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.
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<td>Chair</td>
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<td>b. Introduction &amp; Apologies</td>
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<td>c. Objectives</td>
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<td>d. Documents Circulated</td>
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<td>3 For decision: SMEWG Terms of Reference</td>
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<td>4 For decision/discussion: Log Items to address through Working Groups and Standards Committee</td>
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<td>9 a. Agreed upon actions for Committee members</td>
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<td>b. Agreed upon actions for the Secretariat</td>
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<td>c. Close</td>
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1a,b Welcome, Introduction & Apologies

a) Welcome

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

**Attendees:** Abu Karimu (Settle Ghana), Anthony Tufour (Arconic), Catherine Athenes (Constellium), Gesa Jauck (Trimet), Giulia Carbone (IUCN), Hugo Rainey (WCS), Jessica Sanderson (Novelis), Nicholas Barla (IPAF), Rafael Hammer (Ronal Group), Rosa Garcia Pineiro (Alcoa), Stefan Rohrmus (Schueco), Steinunn Steinson (Nordural), Tina Bjornestal (Tetra Pak).

**ASI:** Cameron Jones, Camille Le Dornat, Klaudia Michalska, Krista West, Laura Brunello, Marieke van der Mijn, Mark Annandale, Natalie Sharp, Thad Mermer

**Apologies:** Alexander Leutwiler (Nespresso), Annemarie Goedmakers (Chimbo), Gina Castelain (IPAF), Jostein Søreide (Hydro), Justus Kammueller (WWF), Louis Biswane (KLIM), Marcel Pfitzer (Daimler), Neill Wilkins (IHRB), Samir Whitaker (FFI)

**Alternatives:** None

**Proxies:** Rosa Garcia for Jostein Søreide (Hydro)
1c,d Objectives & Documents Circulated

c) Objectives
   1. Adopt minutes of the previous meeting
   2. Agree to SME Working Group Terms of References
   3. Provide input to Standards Revision TOR
   4. Agree to direction on Principles 1-3

d) Documents Circulated
   1. ASI SC Teleconference 02June21
   2. ASI SC Teleconference Minutes 18May21
   3. For Decision: SME Working Group TOR
   4. For SC PUBLIC Round 1 Consultation Log of Input April21
   5. Disclosure of Conflicts of Interest/Duty
   6. ASI - SCMemberApptProxyForm 02Jun21
   7. ASI –SCMemberAlternateForm 02Jun21
1e,f Previous Minutes & Conflicts of Interest/Duty

e) Approval of Previous meeting minutes V2 18 May 2021 will be published on the ASI website.

The minutes of 18 May 2021 Version 2 were approved.

e) Conflicts of Interest/Duty

Disclosure sent with meeting package
### 1g Log of Actions

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

<table>
<thead>
<tr>
<th>Meeting where Action was Identified</th>
<th>Assigned To</th>
<th>Action</th>
<th>Date Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>24Mar2021</td>
<td>Secretariat</td>
<td>Ensure that there is time to be dedicated to discussing the Theory of Change and M&amp;E program post-revision.</td>
<td>Post-revision</td>
</tr>
</tbody>
</table>
2 Impartiality Review

- Presentation from AECOM – slides inserted below.
ASI 2020 Impartiality Review

Peter Boyle
AECOM was engaged to undertake an independent review of:

- Audits against standards
- Auditors/Auditor firm’s competency

A key principle in the review was ensuring that there was adequate sampling of audits and auditors. The supply chain activity, location and type and number of audit were used to provide a representative sample.

In 2020, the audits were undertaken by

- DNV GL (45 audits)
- Bureau Veritas Certification (9 audits)
- GUTcert (AFNOR Group) (8 audits)
- TÜV Rheinland Cert GmbH (6 audits)
- BNQ (3 audits)
- SGS-CSTC Standards Technical Services (2 audits)
- China Quality Mark Certification Group (1 audit)

The review focused on:

- The Standards criteria applied.
- Evidence for findings – based on documentation, interviews and observation and whether adequately described.
- Writing – clear and outlining in sufficient detail to justify finding.
- What were the number of findings (major and minor).
- How was the materiality assessment undertaken and has this approach been consistently applied across audits.
The Audit Review produced the following outputs:

- Assessment against Performance Standard and Chain of Custody areas
- Maturity rating as per audit report
Performance and Chain of Custody Standards

- Non-conformances and business improvement observations were mapped against performance standard areas.
Audit Findings

Standards and guidance

- Both the Performance Standard and Chain of Custody Standard (and supporting guidance materials) are comprehensive.

- Well written and detailed.

Audit Reports

- The amount of information provided by the auditors varies, however the minimum standard is still considered high.

- Uniformity across audits is difficult to assess. The level of detail, type of operations, type of audit and location of audit means each audit stands alone.

- There is a range of detail that is provided by the auditors to justify the findings. Where it is a first certification audit, there may be a lack of documentation to demonstrate implementation of systems. For example, in Audit 1505 (CoC), performance from a maturity level should be rated as low as evidenced by a lack of implementation data to demonstrate performance.

- The maturity rating appears to be applied inconsistently across all audits reviewed. For Audit 1477 (PS), with the very limited scope, the maturity levels for governance and social should have been rated as not applicable or low. For other audits, the maturity ratings may not be comparable across audits.
Key – Red indicates no evidence to support expertise in that area (e.g. Red country indicates no evidence of being certified to undertake an audit in that country).

Amber indicates the audit team has the relevant certification/expertise.

Green indicates the reviewed auditor has the relevant certification/expertise.
Auditor/Firm Review Key Findings

- The auditors’ expertise is assessed in detail through a variety of forms and provided certificates and exams. This is considered to be a robust and detailed process.

- The overall expertise of auditors is considered to be broad and applicable to the audits undertaken.

- Auditors are required to have knowledge and language skills in the countries of audit and expertise in relation to the supply chain. This appears to have been assessed with auditors’ suitability determined in undertaking an audit from both an expertise perspective and managing potential conflict of interests.

- The conflict of interest process appears to be robust and suitable to maintain independence of the auditors.

- Assessment of auditors’ expertise is detailed and objective.

- The overall experience of auditors is high, however there were some issues in relation to the approved geographical scope of auditors (for Auditor A, a change of scope to include additional countries within their expertise is dated after the red highlighted countries were audited).

- It is evident that communication between the ASI Secretariat and auditors is clear and professional.

- The audit team and role of each auditor could be better documented in the Audit Report. For example, J Smith, Auditor for Brazilian operations (Bauxite mine, smelter), A Smith, Auditor for Norwegian operations. There is a generalisation of listing each of the audit team members against all of the clauses in the audit report.
Overall Findings

Findings

- Both the Standards and supporting Guidance (including the Assurance Manual) provide a high level of detail to direct and focus the audits.

- Communication with auditors and members appears to be professional and maintains ASI's independence to the audit processes.

- Certification of auditors, assessment of audits and the selection of auditors is robust and maintains the balance of ensuring ASI's independence and achieving the desired outcomes from the implementation of performance and chain of custody standards.

Recommendations

- Undertake select ‘deep dives’ for a sample of audits to test consistent application of the Standards and Guidance.

- Use the results of audits as a communication tool to both the public and Members through development of KPI’s and metrics that demonstrate improvement/status/progress.

- Provide a follow-up mechanism for surveillance audits of prior non-conformances to ensure that non-conformances have been adequately addressed.

- The development of a ‘auditor matrix’ against locations and supply chain expertise may be beneficial.

- Check the application of maturity ratings against the findings in the audits. Check maturity ratings are consistent across audits if this information is to be publicly used.

- Better mapping of what specific role each member of the audit team had in the audit.
2 Impartiality Review

• The Secretariat stated that completing this Impartiality Review was an ISEAL requirement and that over 100 pieces of documentation had been presented to AECOM as part of the review.
• It was asked what an ‘Auditor Matrix’ was. Peter Boyle, AECOM, responded that it was a means of sorting the data related to auditors more simply and accessibly. It was confirmed that ASI had all the relevant information but that it was cumbersome to access.
• The Secretariat stated that references to specific individuals would be removed from the report and it would be posted on the ASI website.
• ACTION: The Secretariat will inform the Standards Committee when the Impartiality Review is posted to the website.
3 SMEWG Terms of Reference

For Approval: Small and Medium Sized Entities Working Group Terms of Reference:

Scope:
• Revisions to ASI Performance Standard Guidance (version 2)

Objectives:
• Discuss and recommend practical guidance for small and medium enterprise Entities (defined as micro, small and medium as per https://aluminium-stewardship.org/download/64051/) to support the implementation of revised ASI Performance Standard.
• Discuss and recommend practical guidance to SME Entities when conducting Self Assessments and Audits.
• Suggest recommended changes to the Standards’ Guidance in time for Consultation Round 2 Feedback Review in 2021/22 and decision by Standards Committee. This will include context and the benefits and implications of the proposed changes for SME Entities.
3 SMEWG Terms of Reference

• The Small- and Medium-Sized Enterprises Working Group Terms of Reference were approved.
For Approval:
• Discussed last call but a decision was not reached:
  • Log Item 351 – suggested this change be considered for the Criterion:

- Concern raised that this is a big topic, however, there was no disagreement that this was a topic of merit and that this had not been discussed pre-consultation
- Recommend this be discussed by the Standards Committee further prior to next consultation.
4 Log Items for Further Discussion by WG & SC

- It was agreed that log item 351 should be marked green for further discussion in the log.
5 Standard Revision Terms of Reference

- Currently 620 items from 55 contributors are logged.
- Updates since last meeting include (marked in yellow in Column A):
  - Marking items where no change was required were colour-coded white so to-do items are more easily identified.
  - SME and SCA guidance-related items were assigned to the SMEWG
  - Legislation harmonization items were assigned to the SBHWG
  - A few additional suggestions were added to the log based on comments received/questions asked since the last meeting
- For comparison the log for pre-consultation had less than 300 items
5 Standard Revision Terms of Reference

For Input

- No pilot
  - ASI does not have budget for supporting auditor participation in a pilot
  - There was a tremendous amount of expertise from companies and auditors already gained through consultation
  - Very little feedback on the Standards was provided through the pilot in 2017
  - The Standard is more mature now than it was in 2017
  - Company and Secretariat resources are already stretched

- Based on Log Items assigned to Working Groups the Secretariat Recommends:
  - BESWG – three meetings (one complete)
  - GHGWG – three meetings (one complete)
  - HRWG – two meetings
  - RMSWG – one meeting (1hr)
  - CoCWG – one meeting (1hr)
  - SMEWG – two meetings
  - SBHWG – harmonisation is ongoing as resources allow outside of the revision process
  - IPAF – meetings are ongoing
5 Standard Revision Terms of Reference

For Input:

Timeline:
- Ten WG and Five SC Meetings (WG and SC Meetings complete by 22Oct21*)
- Four weeks of no meetings for Secretariat to draft documents (Drafting complete by 19Nov21)
- One week for SC to review documents (Review and comments submitted by 26Nov21)
- One SC Meeting approve documents (Documents finalized by 03Dec21)
- Six weeks for legal review and translation (07Jan22)
- Four weeks consultation (04Feb22)
- Marathon SC Meetings to Finalize and Approve Final Drafts (25March22)
- Four weeks for legal review and Board Approval (29April22)
* No meetings in August

Considerations
- SC Elections held in Q1 2022 – ideal for process to be complete prior to elections in order to avoid delays as new SC Members on-board
- Timeline puts ‘pen in hand’ of Secretariat with direction and decision making authority in hand of SC
- Allows for greater consistency in Standard language
5 Standard Revision Terms of Reference

- It was stated that at the ASI AGM it was clear that there were adequate resources available and that budget should not be a barrier to completing a pilot. It was responded, for clarity, that what was meant was that there resources were not allocated in the current budget. It was additionally added that, as stated in the slide, the pilot was not seen as useful.
- It was suggested that perhaps as an alternate ASI could consult an auditor on the changes. It was responded that the comments received during consultations from auditors were generally positive and that adding one additional ‘moving piece’ to an already very complex Standards Revision involving hundreds of individuals and organizations was not seen as needed. It was responded that the suggestion was meant only as a means to help the Secretariat.
1.1 Legal Compliance. The Entity shall have systems in place to maintain awareness of and ensure Compliance with Applicable Law.

- Log item 173: Require that compliance systems are documented.
  - Rationale: Absence of a documented system makes it hard or impossible to audit it (internally and externally). Suggestion:
- Log item 174: Require in Criterion 1.1 periodic compliance checks, commensurate with the size and nature of the business.
  - Rationale: Compliance violations are omnipresent in the business world (to illustrate: 50% of the German businesses listed in the DAX stock index had large public scandals in the last 20 years.
- Log item 183: In order to strengthen the governance facet, I suggest to consider the need for a compliance officer, fitted with certain rights and obligations for medium sized entities or larger.
- Log item 175: Suggestion: Emphasize the use of legal compliance registers.
  - Rationale: Without a legal compliance register it would be hardly possible to maintain an overview about relevant binding requirements.
- Log item 424: If customary law is not part of your criterion, but only mentioned in the guidance it might not be considered
Log item 173
• It was stated that large organizations would already be documenting their procedures and that this would simply be an administrative burden for SMEs who were not documenting procedures.
• It was agreed that no change should be made in response to this Log item.

Log items 174-175
• It was stated that the suggested language comes from ISO 14001 and 45001 and perhaps these could be added to the Criterion. The Secretariat stated that we were moving away from that sort of reference and it is preferable to extract the expectations we have of a company and be explicit about those in the Criterion.
• It was agreed to review the Guidance and ensure all these points are included and to ask the SMEWG to draft some appropriate SME Guidance for Criterion 1.1
6 Principle 1
Log item 424
• It was stated that adding customary law to the Criterion creates a tension in voluntary standards.
• It was stated that for many local communities and Indigenous Peoples there is a precedence of following customary law.
• It was stated that for Indigenous People we are Criteria in Principle 9. It was asked what would be the outcome where customary law and applicable law clashed?
• It was stated that customary law should not just be guidance, however, the Standard would have to be clear on what would happen where there was a conflict between customary law and applicable law.
• It was stated that it depends on the region but in general vulnerable populations should have a say and that the goal should be to find consensus amongst all parties, including the regulators.
• It was suggested that the Criterion could recognize customary law and state ‘where there is conflict....’
6 Principle 1

Log item 424

- It was stated that there was a report on the IFC where it was found generally that affected communities are found not to be affected so as not to have to invoke these types of considerations.
- It was stated that it can be a problem where the regulator refuses to work with vulnerable populations.
- It was stated that in India the Supreme Court has started recognizing customary law as legitimate.
- It was stated that along with conflict with Applicable Law, there companies would have to be aligned with the intent of the ASI Standards. For example, if customary law were discriminatory this should not supercede implementation of the Standard.
- It was agreed that the intent in the Standard should be that customary law is protected and that the Standard should indicate a pathway for companies where there is a conflict between customary law and Applicable Law. It was agreed that the appropriate place for this may be here in Criterion 1.1 or in Criteria 2.5/2.6 or Principle 9.
6 Principle 1

1.2 Anti-Corruption. The Entity shall work against Corruption in all its forms, including Extortion and Bribery, consistent with Applicable Law and prevailing international Standards.

- Log item 425: Your anti-corruption criterion should follow a management system approach since “working against corruption” might mean very different things to different people
6 Principle 1

Log item 425

• It was stated that the wording of this Criteria was very carefully chosen so as to not make this a ‘paperwork exercise’ nor to create the expectation that all corruption can be ‘prevented’.
• It was agreed that the Secretariat should look at other Standards to see if better language is available, however there is not a strong impetus to change it.
6 Principle 1

1.3 Code of Conduct. The Entity shall:

1. Implement a Code of Conduct or similar instrument including principles relevant to environmental, social and governance performance.

2. Regularly review the effectiveness of the Code of Conduct and, where required, identify and implement improvements.

- Log item 176: Define the maximum permissible time between the review of the effectiveness of the Code of Conduct.
  - Rationale: Any term such as “frequently”, “regularly” or “periodically” is too vague, if no time frame is specified. An expectation of the time frame (3-5 yrs) is given in the “Points to consider” but during the audits there a frequent debates about the binding nature of these explanations, therefore, it would be beneficial to have it as a requirement in the standard itself.
- Log item 315: Make the Code of Conduct publicly available.
6 Principle 1

Log item 176 (and others like it)
- It was agreed that a 5 year maximum period was reasonable.

Log item 176 (and others like it)
- It was stated that having the Code of Conduct publicly available shouldn’t be a problem as it available to employees.
- It was agreed it should be made publicly available.
6 Principle 1

1.3 Code of Conduct Guidance

- Conduct regular reviews of the Code of Conduct. 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 Code of Conduct is aligned with existing Business practices
  - Changes within the company or external to the Business which would impact the Code of Conduct (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 merger or acquisition or an identified material breach of the Code of Conduct, may trigger an earlier or more frequent review.

- When implementing the Code of Conduct and/or conducting a review, consider:
  - Whether it is reflected in operational Policies and Procedures necessary to embed it through the organisation
  - Whether there are potential gaps between the Code of Conduct and actual Business practices
  - How to implement action plans to address any gaps by improving its content and/or implementation.

- Following a review, improvements should be identified and implemented where required. ‘Where required’ could include when the Code of Conduct has been found to:
  - Not be fully effective in meeting its objectives
  - Not meeting stakeholder expectations
  - Not aligned with leading practices
  - Not meeting legislative requirements.

- Log item 317: A code of conduct should be reviewed after a breach or based on the organisation’s risk profile including opportunity for a code of conduct breach such as geographic location or known occurrences for breaches.

- Log item 29: Affected Populations and Organisations should be included in the review/improvement process specified in many of the Criteria throughout the Standard.
6 Principle 1

Log item 317
• It was stated that identifying a breech should not be seen implicitly as a negative.
• It was stated that the language around ‘implementation’ and ‘other instruments’ was not carried over from part (a) of the Criterion to part (b) of the criterion.
• It was agreed that part (b) should be aligned and that language around reviewing the Code of Conduct and it’s implementation should be added to the Guidance.

Log item 29
• It was agreed that this would be a good addition to the Guidance and would perhaps highlight an opportunity that companies had not previously thought of.
• **ACTION:** The Secretariat to look for examples of this type of engagement to include in the Guidance.
7 Principle 2

2.1 Environmental, Social, and Governance Policy. The Entity shall:

a. Implement and maintain integrated or stand-alone Policies consistent with the environmental, social, and governance practices included in this Standard.

b. Have senior management endorse, support through provision of resources and regularly review the Policies.

c. Communicate the Policies internally, and externally as appropriate.

- Log item 177: Define the maximum permissible time between the review of the effectiveness of the Code of Conduct.
  • Rationale: Any term such as “frequently”, “regularly” or “periodically” is too vague, if no time frame is specified. An expectation of the time frame (3-5 yrs) is given in the “Points to consider” but during the audits there a frequent debates about the binding nature of these explanations, therefore, it would be beneficial to have it as a requirement in the standard itself.
7 Principle 2

Log item 177

- It was agreed that a maximus permissible period of 5 years is appropriate.
7 Principle 2

2.2. Leadership. The Entity shall nominate at least one senior Management Representative as having overall responsibility and authority for ensuring Conformance with this Standard.

- Log item 318: The requirement for a senior management representative does not appropriately or fully demonstrate leadership of the Entity for ensuring conformance with the standard. See leadership requirements from ISO 14001 or ISO 45001. It is suggested that this requirement be renamed to Management Representative.
- Log item 177: Define the maximum permissible time between the review of the effectiveness of the Code of Conduct.
  - Rationale: Any term such as “frequently”, “regularly” or “periodically” is too vague, if no time frame is specified. An expectation of the time frame (3-5 yrs) is given in the “Points to consider” but during the audits there a frequent debates about the binding nature of these explanations, therefore, it would be beneficial to have it as a requirement in the standard itself.
Log item 318

- It was stated that the intent of the change here was to avoid companies from simply responding ‘this person is in charge’.
- It was agreed to add the language suggested in the log, except for item (e).
2.4 Responsible Sourcing. The Entity shall:

a. Implement a responsible sourcing Policy covering environmental, social and governance issues.

b. Regularly review the effectiveness of the responsible sourcing Policy and, where required, identify and implement improvements.

- Log item 208: Relatively limited requirements in the Standard. In the Guidance there are more specific requirements for “Larger companies”, e.g. DD, risk evaluation etc. Do they define “Larger company” somewhere? I think that the requirements should be relevant for all sized companies in the aluminium value chain. I also think we need to look more into the details in the Guidance here since some of the suggested updates are not very clear and I do not think they are in line with UNGP, e.g.: Larger firms should consider conducting a detailed Due Diligence assessment on high-risk suppliers.

- Log item 320: Policy needs to be documented and publicly available.
6 Principle 1

Log item 320
• It was stated that sharing the global Responsible Sourcing Policy would be acceptable, however, it would not be appropriate to share the one-to-one supplier agreements.
• It was agreed that the global Responsible Sourcing Policy of a company should be shared.

Log item 208
• It was stated that being more prescriptive in this Criterion would vary greatly depending on supply chain activity and this is a bigger discussion that the remaining time permitted for this meeting.
• It was agreed to carry this topic over to the beginning of the next meeting.
9 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 (depending on finalization of SC & WG one or two of these meetings may be re-scheduled to post-August:
- 16June
- 07July
- 21July