

ASI Standards Committee

Teleconference Minutes

15 May 2020

Antitrust Compliance Policy

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 a Competition 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.



Acknowledgement of Indigenous People

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.



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.

Agenda

	Topic	Lead
1	<ul style="list-style-type: none">a. Welcomeb. Introduction & Apologiesc. Objectivesd. Documents Circulatede. Previous Minutesf. Log of Actionsg. Progress/Status Update	Chair
2	Revisions to Performance Standard Principle 1 – Criteria 1.3	ASI
3	Revisions to Performance Standard Principle 2	ASI
4	Revisions to Performance Standard Principle 3	ASI
4	Revisions to Assurance Manual	ASI
5	<ul style="list-style-type: none">a. Agreed upon actions for Committee membersb. Agreed upon actions for the Secretariatc. Close	Chair

1a,b Welcome, Introduction & Apologies

a) Welcome

b) **Chair:** Rosa Garcia Pineiro (Alcoa)

Attendees: Abu Karimu (Settle Ghana), Alexander Leutwiler (Nespresso), Annemarie Goedmakers (Chimbo), Anthony Schoedel (Arconic), Catherine Athenes (Constellium), Gesa Jauck (Trimet), Guilia Carbone (IUCN), Hugo Rainer (WCS), Jessica Sanderson (Novellis), Jostein Soreide (Hydro), Justus Kammüller (WWF), Neill Wilkins (IHRB), Nicholas Barla (IPAF), Samir Whitaker (FFI), Steinunn Steinson (Nordural), Stefan Rohrmus (Schueco), Tina Bjornestal (Tetrapak).

ASI: Cameron Jones, Camille La Dornat, Kamal Ahmed, Krista West, Marieke van der Mijn

Apologies: Gina Castelain (IPAF), Kendyl Salcito (Nomogaia), Louis Biswane (KLIM), Marcel Pfitzer (Daimler), Maria Lee (WOCAN), Mark Annandale (University of Sunshine Coast, IPAF Support), Michael Frosch (BMW)

Alternatives: Nicole Funk for Michael Frosch (BMW)

Invitees:

1c,d Objectives & Documents Circulated

c) Objectives

1. Adopt minutes of the previous meeting
2. Close open action items
3. Review and approve changes to Performance Standard Principles 1,2 & 3 and Assurance Manual

d) Documents Circulated

1. ASI SC Teleconference v2 15May20
2. ASI SC Teleconference Minutes v2 22Apr20
3. Principle 1 TC
4. Principle 2 TC v2
5. Principle 3 TC
6. ASI Assurance Manual V1.1 Dec2017 TC WIP draft
7. Revision Workplan Planning Document 30Apr20
8. Summary of Post 2017 Launch Log of Suggestions and Comments 08May20
9. Action Log
10. ASI –SCMemberAlternateForm 08May20
11. ASI - SCMemberApptProxyForm 08May20
12. ASI GHGWG In-Person Meeting Minutes 27Sept 2019
13. ASI CoCWG Teleconferene Minutes v2 31 Mar20
14. ASI RMSWG Teleconference Minutes 12 March 2019

1e,f Previous Minutes & Log of Actions

d) Previous meeting minutes draft

Resolved to accept version 2 of the minutes of previous teleconference 22 April 2020.

- Minutes will be published on the ASI website.

e) Log of Meeting Actions open or closed since last meeting

#	Meeting	Subject	Action	Assigned to:	Due Date	Status
162	22Apr20	Criterion 1.1 Guidance	One member agreed to draft some language for the Guidance for Criteria 1.1 on 'maintaining awareness of applicable law'.	Member	15May20	Open

1g Progress/Status Update

Revision Workplan Planning Document 30Apr20

Summary of Post 2017 Launch Log of Suggestions and Comments 08May20

- A schedule for reviewing all relevant documents is set out in the workplan circulated – it is ambitious and we will have to work hard to stay on track
- Goal this meeting is to finish reviewing logged items for
 - Principle 1 for the Performance Standard and Guidance
 - Principle 2 for the Performance Standard (Guidance still be developed by HRWG pending Standards Committee decisions on the wording of the recommended Criteria presented in this meeting)
 - Principle 3 for the Performance Standard and Guidance
 - Assurance Manual (some presented in this meeting and some in next)
- All items are being closely tracked in the log



2 Changes to Principle 1

Excerpt from Principle 1 TC 01May20, page 5

Addition to Criteria 1.3 on Code of Conduct (log item 42)

1.3 Code of Conduct

- a. The Entity shall implement a Code of Conduct or similar instrument including principles relevant to environmental, social and governance performance.
- b. The Entity shall regularly review the effectiveness of the Code of Conduct and, where warranted, identify and implement improvements.

Discussion Summary

1. There was a question on how 'where warranted' was defined. It was said that if the Code of Conduct wasn't effective, then improvements would be warranted. If it was effective, then improvements don't need to be identified. It was said that it would be useful to have some examples in the Guidance, the Secretariat responded that it will certainly include these.
2. There was further discussion on the wording. One member said that the word 'implement' in 1.3.a brings everything together already, as this implies that nothing should be missed and instead of adding Criterion 1.3.b, 'continuously implement' could be used instead in 1.3a. Later it was asked what 'continuously implementing an effective Code of Conduct' really means. Does the addition try to say that the effectiveness of the implementation is controlled, and that as a result, if it is not working as should be, then it will be changed or adapted?
3. There was another recommendation to replace 'where warranted', with 'over time'. It is inherent to standards to check what you are doing makes sense.
4. There was a suggestion to include the principle of continuous improvement (Plan – Do - Check - Act) however it was said that it might be difficult to put this in wording for a Criterion.
5. Someone said that it was still clearer to include the wording for 1.3.b as suggested in blue, but we have to be specific and give examples in the Guidance what 'regularly' or 'where warranted' mean.

Discussion Summary

6. It was said that we need to look more at what is meant by implementing a standard everywhere. Criterion 1.3b only looks at Code of Conduct, if we include this, we also have to do it in other areas of the Standard to be consistent. It was said that it is more effective to put 'regular review' in the Standard than in Guidance since the Guidance is not normative.
7. It was agreed to accept the wording for 1.3.b and to add more language to the Guidance on what is meant by 'regularly' and 'where warranted'. It was agreed to include additional language for what implementation of this Criterion may look like for a first audit vs subsequent audit'. It was also agreed to look at alternative wording for 'where warranted', as non-native English speakers might struggle with this language.

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, page 2

Definition for New Project or Major Change* (log item 51)

Major Changes – A significant change to an existing Facility that has occurred since a Member has joined ASI.

New Projects – A new Facility that has been constructed since a Member has joined ASI.

* New Project and Major Change are used in Version 2 of the Standard only in Criteria 2.5 Impact Assessments and 9.4 Free Prior and Informed Consent



Question: Should there be some mention of what size or scale of project/change warrants it being designated new or major?

Discussion Summary

1. There was support for more definition on this, however it was also expressed that the ASI Standards Revision shouldn't make it harder for SMEs to join ASI and meet the Standards. We are now making it more complex for companies, but we are not doing anything to make it more applicable to the size of a plant or project. The Guidance needs to be adapted to SMEs. It was noted that this is already part of the Standard and we are just defining existing terms.
2. It was said that this size/significance is always a challenge, and whether it increases a project's footprint.
3. There was a comment that the word to focus on in in this case is materiality. Whether something makes a difference or not depends on the change and whether it is material, more so than change itself.
4. It was said that the Guidance still needs to explain how this works for SMEs. At the moment the Guidance relates more to mining and companies get awkward questions from auditors. There needs to be a way to focus on the right topics, and not create overburdensome processes and criteria. It is not easy to apply this to the whole value chain.
5. **The following new language was agreed and is presented on the next slide, and more language will be added to the Guidance on how this works for SMEs.**

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, page 2

Definition for New Project or Major Change* (log item 51)

Major Changes – A material change to an existing Facility that has occurred since a Member has joined ASI. This would be a change that would have a material impact to the environment or human rights that was not evaluated, or that changes the situation compared to, a previous impact assessment (Criteria 2.5) or FPIC agreement (Criteria 9.4).

New Projects – A new Facility that has been constructed since a Member has joined ASI.

* New Project and Major Change are used in Version 2 of the Standard only in Criteria 2.5 Impact Assessments and 9.4 Free Prior and Informed Consent

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, page 4

Addition to Criteria 2.4 Responsible Sourcing (log items 42 & 121)

2.4 Responsible Sourcing

- a. The Entity shall implement a responsible sourcing Policy covering environmental, social and governance issues **for its major material inputs.**
- b. **The Entity shall regularly review the effectiveness of the responsible sourcing Policy and, where warranted, identify and implement improvements.**

Discussion Summary

1. It was said that more language in the Guidance on what is meant by ‘regularly’, ‘where warranted’, ‘first audit vs subsequent audit’ as discussed on 1.3 also applies here.
2. There was a question on why ‘major’ and ‘material’ are used in the same sentence, aren’t they the same? It was also asked what definition of material is being used here; does it relate to raw materials or ‘major’ materials? Material can also be interpreted in terms of risk.
3. There was a question on what the idea is behind this addition under 2.4.a? Would for ‘major purchasing volumes’ be better?
4. There was a comment on how you define materiality; even if the quantities of the material sourced are small (for example in the case of cobalt), the risk can still be material. The Guidance would need to explain what material means.
5. It was asked whether this isn’t already incorporated in the description of a Responsible Sourcing policy. It was said that a Policy covers what is material and what isn’t; it also includes the strategic issues around responsible sourcing.
6. It was agreed by the Standards Committee to remove the proposed language under 2.4.a and to keep the proposed language in 2.4b; the agreed language is presented in the next slide. Standards Committee participants will send suggested language for the Guidance to Secretariat and look at relevant legislation such as the Loi de Vigilance where relevant.

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, page 4

Addition to Criteria 2.4 Responsible Sourcing (log items 42 & 121)

2.4 Responsible Sourcing

- a. The Entity shall implement a responsible sourcing Policy covering environmental, social and governance issues.
- b. The Entity shall regularly review the effectiveness of the responsible sourcing Policy and, where warranted, identify and implement improvements.

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, page 5

Changes to Criteria 2.5 Impact Assessment (log items 65, 87, 88, 109, 153, 153b) recommended by the Human Rights Working Group

2.5 Environmental And Social Impact Assessments.

The Entity shall conduct an environmental and social impact assessment, including a gender analysis, for new projects or major changes to existing facilities.

- a. Impact Assessments will consider how baseline conditions are affected by Historic Aluminium Operations.
- b. The Entity shall develop and implement an environmental and social impact management plan to prevent, mitigate and, where necessary, remediate any significant impacts identified.
- c. The Entity shall regularly review the effectiveness of the environmental and social impact management plan and, where warranted, identify and implement improvements.
- d. The environmental and social Impact Assessment, the environmental and social impact management plan and the review shall be made publicly available.

Historic Aluminium Operations – referring here to legacy issues of the operation.

- This item hasn't been discussed with IPAF yet

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, page 5

Changes to Criteria 2.5 Impact Assessment (log items 65, 87, 88, 109, 153, 153b, 214) recommended by the Human Rights Working Group

NEW Human Rights Impact Assessments.

The Entity shall conduct a Human Rights Impact Assessment, including a gender analysis, for new projects or major changes to existing facilities.

- a. Impact Assessments will consider how baseline conditions are affected by Historic Aluminium Operations.
- b. The Entity shall develop and implement a human rights impact management plan to prevent, mitigate and, where necessary, remediate any significant impacts identified.
- c. The Entity shall regularly review the effectiveness of the human rights impact management plan and, where warranted, identify and implement improvements .
- d. The Human Rights Impact Assessment, the human rights impact management plan and the review shall be made publicly available.

Where Indigenous Peoples are involved, the Human Rights Impact Assessment shall include the assessment of Indigenous Peoples' rights.

Historic Aluminium Operations – referring here to legacy issues of the operation.

- This item hasn't been discussed with IPAF yet

Discussion Summary

1. Two questions were raised: why are Environmental and Social Impact Assessment (ESIA) separated from a Human Rights Impact Assessment (HRIA); isn't a Social Impact Assessment the same as an HRIA? It also wasn't understood what the term 'Historic Aluminium Operation' (HAO) means; it's not very clear that this refers to legacy issues. It was answered that ESIA's are often done together, however HRIA's have their own methodology so it would be better to separate it out. Also ESIA's are often required by legislation but HRIA's are not and are therefore often missed. It agreed that the definition of HAO may not be clear yet, however as long as people can agree with the concept the terminology can be improved.
2. There was a comment that this might again create complications for SMEs or organizations that are in highly regulated areas; this Criterion will look daunting particularly if nothing has been found. This was discussed at the HRWG in detail; language will be added to the Guidance if no significant impacts are found, and to clarify that companies don't have to do extensive extra work.
3. There was a comment whether this is a new Criterion; it was answered that the original Criteria has been broken into two, but all components (environmental, social, cultural and human rights) are still there. It was said that it is important not to lose additional components. It was said that there is no methodology for Cultural Impact Assessments hence why it was included in the human rights impact assessment; this will be discussed with IPAF later.

Discussion Summary

4. There was a comment that actions are captured in Principle 9, and to list them here as well could lead to repetition. The Secretariat explained that there was a feeling that this connection was being missed between the two Criteria but this change would create a 'full circle'. If this was the case it was said that we need to do this for all Criteria, not just this Criterion. We also need to make sure that the language is exactly aligned. Instead perhaps reference to Principle 9 can be included instead of repeating requirements under different Criteria.
5. It was reiterated this requirement only applies to new projects and major changes.
6. **The Standards Committee agreed with the language overall, the Secretariat will make sure that the language is aligned and nothing is missed.**

3 Changes to Principle 2

Excerpt from Principle 2 TC

Addition to Criteria 2.7 (former 2.6) Emergency Response Plan (log item 42)

2.7 Emergency Response Plan

- a. The Entity shall have site specific emergency response plans developed in collaboration with **Identified Populations** ~~potentially affected stakeholder groups such as Communities, Workers and their representatives, and relevant agencies.~~
- b. **The Entity shall regularly review the effectiveness of the emergency response plans and, where warranted, identify and implement improvements.**

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, page 2

Definitions for Identified Populations, Stakeholders and Rightsholders recommended by the Human Rights Working Group

Identified Populations includes:

- rightsholders and
- stakeholders that have been identified as associated with the operation and the operation's associated facilities
- potentially impacted local communities (including nomadic communities, communities living near an extractives concession, downstream from a river near the site, or along a transport route or near associated infrastructure such as energy grids or processing plants)
- Indigenous Peoples

*proposed language must still be reviewed by IPAF

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, pages 2-3

Stakeholders

Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. From a due diligence perspective impacted stakeholders will be the priority for engagement and may include but are not limited to:

- project workers (including local and migrant workers)
- land owners
- artisanal miners
- host governments (local, regional and national)
- local CSOs, community-based organisations and local human rights defenders

Additionally interested stakeholders that may be important for meaningful engagement may include:

- NGOs
- industry peers
- investors/shareholders
- business partners
- the media

(Derived from the OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractives Sector)

*proposed language must still be reviewed by IPAF

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, pages 3

Rights-holders

All people have human rights and thus all stakeholders as individuals are 'rights-holders.' However, not all stakeholders will have their human rights put at risk or impacted by an extractive project or its associated activities. It is important to identify human rights risks related to extractive activities among stakeholders and recognise such stakeholders as 'rights-holders' in the context of engagement activities. For example, individuals living in a community whose only local water source has been impacted by an extractive operation may be rights-holders. Workers facing discrimination in the workplace may also be rights-holders. In addition, certain groups such as indigenous and tribal peoples are recognised as being vested with collective rights and consequently the group itself would be considered a rights-holder. Identifying rights-holders will help to ensure that human rights with regards to these risks are recognised and respected. (Derived from the OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractives Sector)

*proposed language must still be reviewed by IPAF

3 Changes to Principle 2

Question requiring Criteria 2.7 Emergency Response Plan
(log item 212)

Additional question for the Standards Committee: Is it appropriate to require community collaboration on emergency response plans? The concern is that development of emergency response plans is carried out with involvement of experts in industrial safety. Direct community contribution to such plans can jeopardize content of the plans (safety issues) due to potential lack of technical expertise of community representatives. So the thought here is to change the language of the criterion (exclude Communities), and/or to add clarification in the guidance (to clarify, that certain licensed expert organizations, authority representatives can be treated as community representatives when developing emergency response plans).



3 Changes to Principle 2

Comparisons of 2.7 to other Standards:

ICMM: 4.4 Develop, maintain and test emergency response plans. Where risks to external stakeholders are significant, this should be in collaboration with potentially affected stakeholders and consistent with established industry good practice.

IRMA: 2.5.2.1. The emergency response plan shall be developed in consultation with potentially affected communities and workers and/or workers' representatives, and the operating company shall incorporate their input into the emergency response plan, and include their participation in emergency response planning exercises.

3 Changes to Principle 2

Comparisons of 2.7 to other Standards:

BetterCoal: Companies will:

- a) establish emergency procedures and evacuation plans for emergencies;
- b) ensure that the procedures and plans are accessible and clearly displayed throughout their facilities;
- c) maintain and regularly test emergency procedures by holding evacuation drills;
- d) update emergency procedures periodically; and
- e) develop and maintain emergency response plans in collaboration with all relevant stakeholders, including local communities.

RJC: 37. Emergency response

37.1: Members in the mining sector shall develop and maintain emergency response plans in collaboration with potentially affected communities, workers and their representatives, and relevant agencies, in accordance with UN Environment guidance on Awareness and Preparedness for Emergencies at Local Level (APELL) for Mining. This shall be developed with COP 23.2 (Health and safety) and should include due consideration of any emergencies arising within the facility that have the potential to impact off-site areas.

Discussion Summary

1. There was a comment on timing; certain things need to happen rapidly to immediately respond to the threat, and there is not always time to reach out to the communities. However once the urgent issue has been resolved, then there should be reach out to communities also to look at longer-term impact.
2. It was clarified that the focus is specifically on Emergency Response *Plans*.
3. There was a comment that in the case of all emergency response plans, you always must rely on affected communities, workers, relevant agencies. For examples you rely on local fire departments, etc. Worry was expressed on the new definition as it does not talk to the supply chain certain companies are in; it might not be applicable to them and the previous language was clearer. This new language looks more related to mining.
4. Another participant acknowledged that the original wording was better, more widely recognized and doesn't exclude anyone. Many people might not be very familiar with the proposed new language.
5. **It was agreed to leave the language on identified populations out for now and come back to it later, once it is better understood what comes out of the discussions on Principle 9.**
6. It was clear that collaboration with communities is essential for emergency response plans, but it is responsibility of the company.
7. **It was agreed to not make any changes to Criteria 2.7 Emergency Response Plans related to engaging with communities.**

3 Changes to Principle 2

Excerpt from Principle 2 TC v2 pages 8-9

New Criteria 2.8 on Suspended Operations (log item 212) recommended by the Human Rights Working Group

2.8 Suspended Operations

Where a company has to suspend or significantly alter its operations through factors outside its control, such as a conflict, pandemic or natural disaster, the company shall:

- a. Ensure any business resilience plans take into account significant adverse environmental, social (including human rights) and governance impacts which could relate to such a situation in the short and long term.
- b. To the extent possible keep engaging with the Identified Populations, ensuring to consider gender specific needs, to ensure that the company is not exacerbating any significant issues by its actions or omissions.
- c. Continue to meet its commitments around human rights remediation, including providing for or cooperating in remediation where it identifies it has caused or contributed to adverse human rights impacts.

Discussion Summary

1. It was said that many companies are primarily concerned about survival at the moment; they have to pay the bills and this is also the case in other sectors. There is a general concern about adding more and more requirements to the Standard; it looks like the Revision Process means adding more and as expressed earlier in this call this creates challenges for Small and Medium-Scale Enterprises (SMEs) to join ASI.
2. There was a comment that this Criterion should be framed so that the company has a business resilience plan and they are required to think in advance.
3. The current Covid-19 crisis could help you with how to prepare better if another crisis arises.
4. It was explained that this proposed change is about companies' general engagement with local communities – Covid-19 has shown a lack of engagement of companies with communities. This Criterion should help push companies to engage more before issues arise, so that they have got something in place.
5. There are lots of aspects of the Covid-19 crisis and it is not just Human Rights, it is also about social rights and the environment. Companies are struggling, and we should have some perspective. In general companies that are certified should be more resilient anyway.
6. Businesses as well as communities need to be resilient. Also a specific conversation needs to be held first about business resilience from the Covid-19 period.
7. It was agreed that we need to focus this Criterion on the planning component and this topic will be brought back to the Standards Committee next month after review by the HRWG.

3 Changes to Principle 2

Excerpt from Principle 2 TC v2, pages 8-9

Changes to Criteria 2.9 Mergers and Acquisitions (log items 153b) recommended by the Human Rights Working Group

2.9 Mergers and Acquisitions. The Entity shall review environmental, social and governance issues in the Due Diligence process for mergers and acquisitions. For mergers and acquisitions of Bauxite Mines, Alumina Refineries and Aluminium Smelters, the Entity shall share information regarding the operation and its potential impacts with Identified Populations. In consultation with Identified Populations, the Entity shall develop an impact mitigation plan to mitigate any identified significant impacts. Progress against the impact mitigation plan shall be shared with Identified Populations annually.

Discussion Summary

1. There was some skepticism on including Criteria for only certain parts of the value chain; even though the upstream is by nature more impacted by these things, it does not sound right to step away from issues that are important in the rest of the value chain as well. For extrusion and rolling mills this can also be relevant; it is more about geographic location than the nature of the business.
2. There was a comment and warning that we have to be reasonable; by making everything applicable to all part of the supply chain is not possible.
3. There was also a comment that we need to limit the wording in each Criteria, not make it too long.
4. It was explained that some of these issues are driven by geographic location of certain parts of value chain where there is bauxite or cheap electricity; for those businesses where that is not material the Standard becomes less effective.
5. There was a suggestion whether it would not make more sense to put the blue text in the Guidance.
6. There was another suggestion to leave out first sentence in blue, and make changes to the second sentence in blue.
7. It was made clear that documents on mergers and acquisitions are never made public, they are strictly confidential. This suggested change would not be practical. The transition process is an opportunity to talk about ongoing impacts with Identified Populations however this language doesn't bring that across.
8. **It was agreed that the Secretariat will reach out the Standards Committee members with expertise in this area to see if the two ideas can be married. The meeting next week will start with this discussion on Criterion 2.10.**

5a,b,c Agreed Upon Actions & Close

- a. Agree any final post-meeting actions and timeframes by Committee members
- b. Agree actions by Secretariat
- c. Chairs and Secretariat thanks to all participants and close of meeting

Next Meeting – [Teleconference June 4th](#)

Thank you

asi Aluminium
Stewardship
Initiative