ASI Standards Committee

Teleconference

9 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	a. Welcome b. Introduction & Apologies c. Objectives d. Documents Circulated	e. Previous Minutes f. Conflicts of Interest/Duty g. Log of Actions h. Progress/Status Update	Chair
2	Assurance Manual a. Audit Reports b. Public Summary Audit Reports	c. Reporting Indicators d. Maturity Ratings	ASI
3	Chain of Custody Standard and Guidance a. Sourcing ASI Material through Traders b. Pre-Consumer Scrap c. Criterion 1.7 Reporting	d. Addition of Non-bauxite Sources e. Allowable Alloy Content f. Cradle to Gate GHG reporting g. Outstanding CoC Topics	ASI
4	a. Agreed upon actions for Committee members	b. Agreed upon actions for the Secretariat c. Close	Chair

1a,b Welcome, Introduction & Apologies

a) Welcome

b) **Chair**: Rosa Garcia Pineiro (Alcoa).
   Attendees: Alexander Leutwiler (Nespresso), Annemarie Goedmakers (Chimbo), Anthony Schoedel (Arconic), Catherine Athenes (Constellium), Gesa Jauck (Trimet), Guilia Carbone (IUCN), Justus Kammueller (WWF), Kendyl Salcito (Nomogaia), Marcel Pfitzer (Daimler), Maria Lee (WOCAN), Neill Wilkins (IHRB), Steinunn Steinson (Nordural), Tina Bjornestal (Tetrapak).
   ASI: Cameron Jones, Camille Le Dornat, Kamal Ahmed, Krista West
   Apologies: Abu Karimu (Settle Ghana), Gina Castelain (IPAF), Hugo Rainey (WCS), Jessica Sanderson (Novellis), Jostein Soreide (Hydro), Louis Biswane (KLIM), Mark Annandale (University of Sunshine Coast, IPAF Support), Michael Frosch (BMW), Nicholas Barla (IPAF), Samir Whitaker (FFI), Stefan Rohrmus (Schueco).
   Alternatives:
   Proxies: Rosa Garcia Pineiro (Alcoa) for Stefan Rohrmus (Schueco) and Jostein Soreide (Hydro).
   Invitees: Mark Annandale (University of Sunshine Coast, IPAF Support)

1a,b Welcome, Introduction & Apologies

Maria Lee is leaving WOCAN and this is her last meeting. A big thank you to Maria for all her contributions to both this Standards Committee and also the Human Rights Working Group!

Maria's leaving triggers an election for the vacancy. Nominations close 18 September and if there is an election we will run that post-18 September.

1c,d Objectives & Documents Circulated

c) Objectives
1. Adopt minutes of the previous meeting
2. Review and approve revisions to the Assurance Manual
3. Review and approve revisions to the Chain of Custody Standard and Guidance

d) Documents Circulated
1. ASI SC Teleconference v2 09Sept20
2. ASI SC Teleconference Minutes 26Aug20
3. SC Disclosed Conflicts of Interest
4. Summary of Post 2017 Launch Log of Suggestions and Changes
5. Revision Workplan Planning Document
6. ASI Assurance Manual V1.1 Dec2017 TC WIP
7. Chain of Custody V1.0 Dec2017 TC WIP
8. ASI - SCMemberApptProxyForm 09Sept20
9. ASI –SCMemberAlternateForm 09Sept20
10. ASI RMSWG Teleconference Minutes 26May20
11. ASI GHGWG Teleconference Minutes 14July20
12. Krista's Aluminium Mock Mass Balance v2

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

e)   Previous meeting minutes draft

Resolved to accept the minutes of previous teleconference 26 August 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:

3.   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.
    ➢   Cameron Jones to convene group in October. **Closed.**

•   One participant asked how the learnings from this discussion will come back to the Standards Committee (SC) and the ASI Secretariat replied that following the discussion/forum with Rio Tinto, written notes will be prepared to summarise the learnings and will be shared with the SC.

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	✓				-											

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

ASi Aluminium Stewardship Initiative

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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	✓				–											

Upcoming Meetings:
- 23 September: PS2 Guidance, PS3 Guidance, PS 11 Standard & Guidance
- 12 October: PS4 Standard & Guidance, PS5 Standard
- 13 October: PS 9 Standard & Guidance, PS 10 Standard & Guidance
- 14 October: PS 6 Standard & Guidance, PS 7 Standard & Guidance, PS 8 Guidance & applicability for Protected Areas Criterion
- 20 October: Claims, Anything outstanding
- **17 November: Final Review and All documents Approved for Consultation**

* Should we schedule extra meetings now or see how it goes?

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2a Audit Reports

Change to Assurance Manual Definitions for Audit Reporting (log item 236 &239)

- Based on feedback, oversight and Standards Committee recommend additional elements to be required in Audit Reports.

Audit Methodology	Includes:
	a. Overview of the Audit Plan
	b. Audit effort with a rationale for any deviations from the Guidance in Section X, if required
	c. Any limitations or parts of the Audit Plan that could not be completed
	d. The level of cooperation by the Member during the Audit process
	e. Any unresolved conflicts, disputes or disagreements that affected the Audit Scope or objectives such as:
	• Availability of the Member's key personnel
	• Access to documentation and records
	• Observations of activities and facilities.
	f. The report must include reasons for these limitations as well as any follow-up action/s such as the need to review these at the next Audit
	g. Confirmation that the Audit Team were independent from the Member and free of conflicts of interest.
	h. Sampling methodology and strategy for engagement with Indigenous Peoples and other potentially interested parties
	i. Number of parties contacted and interviewed (broken down by interest – employees, Indigenous Peoples, community members, social NGO's, environmental NGOs etc. - and gender)
	j. Conform that Entity Controls the Business, Facilities and/or Products or Projects in the Certification Scope.

2a Audit Reports

Audit findings and Objective Evidence	Includes:
	a. Conformances by relevant Criteria with related Objective Evidence
	b. Minor Non-Conformances by relevant Criteria with related Objective Evidence
	c. Major Non-Conformances by relevant Criteria with related Objective Evidence
	d. Not Applicable Criteria
	e. A description of the Area of Influence for the relevant Criteria.
	f. Critical Breaches with related Objective Evidence
	g. Noteworthy achievements (if relevant)
	h. Suggested Business Improvements (if relevant)
	i. Summary and Scope of Recognised External Certification Schemes and Parallel Initiatives (as noted in Table 3, section 3.7) including status of Non-Conformances for these schemes and initiatives where they relates to ASI Standards
	j. Status of implementation, closure and effectiveness of Corrective Actions from previous Non-Conformances
	k. Summary of the Member's related internal Audit programs
	l. Maturity Ratings.

2a Audit Reports

Audit findings and Objective Evidence	…continued from previous slide All findings must include documentation of supporting Objective Evidence, generalised so as not to compromise confidentiality, security or commercially sensitive information. For example, this will include: • Personnel roles interviewed • Gender disaggregation of interviewees • Documents and records sighted & reviewed including dates and unique identifiers • Activities and Facilities observed. Where sampling has been used, Auditors must explain their sampling strategy and rationale for the choice of samples. All Non-Conformances must be recorded and include the underlying root cause of the Non-Conformance.

2a Discussion

- No comments were made and this **language was approved.**

2b Public Summary Audit Reports

Change to Assurance Manual for Audit Reporting (log item 236 & 239)

- Based on feedback and oversight as well as input from Standards Committee recommend additional elements to be required in public Audit Reports.

2b Public Summary Audit Reports

The ASI Secretariat will publish the following extracts from the ASI Audit Report in a Summary Audit Report for each Certification:

- Name of the Member
- Name of the Entity
- ASI Standard
- Certification number
- ASI Accredited Auditing Firm
- Certification Scope including description of main supply chain activities and/or products, and location of Facilities (by country)
- A description of the Area of Influence for the relevant Criteria.
- Audit type(s) (i.e. initial Certification Audit, Surveillance Audit, Scope Change Audit, Re-Certification Audit)
- Sampling methodology and strategy for engagement with Indigenous Peoples and other potentially interested parties
- Number of parties contacted and interviewed (stratified by interest – employees, Indigenous Peoples, community members, social NGO's, environmental NGOs etc. and gender)
- Certification Status and the corresponding Certification Period including date of issue and expiry date
- Schedule (approximate) for Surveillance/Re-Certification Audits
- Audit Scope
- Statement of Conformance
- Summary of findings including a Public Headline Statement description of Conformance demonstrated for each Criterion, and Non-Conformances issued with a summary of the evidence reviewed
- A link to all information which is publicly available, including a page or section number where documents referenced are large
- Summary of changes since the initial issue version (e.g. Scope changes, updated findings during follow-up surveillance audits, etc)

2b Discussion

- One participant asked that all publicly available information be in English. The ASI Secretariat replied that the Board has discussed this option already and has decided that ASI would not require public information to be in English, based on ASI inclusiveness principle. Another participant added that some companies do not operate in English and if they have to publish information in English this means doing proper translations, which is bot cost and time-intensive and would be too difficult for some of them. Alternatively, it was asked if ASI could provide this kind of services, where ASI translates (non-officially) those documents and share with ASI members for internal reading. Using for example tools like DEEPL, that are easy and quick to use. This will be taken to the Board for consideration at the next meeting (end of September).
- Another participant asked if this change means that in the audit reports against the CoC Standard, the certification scope will include a description of the Supply Chain Activities (SCA) and of the products. The ASI Secretariat replied that yes, for both Standards, a description of SCAs and products the Entity is producing will be included in the certification scope.
- One participant noted that in the sentence "A link to all information which is publicly available, including a page or section number where documents referenced are large", the "large" at the end is strange. This will be changed.
- This language was approved.
- ACTIONS – The ASI Secretariat to change the wording for "large".

2c Reporting Indicators

It has been raised to ASI that there should be mandatory reporting indicators for critical or key Criteria
- Potentially similar to what is required by CoC Criterion 1.7 or
- Potentially required to be reported in ASI Audit Reports
- Potentially aligned with the priority/hot spot issues

Points for Consideration:
- ASI doesn't have capacity for managing greater reporting similar to Criterion 1.7
- Concerns with
  - Data completeness
  - Data quality
  - Data ownership
  - Data scope (timeframe, units, scale: i.e. facility level, certification scope level)
  - Competition law
  - Data privacy and security
- There is a lot involved in developing indicators that can be measured and reported consistently across the global supply chain
- Suggest that post-Revision this topic be looked at fulsomely along with the Monitoring and Evaluation Program with an eye to how we could incorporate it into the next Revision

2c Discussion

- A concern was raised by a participant who would have liked to see this work happening during the Standards Revision process because when reviewing Criteria it is very important to have in mind the applicability of the criteria and the consistency of application throughout the Standard. The participant encouraged everyone from the SC, when reviewing criteria, to think about how it is going to be audited on the ground, and make the changes in a meaningful and consistent way. The participant raised that if we do not include thresholds and specific indicators in the language, ASI risks losing credibility.
- Another participant suggested to not wait until the next revision round but to take the time between the first and second rounds of consultation to work on this, and tackle priority 'hotspot' issues and maybe leave the others out for the next revision.
- Another participant asked whether the development of indicators is part of the standards-setting process or if it can be rolled out separately to the standards revision process? The ASI Secretariat replied that this would require to look at the process more fully but if the indicators/verifiers are non-normative, then this can be done outside the revision process, but if it is normative, then it has to be part of the standards revision. This is one of the reasons why this work needs to be given a lot of thought prior to starting it, and internally the ASI Secretariat does not have the capacity to do it this revision round, even for 'hotspot' issues. It was suggested to use the time in between consultations (January-February) to think about that more fully.

2c Discussion

- The participant that raised the concern initially said that we can already describe the types of Non-Conformances (NC) for criteria, what would be a minor NC, a major NC, etc. The ASI Secretariat acknowledged the request and said that unfortunately it was not possible at the moment due to resource and capacity.
- Another participant raised that the ASI Secretariat is understaffed and that the SC should send a message to the Board about this, as this poses a big risk to the credibility of the whole certification process. The participant added that we can already see when reviewing summary audit reports that there are some serious credibility risks, thus it is not possible to wait five more years to tackle this issue. The ASI Secretariat took note of the concerns and said that resources will be discussed at the next Board meeting.
- Another participant suggested to start flagging issues for future discussions, even if we cannot do an adequate review currently, to start doing something. It was agreed by other participants that already bringing in ideas and logging them makes sense in this context.
- A participant asked whether the review of audit reports could be done by an external consultant as there are no sufficient resources internally.
- There was a consensus between all participants that the Standard should be implemented consistently and that a benchmark and a standardisation would be really helpful to get there. It was thus suggested by a participant to acknowledge this point of consensus, work on that in January-February, and also take it to the Board.
- Another participant suggested to rather do the review of audit reports between now and the end of January so it is ready for analysis in February.

2c Discussion

- Another participant suggested that the experts who reviewed GHG emissions data are GHG experts so they would not be able to review all the criteria of the Standard. A participant replied that we could for some parts of the Standard (biodiversity, Human Rights, etc.) and hire experts, and it would still be possible to do this before February.
- The ASI Secretariat said that it would require at least one or two full meetings, meetings with the Board, to well prepare this external review and plan for how we would like to move ahead , so we should plan a more fulsome meeting on this topic. This was agreed by a participant, adding that the risk of rushing into hiring a consultant for this review is to have not well prepared the framework, the questions, the objectives, etc. of the review. It is very important to take the time and properly define what we are looking for to guide this external review.
- It was said that there would be two goals in this review: analyse what has been done, and also what can be done.
- Following steps were proposed as such: to put a plan together and go to the Board with it in February, and then get the review done in the course of 2021.
- Some participants replied to that that the preparation work could start before as it requires only a meeting between some members of the SC to prepare the Terms of Reference, and then the Board could look at it in January. Another participant added that the Board should be informed of this now, even if the plan is not ready yet.
- It was agreed that the ASI Secretariat and the Co-Chairs would take this discussion offline to coordinate on how to quickly report this to the Board, and would come back to the SC afterwards.
- ACTIONS – The ASI Secretariat and Co-Chairs to coordinate on a message to the Board, and inform the SC.

2d Maturity Ratings

Change to Assurance Manual Definitions for evaluating 'risk' in Maturity Ratings (log item 36)

- Currently in Section 5 of the Assurance Manual we refer to Maturity Ratings as an evaluation of Performance, Risks and Systems. We say also that a higher Maturity Rating is indicative of an Entity's 'understanding and control of risks'
- The Secretariat has been asked whether the evaluation if of inherent risk or risk after it has been mitigated (aka Residual Risk), as it is currently unclear.
- Recommend that we refer to Residual Risk in relation to Maturity Ratings and adapt the definition of risk

Residual Risk: The chance of something happening, accounting for risk mitigation measures that are in place, that will have an impact on objectives, measured in terms of consequence and likelihood.

2d Discussion

- No comments were made and **this language was approved**.
- The ASI Secretariat mentioned that all significant changes to the Assurance Manual have now been approved, they will all be included in the working version of the Assurance Manual, that will be distributed to the SC before November.

3a Sourcing Material from a Trader

Recommendation by the CoCWG to allow all facilities along the supply chain (currently limited to Post-Casthouse) to purchase ASI Material from a Trader and have it be eligible as ASI Material (Log Item 83):

1. All ASI Material sourced from a trader is eligible to be counted as a material input.
2. Entity sourcing the ASI Material must confirm the CoC Documents with the ASI Certified Entity the produced the Material.
3. This is already allowed for Post—Casthouse Facilities, the recommendation is to extend this through the rest of the supply chain.
4. Due Diligence to be applied to the Trader.
5. New definition of Trader added to the Standard.

3a Sourcing Material through a Trader

Trader: An independent third party who buys and sells Bauxite, alumina and Aluminium between producers and consumers 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 Aluminium also trade in these materials without transforming them. In these instances they would be considered a Trader under a Standard.
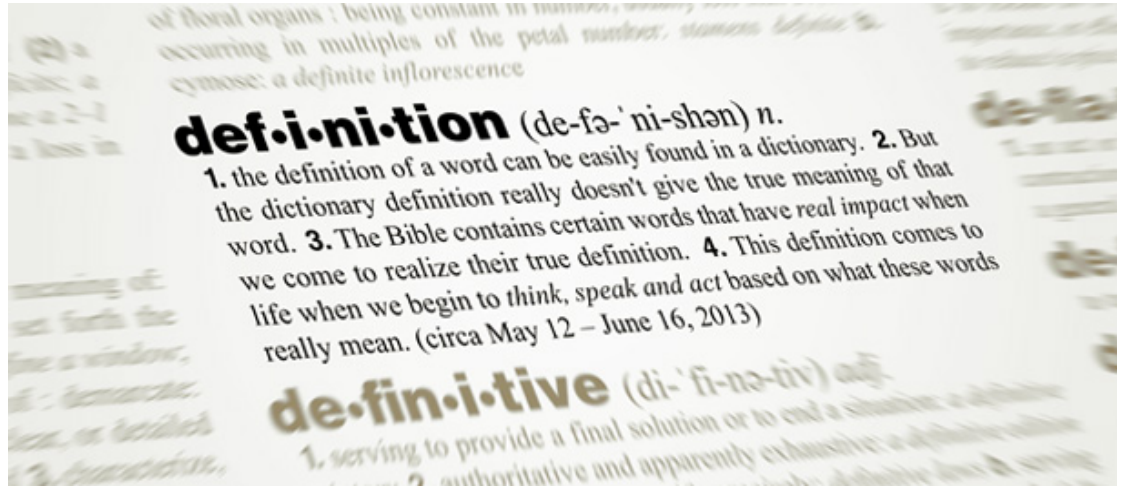
*this definition still under review by the COCWG and here just for context

3a Sourcing Material through a Trader

3.2 An Entity engaged in Alumina Refining shall have systems in place to ensure that ASI Alumina is produced only from alumina refiners that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard.

3.3 An Entity engaged in Aluminium Smelting shall have systems in place to ensure that ASI Liquid Metal is produced only from aluminium smelters that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard.

4.1 An Entity engaged in Aluminium Re-Melting/Refining to produce Recycled Aluminium shall have systems in place to ensure that ASI Liquid Metal is produced only from Facilities that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard.

5.1 An Entity engaged in producing Casthouse Products from Primary Aluminium and/or Recycled Aluminium shall have systems in place to ensure that ASI Aluminium is produced only from Casthouses that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard.

3a Sourcing Material through a Trader

3.2 An Entity engaged in Alumina Refining shall have systems in place to ensure that ASI Alumina is produced only from alumina refiners that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard;

c. Sourcing ASI Bauxite directly from another ASI CoC Certified Entity, or via a trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

3.3 An Entity engaged in Aluminium Smelting shall have systems in place to ensure that ASI Liquid Metal is produced only from aluminium smelters that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard;

c. Sourcing ASI Alumina directly from another ASI CoC Certified Entity, or via a trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

3a Sourcing Material through a Trader

4.1 An Entity engaged in Aluminium Re-Melting/Refining to produce Recycled Aluminium shall have systems in place to ensure that ASI Liquid Metal is produced only from Facilities that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard;

c. Sourcing ASI Aluminium directly from another ASI CoC Certified Entity, or via a trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

5.1 An Entity engaged in producing Casthouse Products from Primary Aluminium and/or Recycled Aluminium shall have systems in place to ensure that ASI Aluminium is produced only from Casthouses that are:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Certified against the ASI Performance Standard.

c. Sourcing ASI Aluminium directly from another ASI CoC Certified Entity, or via a trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

3a Sourcing Material through a Trader

6.1 A Post-Casthouse Entity that sources ASI Aluminium shall have systems in place to ensure that it is itself producing ASI Aluminium only from an Entity and/or Facility/ies:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Will be certified against the ASI Performance Standard within 2 years of the launch of the ASI Certification system or 2 years of joining ASI, whichever is later.

c. Sourcing ASI Aluminium directly from another ASI CoC Certified Entity, or via a metals trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

6.1 A Post-Casthouse Entity that sources ASI Aluminium shall have systems in place to ensure that it is itself producing ASI Aluminium only from an Entity and/or Facility/ies:

a. Within the Entity's CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;

b. Will be certified against the ASI Performance Standard within 2 years of the launch of the ASI Certification system or 2 years of joining ASI, whichever is later.

c. Sourcing ASI Aluminium directly from another ASI CoC Certified Entity, or via a ~~metals t~~Trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

3a Sourcing ASI Material through a Trader

7.1 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:
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)

7.1 The Entity shall adopt and communicate to suppliers of Non-CoC Material, ~~and~~ Recyclable Scrap Material and CoC Material supplied through a trader a responsible sourcing policy covering Aluminium, which as a minimum takes account of the following criteria in the ASI Performance Standard:
a.   1.2 (Anti-corruption)
b.   2.4 (Responsible Sourcing)
c.   9.1 (Human Rights Due Diligence)
d.   9.8 (Conflict Affected and High Risk Areas)

3a Sourcing ASI Material through a Trader

7.2. 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.

Considerations for CoCWG:

1. Agreement to recommend to the Standards Committee that material supplied by a trader be subject to due diligence
2. Does this language reflect the intent?

7.2 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 and CoC Material supplied through a trader, document the findings, and undertake measurable risk mitigation where risks of adverse impacts are identified.

3a Discussion

- A participant asked if traders need to meet any type of requirements. The ASI Secretariat replied that currently no, they don't even need to be an ASI Member and they can't become certified. In the current system not even Due Diligence (DD) applies to them.
- Another participant raised that DD on traders can be very challenging, especially when it comes to responsible sourcing and the trader is sourcing many other products, as aluminium can represent only a very small part of their business. Their company has started doing DD on traders and this has been the most challenging part of their DD process, especially on the biggest traders that see this process as very intrusive. This language change is thus very good, but it will require big efforts from ASI Certified Members.
- Another participant said that there is actually the possibility that there are several traders involved, as in reality traders trade amongst themselves quite often. The ASI Secretariat replied that the intent here is to do DD on the last trader and Entities are not required to go through all the chain of traders. This point can be clarified in the guidance too.
- A participant raised that the fact that ASI material will now be tradeable, which was not the case before, will have big implications. Another added that this is critical for many European companies, where there are gaps in the chain to source ASI aluminium. Being able to get ASI aluminium from traders will help, but more changes will be needed to solve this problem.
- This language was approved.

3b Pre-Consumer Scrap

Recommendation by the CoCWG to allow Pre-Consumer Scrap to be eligible as a Material Input

1. This was an intense debate in the CoCWG over the period of March - August. As part of the discussion the following (and much more) were considered by a diverse group of industry participants close to this topic and broadly representing the Aluminium supply chain:
   - concerns that pre-consumer scrap would be seen as a by-pass to primary production and be considered 'green-washing' by stakeholders
   - ISO and other systems (FSC) do not distinguish between pre-and post-consumer scrap
   - in some situations not allowing pre-consumer scrap could be anti-competitive as it disallows some businesses from participating in ASI
   - the volume of pre-consumer scrap is relatively insignificant globally
   - the present system disincentives the use of pre-consumer scrap at scale
   - some members want to increase their recycled content and allowing pre-consumer scrap gives them more options
   - verification of volumes would be through auditing of certified entities
   - there is zero risk of people creating scrap just so they can sell it as scrap as the value of scrap is so much lower than aluminium product

3b Pre-Consumer Scrap

Recommendation by the CoCWG to allow Pre-Consumer Scrap to be eligible as a Material Input

1. The recommendation is that we solicit greater input on this question. The language on the next slide is recommended by the CoCWG to be sent out with the consultation package, similar to what we are doing already with the applicability change for Material Conversion and Other Manufacturing supply chain activities.

3b Pre-Consumer Scrap

IAI estimates:

- Globally approximately 12 million tonnes of pre-consumer scrap utilized annually and about 1 million tonnes of that is traded on the market between companies.
- In contrast there is 18 million tonnes of post-consumer scrap traded annually and 64 million tonnes of primary.
- (https://alucycle.world-aluminium.org/public-access/)

3b Pre-Consumer Scrap

ASI Data:

- There were 13 CoC Certified Entities in 2019 from which we collected data under CoC 1.7.
- 4 of these reported no CoC flows at all in 2019 - only their systems have been ASI Certified at this stage.
- For the CoC Certified Entities that did report 2019 data, we are working on follow-up with those that have combined Cert Scopes, as we don't have consistency of reporting inputs/outputs, meaning aggregated data is not currently reliable for key steps. ASI is working with IAI under an ISEAL project to contextualise and visualise ASI's data through IAI's mass flow model.
- 4 out of the 13 CoC Certified Entities reported Eligible Scrap inputs. However among these, there was zero pre-consumer scrap reported for 2019.

3b Pre-Consumer Scrap

ASI seeks input during this consultation on the allowance of pre-consumer scrap as a CoC Material. The Chain of Custody Working Group recommends the following materials be eligible to be designated as CoC Material:

1. Pre-Consumer Scrap that was designated CoC Material and can be traced through closed-loop recycling from a Facility in the Entity's Certification Scope through to an uncertified Facility and back to a Facility within the Entity's Certification Scope.
2. Pre-Consumer Scrap that is subject to supplier Due Diligence as per section 7 up to a maximum of [XX] percentage. In allowing Pre-Consumer Scrap with Due Diligence there are two options:
   a. Allowing a percentage of Material Inputs to be designated as pre-consumer scrap and requiring the other component of Material Inputs to be sourced from Primary Aluminium or Post-Consumer Scrap.
   b. Allowing all Pre-Consumer Scrap.

If a business: What would be the impact of this change on your operation?
If a stakeholder: What impact does this change have on your perception of CoC Material being 'responsible'?
All: For the second option: If ASI allowed Pre-Consumer Scrap to enter the ASI system with Due Diligence do you feel that it should be limited to a certain proportion of Material Inputs?

3b Discussion

- A participant stated that this topic was debated intensely when the Standard was developed and it was decided then, rightly, that ASI Material should only be sourced if it can be tracked back to an ASI source. There is no reason for such a big arbitrary change.
- A participant said that not allowing pre-consumer scrap in the system is a problem because this prevent recyclers from ever becoming certified. The participant also said that allowing pre-consumer scrap is an opportunity for companies to source more ASI material, and the concerns regarding allowing pre-consumer scrap into the system can be addressed through DD. It is a matter of building a solid system for recyclers to be able to get information on where this scrap comes from.
- One participant asked whether the CoCWG did not consider different rules for recyclers and semi-fabricators? Another participant replied that this is not possible because it would not be fair to apply different requirements whether the company recycles itself or someone else does it.
- Another participant asked if we could consider as a first part the pre-consumer scrap coming from certified sources only, that would be tracked through the mass balance system? The ASI Secretariat replied that re-melters in the current system already have to designate and track all their bits of scraps through a mass balance, so that would be doable.
- Another participant expressed not being comfortable to open to pre-consumer scrap from non certified Entities.
- Another participant said being more concerned about the wording here: why talking about "pre-consumer scrap" instead of "process waste", as this sounds like giving scrap a value and an ASI status, while ASI's goal is that companies improve their processes to minimise pre-consumer scrap.

3b Discussion

- Other participants replied that companies always have leftovers that will need to be remelted in the process, you can minimise scrap but you cannot eliminate it. A participant added that his company recycles waste so sees it as valuable. There was a debate on the use of the word 'recycle' in this situation: one standpoint was that pre-consumer scrap is not recycled because it hasn't been used, the other being that pre-consumer scrap comes from material that has already been designed to certain specifications, leftovers cannot be used and need to be remelt, not necessarily going back to the same product, hence it is recycled. It was said that the difference lies in the fact that post-consumer scrap comes from the end of a use phase, while pre-consumer scrap comes from the end of a manufacturing phase. Referring to both pre-consumer and post-consumer scrap as scrap is aligned with ISO.
- A participant noted that adding pre-consumer scrap to the system would hamper post-consumer scrap, as it is cheaper and easier to get than post-consumer, thus expressed being against the CoCWG proposal.
- A participant asked if the reason why ASI wants to incentivise the use of pre-consumer scrap is that currently companies do not reuse and throw away their pre-consumer scrap. Others replied that this is not the reason, as companies are already recycling their pre-consumer scrap. The participant expressed that this proposal was thus counterintuitive.
- A CoCWG member said that primary producers currently use pre-consumer scrap because their customers ask for recycled content and the definition of recycled content includes both pre- and post-consumer scrap, and that they have great demand for CO_2 reduction, especially smelters with great CO_2 outputs, and using pre-consumer scrap lowers their carbon footprint. Another participant disagreed, saying that there is no agreement at the European Aluminium Association level on that.

3b Discussion

- A participant said that from ASI standpoint, it does not make sense to be a facilitator for companies and help them reach their CO_2 objectives thanks to untraced scrap. Another replied that within the current ASI system it is possible to allocate ASI bauxite or ASI alumina without tracking between one and another, so there is no reason for not allowing this for pre-consumer scrap too. It was said to that that it is different for pre-consumer scrap as a non-ASI material "by magic" becomes ASI material because it has been remelted and this is not acceptable for ASI.
- The ASI Secretariat suggested to put this question out for now, wait for feedback from consultation, and make a final decision later in the year. Several participants said 'no' as they are opposed to this proposal and do not want to give an indication that ASI may be moving in this direction. They suggested instead to have a discussion between the CoCWG and the SC. Another participant suggested to put it out for consultation as one alternative between several, present other alternatives and include more information.
- The ASI Secretariat asked if anyone in the group supported this proposal to go out for consultation. One participant replied yes and disagreed to not consider the proposal at all.
- It was agreed to carry over this discussion to the next meeting, and the ASI Secretariat will reach out to participants in the meantime to move this topic ahead. A participant asked that for the future discussions a justification from the ASI certification standpoint be produced, showing that this proposal has values for ASI and augments the value of the certification.
- ACTIONS – The ASI Secretariat to prepare a justification from the ASI certification standpoint, and to reach out to participants on this topic before the next meeting.

4a,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 Meetings:
- 23 September: PS2 Guidance, PS3 Guidance, PS 11 Standard & Guidance
- 12 October: PS4 Standard & Guidance, PS5 Standard
- 13 October: PS 9 Standard & Guidance, PS 10 Standard & Guidance
- 14 October: PS 6 Standard & Guidance, PS 7 Standard & Guidance, PS 8 Guidance & applicability for Protected Areas Criterion
- 20 October: Claims, Anything outstanding
- **17 November: Final Review and All documents Approved for Consultation**

The ASI Secretariat said that 4 extra meetings are needed before October 28 and asked if participants wanted to schedule them now. Participants replied 'yes'.
ACTIONS – The ASI Secretariat to send out a doodle to participants to schedule the four meetings.

Thank you