

ASI Standards Committee

Teleconference - Minutes

29 July 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. Welcome b. Introduction & Apologies c. Objectives d. Documents Circulated 	<ul style="list-style-type: none"> e. Previous Minutes f. Log of Actions g. Conflicts of Interest/Duty h. Progress/Status Update 	Chair
2	Standard Applicability for Material Stewardship		ASI
3	If comments received, Principle 1 Guidance		ASI
3	Standard Principle 2	<ul style="list-style-type: none"> a. Criterion 2.10 Closures, Divestments... b. Criterion 2.8 	ASI
4	Assurance Manual <ul style="list-style-type: none"> a. Estimated Audit Time b. Additional Time for Identified Situations 	<ul style="list-style-type: none"> c. Selecting External Parties to Interview d. Interview External Parties e. Definition of Facility 	ASI
5	a. Agreed upon actions for Committee members	<ul style="list-style-type: none"> b. Agreed upon actions for the Secretariat c. Close 	Chair

1a,b Welcome, Introduction & Apologies

a) Welcome

b) **Chair:** Kendyl Salcito (Nomogaia)

Attendees: Abu Karimu (Settle Ghana), Annemarie Goedmakers (Chimbo), Anthony Schoedel (Arconic), Catherine Athenes (Constellium), Gesa Jauck (Trimet), Jessica Sanderson (Novellis), Justus Kammuegger (WWF), Marcel Pfitzer (Daimler), Michael Frosch (BMW), Neill Wilkins (IHRB), Rosa Garcia Pineiro (Alcoa), Stefan Rohrmus (Schueco).

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

Apologies: Alexander Leutwiler (Nespresso), Gina Castelain (IPAF), Guilia Carbone (IUCN), Hugo Rainey (WCS), Jostein Soreide (Hydro), Louis Biswane (KLIM), Maria Lee (WOCAN), Nicholas Barla (IPAF), Samir Whitaker (FFI), Steinunn Steinsson (Nordural), Tina Bjornestal (Tetrapak).

Alternatives:

Proxies: Rosa Garcia Pineiro (Alcoa) for Jostein Soreide (Hydro)

Invitees: Mark Annandale (University of Sunshine Coast, IPAF Support)

1c,d Objectives & Documents Circulated

c) Objectives

1. Adopt minutes of the previous meeting
2. Review language for consultation on Material Stewardship
3. Review and approve revisions to Principle 2
4. Review and approve revisions to the Assurance Manual

d) Documents Circulated

1. ASI SC Teleconference 29Jul20
2. ASI SC Teleconference Minutes 04Jun20
3. 16 July Rio Tinto CHRB response
4. BHRRC Rio Tinto response 9 June
5. Rio Tinto Why_Cultural_Heritage_Matters
6. Summary of Post 2017 Launch Log of Suggestions and Changes
7. Revision Workplan Planning Document
8. Principle 1 TC
9. ASI - SCMemberApptProxyForm 22Jul20
10. ASI - SCMemberAlternateForm 22Jul20
11. ASI CoCWG Teleconference Minutes 27May20
12. ASI CoCWG Teleconference Minutes 24Jun20
13. ASI GHGWG Minutes 22May20
14. ASI GHG WG Minutes 03June20
15. ASI HRWG Teleconference Minutes 12May20
16. SC Disclosed Conflicts of Interest

1e,f Previous Minutes & Log of Actions

d) Previous meeting minutes draft

Resolve to accept the minutes of previous teleconference 29 June 2020.

- **Minutes of 29 June 2020 teleconference ACCEPTED.**

- Minutes will be published on the ASI website.

e) Conflicts of Interest/Duty

Disclosure sent with meeting package

f) Log of Meeting Actions open or closed since last meeting:

1. ASI Secretariat to seek input from RTA on the recent news about the destruction of an 46,000-year-old Aboriginal site in the Pilbara region in Western Australia to expand the Brockman 4 iron ore mine.
 - Closed this meeting (see next slide)

1f Log of Actions – Input from Rio Tinto

RTA has shared their public statements with us (shared with the meeting material) and they are available on their website here:

https://www.riotinto.com/search#main-search_q=Juukan?main-search_q&main-search_e=0

- Rio Tinto has apologized to the Puutu Kunti Kurrama and Pinikura (PKKP) for the distress they have caused.
- They are reviewing all of their plans in the Jukkan Gorge area
- With the board and Indigenous Leader oversight a review into the incident is being undertaken.

As Rio Tinto works through this process they will share learnings from this incident for consideration and to inform our Standards Revision work.

1f Discussion

- A concern was raised that ASI may face reputational issues with respect to such incidents (via association) in future. How does ASI address such an issue? In the case of the ASI member directly causing a serious incident (critical breach), mechanisms are in place (ASI) to investigate and address. However in this instance, where it is not related to aluminium, these mechanisms would not be actively used.
- It was recommended that a discussion could be held following the release of more information (investigation) from Rio Tinto.
- It was mentioned that through association (the industry in general, other commodities, other AI companies etc.), this may happen in future where incidents occur not directly related to an ASI Member, and that an appropriate mechanism is required to assess any potential implications to ASI and its Member base. ASI stated that several mechanisms exist: critical breaches for certified sites, a commitment within the membership form for all members and the Complaints Mechanism.
- It was agreed that a discussion/forum with and interested Standards Committee members and ASI be established when the Rio Tinto investigation is concluded. Members interested in participating should email the Director of Standards.

1h Progress/Status Update

Revision Workplan Planning Document

Summary of Post 2017 Launch Log of Suggestions and Comments

	PS 1	PS 2	PS 3	PS 4	PS 5	PS 6	PS 7	PS 8	PS 9	PS 11	COC	MS	AM	Claims	Final Review
Standard	✓	T	✓									T	T		
Guidance	T														

MS = applicability for material stewardship/other manufacturing

AM = Assurance Manual

✓ = item is completed and ready to go out for consultation

T = on today's agenda

- Propose if we don't meet meeting objective today that we schedule an additional meeting in two weeks time.

2 Standard Applicability for Material Stewardship

Considerations for SC:

1. Standards Committee recommends that we put out for consultation a proposal that Material Conversion Facilities, regardless of membership class, be required to demonstrate full conformance to the Performance Standard. The recommendation is to move towards full Standard conformance over a multi- year period.
2. Do we want a cut-off date by which all material conversion facilities must?
3. Do we want to wait until after the consultation to make a proposal for Other Manufacturing Facilities
4. Does the language below reflect the intent?
5. What critical components should we highlight for stakeholders in introducing this topic?
6. What specific questions would you like to ask stakeholders to inform our discussion in 2021?

2 Standard Applicability for Material Stewardship

ASI seeks input during this consultation on a proposal to require Material Conversion Facilities to demonstrate conformance to full Standard over a three year period. This recommendation will be phased in over a multi-year period.

- Facilities currently certified to Principle 4 of the Performance Standard will be required to demonstrate conformance to Principles 1-4 of the Performance Standard in their surveillance audit(s). This(ese) audit(s) can be conducted remotely.
- Facilities which are not yet certified will be required to demonstrate conformance to Principles 1-4 in their certification and surveillance audit(s). The certification audit must be conducted on-site though the surveillance audit(s) may be conducted remotely.
- Following this phase-in period, all Facilities will be required to demonstrate conformance to the entire Performance Standard in their next recertification Audit.

2 Standard Applicability for Material Stewardship

	2022	2023	2024	2025	2026	2027	2028	2029
Certified Facility A (surv complete)		Recert P1-11		Surv P1-11	Recert P1-11		Surv P1-11	Recert P1-11
Certified Facility B		Surv P1-4	Recert P1-11		Surv P1-11	Recert P1-11		Surv P1-11
Uncertified Facility A	Cert P1-4		Surv P1-4	Cert P1-11		Surv P1-11	Recert P1-12	
Uncertified Facility B		Cert P1-4		Surv P1-4	Cert P1-11		Surv P1-11	Recert P1-11
Uncertified Facility C			Cert P1-4		Surv P1-4	Cert P1-11		Surv P1-11
Uncertified Facility D				Cert P1-4		Surv P1-4	Cert P1-11	
Uncertified Facility E					Cert P1-4		Surv P1-4	Cert P1-11

2 Discussion

- A suggestion was made to allow all Members to go to P1-4 first, and then P1-11 after one certification period.
- There was a discussion around whether a logical 'cut-off' period would be after 5 years of the new Standard being released? (i.e. At the release of next revision of the Performance Standard) = 2027 OR would a certification cycle (i.e. 3 years) after the new Standard is released make more sense = 2025.
- This would equate to P1-4 between 2022 and 2025, and then P1-11 after 2025.
- A question was raised – is the credibility of ASI compromised if there are different timeframes for various certification obligations between different Members with 'Material Conversion' facilities? This was responded to by saying that while it may be confusing to explain as ASI was raising the bar of certification in these Facilities that the risk to credibility was relatively low through a phase-in period.
- **It was agreed that from 2027 onwards, ALL Facilities, regardless of the Members membership category, must be certified to all PS criteria (P1-11). This would be incorporated into the next Standards revision process in 2025-26, but the change would be communicated from 2021 onwards. The schedule of audits this would mean for different Facilities is shown on slide 18.**
- It was raised that 'Other Manufacturing Facilities' (OMF) should remain as P4 only, as the applicability of P-11 may result in difficulty in justifying value in remaining as an ASI member/certifying OMF Facilities.
- Alternatively, it was suggested that for consistency, the OMF's could be placed under the 'staged phased in approach' to full applicability of the Performance Standard.

2 Discussion

- Four options raised:
 - 1) No change (only P4 applies)
 - 2) Commensurate with the Material Conversion staged approach (cut off by 2027)
 - 3) Consider and assess Material Conversion staged approach and then consider OMF cut-off at a later date, subject to the success of Material Conversion staged approach.
 - 4) P1-4 to apply to OMF as per Material Conversion, and then 're-assess' the 5-11 applicability.
- **Agreed that Other Manufacturing Facilities would be treated in the same way in the consultation as Material Conversion Facilities and this decision would be revisited based on the input of the consultation.**
- A concern was raised that only new Members were of main consideration here, however it was counter-argued that scope changes for existing Members had also been considered and discussed. It was noted that Slide 13 does provides scenarios for both existing and new Members.
- In the consultative process, questions will be asked as to how the proposed changes/options may affect a Members' level of participation in the overall ASI program. It was agreed that a question on how these changes affect organizations with Material Conversion and OMF Facilities would be impacted by this change would be raised in consultation. Additionally, a question on whether the phased in approach impacts perceptions of ASI credibility would be raised.

2 Standard Applicability for Material Stewardship

	2022	2023	2024	2025	2026	2027	2028	2029
Certified Facility A (surv complete)		Recert P1-11		Surv P1-11	Recert P1-11		Surv P1-11	Recert P1-11
Certified Facility B		Surv P1-4	Recert P1-11		Surv P1-11	Recert P1-11		Surv P1-11
Uncertified Facility A	Cert P1-4		Surv P1-4	Cert P1-11		Surv P1-11	Recert P1-12	
Uncertified Facility B		Cert P1-4		Surv P1-4	Cert P1-11		Surv P1-11	Recert P1-11
Uncertified Facility C			Cert P1-4		Surv P1-4	Cert P1-11		Surv P1-11
Uncertified Facility D				Cert P1-4		Surv P1-11	Cert P1-11	
Uncertified Facility E					Cert P1-4		Surv P1-11	Cert P1-11

3 Principle 1 Guidance

Guidance for Principle 1.

No comments received on the Guidance to date

Agree to Guidance for Principle 1

- No further comments - agreed that Guidance for Principle 1 as presented will go out for consultation.

4a Criterion 2.10

Changes to Criteria 2.10 Closure, Decommissioning and Divestment (log item 153b) recommended by the Human Rights Working Group

2.10 Closure, Decommissioning and Divestment. The Entity shall review environmental, social and governance issues in the planning process for closure, decommissioning and divestment ~~and consultatively develop a program for managing significant impacts, including legacy impacts, on Identified Populations incumbent with such changes.~~

- Above concept agreed to subject to:
 - SC guidance to change 'Identified Populations' to 'Affected Populations and Organizations'
 - SC guidance to remove word 'incumbent'
 - SC guidance to ensure environmental impacts were recognized.

2.10 Closure, Decommissioning and Divestment.

- a. The Entity shall review environmental, social and governance issues in the planning process for closure, decommissioning and divestment
- b. In consultation with ~~Identified~~ **Affected Populations and Organizations**, the Entity shall ~~and consultatively develop a program for managing significant environmental, social and governance impacts, including Legacy Impacts, on associated incumbent, with such changes~~ **the closure, decommissioning or divestment.**

- No further comments - **agreed that the new language as presented for 2.10 will go out for consultation.**

4a Affected Populations and Organizations

Definitions agreed to by the HRWG:

Affected Populations and Organizations 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

(NGOs are included as a stakeholder – see next slide)

- A comment was made that 'traditional authorities' should be incorporated as a separate line item. There was discussion that they may be incorporated in the definition already as either an Indigenous Peoples or a local community. This, and other examples should be included in the Guidance.
- A request was made for other examples to be sent through to the Secretariat for consideration and incorporation in the Guidance.
- A question was asked that would this change any intent of any part of the Standard. It was then clarified that this is a definition and provided further clarity, rather than requiring additional conformance requirements.

4a Affected Populations and Organizations

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

*proposed
language must still
be reviewed by

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

- It was commented that this definition could be discussed by BESWG to consider environmental aspects with respect to stakeholders. **This was agreed to be discussed by the BESWG.**
- It was noted that this is a pre-defined OECD definition.

4a Affected Populations and Organizations

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)

4a Legacy Impacts

Legacy Impacts

Significant impacts which historically occurred at the Facility in the past that have not been remediated and are still impacting Affected Populations and Organizations. These may be impacts that occurred:

- prior to certification, and/or
 - prior to the current owner purchasing the Facility, and/or
 - in the establishment of the Facility.
- A point was raised about the 'transfer of legacy' during transfer of ownership, or insolvency of a company, resulting in the inability to fund adequate decommissioning and rehabilitation. Does this definition address this? It was responded that the extent to which it is possible to transfer legacy was addressed in 2.10.
 - **Definition of legacy impacts as presented is agreed and ready to go out for consultation.**

*proposed language must still be reviewed by IPAF

4b Criterion 2.8

Changes to Criterion 2.8 Suspended Operations (log item 225) recommended by the Human Rights Working Group:

- 2.8 Suspended Operations** a) The entity shall develop a business resilience plan which takes into account significant adverse environmental, social and governance impacts to address situations where it may have to suspend or significantly alter operations through factors outside its control, such as a conflict, pandemic or natural disaster.
- b) The Entity shall regularly review the effectiveness of the business resilience plans and, where required, identify and implement improvements.

Guidance:

- a. 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.
- b. 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.



- Above language agreed to SC guidance to include additional wording on biodiversity

Add to Guidance:

- c. Ensure that the suspension or alteration of operations does not have an adverse environmental impact including:
 - Management of all waste storage facilities
 - Continuing to meet, to the extent possible, rehabilitation commitments
 - Implementation of necessary components of the Biodiversity Action Plan
 - Continuing to meet environmental obligations such as managing weeds, invasive species and feral animals and continuing with fire management.

4b Discussion

- No further comments - agreed that the additional text for 2.8 Guidance as presented is ready to go out for consultation.

5a Estimated Audit Time

Change to Assurance Estimated Audit Time (log item 56 & 61)

Current Wording:

Table 12: Guidance to estimate the on-site time (person days) for Certification Audits

Number of Personnel working in Facilities included in the Certification Scope ¹	Low Overall Maturity Rating	Medium Overall Maturity Rating	High Overall Maturity Rating	Performance Standard: Material Stewardship Criteria only
1-25	1.5-2	1-1.5	1	0.5-1
25-100	2.5-3	2-2.5	2	1-1.5
100-500	3.5-4	3-3.5	3	1.5-2
500-1000	5-6	4-5	4	1.5-2
1000-5000	8-10	6-8	5-6	2-3
5000-10000	10-15	8-10	6-8	2-3
>10000	>15	10-15	7-10	3-4

¹Note: the number of part-time personnel (employees and contractors) should be treated as full-time equivalents (FTEs) based on the number of hours worked as compared with full-time personnel.

5a Estimated Audit Time

Change to Assurance Manual Definitions (log item 56 & 61) *Reference to overall maturity rating deleted in this table on certification audits as the application of an overall maturity rating only applies to surveillance and recertification audits*

Proposed Wording:

Table 12: Guidance to estimate the on-site time (person days) for Certification Audits

Number of Personnel working in Facilities included in the Certification Scope ¹	Performance Standard: Entire Standard	Performance Standard: P1-4 only	Chain of Custody
1-25	1.5-2.5	1.0-1.5	0.5-1.0
26-100	2.5-3.5	1.5-2.0	1.0-1.5
101-500	3.5-5.0	2.0-2.5	1.5-2.0
501-1000	5.0-8.0	2.5-3.0	1.5-2.0
1001-5000	8.0-10.0	3.0-3.5	2.0-3.0
5001-10000	10.0-15.0	3.0-4.0	2.0-3.0
>10000	>15.0	3.0-4.0	3.0-4.0

¹Note: the number of part-time personnel (employees and contractors) should be treated as full-time equivalents (FTEs) based on the number of hours worked as compared with full-time personnel.

5a Discussion

- A comment was raised that could just the minimum number of days be provided in the Table? It was then discussed that a range provides more clarity between the auditor and Member.
- The range provides benefit to Members in terms of pre-budgeting audits.
- It was agreed that revisions to Table 12 (previous slide) are ready to be put out for consultation.

5a Estimated Audit Time

The actual planned on-site time will vary based on factors including:

- the number and nature of sites in the Audit Scope (see section 8.5.2)
 - the objective evidence sampling regime required to achieve the Audit objectives (see section 8.5.2)
 - the number of Criteria that are already addressed by a Recognised Standard/Scheme
 - the Criteria that are in scope for the Audit (see Section 8.4.1 for a list of Criteria which may be evaluated remotely)
 - For CoC Audits, whether the Facilities are receiving CoC Material or whether the Audit is verifying systems only.
- It was commented that the additional bullet points provide value to Members and auditors
 - It was agreed that these additions are to be put out for consultation.

5b Additional Audit Time for Identified Situations

Change to Assurance Manual Definitions (log item 56 & 61) recommended by the HRWG + language for biodiversity as requested by SC + consideration for surveillance audits

Minimum additional time to be added to the Performance Standard Certification Audits on-site time in the following situations:

Situation	Specific Detail	Additional on-site time (days)
Interviews with external stakeholders	Indigenous Peoples	0.25 -0.5
	Local community, regulatory authorities and/or external labour representatives	0.25 – 0.75
Human Rights Considerations	Conflict Affected or High Risk Areas (see Performance Standard Guidance for Criterion 9.8)	0.25 – 0.5
	Regions of high gender inequality (a rating of medium – high or N/A at https://www.genderindex.org/data/)	0.25 – 0.5
	Area of moderate - high risk of modern slavery (https://www.globalslaveryindex.org/2018/data/maps/#prevalence or https://www.responsible sourcingtool.org/visualizerisk)	0.25 – 0.5
Governance	Moderate – high Corruption area (https://www.transparency.org)	0.25 – 0.5
Biodiversity	Situations where IUCN vulnerable or endangered red list species/ecosystems or sacred sites are present, where protected areas or a biodiversity hotspot are adjacent to the Facility. (www.ibat-alliance.org)	0.25 – 0.5

- This item hasn't been discussed with IPAF yet

5b Discussion

- A question was asked as to what is meant by low, medium or high with respect to gender inequality? It was stated that this is a pre-determined rating (i.e. Genderindex.org/data/)
- It was then noted that the link provided is not providing such a specific rating – ASI to check hyperlinks and references to information sources.
- New version found here at <https://www.genderindex.org/country-profiles/> no longer uses the H, M or L rating, and used a new methodology.
- It was commented that ‘Interviews with external stakeholders’ should also incorporate NGOs.
- It was recommended (**and agreed to**) that the ‘specific detail’ in the central column is removed for this ‘situation’, and be replaced with Affected Populations and Organizations. Additionally, it was agreed that greater clarity was needed on when this situation existed (i.e. additional time was not necessarily needed if auditors were simply calling a local authority).
- The additional on-site time recommendation for ‘external stakeholders’ is combined with a range of 0.25-1 day. (**agreed**).
- **It was agreed, subject to changes discussed above, the Table will now go out for consultation.**
- A comment was made that auditors still need to consider the time requirements of Indigenous Peoples, subject to whether the engagement is face to face etc. or via phone etc., which may exceed the maximum.

5a,b,c Agreed Upon Actions & Close

- a. Agree any final post-meeting actions and timeframes by Committee members
 - It was agreed that a Members interested in participating in a discussion/forum when the Rio Tinto investigation is concluded should express their interest to ASI.
 - Any examples of Affected Populations and Organizations that would require explanation in the Guidance should be sent to ASI.
- b. Agree actions by Secretariat
 - a. ASI to convene a discussion/forum when the Rio Tinto investigation is concluded regarding any learnings/thoughts on how such incidents could impact ASI credibility.
- c. Chairs and Secretariat thanks to all participants and close of meeting

Next Meeting – Teleconference August 26th

- if another meeting required ASI will send out a doodle poll

Thank you