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 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.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Time</th>
<th>Lead</th>
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<tr>
<td><strong>1</strong></td>
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<tr>
<td>a. Welcome</td>
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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>e. Previous Minutes</td>
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<td>f. Conflicts of Interest/Duty</td>
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<td>g. Log of Actions</td>
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<td><strong>2</strong></td>
<td>5</td>
<td>ASI - Krista</td>
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<td><strong>3</strong></td>
<td>25</td>
<td>ASI - Krista CoCWG - Mark Volkmann</td>
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<td><strong>4</strong></td>
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<td>ASI - Marieke</td>
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<td><strong>5</strong></td>
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<td>ASI - Krista</td>
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<td>ASI – Krista</td>
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<td><strong>7</strong></td>
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<td>ASI - Cameron</td>
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<td><em>Principle 6 (if time available)</em></td>
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<td><em>Principle 11 (if time available)</em></td>
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<td><strong>10</strong></td>
<td>5</td>
<td>Chair</td>
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<tr>
<td>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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</tbody>
</table>
1a,b Welcome, Introduction & Apologies

a) Welcome

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

**Attendees:** Abu Karimu (Settle Ghana), Annemarie Goedmakers (Chimbo), Anthony Tufour (Arconic), Catherine Athenes (Constellium) (for first hour only), Gesa Jauck (Trimet), Jessica Sanderson (Novelis), Jostein Søreide (Hydro), Kendyl Salcito (Nomogaia), Marcel Pfitzer (Daimler), Rafael Hammer (Ronal Group), Stefan Rohrmus (Schueco), Steinunn Steinson (Nordural).

**ASI:** Cameron Jones, Chris Bayliss, Krista West, Laura Brunello, Marieke van der Mijn, Mark Annandale

**Apologies:** Giulia Carbone (IUCN), Gina Castelain (IPAF), Hugo Rainey (WCS), Justus Kammueller (WWF), Louis Biswane (KLIM), Neill Wilkins (IHRB), Nicholas Barla (IPAF), Samir Whitaker (FFI), Tina Bjornestal (Tetra Pak).

**Alternatives:**

**Proxies:** Annemarie Goedmakers (Chimbo) for Giulia Carbone (IUCN), Gesa Jauck (Trimet) for Catherine Athenes (Constellium) (for second hour only)

**Guest:** Mark Volkmann (Jupiter Aluminium) (for discussion on Section 3 re: Recycled Content only)
1c,d Objectives & Documents Circulated

c) Objectives
   1. Adopt minutes of the previous meeting
   2. Agree to initiation of a Recycled Content Working Group (post-revision)
   4. If time available – Agree to direction on Principles 6 & 11

d) Documents Circulated
   1. ASI SC Teleconference 07June21
   2. ASI SC Teleconference Minutes 02June21
   3. Standards Revision 2020-2022 Terms of Reference V3
   4. For SC PUBLIC Round 1 Consultation Log of Input April21
   5. Interim Policy regarding Audits, Audit-Related Travel and Coronavirus V$
   6. Disclosure of Conflicts of Interest/Duty
   7. ASI - SCMemberApptProxyForm 07Jul21
   8. ASI –SCMemberAlternateForm 07Jul21
e) Approval of Previous meeting minutes draft: 02 June 2021 will be published on the ASI website.

   It was agreed to approve the minutes of the meeting of 02 June 2021.

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.**

<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>
<tr>
<td>02Jun21</td>
<td>Secretariat</td>
<td>Share public version of AECOM impartiality review with SC</td>
<td>15 Sept 21 meeting</td>
</tr>
</tbody>
</table>
2 Recycled Content Recommendation

- The CoCWG recommends that the Standards Committee appoint a working group with a mandate to make a recommendation on a voluntary reporting recycled content methodology.
- It is suggested that this is a potential step towards mandatory reporting to a defined methodology, but it was not agreed to recommend that final step at this time.

* Please note the pictures are not representative, just for visual interest.
There would be several stages involved in defining and developing a methodology for recycled content. These are outlined in the following sections.
2 Recycled Content – Perspectives Needed

• The CoCWG recommends to the Standards Committee to bring together folks with the following collective perspective
  o Product Design (Criterion 4.2) – product design can greatly enhance recyclability
  o Recycling (Criteria 4.3 & 4.4)
  o Greenhouse gas emissions (Principle 5) – GHG can be a proxy for recycled content
  o CoC Criterion 7.1
  o A diverse supply chain perspective, including traders
2 Recycled Content – Other Considerations

- We see a global shift towards ‘circular economy’ and recycled content reporting. Firstly, in plastics, then paper products and now shifting to other materials.
- Additionally, other industries, such as plastics, are seeing taxes and bans on products which are not demonstrably recycled content.
- In the regulatory context we see recycled content reporting in procurement and spec sheets, and also now coming up in the EU in battery metals.
- In the private sector, many companies are asking about recycled content and many are voluntarily reporting it as part of their CSR.
- Many companies are being asked to provide the recycled content of the product they are supplying.
- How recycled content is reported can result for a competitive advantage/disadvantage for companies.
- ASI is well-posed to have this discussion across the entire supply chain.
2 Recycled Content – Data

- Recycling Rates
  - globally
  - regionally
  - by sector
  - by alloy
- Legislation/national or regional initiatives/other recycled content reporting which companies must adhere to
- Company perspectives
Recycled content criterion must be able to demonstrate a measurable and continual improvement in key environmental, social and governance impacts of aluminium production, use and recycling. If a new Criterion on recycled content is developed ASI would look to develop indicators to measure the outcomes and impacts.

The discussion on recycled content reporting must be framed firstly by:
- The outcomes and impacts ASI wants to achieve
- Any unintended effects we want to avoid

The first objective of the Working group would be to frame, using the data collected and understanding the context of recycled content, what outcomes and impacts ASI intends to have and what unintended effects, if any, we would want to avoid.
ASI will need to potentially align their CoC system to proposed changes to ensure that claims are valuable to companies. It must be determined:

- What type of recycled claims are valuable to companies?
- Does our current chain of custody system allow for the type of claims folks would like to use?
- If no, how does the system need to change?

The discussion on recycled content reporting must be framed firstly by:

- The outcomes and impacts ASI wants to achieve
- Any unintended effects we want to avoid

And then developed to ensure it meets the needs of companies who would report on it.
2 Recycled Content Definitions

Based on data available and the impact we hope to have does it make sense to:

- Align with ISO definitions?
- Report on post-consumer content only?
- Another combination of numerator and denominator?
- Which definition best aligns with the impact we wish to have?

Given the outcome of the above discussion:

- Does ASI need to review its definition of pre-and post-consumer scrap?
- Does pre-consumer scrap need further delineation based on supply chain activity, such as primary, fabrication or manufacturing?
Once the definition of recyclable content is set we need to establish a methodology which:

- Provides a reference unit (product, facility or company?)
- Establishes how primary scrap (dross in particular) will be accounted for
- Aligns with how ASI requires GHG emissions be reported
2 Recycled Content - Methodology

- A participant raised the importance of being aware of what is going on in the rest of the world and differing definitions/meaning in different jurisdictions. There is much confusion about recycled content in a particular product, and it needs to be clear what is meant. There is opportunity for the aluminium industry to come up with a straightforward definition.
- A participant cautioned that agreement on a singular methodology would be challenging and that such agreement would not necessarily prevent customers asking for disclosure against an alternative – but that should not prevent work on this.
- It was clarified by the Secretariat that this new WG would not deliver any resolutions to be incorporated in the current standards revision process.
- A participant mentioned that some companies won’t necessarily have the traceability needed for this. There is a need to focus on traceability and what is meant by it, this would be useful as a first step.
- ASI needs to advance with caution in the aim to make claims, and should not be too ambitious about that until there is a strong, agreed methodology.
- The SC approved the formation of the WG for early 2022.
As part of the ASI Standards Revision process, the SBHWG has reviewed all the external standards/schemes that are currently recognised by ASI (and listed in Table 3 of the ASI Assurance Manual) to see if they still meet the revised ASI Performance Standard and CoC Standard Criteria.

The ASI Secretariat developed a new ‘ASI Benchmarking Assessment Checklist’ that follows the ASI Standards Benchmarking & Harmonisation Procedure and assesses whether an external standard/scheme ‘Meets’, ‘Partially Meets’ or ‘Misses’ the revised ASI PS or CoC criterion.

In addition to ‘Standard-related aspects’, ASI also looks at ‘Scheme-related aspects’ when recognizing external Standards:
  - Scheme management and standard-setting processes
  - Overview of standards requirements and supply chain scope
  - Assurance methodologies including requirements for conformance, oversight and reporting
  - Nature and type of claims
3 Standards Harmonisation & Benchmarking

• During this review, the SBHWG asked whether external standards/schemes that do not rely on third-party certification should be recognized by ASI.

• External standards/schemes currently recognized by ASI that do not rely on third-party certification include the Voluntary Principles on Security and Human Rights, GRI and EITI.

• The SBHWG recommends to the Standards Committee that while these standards represent ideas of good practice, ASI can’t formally recognize them because there is no independent and uniform validation of their implementation.

• ASI will however include reference to these standards in the Standards Guidance.

• *For Standards Committee discussion and approval.*
A participant asked if there would be references to legislation. The Secretariat clarified that legislation would be considered where the legislation requires third party verification. Any request for equivalence can be proposed to the Standards Benchmarking and Harmonisation WG by contacting the Secretariat.

A participant added that if we include reference to ‘non-certifiable’ standards in the Guidance, it should be made very explicit that there is no equivalence in terms of criteria. Wording ‘for consideration’ could be included to avoid confusion.

The SC approved the decision to amend the Standards Benchmarking and Harmonisation procedure to not recognise non-certifiable standards and schemes, and move non-certifiable standards the Guidance.
4 Principle 2

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.

**Note:** Black text is from the current version of the Standard. Text in blue underline are revisions approved by the Standards Committee pre-consultation.

- 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.
  - Greater prescription in 9.1 and 9.8. Do not recommend greater prescription for this Criterion.
- Log item 320: Policy needs to be documented and publicly available.
  - Previous decision is to not include ‘documented’. Public availability is consistent with previous SC decisions. Recommend requiring the Policy to be publicly available.

**Note:** Green is the Secretariat’s suggested course of action.
4 Principle 2

- The SC approved the recommendation to not provide greater prescription in criterion 2.4, and to require the Responsible Sourcing Policy to be publicly available, consistent with previous SC decisions.
4 Principle 2

2.9 Mergers and Acquisitions. The Entity shall:

a. Due Diligence: Review environmental, social and governance issues, including those associated with Historic Aluminium Operations, in the Due Diligence process for mergers and acquisitions.

b. Post-merger or acquisition: Where engaged in Bauxite Mining, Alumina Refining and/or Aluminium Smelting:
   i. Share information regarding the significant impacts of Historic Aluminium Operations.
   ii. In Consultation and in cooperation with Affected Populations and Organisations develop an impact mitigation plan to mitigate any identified significant impacts of the Historic Aluminium Operation.
   iii. Share progress against the impact mitigation plan with Affected Populations and Organisations annually.

• Log items 494, 396, 215, 456: The information being requested under this section 2.9 would likely involve confidential information unable to be disclosed. The wording and intent should be re-evaluated.
  ➢ It is unclear how 2.9 (b) would be implemented by certifications that are Facility or Product/Program level. XX of current certifications are Facility or Product/Program. Recommend providing guidance on applicability when facility becomes certified – regardless of when it was acquired by the Entity.
4 Principle 2

- The Secretariat clarified to incorporate in the Guidance that no matter *when* a facility is certified or acquired, the Entity *has* to comply with 2.9b.
- A participant mentioned that the definition of ‘Historic Aluminium Operations’ is not very well defined, and the Standard needs to be more specific about that. The Secretariat responded that there isn’t a timeline, because ASI want to address legacy impacts. Rather than a separate criteria, to include it in 2.9b, so therefore no timeline.
- Concerns about confidentiality were addressed pre-consultation and the SC feels this Criterion is implementable as written.
- The SC agreed to including that there is no timeline to historic aluminium operations in the Guidance for this Criterion.
4 Principle 2

2.9 Mergers and Acquisitions. The Entity shall:

a. **Due Diligence:** Review environmental, social and governance issues, including those associated with Historic Aluminium Operations, in the Due Diligence process for mergers and acquisitions.

b. **Post-merger or acquisition:** Where engaged in Bauxite Mining, Alumina Refining and/or Aluminium Smelting:
   i. Share information regarding the significant impacts of Historic Aluminium Operations.
   ii. In Consultation and in cooperation with Affected Populations and Organisations develop an impact mitigation plan to mitigate any identified significant impacts of the Historic Aluminium Operation.
   iii. Share progress against the impact mitigation plan with Affected Populations and Organisations annually.

- Log item 329, 539, 397, 494: Make this Criterion applicable to the entire supply chain.
  - This would be consistent with previous SC decisions requiring a ‘shared burden across the supply chain’. If 2.9 (b) is not deleted, recommend requiring the application across the supply chain.
4 Principle 2

- A participant asked how this would be applicable to other parts of the value chain, where there are no mine site. The ‘shared burden’ won’t change, as it is simply a matter of relevance and materiality.
- A participant said that there are also liabilities related to past operations that could affect any business. (e.g. the presence of asbestos in buildings can occur regardless of where you are in the supply chain.)
- A participant asked about items/facilities that are no longer on the property and how will those be addressed? It was agreed that this is tricky as it is no longer related to the activities currently occurring.
- A participant answered that this criterion is more general, if after an acquisition there is nothing to report or significant historical issues then there is nothing to report. If legacy issues are known, then the steps in that criterion needs to be followed.
- The SC approved the recommendation to make criterion 2.9b applicable across the supply chain.
4 Principle 2

2.10 Closure, Decommissioning and Divestment. The Entity shall:

a. Review environmental, social and governance issues in the planning process for closure, decommissioning and divestment.

b. In Consultation and in cooperation with Affected Populations and Organisations, develop a program for managing significant environmental, social and governance impacts, including Legacy Impacts, associated with the closure, decommission or divestment.

- Log item 495: Divestments are very commercially sensitive actions and sharing additional information can affect on the future price and agreement.
  - Thoughts on how to manage impacts of closure/decommissioning/divestment and commercial sensitivity? Is 2.10 (b) implementable?
- Log item 331: There is nothing about post closure monitoring particularly if remediation is required to meet an agreed post use objective.
  - Mine rehabilitation is covered in 8.7. Post-closure monitoring would likely be beyond the scope of what a company can do with a closed, decommissioned or divested property. Recommend no change.

Note: Bold Green are questions for discussion.
4 Principle 2

• A participant mentioned that if a company has made promises regarding post-closure activities, this needs to somehow be controlled and monitored, something should be included about this.
• A participant mentioned that it would be difficult to implement and keep track of oversight of a Facility that is closed and no longer certified. ASI cannot oversee anything in that case.
• A participant mentioned that certification of the mine pre-closure would require the post-closure plan be part of certification process. Before closure: resources need to be allocated to manage closed mine rehabilitation areas and other monitoring requirement. And thus certification pre-closure would need to include quantification of the resources after closure.
• It was mentioned that the monitoring aspect is more complicated, rather than post-closure: who monitors it and is it implementable at all?
• It was mentioned that the problem is with the level of addressee. At an Entity or facility level: they would not implement it because the site itself would in any case stop to be certified. Perhaps mention something at the level of the member: they are responsible for their closed or divested activities, but for the Facility/Site level, this isn’t applicable.
4 Principle 2

• A member of the Secretariat advised not to remove the management plan perspective in this criterion. Monitoring would need to be included in the management plan, the Secretariat will include ‘Resourcing’ language in the criterion.

• A participant mentioned that ‘consultation’ should only happen if it is not commercially sensitive, ASI cannot impose these rules if that would hinder a transaction.

• The SC approved to add a note about commercial sensitivity in the language of criterion 2.10.

• The SC approved to include in 2.10b the requirement for a plan for post-closure monitoring.
3.2 Non-compliance and Liabilities. The Entity shall publicly disclose information on significant fines, judgments, penalties and non-monetary sanctions for failure to comply with Applicable Law.

- Log item 336: Entity to publicly report mitigation measures to prevent a recurrence of the event that led to the fines, judgement, penalties and non-monetary sanctions.
  - Systems to comply with Applicable Law is included in Criterion 1.1. Public disclosure of mitigation measures goes beyond what is required in other parts of the Standard. No change recommended.
5 Principle 3

- A participant said that if a company explains how it will prevent fines, it might be useful to see how serious it is on the prevention of recurrence of events, and could give an advantage for future certification.
- A participant raised the confidentiality issues associated with it, as there might be information that cannot be disclosed.
- The SC agreed to not implement any changes to criterion 3.2.
5 Principle 3

3.3 Payments to Governments. The Entity shall:

a. Only make, or have made on its behalf, payments to governments on a legal and/or contractual basis.

Where engaged in Bauxite Mining:

b. Publicly disclose payments to governments, building on existing audit and assurance systems.

c. Publicly disclose the value and beneficiaries of financial and in-kind political contributions, whether made directly or through an intermediary.

• Log item 11: Consider making 3.3b on public reporting of payments to governments applicable beyond the mining supply chain activity

  ➢ This would be consistent with previous SC decisions requiring a ‘shared burden across the supply chain’. Recommend requiring the application across the supply chain.
5 Principle 3

- The SC agreed to expand the scope of criterion 3.3b and 3.3c to the entire supply chain.
### 5 Principle 3

<table>
<thead>
<tr>
<th>3.4 Stakeholder Complaints, Grievances and Requests for Information.</th>
<th>The Entity shall:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a.</strong></td>
<td>Implement accessible, transparent, understandable and culturally and gender sensitive, Complaints Resolution Mechanisms, adequate to address stakeholder complaints, grievances and requests for information relating to its operations.</td>
</tr>
<tr>
<td><strong>b.</strong></td>
<td>Share the Complaints Resolution Mechanisms with Affected Populations and Organisations during Consultations required by this Standard.</td>
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</table>

- Log item 337: As per other documented processes in the Standard, the Entity must regularly review the effectiveness of the complaints resolution mechanism at least annually or more frequently based on the organisations risk profile, and, where required, identify and implement improvements.
  - This would be consistent with previous SC decisions requiring effectiveness monitoring and continual improvement. Recommend requiring monitoring and improvements.
5 Principle 3

- The SC agreed to require a regular review of the effectiveness of the complaints resolution mechanism and identify/implement improvements where required in criterion 3.4.
Early development and implementation of the ASI Interim Policy for travel-affected audits was critical in ensuring the ASI certification program continued with minimal disruption.

Provides for remote auditing for both Standards – with significant limitations on Certification (i.e. Provisional only), until such time that an on-site audit can occur.

New “unable to rate” option made available, with detailed guidance provided for auditors.

3 month extension offered for Entities if travel/access restrictions were constraining (uptake has been approx. 10-15% of all audits)

Can the policy be incorporated into the Assurance Manual? As an Appendix?

SC has discussed this as a ‘force majeure’ policy moving forward.

Could it be re-titled as such? What would be the problems here?

Declaration of ‘force majeure’ situation can globally.

Involvement of ASI Board would be too cumbersome re. determining a FM situation.
A participant asked if the policy could be a part of the Guidance with only a reference in the Standard itself. It was answered that the policy sits with the Assurance Manual, which would make a permanent reference to this policy.

A member of the Secretariat suggested that it is foreseen that the Guidance might be updated much more frequently than on a 5-year basis, and so changes to the Assurance Manual could also be revisited in the future.

A participant raised the risk of the Policy being misused. The Secretariat answered that checks and balances do exist. There is a level of oversight where the Secretariat will review and look at the situation, potentially discussing with auditors before agreeing to use this policy and can approve or deny on a case-by-case basis.

It was agreed that there needs to be a more thorough look into how this policy was implemented in the past 12-15 months, and not formally incorporate it in the Assurance Manual for now, with potential for integration at a future stage. This would be looked at post-consultation.
6 Assurance Manual

<table>
<thead>
<tr>
<th>Section / Area</th>
<th>Summary of Feedback</th>
<th>Time allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Conversion</td>
<td><strong>Log items 10 and 140</strong> – The applicability of all 11 Principles for ‘Material Conversion’ and ‘Other manufacturing or sale of…’ is too onerous, especially where Aluminium is NOT the main material.</td>
<td>~ 5 minutes</td>
</tr>
</tbody>
</table>

- The option to only certify to Principle 4 (Material Stewardship) for these two SCAs is being removed – moving to Principles 1 to 4 for one certification cycle, and then ALL Principles in subsequent certification cycles.
- What might not be appreciated in the log items 10 and 140 is that specific criterion will automatically become ‘not applicable’ based on the SCA as has always been done.
- New text from Assurance Manual, in dark red below.

Members with Material Conversion and/or Other Manufacturing Facilities are required to certify their Material Conversion Facilities and/or Other Manufacturing to Principles 1 – 4 solely for one Certification cycle (i.e. a maximum three-year period). After one Certification cycle has passed Material Conversion Facilities must undergo an Audit against applicable requirements of the full Performance Standard to continue their ASI Certification. The intention is that following the next Standard Revision all Facilities will be required to demonstrate Conformance to all applicable Criteria. Example Audit Scopes for Material Conversion and Other Manufacturing Facilities are given in Table 5.
A participant raised the fact that a big part of the challenge is to define what industry one is in (i.e. packaging or aluminium?), and what is then applicable.

It was clarified that there is a transition period of up to 5 years to transition from principle 4 through to all 11 principles (via an ‘interim’ P1-4 period through one certification cycle).

The SC agreed to approve the applicability of all 11 Principles for Industrial users and other manufacturing as proposed in the consultation draft.
6 Assurance Manual

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<tr>
<th>Section / Area</th>
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<th>Time allocated</th>
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</thead>
<tbody>
<tr>
<td>Maturity ratings</td>
<td><strong>Log item 618</strong> – Check the application of maturity ratings against the findings in the audits. Check that the maturity ratings are consistent across audits (if this information is to be publicly used).</td>
<td>~ 5 minutes</td>
</tr>
</tbody>
</table>

- This was raised as a recommendation from the recent Impartiality Review
- Have implemented a closer review on the maturity ratings during audit oversight process over past 9-12 months.
- Maturity ratings are checked by Secretariat to also cross-check the frequency of surveillance audits and compare generally against the number of non-conformances.
- Any changes required here?
- Is there any benefit to having the overall maturity rating presented in the public summary report?

*Example from recent audit report*

<table>
<thead>
<tr>
<th>Maturity Ratings</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Category</td>
<td>Governance</td>
</tr>
<tr>
<td>Systems</td>
<td>Medium</td>
</tr>
<tr>
<td>Risks</td>
<td>Medium</td>
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<tr>
<td>Performance</td>
<td>Medium</td>
</tr>
<tr>
<td>Overall</td>
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</table>
6 Assurance manual

• It was mentioned that increased disclosure in public reporting and transparency was welcomed. Maturity ratings can lend some insights to outsiders and give indication of what ASI certification means.
• The SC agreed to include a presentation of maturity ratings in public summary reports for those certified to the new Standard versions.
6 Assurance Manual

<table>
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<tr>
<th>Section / Area</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Non-conformances</td>
<td>Log item 617 – Provide a follow-up mechanism for surveillance audits of prior non-conformances to ensure that non-conformances have been adequately addressed.</td>
<td>~ 5 minutes</td>
</tr>
</tbody>
</table>

- This functionality is currently available in the full audit report (on elementAl), but not presented in the public summary report.
- For Major non-conformances, corrective action plans must be specified by the auditor, in consultation with the Member. Also described in ‘observations and findings’ in full audit report.
- Typically, the auditor will write in the ‘Public Headline Statement’ where a prior non-conformance existed, how it was rectified.
- This is a pre-existing requirement of the audits and auditors (as per the Assurance Manual (Table 19))
6 Assurance manual

• It was clarified that a provision of a follow-up mechanism for surveillance audits of prior non-conformances is already in place. This functionality is present in the full audit report, but not in the public summary report.

• A participant asked why this was not publicly available? This is due to the confidentiality of some information (e.g. names of individuals, discussions, specific documentation etc.), but there would be a comment incorporated in the public headline statement within a surveillance audit, where a non-conformance had been previously identified and then closed out by the Entity.

• It was agreed to no change to the requirements.
6 Assurance Manual

<table>
<thead>
<tr>
<th>Section / Area</th>
<th>Summary of Feedback</th>
<th>Time allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-conformances</td>
<td><strong>Log item 612</strong> – In instances where there are many minor non-conformances identified during an audit (e.g. &gt;10) should ASI not require the corrective action plans be approved by the Auditor, similarly how corrective action plans for major non-conformances are approved by the auditor.</td>
<td>~ 5 minutes</td>
</tr>
</tbody>
</table>

- Currently for all Minor Non-conformances, this is optional and typically entered by the auditor as a suggested business improvement.
- Should there be a specific number of Minor NCs before a CAP is provided?
- Would this functionality be of benefit to the Member – especially given the ‘immediacy’ of the requirement from the auditor, that is to develop 10+ corrective actions for minor non-conformances whilst on site.
- However, currently this is a separate process agreed to between auditor and Member.
- Example from a recent audit is on next slide.
6 Assurance Manual

- Recent example of where responses to Minor NCs are recorded by the auditor in elementAI

### Suggested Business Improvements (optional)

<table>
<thead>
<tr>
<th>Criterion Number</th>
<th>Section</th>
<th>Suggested Business Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3</td>
<td>Code of Conduct</td>
<td>Implement periodic (annual) training for employees regarding code of conduct etc.</td>
</tr>
<tr>
<td>2.1c</td>
<td>Environmental, Social, and Governance Policy (communication)</td>
<td>Ensure worker training (which was postponed due to Covid-19 pandemic) regarding site policies.</td>
</tr>
<tr>
<td>2.3b</td>
<td>Environmental and Social Management Systems (social)</td>
<td>Further develop the social management system. Intensify worker training on topics of human &amp; labour rights.</td>
</tr>
<tr>
<td>2.5</td>
<td>Impact Assessments</td>
<td>Procedure is in place. Until the Entity’s parent company joined ASI, there was no major project which required an assessment of cultural and Human Rights Impact Assessments, including a gender analysis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The current project (parallel usage of both surveys) requires an environmental and social assessment, which was provided.</td>
</tr>
<tr>
<td>3.2</td>
<td>Non-compliance and liabilities</td>
<td>Rethink the sustainability report to clarify that not only environmental fines are covered.</td>
</tr>
<tr>
<td>6.2</td>
<td>Discharges to Water</td>
<td>Provide more data in the next versions of the sustainability report regarding effluents (e.g. quantity and characteristics of cooling water).</td>
</tr>
<tr>
<td>8.2c</td>
<td>Biodiversity management (reporting)</td>
<td>Consider involvement of local nature conservationists when establishing the biodiversity action plan.</td>
</tr>
<tr>
<td>9.1b</td>
<td>Human Rights Due Diligence (process)</td>
<td>It is suggested to implement a risk-oriented approach of the surveillance of suppliers.</td>
</tr>
<tr>
<td>10.1b</td>
<td>Freedom of Association and Right to Collective Bargaining (collective bargaining)</td>
<td>Consider full acceptance of the collective bargaining agreements between the employer association and the union.</td>
</tr>
<tr>
<td>10.4</td>
<td>Non-Discrimination</td>
<td>Traditionally, the foundry industry is populated by male workers. In a longer perspective, the site may work to attract more women for this business. Two issues were identified during the audit which should be considered by management: 1) pin-up posters in the mechanical maintenance workshops (see criterion 9.2); 2) an oversized German flag in one of the workshops, which could be a source of annoyance, as a major part of the workforce is originating from other countries.</td>
</tr>
<tr>
<td>10.7a</td>
<td>Remuneration (living wage)</td>
<td>Clarify differences between hourly pay rate of industry standard CBA and pay rate of the entity.</td>
</tr>
<tr>
<td>11.2</td>
<td>OH&amp;S Management System</td>
<td>Check with insurance company the fact that the site has no technical protection against lightning (lightning rods). Ensure that the entity is ISO 45001-certified until next audit.</td>
</tr>
<tr>
<td>11.4</td>
<td>OH&amp;S performance</td>
<td>Develop and monitor more leading indicators related to OH&amp;S in order to be able to better manage and recognize trends earlier.</td>
</tr>
</tbody>
</table>
A participant raised the fact that ASI will be facing higher scrutiny for transparency and accountability, and responding to non-conformances is a big part of that. Need to pre-empt that and require more disclosure around non-conformance and management of them.

**Action for the Secretariat:** ensure/confirm that auditors are capturing corrective action plans and inserting them in audit reports.

Should there be a specific number of NCs before a CAP is provided? A participant argued that this could create pressure on auditors to have a number that’s just one lower than that. The number would need to be quite low, i.e. 3, but leaving it to the Secretariat’s discretion to look at NCs would be better.

A member of the Secretariat specified that in some examples, 2 or 3 NCs could also be addressed in one CAP.
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
   • The Secretariat encouraged participants and all Committee members to submit any comments or thoughts on the slides related to PS Principles 6 and 11 (not addressed during the meeting) to the Secretariat at any time prior to the next meeting.

Next Meetings:
- 15 September
- 06 October
- 20 October – all SC decisions by this date
- 01 December – final review and approve documents for consultations
Thank you