

ASI Standards Committee

Teleconference Minutes

23 Sept 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 Minutes	<ul style="list-style-type: none">f. Conflicts of Interest/Dutyg. Log of Actionsh. Progress/Status Updatei. Update on Vacant SC Seat	Chair
2	<p>Chain of Custody Standard and Guidance</p> <ul style="list-style-type: none">a. Definition of Traderb. Criterion 1.7 Reportingc. Addition of Non-bauxite Sources	<ul style="list-style-type: none">d. Allowable Alloy Contente. Due Diligence Toolf. Criterion Titles and Other Small Changesg. Outstanding CoC Topics	ASI
3	<ul style="list-style-type: none">a. LME Alignment		
4	<ul style="list-style-type: none">a. Principle 2 Guidance		
5	<ul style="list-style-type: none">a. Agreed upon actions for Committee members	<ul style="list-style-type: none">b. Agreed upon actions for the Secretariatc. Close	Chair

1a,b Welcome, Introduction & Apologies

a) Welcome

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

Attendees: Alexander Leutwiler (Nespresso), Annemarie Goedmakers (Chimbo), Anthony Schoedel (Arconic), Gesa Jauck (Trimet), Guilia Carbone (IUCN), Jessica Sanderson (Novellis), Jostein Soreide (Hydro), Justus Kammueller (WWF), Neill Wilkins (IHRB), Nicole Funk (BMW), Olivier Neel (Constellium), Rosa Garcia Pineiro (Alcoa), Steinunn Steinson (Nordural), Tina Bjornestal (Tetrapak).

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

Apologies: Abu Karimu (Settle Ghana), Catherine Athenes (Constellium), Gina Castelain (IPAF), Hugo Rainey (WCS), Louis Biswane (KLIM), Marcel Pfitzer (Daimler), Michael Frosch (BMW), Nicholas Barla (IPAF), Samir Whitaker (FFI), Stefan Rohrmus (Schueco).

Alternatives: Nicole Funk for Michael Frosch (BMW), Olivier Neel for Catherine Athenes (Constellium).

Proxies: Rosa Garcia Pineiro (Alcoa) for Stefan Rohrmus (Schueco).

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 and approve revisions to the Chain of Custody Standard and Guidance
3. Review and approve LME alignment in Criterion 9.8
4. Review and approve Performance Standard Guidance for Principles 2 & 3

d) Documents Circulated

1. ASI SC Teleconference 23Sept20
2. ASI SC Teleconference Minutes V2 09Sept20
3. SC Disclosed Conflicts of Interest
4. Summary of Post 2017 Launch Log of Suggestions and Changes
5. ASI Chain of Custody Standard V1 Dec2017 TC WIP Draft
6. ASI Performance Standard Criteria 9.8 Conflict Affected and High Risk Areas
7. Principle 2 TC
8. ASI - SCMemberApptProxyForm 23Sept20
9. ASI –SCMemberAlternateForm 23Sept20
10. ASI CoCWG Teleconference Minutes 12Aug20
11. ASI HRWG Teleconference Minutes 18Aug20
12. ASI GHG WG Teleconference Minutes 03Sep20
13. ASI BESWG Teleconference Minutes 20May20
14. ASI_GHG Review_Summary for GHG-WG_Distribution

1e,f Previous Minutes & Conflicts of Interest/Duty

e) Previous meeting minutes draft

Resolved to accept Version 2 of the minutes of previous teleconference 09 September 2020.

- Minutes will be published on the ASI website.

f) Conflicts of Interest/Duty

Disclosure sent with meeting package

1g Log of Actions

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

1. The ASI Secretariat to change the wording for “large” in the revised wording for Public Summary Reports in the Assurance Manual.
 - Closed, change made.
2. The ASI Secretariat and Co-Chairs to coordinate on a message to the Board, and inform the SC.
 - Initiated

It was noted that this log item had been closed in the time since the meeting material had been distributed and is now closed.

1. The ASI Secretariat to prepare a justification for the inclusion of pre-consumer scrap from the ASI certification standpoint, and to reach out to participants on this topic before the next meeting.
 - Initiated, planned for next meeting.
2. The ASI Secretariat to send out a doodle to participants to schedule the four meetings.
 - Doodle was sent after the last meeting and invitations have been sent to all SC members.

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 10	PS 11	COC	MS	AM	Claims	Final Review
Standard	✓	✓ *	✓									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

* = Stakeholders definition still outstanding

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 10	PS 11	COC	MS	AM	Claims	Final Review
Standard	✓	✓ *	✓									T	✓	✓		
Guidance	✓	T			-											

Upcoming Meetings:

- 23 September: CoC, LME Alignment, PS2 Guidance,
- 28 September: Pre-Consumer Scrap, PS 11 Standard & Guidance, PS 6 Standard & Guidance
- 01 October: PS3 Guidance, PS4 Standard & Guidance
- 12 October: PS5 Standard
- 13 October: PS 7 Standard & Guidance,
- 14 October: PS 8 Guidance & applicability for Protected Areas Criterion
- 15 October: PS 9 Standard & Guidance,
- 19 October: PS 10 Standard & Guidance, Claims Guide
- 20 October: Anything outstanding. **All decisions made by this date.**
- **17 November: Final Review and All documents Approved for Consultation**



1i Update on Vacant SC Seat

- Maria Lee has now formally left the Standards Committee.
- A Call for Nominations was sent to CSO Members eligible to nominate for the seat by 18 September – no nominations were received.
- ASI is actively seeking recommendations from the Committee – recommendations must be received by end of day Friday 25th of September for consideration of the Board at their 30 September meeting
- Board will appoint a nominee at their 30 September meeting
- If you have someone in mind please contact the ASI Director of Standards **as soon as possible** so they can be added to the list.

2a Trader Definition

Recommendation by the CoCWG to include a definition of Trader in the Standard.

Trader: An independent third party who buys and sells Bauxite, Alumina and/or Aluminium between producers and purchasers directly or indirectly. When the Bauxite, Alumina and/or Aluminium is under the control of the Trader it may be mixed but is not transformed in any way.

Guidance: Some large producers of Bauxite, Alumina and/or Aluminium also trade in these materials without transforming them. In these instances they would be considered a Trader under a Standard.

- No comments were made, and this definition was approved.

2b Criterion 1.7 Annual Reporting

Recommendation from the CoCWG to require reporting by supply chain activity (log item 256):

1. During 2020 data reporting cycle, identified the need for data to be reported by supply chain activity - particularly for mining, alumina refining and smelting - where within a combined Certification Scope.
2. ASI data as is currently reported is not useable as different Entities report inputs and outputs at the certification scope level and ASI cannot track volumes of material entering and exiting the supply chain.
3. ASI would like to integrate data with IAI and is not able to unless we report by supply chain activity.
4. Need for clarity on how to report a Positive Balance.



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2b Criterion 1.7 Annual Reporting

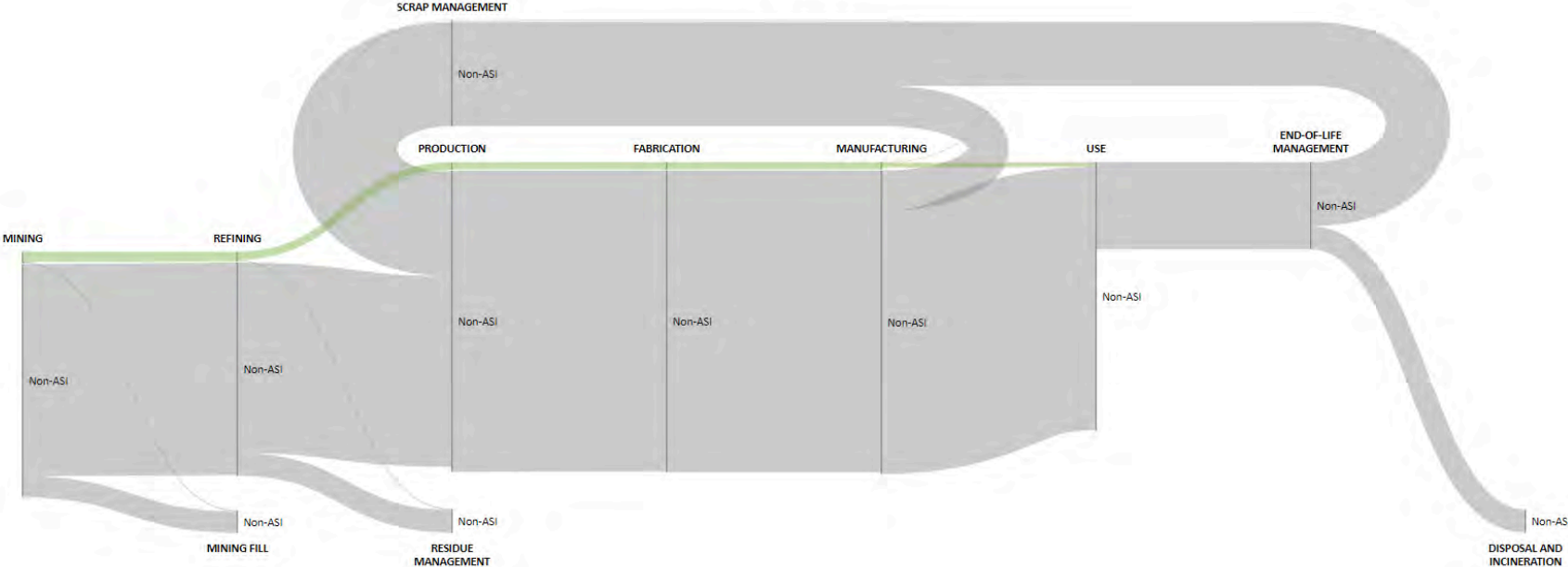
1.7 The Entity shall report the following information to the ASI Secretariat within 3 months after the end of each calendar year, as applicable:

- a. All Entities: Input and Output Quantities of CoC Material/s over the calendar year.
- b. All Entities: Input Percentage/s calculated for the calendar year.
- c. All Entities: the maximum Positive Balance in the calendar year carried over to the subsequent Material Accounting Period, if any.
- d. All Entities: the maximum Internal Overdraw within the calendar year, if any, and the percentage of Input Quantity of CoC Material this represents.
- e. Entities engaged in Aluminium Re-melting/Refining to produce Recycled Aluminium: total Input Quantity of Eligible Scrap, with a breakdown by Post-Consumer Scrap and Pre-Consumer Scrap that is designated as CoC Material supplied directly from a CoC Certified Entity, in the calendar year.
- f. Entities engaged in producing Casthouse Products: quantity of ASI Aluminium allocated to ASI Credits in the calendar year.
- g. Post-Casthouse Entities using ASI Credits: quantity of ASI Credits purchased in the calendar year.

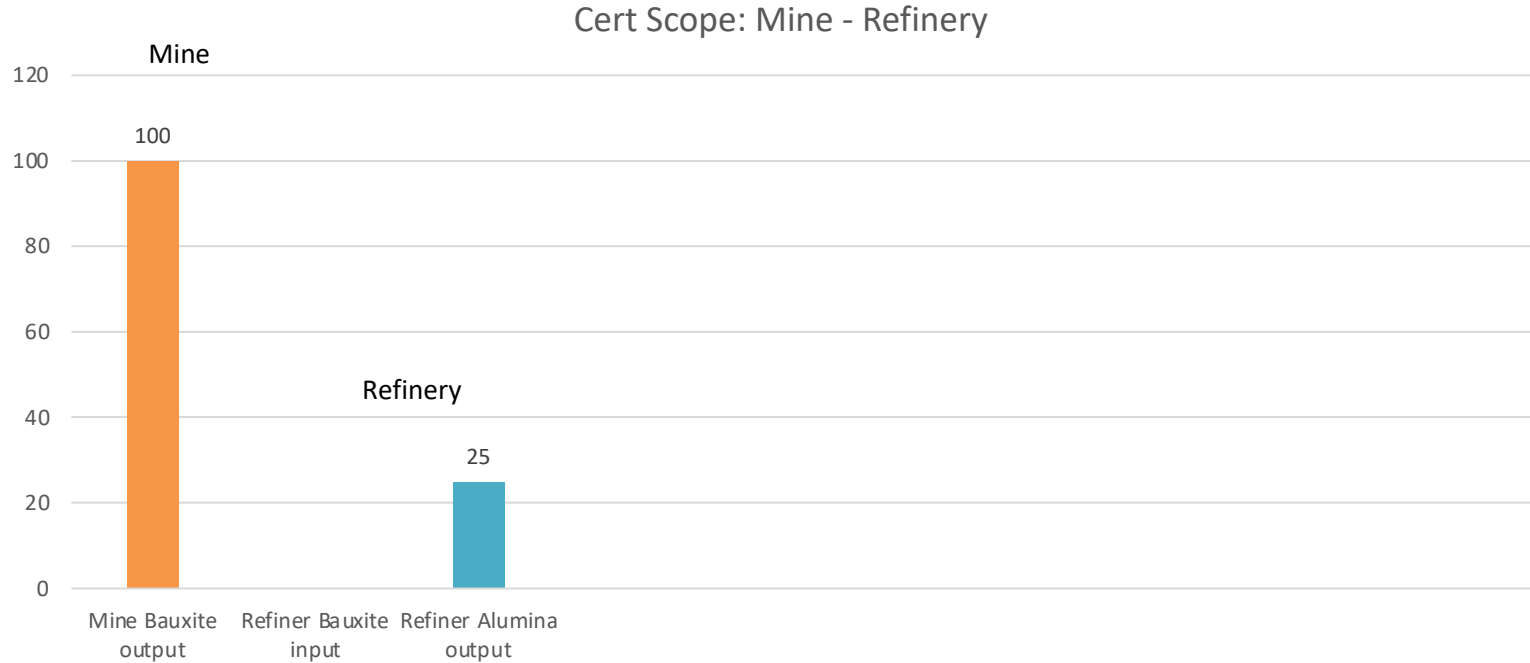
2b Criterion 1.7 Annual Reporting

GLOBAL ALUMINIUM ASI CYCLE 2019

sorted by Name

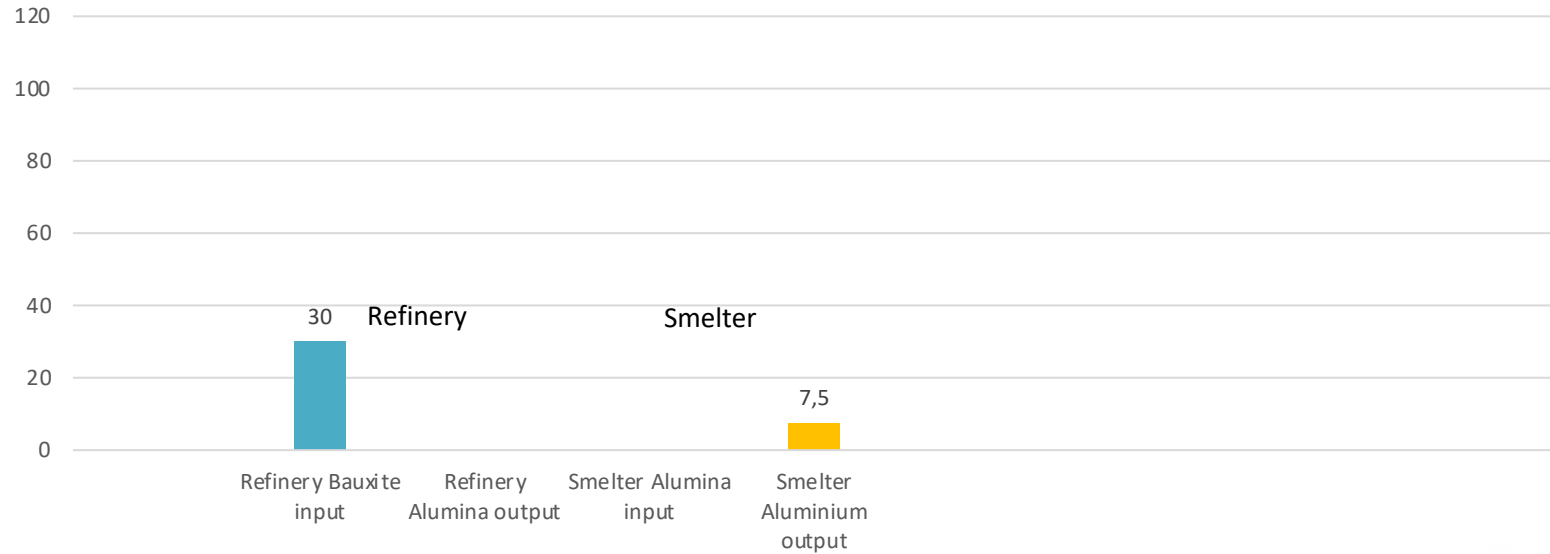


2b Criterion 1.7 Annual Reporting



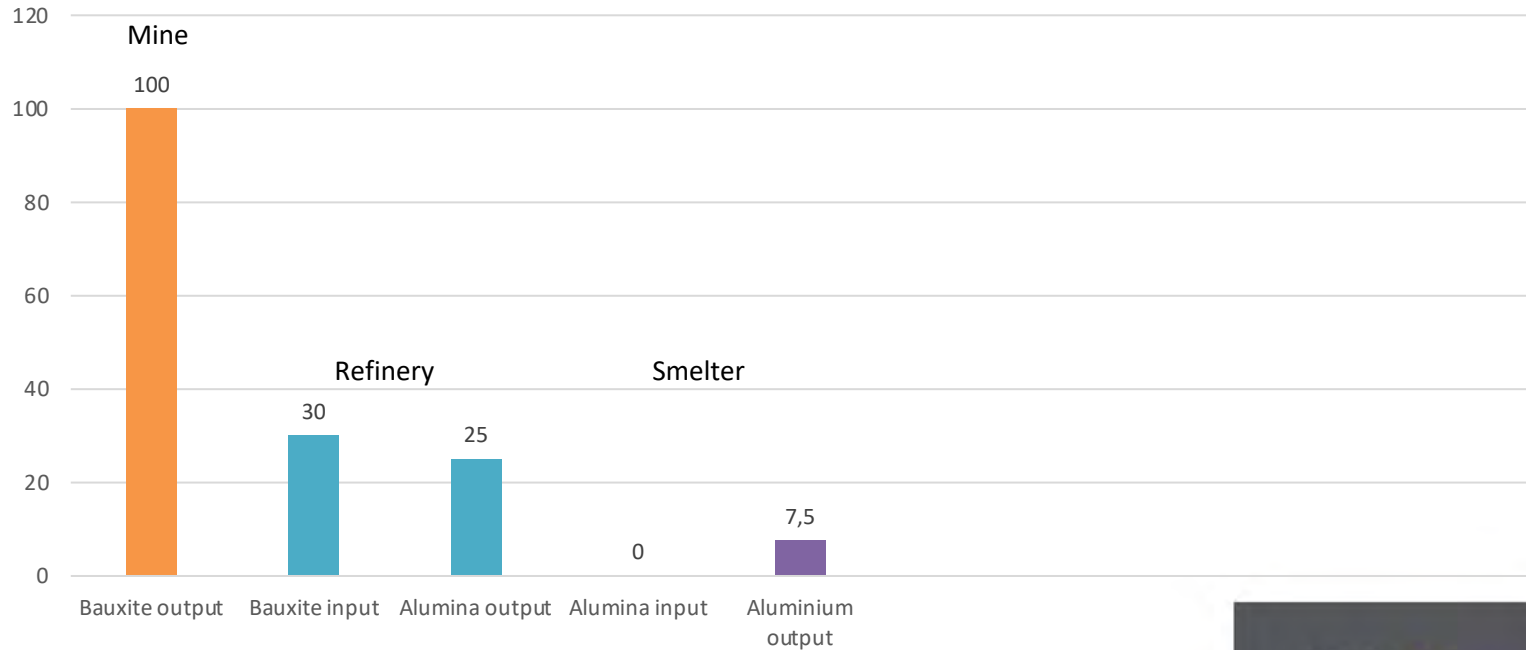
2b Criterion 1.7 Annual Reporting

Cert Scope: Refinery - Smelter



2b Criterion 1.7 Annual Reporting

Aggregated Inputs and Outputs by Supply Chain Activity: Mine - Smelter



2b Criterion 1.7 Annual Reporting

	Aggregated inputs/outputs	Data quality issue 1	Data quality issue 2	Data quality issue 3
Bauxite output	100	Do not relate to each other		
Bauxite input	30		Alumina output more than Bauxite input	
Alumina output	25			
Alumina input	0			Missing data
Aluminium output	7.5			

2b Criterion 1.7 Annual Reporting

- 1.7 The Entity shall report the following information to the ASI Secretariat on the [designated template in elementA1](#) within 3 months after the end of each calendar year, as applicable:
- a. All Entities: Input and Output Quantities of CoC Material/s [by supply chain activity](#) over the calendar year.
 - b. All Entities: Input Percentage/s calculated for the calendar year.
 - c. All Entities: the maximum Positive Balance in the calendar year carried over to the subsequent Material Accounting Period, if any.
 - d. [All Entities: Positive Balance carried over from the previous calendar year used in the calendar year, if any.](#)
 - e. All Entities: the maximum Internal Overdraw within the calendar year, if any, and the percentage of Input Quantity of CoC Material this represents.
 - f. Entities engaged in Aluminium Re-melting/Refining to produce Recycled Aluminium: Total Input Quantity of Eligible Scrap, [excluding internally generated scrap](#), with a breakdown by Post-Consumer Scrap and Pre-Consumer Scrap that is designated as CoC Material supplied directly from a CoC Certified Entity, in the calendar year.
 - g. Entities engaged in producing Casthouse Products: quantity of ASI Aluminium allocated to ASI Credits in the calendar year.
 - h. Post-Casthouse Entities using ASI Credits: quantity of ASI Credits purchased in the calendar year.

2b Criterion 1.7 Annual Reporting

1.7 Guidance Additions:

- Criterion 1.7(a) requires Entities to report input and output quantities of CoC Material by supply chain activity. This means reporting:
 - Bauxite input (from other certified mines imported into the Entities' certified mine)
 - Bauxite output (from mine/s within the certification scope)
 - Bauxite input (to refiner/s within the certification scope)
 - Alumina output (from refiner/s within the certification scope)
 - Alumina input (to smelter/s within the certification scope)
 - Aluminium output (from smelter/s within the certification scope)
 - Pre-consumer scrap input (to re-melter/refiner within the certification scope)
 - Post-consumer scrap input (to re-melter/refiner), not including internally recycled scrap
 - Aluminium input (to casthouse/s within the certification scope)
 - Aluminium output (from casthouse within the certification scope)
 - Aluminium input (to post-casthouse facilities within the certification scope)
 - Aluminium output (from post-casthouse facilities within the certification scope)
- Reporting will be through *elementAI*.

2b Discussion

- It was asked if the graph (slide 16) will be published on IAI website? The ASI Secretariat replied yes.
- It was raised that these changes were very useful, and **they were approved.**

2c Non-Bauxite Sources of Aluminium

Recommendation by the CoCWG to specify non-bauxite sources of aluminium are permitted to enter the ASI system (Log Item 54):

1. Current Standard isn't clear whether non-bauxite sources of aluminium are permitted or not.
2. There are no identified risks relative to the Performance Standard related to non-bauxite sources of Aluminium.

Bauxite Definition: Mined ore used to produce alumina and aluminium metal. It consists largely of hydrated alumina with variable proportions of iron oxides.

Bauxite Definition: Ore used to produce alumina and aluminium metal. It consists largely of hydrated alumina with variable proportions of iron oxides. **This includes bauxite, nepheline and aluminium oxides containing minerals and materials.**

- This definition was approved.

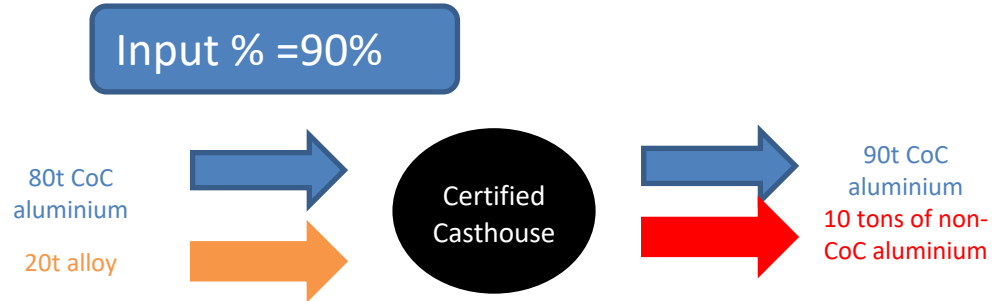
2d Allowable Alloy Content

Recommendation by the CoCWG to remove the Guidance on allowable limits of alloys.

1. There was an inconsistency in the Standard Guidance where it said that alloys were considered a neutral element in the ASI system and gave instruction on how to round upwards if the amount of alloy was less than or equal to 10% of the material.
2. No guidance was given whatsoever on what to do when the amount of alloy was greater than 10%.
3. Recommendation is to take out the instruction related to 10%.
4. When we aligned with BREAM they were concerned with this potentially being a mean for 'not so great' products to be certified; thus the recommendation for additional language on the context.

2d Allowable Alloy Content

- The current Guidance is vague on what to do when the alloy content is more than 10% - this is the current FAQ in elementAl that companies are using: In situations where the percentage of aluminium in the material is between 80-90%, the amount of aluminium in the material can be counted as 90% of the gross weight of the aluminium.



2d Allowable Alloy Content

- Estimates from The Aluminium Association are that 5-10% of North American and European production has an alloy content greater than 10%. Most of this material goes into vehicles. It is uncertain what the global number is.
- Additionally, The Aluminium Association said their position on alloys is not to account for in LCAs.

From a life cycle perspective, the environmental impact of most alloying elements is very minor compared to primary aluminum production. For that reason, we as an industry chose to ignore alloying elements in our LCA studies. Instead, we chose to replace them with aluminum. This is partly because it adds too much complexity, and partly because such a replacement is a conservative approach and should be able to cover all potential impacts no matter what the other elements are.

2d Discussion

- It was raised that if we do it like this, it needs a very good explanation in the Guidance. The ASI Secretariat replied that we have draft language for this in the Guidance, together with a rationale for BREEAM. It was thus agreed to go ahead.
- **This was approved.**

2e Due Diligence Tool

Recommendation by the CoCWG to include a Due Diligence Questionnaire Tool in the COC Guidance.

- The CoCWG started with the idea of developing a template questionnaire/checklist which companies could use as part of their due diligence process for CoC Criterion 7.2. The intent was that use of the checklist would be non-normative. The hope was that if many companies used the questionnaire this could standardize the questions which suppliers got and reduce the burden on them.
- As work progressed it became clear that one questionnaire/checklist couldn't possibly address the entire supply chain globally. The idea of creating multiple templates for different scenarios was discussed.
- Ultimately, the group proposed that we move away from the idea of a template and towards a list of potential questions that a company could use, depending on their geographical location, supply chain and potential risks.
- Additionally, it was thought that it made sense to add additional guidance that could be used to help companies assess the potential risk.
- Lastly, it was felt that it was important that the guidance contain clear instructions for use.
- The recommendation is that we put the idea out for consultation now and we can 'fine tune' the tool in March-April if the tool is seen to be of value.



2e Due Diligence (Non-)Checklist

Criteria 7.2 Guidance

- Criteria 7.2 requires Entities to assess the risks of non-compliance with the Entity's responsible sourcing Policy by suppliers of Non-CoC Material and Recyclable Scrap Material. A list of links which may assist Entities in assessing the risks is given in Appendix X.
- One tool which Entities may use in assessing the risks of non-compliance is a suppliers checklist. Appendix X provides a list of potential questions which an Entity may consider using if developing a suppliers checklist. It should be noted that each supply chain has specific risks and that there is no 'one size fits all' checklist to supply chain due diligence. Entities should develop their assessment tools specific to the risks in their supply chain.

2e Due Diligence (Non-)Checklist

Appendix X: Supply Chain Assessment Tools

Please note that this appendix supplies a list of potential tools and questions that may be used by an Entity. The Entity must determine which what the risks are in their unique supply chain and, if using a supplier checklist, tailor the questions accordingly. The intent of the 'Potential Questions to Ask a Supplier' list is that the Entity would use those most appropriate to the risks in their supply chain and the context of their suppliers (size of organization, geographical location, business activities etc). It is not expected that an Entity would use all the questions in the list. Entities are encouraged to adapt questions to their context.

2e Due Diligence (Non-)Checklist

Risk/Condition/ Situation	Assessment Tools	Potential Questions To Ask a Supplier
General		
	https://www.mvorisicocheck.nl/en/start-check	<ul style="list-style-type: none"> ○ Does the firm have a valid certification of compliance with ASI Performance Standard? ○ Does the firm have any certifications (ISO 45001, 14001 etc)? ○ Does the firm maintain any relevant Association memberships (for example, Institute of Recycling Associations etc) ○ Does the firm maintain a grievance procedure for its relevant stakeholders (employees, Indigenous Peoples, local community etc)?
Anti-Corruption		
Corruption	https://www.transparency.org/en/#	<ul style="list-style-type: none"> ○ Does the firm have an anti-corruption commitment? ○ Does the firm have a record of payments to governments? ○ Does the firm train its personnel on corruption? ○ Does the firm do business with only legitimate business with legitimate financial sources? ○ Has the firm been or is it being involved in legal proceedings in relation with corruption? ○ Does the firm maintain records on potential conflicts of interest?
Bribery		<ul style="list-style-type: none"> ○ Has the firm been or is it being involved in legal proceedings in relation with corruption/bribery or money laundering? ○ Does the firm have a limit on gifts, entertainment and sponsoring? ○ Has the firm been or is it being involved in legal proceedings in relation with bribery?
Money Laundering		<ul style="list-style-type: none"> ○ Has the country in which you are located established laws designed to prevent money laundering? ○ Has the firm been or is it being involved in legal proceedings in relation with money laundering?

2e Due Diligence (Non-)Checklist

Risk/Condition/Situation	Assessment Tools	Potential Questions To Ask a Supplier
Responsible Sourcing		
		<ul style="list-style-type: none"> ○ Does the firm maintain a responsible sourcing policy? Is it publicly available? ○ Does the firm set targets for responsible procurement?
Human Rights		
General	<ul style="list-style-type: none"> ○ http://www.politicalterroryscale.org 	<ul style="list-style-type: none"> ○ Does the firm have a policy or other similar document(s) towards respect for human rights? ○ Are all staffed trained on the human rights policy?
Modern Slavery	<ul style="list-style-type: none"> ○ https://www.globallslaveryindex.org/2018/data/maps/#prevalence ○ https://www.ilo.org/global/topics/forced-labour/policy-areas/statistics/lang--en/index.htm 	<ul style="list-style-type: none"> ○ Does the firm have an anti-slavery commitment? ○ Can it be affirmed that the firm does not practice forced labour including: <ul style="list-style-type: none"> – work of slaves, – work of hostage, – work based on debt bondage, – human trafficking, – withholding working documents – coerced labor – involuntary overtime – work of prisoners?

2e Due Diligence (Non-)Checklist

Added post CoCWG

Risk/Condition/ Situation	Assessment Tools	Potential Questions To Ask a Supplier
Local Communities and Indigenous Peoples	<ul style="list-style-type: none"> ○ https://www.iwgia.org/en/resources/indigenous-world 	<p>Does the company respect rights of Local Communities and Indigenous Peoples?</p>
Labour Rights	<ul style="list-style-type: none"> ○ http://labour-rights-indicators.la.psu.edu/about ○ http://hdr.undp.org/en/content/table-5-gender-inequality-index-gii 	<ul style="list-style-type: none"> ○ Does the firm have an anti-discrimination policy? ○ Can it be affirmed that the firm does not discriminate people based on sex, gender, age, religion, disability, marital status, nationality, union affiliation, social or ethnic origin, or any other characteristic? ○ Have any instances of potential discrimination been raised against the firm in the last 5 years? ○ Does the firm maintain a labour rights policy? ○ Are all staff trained on the labour rights policy? ○ Has the firm received any labour violations in the last five years? ○ Under what conditions are wages deducted (e.g. for PPE, for poor performance, for unmet quotas, for taxes)? ○ Does the policy maintain a policy regarding wages?

2e Due Diligence (Non-)Checklist

Added post CoCWG

Risk/Condition/Situation	Assessment Tools	Potential Questions To Ask a Supplier
Freedom of Association	http://labour-rights-indicators.la.psu.edu/	<ul style="list-style-type: none"> ○ Does the firm maintain a policy regarding Freedom of Association/Collective Bargaining? ○ Is the facility unionized? ○ Do employees have the right to choose, form, belong or not belong to a union or similar representative organization? ○ Can employees bargain collectively without fear of reprisal, intimidation or harassment?
Conflict Affected and High Risk Areas*		
Areas which are conflict affected or at high risk of being conflict affected	<ul style="list-style-type: none"> ○ https://hiik.de/konfliktbarometer/ 	<ul style="list-style-type: none"> ○ Are any materials being sourced from regions which may be conflict-affected? If yes, do you have a system in place to assess the risks of the supplier contributing to conflict or adverse human rights abuses?

* See Performance Standard Criterion 9.8 for more information on Conflict Affected and High Risk Areas

2e Discussion

- It was raised that European Aluminium has developed a Due Diligence tool, and this additional guidance could be used. Another participant said this tool was more focused on supplier management. The ASI Secretariat said that European Aluminium presented and made available this tool to ASI members, but it does not include a checklist.
- It was asked to add in the Modern Slavery section that workers haven't paid a recruitment fee, and to change "withholding working documents" to "withholding working/personal documents"
- A participant noted that when reviewing summary Audit Reports, it was not clear when and how many holidays employees had, and suggested to add a note about this next to "involuntary overtime".
- The ASI Secretariat said that all participants can take the 'non-checklist' with them to send some suggestions and/or questions later on.
- **This was approved, and the suggested changes will be incorporated.**

2f Criterion 'Titles' & Other Small Changes

For your information:

1. Non-normative titles have been to each Criterion for ease of reference and to be consistent with the style of Performance Standard.
2. 'Sections' has been replaced with 'Principles, again for consistency.
3. 'Market Credits' has been changed to simply 'Credits' as it was felt the 'Market component was misleading

1.1 ASI's membership. The Entity seeking CoC Certification shall be an ASI Member in good standing in the Production and Transformation or Industrial Users membership classes, or under the Control of such an ASI Member, thereby committing to comply with ASI's membership obligations and the ASI Complaints Mechanism.

1.2 CoC Management System. The Entity shall have a Management System that addresses all applicable requirements of the CoC Standard, in all Facilities under the Control of the Entity that have Custody of CoC Material.

2g Topics Still to Discuss in CoC

- Continue pre-consumer scrap discussion
- Revisions to 9.3 on optional sustainability reporting



3 LME Alignment

Change to Performance Standard to align with LME (log item 94) recommended by HRWG:

Considerations for the Standards Committee

- This text has been drafted to align with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which is quite prescriptive and has been reviewed by LME
- The OECD has not developed a Supplement for aluminium (or any other metals other than Tin, Tantalum and Tungsten ('3T') and Gold ~~does not have 'aluminium' guidelines and~~ so our guidance is based on the Gold Supplement and 3T Supplement and modified where warranted for the aluminium supply chain
- ASI will be evaluated line by line and given a score between 0 and 100 for each line item to meet the LME requirements and thus there is very little room for deviation from what is presented
- LME will evaluate our alignment with the OECD Guidance and determine if the score is high enough to be considered aligned – this process is not yet fully determined – ASI has drafted this text to maximize our alignment score
- ASI is working to develop training to support members and auditors on this
- **Recommend that:**
 - **this Criteria apply to all supply chain activities to align with LME/OECD which applies to downstream actors as well as those upstream – this is aligned with the SC decisions earlier this year**
 - **the Standards Committee not spend too much more time on this at this time but rather see what comes back from consultation and go from there**
 - **we add ½ day of audit time for Smelters (who are the focus of step 4) as the auditing of that stage is quite intensive**

3 LME Alignment

Change to Performance Standard Standard and Guidance to align with LME (log item 94) recommended by the HRWG

- One member of the SC suggested (in red) we keep the ‘avoid contributing to armed conflict or Human Rights abuses’ language to ensure the context was kept.
- One member of the SC suggested (in red) we clarify ‘respond’ in part c and recommends language used in Criterion 9.1, which is derived from the UNGP

9.8. Conflict-Affected and High-Risk Areas

~~In order to avoid contributing to armed conflict or Human Rights abuses,~~ the Entity shall ~~not contribute to armed conflict or Human Rights abuses in~~ exercise risk-based due diligence over its aluminium supply chain in accordance with the OECD Due Diligence Guidance of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) in ways appropriate to its size and circumstances, including as a minimum:

- a. Establish strong management systems, including a supply chain policy, responsibilities and resources, information gathering and supplier engagement (Step 1)
- b. Identify and assess risks in the supply chain (Step 2)
- c. Design and implement a strategy to ~~identify, prevent, mitigate and account for~~ ~~respond~~ to identified risks (Step 3)
- d. Undergo audit of due diligence practices (Step 4)
- e. Report annually on supply chain due diligence (Step 5).

These criteria do not apply to Entities that do not source directly or indirectly any bauxite, alumina or primary aluminium.

3 LME Alignment

There are other requirements of the Standards dealing with due diligence:

Standard and Criteria	Purpose
<p><u>PS 2.4 Responsible Sourcing</u> The Entity shall implement a responsible sourcing Policy covering environmental, social and governance issues.</p>	Broad based responsible sourcing policy
<p><u>PS 9.1 Human Rights Due Diligence</u> The Entity shall respect Human Rights and observe the UN Guiding Principles on Business and Human Rights in ways appropriate to their size and circumstances, including as a minimum: A Policy commitment to respect Human Rights. A Human Rights Due Diligence process that seeks to identify, prevent, mitigate and account for how it addresses its actual and potential impacts on Human Rights. Where the Entity identifies as having caused or contributed to adverse Human Rights impacts, it shall provide for or cooperate in their remediation through legitimate processes.</p>	Human Rights specific due diligence
<p><u>COC 7.1</u> The Entity shall adopt and communicate to suppliers of Non-CoC Material and Recyclable Scrap Material a responsible sourcing policy covering Aluminium, which as a minimum takes account of the following criteria in the ASI Performance Standard:</p> <ul style="list-style-type: none">a. 1.2 (Anti-corruption)b. 2.4 (Responsible Sourcing)c. 9.1 (Human Rights Due Diligence)d. 9.9 (Conflict Affected and High-Risk Areas) <p><u>COC 7.1</u> The Entity shall assess the risks of non-compliance with its responsible sourcing policy by its suppliers of Non-CoC Material and Recyclable Scrap Material, document the findings, and undertake measurable risk mitigation where risks of adverse impacts are identified.</p>	Specific due diligence required on material entering ASI Certified Facilities

3 LME Alignment

Change to Performance Standard Standard and Guidance to align with LME (log item 94) recommended by the HRWG

9.8. Conflict-Affected and High-Risk Areas

Guidance circulated with meeting material in advance

No comments received on the Guidance to date

Agree to Guidance for Criterion 9.8

3 Discussion

- One participant raised having had in the past discussions with business partners that some specific wording was needed for this, whereas according to them it was already embedded in labor rights. It was raised that the risk is to have a too redundant Standard, meaning longer audits. So it was suggested to keep the Standard as simple as possible, covering all topics. Conflict Affected and High Risk Areas (CAHRAs) is a sub-Criterion from Human Rights (HR), so it would have been simpler to include this within the HR Due Diligence (DD).
- The ASI Secretariat suggested to move the CAHRAs Criterion to 9.2, right after the HRDD criteria (9.1), grouping them making it easier to understand that they are aligned. A note will also be included in the Guidance for 9.1, clarifying that those 2 Criteria are aligned and related. This was agreed.
- It was asked why the Criterion 7.1 of the CoC Standard referred to the Criterion on Responsible Sourcing from the Performance Standard, when it was about Responsible Sourcing itself. It was replied that this was to cover both the company's responsible sourcing policy, and its supplier's responsible sourcing policy.
- **The Standard and Guidance were approved.**

4 Principle 2 Guidance

Addition to Criteria 2.4 Responsible Sourcing already approved by Standards Committee (included here for context for next slide).

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.
- The change was approved throughout the Standard.

4 Principle 2 Guidance

Recommendation from the HRWG to consider revising the 'stock' language around when improvements should be made following the review of a policy/procedure/plan.

- It was felt the language approved already by the SC in Principle 1 was too specific/normative on best practices.
 - Recommend making the changes below throughout the Standard Guidance where we refer to reviews, **including in language already approved in Principle 1.**
- Conduct regular reviews of the responsible sourcing Policy. The frequency of the review would be influenced by:
 - The size and scope of the business
 - The degree of risk in the geographic locations where the business operates and/or activities in which the business participates
 - The degree to which the responsible sourcing Policy is aligned with existing company practices
 - Changes within the Business or external to the Business which would impact the responsible sourcing Policy (including any mergers and/or acquisitions)
 - Alignment with legal requirements.
 - Depending on these factors, it is expected that a review would occur on a frequency ranging from three to five years. A significant event, such as a merger or acquisition or an identified material breach of the responsible sourcing Policy, may trigger an earlier or more frequent review.
 - Following a review, improvements should be identified and implemented where required. 'Where required' **could** include when the responsible sourcing Policy has been found to:
 - Not be fully effective in meeting its objectives
 - Not meeting stakeholder expectations
 - Not aligning with **leading emerging best** practices
 - Not meeting legislative requirements.

6 Principle 2 Guidance

Recommendation from HRWG to revise the Guidance for Principle 2.

- Note that the HRWG recommends that the SC review how Guidance to Auditors is given. In Criteria 2.6 specific Guidance to Auditors is given and it is felt that such Guidance is out of place in the current structure of the Guidance.

No comments received on the Guidance to date

Agree to Guidance for Principle 2

- The Guidance was approved.

7 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 Meetings:

- 23 September: CoC, LME Alignment, PS2 Guidance,
- 28 September: Pre-Consumer Scrap, PS 11 Standard & Guidance, PS 6 Standard & Guidance
- 01 October: PS3 Guidance, PS4 Standard & Guidance
- 12 October: PS5 Standard
- 13 October: PS 7 Standard & Guidance,
- 14 October: PS 8 Guidance & applicability for Protected Areas Criterion
- 15 October: PS 9 Standard & Guidance,
- 19 October: PS 10 Standard & Guidance, Claims Guide
- 20 October: Anything outstanding. **All decisions made by this date.**
- **17 November: Final Review and All documents Approved for Consultation**

7 Discussion

- One participant raised that it was possible that during consultation, we receive comments on Criteria but not on the related Guidance. This means that ASI will have to make the changes to the Guidance accordingly even if no comment was put forward specific to the Guidance. It was thus suggested to include a note for consultation that Guidance might change too, due to changes that have been made to the Standard. The Secretariat said that there would need to be a framing document that was distributed with the consultation package and this could be included there.
- The ASI Secretariat said that an additional meeting should be planned in December to coordinate for the consultation phase.

Thank you