director's term, whichever is lesser), with possibility for re-appointment.

#### *Terms of reference:*

- Oversee compliance with, and the development of proposed amendments to, the ASI Constitution and Governance Handbook
- Oversee Board and Standards Committee competence, diversity and integrity, including the need for induction and orientation on key issues
- Oversee processes for reviews of the performance and effectiveness of the ASI Board as a whole and individual directors, as well as ASI Committees, normally through annual surveys
- Oversee procedures for Board and Committee succession planning, nomination and election of member Directors and Committee members, identification and recruitment of independent Directors and non-member Committee members, and resignations and retirements
- Oversee succession planning and recruitment of CEO (and critical staff, where appropriate)
- Bring any other governance issues to the attention of the Board and recommend courses of action as deemed appropriate.

### b. Finance and Audit Committee

The Finance and Audit Committee is a committee of the Board, focused on ASI's financial positions, projections and management controls.

#### *Membership:*

- A maximum of 5 Committee members, including at least two Board directors. The Board Chair cannot participate in this Committee.
- Committee members should have accounting or related financial management expertise, and at a minimum have financial literacy.
- Directors serving on the Committee will ideally be drawn from a range of membership classes and independent Directors. The Board may also choose to appoint external individuals with

appropriate qualifications to the Committee. Non-Director Committee members are also voting members of the Committee.

- Committee chair elected by and from among the Committee members.
- Quorum = 2
- Terms of 2 years (or duration of director's term, whichever is lesser), with possibility for re-appointment.

*Terms of reference:*

- Provide guidance and where appropriate assist in the preparation of budgets and projections on future financial positions.
- Review and make recommendations regarding the membership fee structure and other sources of revenue.
- Provide policy guidance to the CEO for effective financial management including delegations of authority for expenditures, investment policy, and cash management.
- Review ASI's internal accounting procedures and accounting controls.
- Review ASI's compliance with all relevant laws and regulations regarding financial matters.
- Recommend external auditors to the Board, and, where directed by the Board, review the audit plans and reports of external auditors.
- Bring financial issues to the attention of the Board and recommend courses of action as deemed appropriate.

### c. Legal Committee

The Legal Committee is a committee of the Board, focused on ASI's legal responsibilities and risks. The Committee shall provide informal support to the Directors on legal and compliance matters. Consistent with its informal role, the Legal Committee shall not make any decisions on behalf of ASI. Responsibility for decisions relating to ASI's activities lies with the Directors, Officers or any decision-making bodies created pursuant to the Constitution of ASI.

*Membership:*

- Ideally between 3-10 Committee members.
- Committee members must have appropriate professional legal qualifications.
- Nominations will be sought from within ASI members and appointed by the ASI Board of Directors. The Board may also choose to appoint external individuals with appropriate qualifications to the Committee.
- Terms of 2 years, with possibility for re-appointment.

*Terms of reference – mandate of Legal Committee (LC):*

- Review legal and regulatory compliance matters brought to its attention, including draft standards, other normative documents, the ASI Constitution and the Anti-Trust Compliance Policy;
- Discuss and provide feedback on legal and regulatory compliance matters by flagging up potential legal risks and opportunities and suggesting appropriate courses of action;
- Make recommendations as to when the ASI should seek external legal advice and on the appointment of external legal counsel.

For the avoidance of doubt, in providing informal support to the ASI the LC members shall not be taken to provide legal advice to the ASI, its Directors, Officers or any other ASI decision-making bodies.

The LC shall act independently from any ASI Members and shall not represent any ASI Members in any way. The LC shall incur no liability and shall bear no responsibility for ASI’s legal or compliance matters, this responsibility ultimately resting with the board of Directors. The LC shall not act as the agent or authorized representative of, nor have the ability to bind ASI, the board of Directors, any ASI Member or any other member of the LC.

## 12. Standards Committee

### a. Roles and responsibilities

The ASI Standards Committee is a multi-stakeholder group at the heart of ASI’s mission. Its work is focussed on standards development and revision, the ASI assurance model, and monitoring and evaluation of impacts. As a group elected on behalf of all ASI members, it plays an important stewardship role for the technical heart of ASI’s program, seeking net benefit for all stakeholders to the aluminium value chain.

#### *Terms of reference:*

- 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. (The [ASI Oversight Mechanism](#) sets out the relevant processes that have been established by ASI for this purpose).

During active standards development periods, all relevant stakeholders are invited to participate in public consultation opportunities. The feedback from all stakeholders is taken into account by the Standards Committee, which seeks to balance a range of stakeholder interests in determining the final content of new standards, revisions and supporting documents. The ASI Board has oversight of the standards development process and the final responsibility for adoption of new or revised standards for implementation by ASI members.

The ASI Code of Conduct (Appendix 1) contains general principles applicable for all ASI governance participants, plus additional specific principles applicable to the Standards Committee.

**b. Meetings**

During an active standards setting program, it is anticipated that the Standards Committee would meet by teleconference at least 6 to 8 times per year, with at least one face-to-face meeting (potentially two, if warranted by the work program and where time and resources permit).

Standards Committee members should attend teleconferences and the ASI Annual General Meeting, where an annual face-to-face Committee meeting would normally be held, unless such participation in a specific case is not possible. In this case, Committee members are able to vote by Proxy or nominate an Alternate for up to 30 days if their attendance at a meeting or teleconference is not possible. A Committee member can appoint an Alternate up to 3 times in any year. Exceptions to these limits apply in the case of maternity or paternity leave, or extended illness.

In the interests of transparency for all stakeholders, the minutes of Standards Committee meetings are made available on the [ASI website](#), once they have been approved at the following meeting.

**c. Composition and terms**

Balance on the Committee is sought between ‘upstream’ and ‘downstream’ supply chain members and civil society interests. ASI aims to have a 50% non-industry (civil society plus Indigenous peoples) participation in the Standards Committee and encourage Civil Society membership in ASI. The minimum non-industry participation will be one-third of the Committee, and the maximum will be one-half of the Committee.

*ASI Standards Committee*

Size	12-24 Committee members
Composition	<ul style="list-style-type: none"> <li>• 3-6 representatives from the ‘Production and Transformation’ membership class</li> <li>• 3-6 representatives from the ‘Industrial Users’ membership class</li> <li>• 4-10 representatives from the ‘Civil Society’ membership class</li> <li>• 2 representatives from the Indigenous Peoples Advisory Forum.</li> </ul>

Chairs	Two Committee co-chairs elected by Committee members, one representing aluminium supply chain interests and one representing civil society and indigenous peoples’ interests.
Quorum	Half (rounded up if necessary) of sitting Committee members
Terms	2 years Possibility for re-election at the end of the term, up to a maximum of 6 continuous years (or longer where ASI members allow a longer term). Committee Co-Chairs are eligible to serve for up to two consecutive two-year terms, or a maximum of four continuous years.

A diversity of interests in each of the member classes will be sought through the member election process. Relevant interests include:

- **Production and Transformation:** upstream primary; mid-stream and recycling; material conversion
- **Industrial Users:** building and construction; transport and automotive; packaging and consumer durables
- **Civil Society:** mix of environmental and social organisations.

Diversity of gender and geography are also relevant considerations for ASI as a global initiative. Other relevant factors include size of organisation, cultural and linguistic background, professional experience, technical skills or other as identified.

If there are insufficient Civil Society members for the available Standards Committee seats, non-member civil society organisations will be invited to participate to fill any vacancies to meet the minimum (4) for a term of one year. For Production and Transformation or Industrial Users, vacancies due to insufficient members or nominations can be filled by ASI members from other classes that fairly represent their interests (see section 6(b)).

#### d. ASI training requirement

Standards Committee members play a critical role on behalf of all ASI members to oversee the technical content of the ASI Standards and supporting documents. From 2020, a requirement to undertake ASI training will be in place to support the knowledge and effectiveness of Standards Committee participants.

- **For candidates seeking *election* to the ASI Standards Committee:** ASI’s online training must be undertaken before nominating for election. If you are considering nominating for the ASI Standards Committee in future, and have not yet undertaken ASI training, make sure you give yourself time to complete the training before January/February of a given election year.
- **For nominees from the Indigenous Peoples Advisory Forum (IPAF):** If not previously completed, online training should be undertaken as soon as possible following nomination to the Committee.

ASI training is available online via the *educationAI* learning platform, where it can be undertaken in a staged process over time. Training requirements for Standards Committee members will cover:

- ASI Standards and Claims
- ASI Assurance and Oversight
- ASI Code of Conduct and ASI's governance

Participation in a full day in-person training session, or the online equivalent, at any time in the previous 3 years before a nomination / election process will be counted as meeting the Standards Committee training requirement. Refresher training must be undertaken at least every five years, or sooner where triggered by a standards revision and/or the need to meet particular requirements for an election cycle, as determined by the ASI Governance Committee.

If nominations for election to the Standards Committee are received from a candidate who has not completed the ASI training requirement, preference will be given to candidates who have met the requirement. Where the number of trained candidates are equal to or greater than the number of vacancies in a given membership class, the trained candidates will be eligible for election. Where there are insufficient trained candidates in a given membership class to fill the number of vacancies, the trained candidates will be elected unopposed; and the untrained candidates will have the opportunity to fill the remaining vacancies through an election process.

#### e. Role of the Co-Chairs

The Co-Chairs preside at Standards Committee meetings and act as an interface with the ASI Secretariat and the ASI Board, where required. The Co-Chairs roles include to:

- Chair the Standards Committee teleconferences and in-person meetings
- Encourage all Committee members' awareness of and conformance with the ASI Code of Conduct
- Support a respectful, inclusive and open culture for discussions
- Guide and support consensus-building processes
- Liaise with the ASI Secretariat as part of meeting planning and preparation
- Liaise with the ASI Board periodically on activities and progress.

Attributes of a good Co-Chair include:

- Is an effective conductor of Committee meetings
- Has a good understanding of the Committee's work program and timelines
- Has the skills to support the building of consensus among Committee members
- Has the confidence of the Committee
- Has a productive working relationship with the other Co-Chair
- Has a productive working relationship with the ASI Secretariat

One Co-Chair should represent aluminium supply chain interests and one Co-Chair should represent civil society and indigenous peoples' interests. Following the Standards Committee elections, or a

resignation by a Co-Chair within their term, the Secretariat will call for nominations from interested Standards Committee members.

The Co-Chairs are elected by the Standards Committee members and serve to the remainder of their current term, with possibility for re-election. The Co-Chairs may serve up to two consecutive terms, equating to a maximum of four continuous years. This aims to renew leadership and share professional development opportunities among Committee members.

Elected Co-Chairs may decide how to share their chairing responsibilities, for example by jointly chairing meetings, or alternating between meetings (with the other providing support for the active chair in a given meeting where available and appropriate). If neither Co-Chair is available to participate in a meeting, a member of the ASI Secretariat will chair discussions for that meeting.

#### **f. Adoption and revision of ASI Standards**

As an ISEAL Alliance member, ASI aims to operate in conformance with the ISEAL Code of Good Practice for Setting Social and Environmental Standards.

The decision for ASI to adopt a new or revised ASI standard will follow the [ASI Standards Setting Procedure](#) and pass through the following key steps:

- Consensus-based decision-making, as outlined in section 8 of this Handbook, within the ASI Standards Committee during the drafting of new or revised standards content
- Public consultation processes as defined in each standards development program in accordance with the ISEAL Code of Good Practice
- Approval by the Standards Committee of new standards / revisions, based on the results of the consultations
- Formal adoption of the approved new standards/revisions by the ASI Board, based on the quality of the standards development process followed and review of material risks. If the standards development process has been inadequate, the Board will refer the proposed standard/revision back to the Standards Committee for further work.

Figure 5 below illustrates the key bodies and processes that contribute to the development and finalisation of a new or revised ASI Standard.



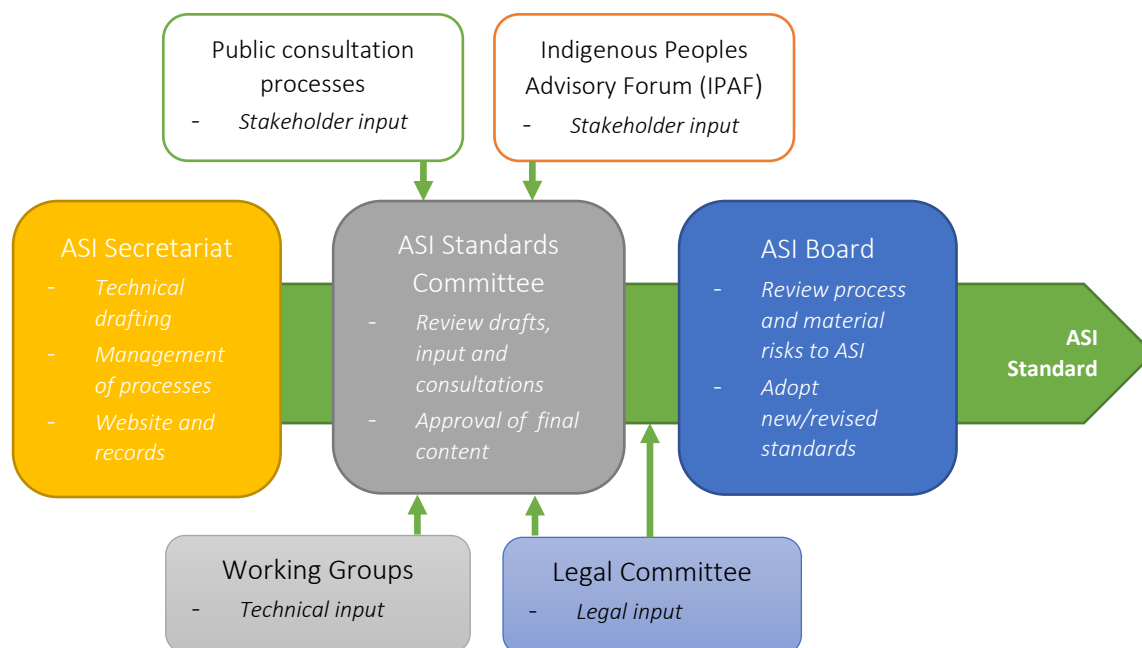


Figure 5 – Bodies involved in ASI standards development and summary of responsibilities

### 13. Working Groups

Both the ASI Board and the ASI Standards Committee can create Working Groups.

Board Working Groups	Standards Committee Working Groups
<p>The Board can convene Working Groups on issues related to ASI’s strategy or operations. This may relate to geographical or language-based initiatives, sector strategies, regulatory or compliance issues, or other topic agreed by the Board.</p> <p>Working Groups may be comprised of members and non-members. Participants may be nominated by the Board, invited via a member nomination process, or identified by the ASI Secretariat or partner organisation.</p>	<p>The Standards Committee can recommend that ASI convene Working Groups on specific standards-related issues, so as to inform the development of guidance or standards development activities.</p> <p>Working Groups may be comprised of Standards Committee members, other representatives of members, and other stakeholders. Participants may be nominated by any ASI member or identified by the ASI Secretariat.</p>

A Working Group is established through a Terms of Reference document, which must be approved by the parent governance group (Board or Standards Committee, or other where relevant). Information required in a Terms of Reference include:

- **Name of Working Group:** Identifying the topic/theme/issue being addressed.
- **Chair/s:** Chair/s, if any, may be elected from the Working Group, or alternatively the ASI Secretariat or another nominee will play a co-ordinating role.
- **Scope:** The scope should be a clear and concise statement outlining the topics to be addressed by the Working Group and their relationship to ASI's work programs.
- **Objectives:** The aims and target outcomes/deliverables of the Working Group, for example to produce a guidance document, or to review and inform a component of a Standard, or to provide input to a normative document.
- **Timeframes and Reporting:** An initial timeframe to achieve the above objectives, with regular progress reporting – note this may need to align with other milestones as directed by the relevant parent Board/Committee. The Working Group may continue after this timeframe, but a new TOR would be set outlining the new objectives and timeframes.
- **Participants at inception:** List of names and affiliations of those initially participating in the Working Group, as well as any additional target participants eg subject matter experts. For practical reasons, a Working Group size of 12-20 is probably the most workable.

If a Working Group has more than 30 members, a smaller co-ordination group of up to 10 individuals may be nominated from among this group to help agree and co-ordinate process. Working Groups make recommendations to the parent Board/Committee, which are then considered as part of that group's own work program.

#### 14. Indigenous Peoples Advisory Forum

An Indigenous Peoples Expert Workshop, convened by ASI in 2015, recommended that ASI develop structures for full and effective participation of Indigenous Peoples in both the ongoing governance of the ASI Performance Standard and the ASI Complaints Mechanism.

While Indigenous Peoples organisations are eligible for ASI membership as civil society organisations in their own right, ASI recognised that this may not be the most appropriate engagement structure for some organisations and communities. Furthermore, ASI agreed that there should be distinct avenues for engagement with Indigenous Peoples' organisations and communities, which are separate to the involvement of civil society organisations in general.

From the outset, ASI's governance structure thus included the establishment of a standing Indigenous Peoples Advisory Forum (IPAF). The IPAF is not a separate body or organisation, but is a part of ASI's governance, like the ASI Board or Standards Committee, and is embedded in ASI's Constitution. ASI allocates resources for IPAF's activities, including translation needs, as part of its annual budget.

ASI's IPAF is designed to function as a dialogue and engagement platform between ASI and representatives of Indigenous Peoples. This includes engagement with the ASI Board, participation in the Standards Committee and Working Groups, engagement with the ASI Complaints Mechanism, and conduct of annual meetings between IPAF and ASI representatives, usually hosted by an Indigenous

community or organisation. Outside of their engagement with ASI, IPAF participants are also free to communicate publicly on matters that concern them.

The IPAF is comprised of representatives from Indigenous Peoples organisations and indigenous peoples' rights experts, with an emphasis on those that have a connection to the aluminium value chain. Geographic and gender diversity is sought in participation. Both ASI and IPAF members make ongoing efforts to reach out to un-represented areas or indigenous groups, to ensure that IPAF participation adequately represents Indigenous peoples from territories impacted by the primary aluminium supply chain.

The following principles for Composition and Terms of Reference for the IPAF were initially developed through a second Indigenous Peoples Expert Workshop held by ASI in April 2016, and further updated in 2019 as part of ASI's Governance Review.

*IPAF Network Composition:*

- The Indigenous Peoples Advisory Forum (IPAF) Network is open to any Indigenous person, community or organisation and support groups and individuals to apply, based on interest to be engaged and commitment to provide input based on experience. An application form developed by IPAF will be made available on the ASI website.
- ASI will maintain a list of IPAF Network participants. They will receive all public ASI communications, as well as IPAF-related communications from ASI (unless requested otherwise by the individual concerned).
- Resignations from IPAF can also be tendered to ASI, and contact information will be removed from ASI's database accordingly.
- All IPAF participants are expected to abide by the ASI Code of Conduct.

*Terms of Reference:*

- Provide advice, resource inputs and recommendations during the development and revision of ASI Standards and supporting documents as they relate to Indigenous peoples.
- Recommend processes for improving engagement and participation of Indigenous peoples in ASI Certification audits, including auditor and community training.
- Contribute to reviews of the effectiveness and impact of ASI, including through ASI's monitoring and evaluation (M&E) program.
- Provide a platform for engagement with the ASI Complaints Mechanism including:
  - Acting as a resource on ASI Certification and non-conformance with ASI Standards relating to Indigenous peoples;
  - Being informed of complaints related to the rights and interests of Indigenous peoples;
  - Nominating Indigenous rights experts to serve on Complaints Mechanism panels convened to respond to such complaints;
  - Participating in ASI's oversight procedures for the Complaints Mechanism.
- Review, reflect on and provide recommendations for improvement or change to ASI's governance arrangements.
- Raise and discuss other matters of mutual concern for IPAF and ASI.

- Provide reports back to the communities and organisations they represent and gather feedback and inputs from Indigenous peoples in their respective regions.

#### *IPAF Annual Meeting Organisation and Participation*

- IPAF and ASI representatives will hold at least one face-to-face ordinary meeting annually. There is potential for a second meeting in a given year, in the case of urgent attention needed to a particular issue and where resources are available.
- During each IPAF Annual Meeting, the location and host community for the following year's IPAF Annual Meeting should be decided.
- A budget and draft agenda will be developed collaboratively between the IPAF Meeting host and ASI, as early as possible to support planning and participation.
- The ASI Secretariat will be responsible for managing travel support for participants, including arranging flights and other transport and travel needs. A documented financial agreement with the host organisation will be developed for other local meeting costs not paid directly by ASI. The host organisation is required to submit a financial report to ASI within 3 months of the conclusion of the IPAF Meeting.
- The draft agenda would normally include the following items, and further input and suggestions for agenda items from IPAF members will also be invited:
  - Issues and insights from the host community, including site visits where possible and appropriate
  - Experience sharing and progress updates from IPAF participants
  - Updates from ASI and discussions of identified topics
  - Input from any invited resource persons
  - Indigenous-only discussion opportunities
  - Feedback or recommendations to be put forward to the ASI Board and/or Standards Committee and/or Working Groups
  - IPAF proposals, plans, activities and resources for the year ahead
  - Options and decision on the location and host for the following year's IPAF Annual Meeting, and agenda ideas
  - Processes, considerations and timeframes for the meeting report.
- Participants in the IPAF Network have an opportunity to participate in the IPAF Annual Meeting. The number of international participants for an IPAF Meeting will vary on location and capacity of the host organisation and the meeting agenda. As a general guide, up to 15 IPAF Network participants from outside the host community can usually be provided travel support to attend, though this may vary. Additional participation and engagement with local community representatives is encouraged.
- Where the number of IPAF Network members interested in attending the IPAF Meeting exceeds the number that can be hosted at a given meeting, a selection process will need to apply.
- The selection process will be administered collectively by the IPAF Meeting hosts or organising committee, and the ASI Secretariat.
- Selection criteria will be based on:
  - Representation from communities directly affected by the aluminium value chain, and by ASI members in particular, as a priority
  - Preference to participants who self-identify as Indigenous and who are endorsed by his/her communities, traditional institutions and/or organizations

- In-depth experience or knowledge of Indigenous peoples' rights, life-ways and issues at the local, regional, national and/or international level
- Opportunity to bring or build familiarity with bauxite mining, refining and/or smelting issues and ASI's activities
- Gender balance, representation of youth and elders and persons with disability, and geographical diversity
- The desire of some IPAF participants to travel in pairs, for mutual support and enhanced community representation
- A commitment to act as a broader liaison between IPAF and the participant's respective region, and contribute to the responsibilities set out in IPAF's Terms of Reference.
- ASI will determine the participation of members of the ASI Secretariat and other governance groups such as the ASI Board at the annual IPAF meeting.
- The involvement of any other observers or resource persons will be jointly agreed by the host community and ASI, based on the focus, priorities and support needs for the meeting.
- Self-funding is encouraged for those not accommodated in the funded participants.

#### *ASI Standards Committee Participation, Working Groups and Board Engagement*

- Two IPAF members shall be nominated by IPAF as the IPAF representatives on the ASI Standards Committee, to ensure that Indigenous peoples' rights, concerns, and recommendations are taken into account. They shall serve a two (2) year term with possibility for re-nomination.
- Nominations shall be agreed at the closest IPAF Annual Meeting to an actual or anticipated vacancy. In the case of a casual vacancy due to resignation or continued non-attendance, a temporary alternate/s can be nominated outside of an IPAF Meeting, who can serve until a new permanent representative can be agreed at an IPAF Meeting.
- The nominated IPAF representatives should attend Standards Committee teleconferences and the ASI Annual General Meeting (AGM), unless such participation in a specific case is not possible. In this case, Committee members are able to vote by Proxy or nominate an Alternate to participate (particularly in the case of the in-person meetings). Travel support is provided to attend in-person meetings of the Committee.
- The IPAF representatives on the Standards Committee shall meet directly with the ASI Board at least once a year, usually at the ASI AGM. This will be an opportunity to report on and discuss issues raised to the Board's attention during the course of the year, issues raised during the IPAF meeting, and general concerns and recommendations from Indigenous peoples.
- The IPAF are encouraged to designate representatives to thematic ASI Working Groups.
- The IPAF may also create their own sub-committees or working groups of people within the Forum to deal with specific issues raised and brought to the IPAF's attention.
- The IPAF may request additional resources from the ASI for specifically identified needs, including commissioning specific research into issues raised by Indigenous peoples, which ASI may contribute to if resources are available.

## 15. ASI Secretariat

The ASI Secretariat is led by the CEO and responsible for carrying out the day-to-day work of ASI and supporting the responsibilities of the ASI Board, Committees and Working Groups.

The Secretariat's responsibilities include the following workstreams:

- With the ASI Board, manage corporate governance compliance, organisational culture and conduct, financial and resource management, and strategic planning processes
- With the ASI Standards Committee, develop, review and update ASI standards for currency, relevance and effectiveness, to address the needs of Members and stakeholders
- Develop and implement operational plans, processes, policies and procedures
- Develop and circulate governance meeting agendas and minutes, prepare meeting materials and support good meeting practices
- Develop and maintain cost-effective and user-friendly systems, tools and guidance for the ASI Certification process
- Accreditation of third party Auditors to conduct ASI audits
- Provide Member and Auditor training and support
- Ensure appropriate oversight of the quality, integrity and credibility of ASI Certification
- Issue ASI Certifications and maintain up-to-date information on the ASI website
- Maintain internal records for all relevant aspects and outcomes of the Certification process
- Administer the ASI Complaints Mechanism, including disciplinary proceedings where required
- Administer and oversee implementation of the ASI Claims Guide
- Monitor, evaluate and publicly report on the impacts of ASI Certification in the context of ASI's Theory of Change
- Manage ASI member, stakeholder and media communications and relationships.

## 16. ASI Complaints Mechanism

The [ASI Complaints Mechanism](#) is a separate document to this Handbook and aims to ensure the fair, timely and objective resolution of complaints relating to ASI's standards setting processes, certification program, auditor conduct and ASI policies and procedures.

It serves as an important part of the overall ASI governance model, allowing stakeholders to raise issues of concern and have these investigated and addressed as appropriate. Oversight of the ASI Complaints Mechanism processes is the responsibility of the ASI Board.

## Appendix 1 – ASI Code of Conduct

The ASI Code of Conduct has been approved by the ASI Board to support proper and effective governance in ASI’s international, multi-stakeholder and multi-sector context.

Part A applies to every person who participates in ASI’s governance, including within the:

- ASI Secretariat
- ASI Board
- ASI Finance and Audit Committee
- ASI Governance Committee
- ASI Legal Committee
- ASI Standards Committee
- ASI Working Groups
- Indigenous Peoples Advisory Forum
- ASI Annual General Meetings and other ASI meetings

Part B applies *in addition* to Part A to every person who participates in the:

- ASI Standards Committee
- ASI Working Groups established to support standards development and revision processes

The ASI Code of Conduct will be:

- Included in the ASI Governance Handbook
- Available on the ASI website
- Provided to ASI governance participants as part of nominations, inductions and periodic refresher training
- Provided as a link in ASI meeting agendas

It is the responsibility of all ASI participants to ensure their own compliance with the Code of Conduct, and to raise concerns as soon as possible if they perceive a case of behaviour that is not in accordance with it, via email to [complaints@aluminium-stewardship.org](mailto:complaints@aluminium-stewardship.org)

Part A: Applicable to all participants in ASI Governance		
#	AIM	COMMITMENT
1	Work for the net benefit of all stakeholders	<ul style="list-style-type: none"> <li>• We recognise that ASI has been established for the net benefit of all stakeholders to the aluminium value chain, over and above the interests of any individual, company or organisation.</li> <li>• We are prepared to accept consensus decisions that seek to balance the interests of all stakeholders.</li> </ul>
2	Respect others	<p>We commit to:</p> <ul style="list-style-type: none"> <li>• Treating all persons with respect and fairness, and without prejudice based on human differences.</li> </ul>

		<ul style="list-style-type: none"> <li>• Respecting others who may have different opinions or experiences on a topic to our own.</li> <li>• Making the effort to hear and understand the views of all, regardless of background or language proficiency.</li> </ul>
3	Uphold a professional meeting culture	<p>We commit to:</p> <ul style="list-style-type: none"> <li>• Attending meetings fully briefed and prepared.</li> <li>• Where attending electronically, ensuring that electronic access is working prior to the commencement of the meeting.</li> <li>• Advising ASI in advance if a proxy form is to be submitted or an alternative representative nominated.</li> <li>• Being on time.</li> <li>• Turning mobile phones off.</li> <li>• Following an agreed agenda.</li> <li>• Respecting others and their opinions by allowing one person to speak at a time.</li> <li>• Accepting group decisions and not returning to 'closed agenda items' unless new, relevant subject matter emerges.</li> </ul>
4	Declare all relevant interests	<p>We commit to:</p> <ul style="list-style-type: none"> <li>• Behaving in a transparent manner by declaring all relevant interests.</li> <li>• Managing or removing potential, perceived or actual conflicts of interest, to facilitate the resolution of competing interests.</li> </ul>
5	Behave legally and ethically	<p>We will:</p> <ul style="list-style-type: none"> <li>• Act in good faith and with due care and diligence.</li> <li>• Comply with applicable laws and ASI policies, including with the ASI Anti-Trust Compliance Policy.</li> <li>• Promote a culture of fair and ethical behaviour.</li> <li>• Refrain from debate and discussion that is disrespectful, threatening (mental or physical), unprofessional or offensive to other participants.</li> <li>• Refrain from disseminating false or misleading information, or from withholding information necessary to a full, fair, and complete consideration of the issues.</li> </ul>
6	Support the Code of Conduct in action	<p>We will actively encourage and accept:</p> <ul style="list-style-type: none"> <li>• Compliance with this Code at all times, from ourselves and others.</li> <li>• Prompt reporting of unethical behaviour, breaches of the law and any other matters detrimental to ASI.</li> <li>• Rapid initiation of action to address poor, unacceptable or inappropriate behaviours and breaches of this Code.</li> </ul>
<p><b>Part B: Also applicable to participants in the ASI Standards Committee and Working Groups established to support ASI standards development and revision processes</b></p>		
7	Participate actively in standards development	<ul style="list-style-type: none"> <li>• We acknowledge the responsibility and privilege to participate in developing voluntary standards.</li> <li>• We agree to our roles and responsibilities as they are defined in the ASI Governance Handbook and will actively participate to fulfil these.</li> </ul>



		<ul style="list-style-type: none"> <li>Where we are unable to do so, we will advise ASI promptly to ensure there is a balance of interests in standards development.</li> </ul>
8	Agree to clear purpose and workplans	<ul style="list-style-type: none"> <li>We commit to the timely and efficient development and revision of ASI Standards and related documents, through clearly documented objectives, agendas and workplans.</li> </ul>
9	Uphold the consensus process	<p>We will:</p> <ul style="list-style-type: none"> <li>Uphold the key principles of standards development (ISO, 2019): consensus, transparency, openness, impartiality, effectiveness, relevance, coherence and the development dimension.</li> <li>Embrace the concepts of compromise and consensus building in the development of ASI standards.</li> <li>Not harass, threaten or coerce any participant in an effort to persuade or sway voting processes. This does not preclude professional, respectful debate and exchange of views, that contain information and/or present perspectives intended to persuade other participants to lend their support or opposition to issues or proposals, in order to ultimately achieve consensus.</li> <li>Accept and respect the consensus decisions of the Committee or Working Group, and of the ASI Board, including those which required a voting process.</li> </ul>
10	Identify and resolve issues	<p>We will:</p> <ul style="list-style-type: none"> <li>Identify issues and disputes in a timely manner to ensure rapid resolution.</li> <li>Uphold any agreed dispute resolution processes and work to support their success.</li> </ul>

## References

International Standards Organisation (ISO), *ISO Code of Conduct for the Technical Work*, Version 1, 2019.  
<https://www.iso.org/publication/PUB100397.html>

Standards Australia, *Technical Group and Committee Member Code of Conduct*, 2013.  
<https://www.standards.org.au/getmedia/9d92e388-c7b8-428f-9e18-594396f99edf/Committee-Member-Code-of-Conduct.pdf.aspx>

## Appendix 2 – Corporations Act References in the ASI Constitution

The ASI Constitution includes a number of references to parts or sections of the *Corporations Act 2001 (Cth)*. To assist ASI Members to understand these specific references, this section contains general explanations of a number of those provisions. This section also includes a number of explanations of aspects of Australian law that are relevant to the governance and/or operations of ASI.

These general explanations are intended to reflect current law, therefore, from time to time it may be necessary to amend these explanations as relevant regulations change. Of course, the law and the Constitution itself prevail over these explanations to the extent of any inconsistency.

Explanation of <i>Corporations Act 2001 (Cth)</i> References in the ASI Constitution		
RULE	CORPORATIONS ACT PROVISION	COMMENTARY
1.1	Section 250D	The Members of ASI are, generally, corporations. A corporation needs to act through natural persons. To promote certainty and clarity in the entitlements of natural persons to represent a corporation which is a Member of ASI, the <i>Corporations Act</i> includes a regime for the appointment of representatives. A Member of ASI may appoint an individual as its representative to exercise all or any of the powers of the Member at or in relation to general meetings of ASI.
4(c)(5)	Chapter 2E – Related Party Transactions	<p>Australian law regulates public companies undertaking ‘related party transactions’. Rule 4(c)(5) of the Constitution recognises that where Chapter 2E permits, financial benefits may be conferred on members or directors despite the general prohibition in rule 4(b) on such benefits being given.</p> <p>The regime of regulation under Chapter 2E is designed to protect members’ interests by restricting the circumstances in which Directors can use company property for their own benefit. The general position is that ASI cannot give a financial benefit to a related party unless an exception applies or Member approval to the proposal has been obtained.</p> <p>The concept of a ‘financial benefit’ is broad and includes giving money or property, buying or selling assets, supplying or receiving services and taking up or releasing obligations. A financial benefit need not be given directly, it can be given indirectly, for example through interposed entities. The concept of a ‘related party’ is also broad and includes:</p> <ul style="list-style-type: none"> <li>(a) directors themselves;</li> <li>(b) spouses of directors;</li> <li>(c) parents and children of directors or their spouses;</li> </ul>

		<p>(d) entities controlled by anyone in (a) to (c);</p> <p>(e) any person who fell within (a) to (d) at any time in the previous 6 months;</p> <p>(f) any person who has reasonable grounds to believe it will fall within (a) to (d) at any time in the future; and</p> <p>(g) a person who acts in concert with a related party with the expectation of receiving a benefit.</p> <p>Exceptions to the general prohibition include:</p> <p>(h) a financial benefit that amounts to ‘reasonable remuneration’ e.g. paying a director’s travelling expenses; and</p> <p>(i) a financial benefit given on arms’ length terms e.g. the terms of the financial benefit are no more favourable to the related party than they would be if the benefit was given to an independent 3rd party.</p> <p>If none of the exceptions apply, the public company must obtain fully-informed member approval before the financial benefit can be given.</p>
8.1(c)	Section 249D – Members requisitioning a general meeting	<p>Ordinarily the Board decides when general meetings of members will be held. Sometimes individual directors can call general meetings. However – the members of a company have a statutory right themselves to require the company to convene a general meeting of members.</p> <p>Under s249D, a threshold of 5% of the voting power of the members can requisition a general meeting.</p>
8.2(c)	Business at a general meeting	<p>Certain provisions of the <i>Corporations Act</i> allow certain types of business to be transacted at a general meeting, despite not being specifically identified in the notice of meeting. Other provisions require certain business to be transacted if members with sufficient votes requisition that business in advance.</p> <p>For example under s250R the business of an AGM may include the following even if not referred to in the notice of meeting:</p> <p>(a) the consideration of the annual financial report, directors’ report and financial auditor’s report;</p> <p>(b) the election of directors;</p> <p>(c) the appointment of the financial auditor; and</p> <p>(d) the fixing of the financial auditor’s remuneration.</p> <p>Additionally under s249N – a Member or Members with 5% of the votes able to be cast at a general meeting may give the company notice that it/they intend to put forward a resolution at that meeting. The company may not have provided for this in the notice</p>

		<p>convening the meeting, yet it would still need to be put to members provided the member wishing to move the resolution complies with the requirements of s249N, and provided the meeting was still 2 months or more away (s249O).</p>
8.5(b)	Control and conduct of, and procedures at, a general meeting	<p>Whilst under this rule the Chair is generally responsible for the conduct of the meeting, the <i>Corporations Act</i> gives members specific rights which the Chair cannot limit.</p> <p>For example the Chair of an AGM must allow a reasonable opportunity for the members as a whole to ask questions about or make comments on the management of the company (s250S), and if the company’s financial auditor is present, the Chair must allow reasonable opportunity for the members to ask the auditor or their representative questions relevant to the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies adopted by the company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit (s250T).</p> <p>Another example is where a poll may be demanded. Generally speaking – 5 members entitled to vote on a resolution, or a member or members with at least 5% of the votes that may be cast on a resolution may demand a poll be taken on any resolution (s250K(1)).</p>
8.8	Rights and entitlements of proxies	<p>This rule simply clarifies the effect of an instrument appointing a proxy without ASI needing to include whole sections of the <i>Corporations Act</i> in the Constitution. Section 250BB provides how proxies are to vote if the instrument appointing them specifies a way to vote, and when they must vote and when they can abstain. It also provides that when key management personnel or closely related parties are appointed as proxies, they cannot cast the proxy vote in relation to certain matters such as their own remuneration unless the instrument specifies which way they are to vote on that particular resolution (s250BD).</p> <p>Expressing the rule in this manner incorporates these useful administrative tools, whilst still giving the appointor discretion as to whether or not to exclude any of them.</p>
9.7	Vacation of office of the Director	<p>The <i>Corporations Act</i> includes a number of provisions under which a director ceases to hold office. These include, by virtue of s203B &amp; Part 2D.6:</p> <ul style="list-style-type: none"> <li>(a) if the director is convicted of certain offences;</li> <li>(b) if the director is an undischarged bankrupt;</li> </ul>

		<p>(c) if the director is disqualified from managing a corporation under a foreign law;</p> <p>(d) by Court order if the director has contravened certain civil penalty provisions;</p> <p>(e) by Court order if the director has been responsible for the failure of 2 or more companies within a 7 year period; and</p> <p>(f) by Court order if the director has repeatedly breached the Corporations Act.</p>
<b>9.11(a)</b>	Inherent statutory powers of Members	<p>This rule vests in the Directors all the powers of ASI which are not by virtue of the Constitution or the <i>Corporations Act</i> required to be exercised by the Members in general meeting.</p> <p>The <i>Corporations Act</i> grants a number of powers exclusively to the members, including:</p> <p>(a) the power to modify the Constitution (s136(2));</p> <p>(b) the power to approve a voluntary winding-up (s495);</p> <p>(c) the power to remove Directors (s203D); and</p> <p>(d) the power to appoint financial auditors (s327B).</p>
<b>13.3(a)(2)</b>	Sections 1317G & 1317H – civil penalties	<p>Section 1317G of the <i>Corporations Act</i> provides for a pecuniary penalty of up to A\$200,000 to be levied against a person if they contravene a ‘civil penalty provision’ of the Act. A full list of civil penalty provisions can be found in s1317E and they include, for example, the duties of directors under s180(1) to act with the degree of care and diligence a reasonable person in their position would exercise and s181(1) to act in good faith in the best interests of the corporation and for a proper purpose.</p> <p>Section 1317H provides that a person who contravenes a civil penalty provision and causes damage to a company may be ordered to compensate the company.</p> <p>In essence – rule 13.3(a)(2) prevents an officer of ASI who breaches the <i>Corporations Act</i> from being able to claim indemnity from ASI for any fines levied against him or her personally or any liability they may have to ASI for causing ASI damage as a result of his or her breach. This prohibition is consistent with s199A(2)(b).</p>
<b>FURTHER CONCEPTS</b>		<b>COMMENTARY</b>
	<b>Amending the Constitution</b>	<p>The process to modify ASI's Constitution is regulated by the <i>Corporations Act</i> and the Constitution itself. Under s136(2) of the <i>Corporations Act</i>, a company may modify its constitution only by members passing a ‘special resolution’. Only <i>members</i> can vote on a special resolution, the <i>directors</i> cannot themselves modify the Constitution.</p>

Under s9 of the *Corporations Act*, a special resolution is defined as a resolution which:

- (a) has been specifically notified to members, usually with at least 21 days' notice; and
- (b) is passed by at least 75% of the votes cast by members entitled to vote on the resolution.

The voting weightings calculated under rule 8.7 of the Constitution will apply to Members' votes cast in relation to a special resolution to determine whether or not the 75% threshold is reached. The 75% threshold relates only to Members who actually cast votes (by proxy or by Representative) – therefore if a Member does not attend the meeting or abstains on the vote, that Member's potential voting weighting does not count either for or against the special resolution.

### Appendix 3 – Directors’ Interests, Duties, Confidentiality and Vicarious Liability

To assist ASI Directors to understand their obligations, this Appendix contains general explanations of a number of issues that may arise. These general explanations are intended to reflect current law, therefore, from time to time it may be necessary to amend these explanations as relevant regulations change. Of course, the law and the ASI Constitution prevail over these explanations to the extent of any inconsistency.

ISSUES FOR DIRECTORS		
NO.	ISSUE	COMMENTARY
1	WHOSE INTERESTS MAY A DIRECTOR PROMOTE?	<p>A director of a company must, when performing his or her duties as such a director, act in the best interests of <i>that particular company</i>, even where doing so may be not in the interests of another person, eg. another company such as a nominating member or any organisation of which the director is an officer or employee (the <b>Nominator</b>)</p> <p>The categories of Director in ASI have been created:</p> <ul style="list-style-type: none"> <li>• <b>not</b> so that the interests of a particular Member or class of Members of ASI can be advanced without regard to the interests of other Members or classes of Members</li> <li>• <b>to ensure</b> that Directors who have knowledge, experience and expertise across a range of industry segments in the aluminium value chain can come together to share that knowledge, experience and expertise in making decisions and guiding the strategic direction of ASI, and to assist ASI to make better and more informed decisions</li> </ul> <p>A Director is not prohibited from having regard to the interests of his or her Nominator, but he or she must consider the interests of ASI’s members as a whole in acting as a Director, he or she may not favour or exclusively pursue the interests of his or her Nominator where those interests are not the best interests of ASI</p> <p>Put another way, it has been said that:</p> <p><i>A director may act with the interests of a principal other than the company in mind, provided he or she has a genuine belief that in so doing he or she is acting consistently with the interests of the company as a whole</i></p> <p>The fact that a Nominator can only <b>nominate</b> a candidate for election as a Director, and it is the members themselves as a whole who <b>elect</b> the Director, further reinforces the position that the Director may not favour the interests of his or her Nominator over those of ASI</p>

2	<p><b>OVERVIEW OF CONFLICTS FOR DIRECTORS</b></p>	<p>As a registered charity under the Australian Charities and Not-for-profits Commission Act 2012 (Cth) (ACNC Act), ASI must meet a minimum set of set of governance standards. These standards require, amongst other things, that ASI ensure that its directors disclose actual or perceived material conflicts of interests.</p> <p>A conflict arises where there is an actual, potential or perceived conflict of interest or duty – between a director’s personal interests or duties and the interests of ASI – which may adversely affect the director’s ability to discharge his or her duties to ASI.</p> <p>It is not uncommon for directors to experience a conflict of interest or duty on particular matters from time to time. Corporate governance is usually concerned only with what are known as “material conflicts”.</p> <p>The law of companies does not formally define a “material” conflict. The extent to which a conflict is material depends on the circumstances of each case. Case law suggests that the word “material” means that a reasonable person might conclude that the conflict has the potential to influence the vote of the particular director.</p> <p><b><i>Guiding principles</i></b>  A director should disclose to the Board:</p> <ul style="list-style-type: none"> <li>(a) any material personal interest they have in a matter related to the affairs of ASI; and</li> <li>(b) any other interest which the director believes is appropriate to disclose in order to avoid any real, potential or perceived conflict.</li> </ul> <p>The disclosure should be made as soon as practicable after the director becomes aware of the conflict.</p> <p>If a director is in doubt as to whether they have a conflict of interest in a matter, that director must seek the advice of the Board as to whether that potential conflict of interest constitutes a conflict of interest.</p> <p>If a material conflict has been identified, whether of interest or duty, it must be disclosed and from the moment it is disclosed, that director is no longer invited to exercise judgement on how the conflict should be resolved or how the underlying matter giving rise to the conflict should be dealt with by ASI.</p> <p>The other members of the Board should then decide the best course of action given the conflict situation. The individual with the conflict</p>
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		<p>may be excluded from any further discussion, or be allowed to be present but not permitted to vote.</p> <p>In deciding what approach to take, the Board should consider each of the following:</p> <ul style="list-style-type: none"> <li>• whether the conflict needs to be avoided or simply documented</li> <li>• whether the conflict is material</li> <li>• whether the conflict will realistically impair the disclosing person’s capacity to impartially participate in decision-making</li> <li>• alternative options to avoid the conflict</li> <li>• the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, ASI</li> </ul> <p>The approval of any action requires the agreement of at least a majority of the directors (excluding any conflicted director) who are present and voting at the meeting. The action and result of the voting should be recorded in the minutes of the meeting.</p>
3	<p><b>CONFLICTS OF INTEREST</b></p>	<p>A conflict of interest is a situation where, in relation to a decision to be made by a person, the person finds that the interests of 2 or more parties that the person must, or would like to, promote (including the interests of a company of which the person as a Director) are not each promoted by one particular choice for that decision</p> <p>A Director must avoid being placed in a situation where he or she has a conflict of interest. A Director need not avoid mere <i>potential</i> conflicts of interest – the fact that each Director has an extraneous loyalty to his or her Nominator may well itself be a potential conflict of interest</p> <p>The extraneous loyalty that a Director has does not necessarily mean that the Director will regularly be faced with conflicts of interest. The regularity with which actual or potential conflicts of interest need to be assessed will depend entirely upon the nature of the Nominator and the activities of ASI over time</p> <p>Conflicts of interest can often be managed by the Director:</p> <ul style="list-style-type: none"> <li>• <i>disclosing</i> the competing interests to the other Directors; and</li> <li>• <i>excusing</i> himself or herself from discussions and/or voting in relation to the particular decision.</li> </ul> <p>If the conflict of interest cannot be managed in 1 of these ways (or some other way), the Director must favour the interests of ASI over the extraneous interest</p>

		<p>In cases where an ASI Director is also a director of his or her Nominator, and the decision relates to a matter between the Nominator and ASI, that Director will have 2 competing interests but disclosure and non-involvement in the decision should ensure that there are no breaches of duty in this instance</p> <p>In an extreme case, eg. where serious conflicts of interest regularly arise, it may be appropriate for the conflicted Director to resign to prevent this situation continuing</p> <p>Examples of a conflict of interest may be:</p> <ol style="list-style-type: none"> <li>1. a Director of ASI is also a senior executive of a Member involved in a particular part of the aluminium value chain. The ASI board is considering approving proposals from the ASI Standards Committee regarding amendments to an ASI Standard which would significantly impact that Member’s interests in a particular way. The Director would most likely have a conflict of interest if involved in this decision-making</li> <li>2. ASI needs to engage a chemical engineer to assist it in considering a query from an ASI auditor relating to certification of a Member. Any Director who is an officer or employee of the employer of the chemical engineer, or of the subject Member being audited, may have a conflict of interest if involved in this decision-making</li> <li>3. ASI institutes disciplinary action in relation to a Member following a complaint made under the ASI Complaints Mechanism. Any Director who is an officer or employee of the subject Member would most likely have a conflict of interest if involved in this decision-making</li> </ol>
4	CONFLICTS OF DUTY	<p>A conflict of duty is a situation where, in relation to a decision to be made by a person, the person finds that he or she has a duty to act in a particular way with respect to 2 or more parties, but that those duties are not all complied with by the person deciding in one particular way</p> <p>The extraneous loyalty that a Director has does not necessarily mean that the Director will regularly be faced with conflicts of duty. The regularity with which actual or potential conflicts of duty need to be assessed will depend entirely upon the nature of the Nominator and the activities of ASI over time</p> <p>As with conflicts of interest, conflicts of duty can often be managed by the Director:</p> <ul style="list-style-type: none"> <li>• <b>disclosing</b> the competing interests to the other Directors; and</li> <li>• <b>excusing</b> himself or herself from discussions and/or voting in relation to the particular decision.</li> </ul>

		<p>If the conflict of duty cannot be managed in 1 of these ways (or some other way, such as permission from the Nominator for the Director to vote in a way that favours ASI), the Director must act consistently with his or her duty to ASI over the duty to the extraneous interest</p> <p>In cases where an ASI Director is also a director of his or her Nominator, and the decision relates to a matter between the Nominator and ASI, that Director will have 2 competing duties but disclosure and non-involvement in the decision should ensure that there are no breaches of duty in this instance</p> <p>In an extreme case, eg. where serious conflicts of duty regularly arise, it may be appropriate for the conflicted Director to resign to prevent this situation continuing</p> <p>Directors should also ensure that nothing in any arrangements they have with their Nominator, including the terms of any permission they need to take office as a Director of ASI, may require them to act in any way inconsistent with the best interests of ASI</p> <p>Examples of a conflict of duty may be:</p> <ol style="list-style-type: none"> <li>1. a Director of ASI is a senior executive of a Member and as part of his or her employment contract with that Member, has a contractual obligation to disclose to that Member all relevant information that he or she learns that relates to that Member. If the Director receives confidential information of ASI that is relevant to the Member, he or she would most likely have a conflict of duty, in that he or she is bound to ASI to keep the information confidential, yet bound to the Member to disclose the information</li> <li>2. a lobby group has internal rules requiring members to use whatever influence they have to ensure that officers of that lobby group are elected to government advisory bodies. A Director of ASI who is a member of that lobby group has a duty to ASI to not improperly use his or her position to benefit 3rd parties. In this instance – the Director may have a conflict of duty</li> <li>3. a Director of ASI has a strongly held personal conviction, value or belief on an issue before the Board which might cause the Director to act or vote in a manner which is not in the best interests of ASI</li> </ol>
5	<b>MATERIAL PERSONAL INTERESTS</b>	<p>A material personal interest is one that has the capacity to influence the vote of the Director upon the decision to be made. It need not be a financial interest, and it may only be an indirect interest</p> <p>The role of a Director on the board of ASI may give rise to material personal interests, particularly where the Director stands personally</p>

		<p>to gain from his or her Nominator in the events that ASI makes a particular decision</p> <p>If the Director’s Nominator stands to gain from a decision of ASI, that may, but will <i>not necessarily</i>, give the Director himself or herself a material personal interest in the decision</p> <p>As with conflicts of interest and conflicts of duty, material personal interests can often be managed by the Director:</p> <ul style="list-style-type: none"> <li>• <i>disclosing</i> the interest to the other Directors; and</li> <li>• <i>excusing</i> himself or herself from discussions and/or voting in relation to the particular decision.</li> </ul> <p>Examples of a material personal interest may be:</p> <ol style="list-style-type: none"> <li>1. a Director of ASI will receive a commission or bonus if a particular contract is awarded to the company of which the Director is also a director. The Director will most likely have a material personal interest in that matter</li> <li>2. ASI needs to rent new premises to establish an overseas office. A Director who is the major shareholder in a proposed landlord will most likely have a material personal interest in that matter</li> <li>3. ASI decides to register a range of trade marks and requires legal assistance. A Director who is a partner in the law firm considered to be engaged to provide those services will most likely have a material personal interest in that matter</li> </ol>
6	<b>HANDLING ASI’S CONFIDENTIAL INFORMATION</b>	<p>A Director is ordinarily not entitled to pass any confidential information of ASI back to his or her Nominator unless ASI permits him or her to do this</p> <p>Such information may include:</p> <ul style="list-style-type: none"> <li>• Board papers of ASI;</li> <li>• deliberations of the board of ASI, including other Director’s positions on various issues; and</li> <li>• ASI’s intentions and planned future activities which are not public knowledge through ASI communications.</li> </ul>
7	<b>HANDLING THE NOMINATOR’S CONFIDENTIAL INFORMATION</b>	<p>A Director does not have a legal obligation to pass confidential information of his or her Nominator to ASI, indeed he or she will have duties of confidentiality to his or her Nominator in respect of such information</p>
8	<b>VICARIOUS LIABILITY</b>	<p>In general terms – a director installed as such on the Board of another company by his or her employer is, in general, presumed not to be subject to the employer’s direction when performing functions as a director, so that no vicarious liability attaches to the employer for the director’s conduct in that capacity</p>

		This position is reinforced the fact that no individual Member of ASI has an actual Director appointment right
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### Document Revision History

V1-1, 14 September 2017: minor editorial change in Table 1.

V2, 17 September 2019: major revision incorporating inputs from ASI Governance Review.



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