

ASI Standards Committee

Teleconference

2 November 2022

Before we begin...

Anti Trust Compliance

Compliance with *ASI Antitrust Policy (February 2021)* is a condition of continued participation in ASI activities. Participants should have due regard to this Policy today and in all other ASI activities. Feel free to raise concerns or questions with the Secretariat and/or Chair(s).

- https://aluminium-stewardship.org/wp-content/uploads/dlm_uploads/2017/10/ASI-Antitrust-Compliance-Policy-02-2021-.pdf

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 the cultural heritage, customs and beliefs of all Indigenous People and we pay our respects to Elders past, present and emerging.

Ways of Working

- We are a multi-stakeholder organisation.
- Dialogue is at the heart of everything we do.
- We welcome all participants and enable the full participation of all attendees
- We value diversity of backgrounds, views and opinions, which lends itself to healthy debate and improved outcomes.
- We express our views and listen to the views of others in a respectful and professional way

Agenda

	Topic	Lead	Documents Circulated/Linked	Time (mins)	Objective
Governance	1. Welcome, Introduction & Apologies	CB	2. ASI - SCMemberApptAlternateForm 02Nov22.doc 3. ASI - SCMemberApptProxyForm 02Nov22.doc 4. SC Disclosure of Conflicts of Interest/Duty.docx	5	Introduce new representatives
	2. Previous Meeting Minutes	CB	5. DRAFT ASI SC Teleconference Minutes 26July2022.pdf	5	SC decision: approve publication on website
	3. ASI Board update	CB		10	SC update: recent developments & next steps
Short term (2022)	4. Clarification of Standards text	LB		10	SC decision: <ul style="list-style-type: none"> FR normative language change to align with EN PS Text change PS 9.8 for clarification
	5. educationAI update	CLD		10	SC update: recent developments & next steps
Mid term (H1 2023)	6. Material Accounting System template	KM	6. DRAFT 20-10-2022 CoC MAS template.xlsx	10	SC update: recent developments & next steps
	7. Information Management System	LB		10	SC update: recent developments & next steps
	8. GHG Methodologies	CB		10	SC update: recent developments & next steps
Long term (2023+)	9. Outcomes-Based Standards	LB/CB	7. Inclusion of Outcomes-Focused Criteria in ASI Performance Standard v4.0 (20-10-2022).docx	30	SC decision: <ul style="list-style-type: none"> Whether to move towards inclusion in PS; How to integrate into a practice-based standard; Issues/areas of focus.
ACTIONS	10. AOB, next meeting & close	CB		10	Define ACTIONS, timeframe for next meeting

ACTIONS

	Topic	Objective	ACTIONS
Governance	1. Welcome, Introduction & Apologies	Introduce new representatives	
	2. Previous Meeting Minutes	SC decision: approve publication on website	Approved; Secretariat to publish to website [COMPLETE]
	3. ASI Board update	SC update: recent developments & next steps	
Short term (2022)	4. Clarification of Standards text	SC decision: <ul style="list-style-type: none"> FR normative language change to align with EN PS Text change PS 9.8 for clarification 	<ul style="list-style-type: none"> Secretariat to amend FR version of PS 7.1 for clarity and alignment with EN normative language Secretariat to amend PS 9.8 applicability language for clarity <ul style="list-style-type: none"> Changes to be communicated as part of the March 2023 Guidance revision
	5. educationAI update	SC update: recent developments & next steps	<ul style="list-style-type: none"> Secretariat to circulate list of local specialists being trained [COMPLETE] Secretariat to conduct analysis of local knowledge/auditor expertise gaps <ul style="list-style-type: none"> Both by next meeting
Mid term (H1 2023)	6. Material Accounting System template	SC update: recent developments & next steps	<ul style="list-style-type: none"> Secretariat to ensure significant communications on publication Include in 2023 Standards Committee discussions the possibility of combining CoC and PS into a single standard
	7. Information Management System	SC update: recent developments & next steps	<ul style="list-style-type: none"> Resourcing, value and quality control of non-EN language versions for Committee discussion (Secretariat to add to agenda) from Q2 2023
	8. GHG Methodologies	SC update: recent developments & next steps	<ul style="list-style-type: none"> Secretariat to begin populating an expert group (at once) to formulate (or recommend endorsement of) an Entity level GHG Pathway method by Q3 2023 Secretariat to DRAFT guidance for auditors conducting PSv3.0 audits in the interim (for WG and SC review in December 2022)
Long term (2023+)	9. Outcomes-Based Standards	SC decision: <ul style="list-style-type: none"> Whether to move towards inclusion in PS; How to integrate into a practice-based standard; Issues/areas of focus. 	<ul style="list-style-type: none"> Standards Committee to work on the development of outcomes-based criteria Secretariat to outline (by December 2022 meeting) areas of focus, existing (non-ASI) metrics available and an analysis of the ease of criteria development for each
ACTIONS	10. AOB, next meeting & close	Define ACTIONS, timeframe for next meeting	<ul style="list-style-type: none"> Next meeting proposed 7th December 2022 @ 1300 CET

1. Welcome, Introduction & Apologies, Conflicts of Interest



Attendees (<https://aluminium-stewardship.org/about-asi/asi-standards-committee/>):

Andy Doran (Novelis), Annemarie Goedmakers (Chimbo Foundation), Emma Watson (SBTi), Gesa Jauck (Trimet), Guilbert Ebune (Arconic), Hugo Rainey (WCS), Ioannis Koufopoulos (ELVAL), José Rubio (Fauna & Flora International), **Kendyl Salcito (Nomogaia, co-chair)**, Kristen King (Ardagh Metal Packaging), Louis Biswane (KLIM), Marcel Pfitzer (Mercedes-Benz Group AG), Nadine Schaufelberger (Ronal AG), Nicholas Barla (IPAF), Olivier Néel (Constellium), Patrick Brading (Hydro), **Steve Bater (EGA, co-chair)**

ASI Secretariat (<https://aluminium-stewardship.org/about-asi/asi-team/>):

Andrew Wood, Cameron Jones, Chinelo Etiaba, Chris Bayliss, Ghaidaa Kotb, Klaudia Michalska, Laura Brunello, Natalie Sharp, Vicky Tran

Apologies:

Proxies:

Committee members extended their welcome, collectively and individually, to Emma Watson (Head of Standards, *Science Based Targets Initiative*) attending her first committee meeting since election.

2. Previous Meeting (26 July) Minutes

- No comments received; Revised Standards published
 - Propose accept minutes for publication on ASI website (as all SC minutes are)
-
- For decision
 - **ACTION:** Minutes of 26 July teleconference accepted for publication

3. Board Meeting (12 October) Update

- Risk Assessment and Management Plan, including evolving economic conditions and cybercrime.
- Annual Management Review.
- *Nawa Nawa Consultants* shared insights into ASI workshops being carried out in northern Australia as part of an Indigenous Peoples Advisory Forum (IPAF) project.
- Updates on other IPAF projects and activities in Ghana, Guinea, Suriname and India.
- Facilitated workshop on ASI's 'Theory of Change' and reflections on a draft 2023 strategy and budget.
 - Final draft for approval at the December 2022 Board teleconference.

4. Clarification of Standards text: French translation

- An ASI Registered Specialist has identified an error/omission in the French translation of the Performance Standard Criterion 7.1b:

ENGLISH:

7.1 Water Assessment and Disclosure. The Entity shall:

- b. Undertake an assessment and, where Material, publicly disclose water-related risks in **Watersheds** in the Entity's Area of Influence on an annual basis.

FRENCH:

7.1 Évaluation de l'Eau et sa Déclaration. L'Entité doit :

- b. Entreprendre annuellement une évaluation des Risques liés à l'eau dans **les Bassins Hydrographiques** et Géologiques situés dans la Zone d'Influence de l'Entité, et s'ils sont importants, les rendre publics.

- The French translation doesn't capture that the Criterion should cover both the hydrological levels and geological level, as companies should source water from deep phreatic tables rather than surface water (otherwise they compete with local populations for water supply).
- Does the Standards Committee agree on this change in normative language in FRENCH, with proposed change in red? (which was an omission on ASI's side in this round of translation). **AGREED**
- Does the Standards Committee agree on allowing the Secretariat to amend of translated normative and non-normative language when that concerns a clarification? **NOT FOR UNILATERAL DECISION, STANDARDS COMMITTEE REVIEW**

4. Clarification of Standards text: PS Criterion 9.8

- 9.8 **Conflict-Affected and High-Risk Areas.** In order to avoid involvement in armed conflict or Human Rights abuses, the Entity shall exercise risk-based Due Diligence over its Aluminium supply chain in accordance with the OECD Due Diligence Guidance of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) in ways appropriate to its size and circumstances including, as a minimum:
- a. Establish strong Management Systems, including a supply chain Policy, responsibilities and resources, information gathering and supplier engagement (Step 1)
 - b. Identify and assess risks in the supply chain (Step 2)
 - c. Design and implement a strategy to respond to identified risks (Step 3)
 - d. Undergo audit of Due Diligence practices (Step 4)
 - e. Report annually on supply chain Due Diligence (Step 5).

Application:

This Criterion does not apply to Entities that do not source directly or indirectly any Bauxite, Alumina or primary Aluminium.

- For clarification, the Secretariat proposes a reformulation of the 'Application' text to :
'This Criterion only applies to Entities that source, whether directly or indirectly, any Bauxite, Alumina or Primary Aluminium.'
- Does the Standards Committee agree to this change?
 - **AGREED**

5. educationAL update

- Increased focus on **auditors training and competence assessment**
 - Calibration calls
 - Updated accreditation exam
 - Additional mandatory training (Calibration on revised Standards, OECD Guidance, GHG Emissions, Risk-based approach refresher)
 - Focus especially on Social areas of the Performance Standard
 - Training local specialists to support audit teams in high-risk areas
 - **ACTIONS IN RESPONSE TO QUESTIONS:**
 - Secretariat to circulate to Committee a (GDPR compliant) list of the local specialists currently being trained
 - Secretariat to conduct a spatial analysis of local knowledge/auditor expertise gaps, to inform future definitions of “High-risk areas” requiring local specialist training by next meeting
- Recent and future **online courses**
 - Modern slavery risks: <https://asi.tovuti.io/courses/course/modern-slavery>
 - Complaints resolution mechanisms: <https://asi.tovuti.io/courses/course/complaints-resolution-mechanisms>
 - Coming soon: Introduction to FPIC and Initiating engagement in a culturally appropriate way
 - 2023: Biodiversity and Ecosystem Services

6. Material Accounting System template development

- ASI received several requests from CoC Certified Entities on more guidance/examples on how to build a Material Accounting System.
- The purpose of the Material Accounting System (MAS) template:
 - Include all elements that the MAS should include as prescribed in the Chain of Custody Standard (2022), in order to store all necessary information of CoC and Non-CoC Material purchases and sales.
 - Ensure that the total Output of CoC Material and/or Eligible Scrap does not proportionally exceed the Input Percentage of CoC Material and/or Eligible Scrap over the Material Accounting Period, across the whole Certification Scope.
 - Prepare CoC Certified Entities and ease the CoC Material Flow Annual Reporting under Criterion 1.7 of the ASI Chain of Custody Standard V2.
- **ACTIONS:**
 - Ensure when published (late 2022 and re-issuance during Guidance revision in March 2023) that there is significant communication on this
 - Include in Standards Committee discussions (2023) on the future of the Chain of Custody standard (including material accounting focus and beyond mass balance) that the possibility of combining CoC and PS into a single standard is explored

7. Information Management System

- The ASI Secretariat has been exploring a 'wiki-style' information management system (called Confluence), where the ASI Standards documents (PS, PS Guidance, CoC, CoC Guidance and Glossary) are organized in a relational way. This means:
 - An ability to link information between different 'pages' for example, a glossary term can be clicked on to bring you to its Glossary definition
 - Being able to track changes to normative and non-normative documents over time and relate them to decisions of the Standards Committee (that will also be captured within the IMS)
 - Quickly access and download only the information that one needs within documents
 - Be informed when and what significant changes occur (ability to 'view' a page and get notifications when it gets update, with ability to compare with previous versions)
- Currently structured and being populated, with the aim to have ready for Standards Committee review in Q1 2023 (including ASI Performance Standard Guidance V3.1 text changes) at end March 2023
- This will be released in parallel with a Word Tracked Changes version, for this update.
- Changes to the Standards Guidance will be released on the fixed, period schedule as agreed during the last Standards Committee meeting:

➤ PS Guidance and Glossary:	6 months;	31 st March and 30 th October
➤ CoC Guidance:	annual;	31 st March
➤ Assurance Manual:	annual;	31 st May
➤ Claims Guide:	annual;	tbd
- QUESTION: management of translations?
 - At this stage, and until after launch of the system, non-English languages will continue to be tracked in document (Microsoft Word/PDF) format
 - Resourcing requirements (and their value) and quality control of multiple languages as Guidance (and other outputs) changes should be discussed by the Standards Committee after IMS launch in March 2023.

8. GHG Methodologies update

What do we need?

- Method for Emissions Reduction Pathway definition that:
 - is science-based/1.5 degree aligned
 - includes all direct and indirect emissions
 - can be implemented at Entity-level
 - is valid for ALL Entities along the aluminium value chain, no matter their location, supply chain activities or P&T/IU Member status

When do we need it?

- ASAP

What exists?

- A 1.5°C global sectoral pathway, with separate slopes for primary & recycling (IAI)
- An *Aluminium Sector Transition Strategy* (MPP), focused on primary and recycling

Why doesn't this yet fulfil our requirements?

- Is science-based/1.5 degree aligned (YES)
- Includes all direct and indirect emissions (YES @ sector-level; NO @ Entity-level)
- can be implemented at Entity-level (NO)
- Is valid for ALL Entities along the aluminium value chain, no matter their location, supply chain activities or P&T/IU Member status (NO)

Performance Standard v3 Criterion 5.3 (author's EMPHASIS)

GHG Emissions Reduction Plans. The Entity shall:

- Establish a GHG Emissions Reduction Plan and ensure a GHG Emissions Reduction Pathway consistent with a 1.5°C warming scenario, USING AN ASI ENDORSED METHODOLOGY WHEN AVAILABLE.
- Ensure that the GHG Emissions Reduction Pathway includes an Intermediate Target covering a period no greater than five years, which:
 - Addresses all Direct and Indirect GHG emissions.
 - Is developed USING A SCIENCE-BASED APPROACH ENDORSED BY ASI, if available.
 - Is publicly disclosed.
- Review the GHG Emissions Reduction Plan annually.
- Review the GHG Emissions Pathway on any changes to the Business that alter baselines or targets.
- Publicly disclose:
 - The latest version of the GHG Emissions Reduction Pathway
 - The latest version of the GHG Emissions Reduction Plan.
 - Progress against the GHG Emissions Reduction Plan on an annual basis.

Application: This Criterion applies to all Facilities.

8. GHG Methodologies update: key engagements



Source: Mission Possible Partnership

ASI Standards Committee representation

- Technical input to commitment
- ASI on working groups

ASI input to pre-working group technical materials

ASI on aluminum guidance Working Group (product level accounting & traceability)

8. GHG Methodologies update

ASI objectives

- Harmonization
- Science-basis
- Entity Level (GHG Pathways) >< Sector Level (1.5°C Pathway) >< Global System Level (Net Zero)

Challenges to development of Entity-level method

- Allocation (particularly of GHG burden of (pre-consumer) scrap
 - The sectoral slope is generally accepted (1.1 Gt CO₂e > 0.05 Gt);
 - Primary slopes are relatively clear (and already articulated in ASI Smelter thresholds to 2030)
- Interaction of corporate accounting (ASI PS Principle 5) with product carbon footprinting (CoC 9.3 OPTIONAL)
- The various initiatives, while relatively aligned on the broad issues (IAI pathway, IEA NZE, range of technologies required, supply/demand models) are tending to focus on:
 - primary aluminium (where the majority of emissions and investment is likely required) and
 - recycling (tho here on the volumes required/recovered rather than policy or technology drivers)
 - but NOT on players beyond the casthouse and the scope 3 emissions that dominate their inventories.
 - *First Movers Coalition* is focused on “market signals” from a small customer group, rather than broad pathway definition at scale for downstream sector

8. GHG Methodologies update: other initiatives

- ASI has been accepted to sit on EU Informal Expert Group on analytical methods for the monitoring, reporting, quantification and verification of embedded emissions in goods under the scope of the [EU Carbon Border Adjustment Mechanism \(CBAM\)](#)
- ASI engaging with European Aluminium & Aluminum Association as they develop regional pathways
- IAI released [guidelines on transparency for aluminium scrap](#) and will put out for public review a document on LCA methods for carbon footprint of scrap in November (ASI 45 minutes on with IAI and report authors Solinnen)
- IAI released Scope 3 [Calculation Tool](#) & [Guidance](#) (01/11/2022)
- ASI developing a template for use in 3rd party verification of emissions data (quality indicators, data check)
- Participating in Can Manufacturers Institute working group seeking standardized measurement of recycled content in aluminium beverage cans ([comparison](#) and [guideline options](#))
- ASI is an International Capital Market Association (ICMA) Observer and has been added to its:
 - Climate Transition Finance WG
 - Sustainability-Linked Bonds WG
 - Impact Reporting WG
- **ACTIONS:**
 - Secretariat to begin populating an expert group (at once) to consider outputs of the various ongoing initiatives and to formulate (or recommend endorsement of) an Entity level GHG Pathway method by Q3 2023
 - Secretariat to DRAFT guidance for auditors conducting PSv3.0 audits in the interim (for WG and SC review in December 2022)

9. Outcomes-based Standards

- White paper was circulated: 'Inclusion of Outcomes-Focused Criteria in the ASI Performance Standard V4.0'
- *'Those standards which, to credit an entity with a certificate, require that entity to achieve an outcome or performance level rather than successful implementation of practices.'*

Why adopt an outcomes-focused standard?

- Articulate how ASI is driving change, by linking criteria to measurable/measured outcomes
- Provide near real-time feedback on efficacy of practices
- Explicit linkage of M&E and standards implementation
- Potential to improve the standardisation, aggregation and comparability of ESG information over time and across space.
- May help to improve consistency between audits, and to narrow interpretation of Criteria

Potential challenges

- Availability of appropriate baseline data
- Comparison between performance of Entities in different contexts
- Risk of reductionist metrics and siloes
- Risk of bias and lack of knowledge knowledge
- Potential disconnects between Entity outcomes and systemic impact
- Resource availability
- Auditor training and capacity

9. Outcomes-based Standards: for discussion/decision



1. Should the Committee work towards the inclusion of specific outcome/impact-oriented indicators in the Performance Standard v4.0 (or sooner)?
2. Would these be overlain on (reviewed/amended) existing practice-based requirements?
3. What are the key areas for initial outcomes focus? Potentially (and aligned with ASI strategy and new Working Groups):
 - a. GHG Emissions (Climate Change)
 - b. Biodiversity & Ecosystem Services (Nature Positive)
 - c. Human Rights (Human Rights)
 - d. Emissions, Effluents & Waste (Circularity)
4. What is the timeline for action?
 - a. Draft indicators
 - b. Piloting
 - c. Systemic outcome >> Entity level impact data reviewed. Incorporation in PS (including public consultation), by 2027.
5. What resources are required?
 - a. It is worth noting that the development (and implementation) of outcomes-based elements will require significant resourcing.
 - b. At this stage the committee should:
 - consider the share of available ASI resources appropriate to devote to the work
 - explore how pertinent knowledge resources outside of the Secretariat, Membership and IPAF can be accessed in order to build credible indicators.

Discussion, Decision & ACTIONS

- “Just because its challenging, doesn’t mean we shouldn't do it.”
- “It is our role to rise to these challenges.”
- “This is a positive action for ASI to take to meet increasing expectations”
- “The expectations of Entities should be the same no matter where in the world they operate.”
- “Where regulatory systems (including enforcement) are weak, ASI certification has an especially important role to play in managing risks.”
- “There may be some easy wins, e.g. safety (rates) indicators.”
- “A first step should be an analysis of data reporting (e.g. against GRI metrics) linked to existing ASI criteria.”
- “Do not underestimate the resources required (in developing outcomes-based criteria and in their implementation).”
- “Different Entities are at different levels of maturity and this should be considered as ASI tries to drive positive change – continuous improvement should be built into metrics to allow positive change through time (not only benchmarking across space/activities or baseline thresholds.”
- **DECISION:** unanimous support for the Standards Committee to undertake next steps in the possible development of outcomes-based criteria, with general recognition that the work will require significant resourcing and is a multi-year process
- **ACTION:**
 - Secretariat to develop (by December 2022 meeting) domain-specific documents ([Climate Change](#), [Nature Positive](#), [Human Rights and Circularity](#)), mapping potential areas of focus related to existing (practice-based) ASI criteria, existing quantitative (or semi-quantitative) non-ASI indicators, e.g. GRI, and an indication of difficulty in developing ASI outcomes-based criteria for each, to allow Standards Committee to prioritise and assign work to Working Groups

10. ACTIONS, Next Meeting & Close

- Agree any final post-meeting actions and timeframes for Committee members
- Agree actions for Secretariat
- Date(s) of next meeting
 - Proposed 7th December at 1300 CET
- Chairs and Secretariat thanks to all participants and close of meeting

Thank you

asi Aluminium
Stewardship
Initiative

