

ASI Standards Committee Meeting – Discussion Notes

18-20 September 2024 (Amsterdam)

Standards Committee: In Person Attendance

| Abu Karimu (Settle Ghana, IPAF) |
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| Francesca Fairbairn (IHRB) |
| Gesa Jauck (Trimet) |
| Guilbert Ebune (Arconic) |
| Jason Koevoet (VDL Bike Frame |
| Technologies) |
| José Rubio (FFI) |
| Judith Pietschmann (Ronal Group) |
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Louis Biswane (KLIM, IPAF) Marcel Pfitzer (Mercedes-Benz) Margriet Biswane (Village Alfonsdorp, IPAF Observer) Marina Wangurra (Nawa Nawa Consultants, IPAF) Nicholas Barla (CBCI, IPAF) Olivier Néel (Constellium) Patrick Brading (Norsk Hydro ASA) Penny Laurance (Rio Tinto) Piet Wit (Chimbo Foundation) Steven Bater (EGA) Vincent Ekka (Indian Social Institute, IPAF) Vishwas Kamble (Hindalco) Wenjuan Liu (RMI) Yuri Herder (Tetra Pak)

Joining selected sessions virtually

Soumah Ibrahima Dominique (IDNTIC, IPAF) Sankon Mohamed (Groupement Lanyi Fan, IPAF) Mike Danielson (Science Based Targets Initiative)

Apologies

Alexander Leutwiler (Nestlé Nespresso SA)

ASI Secretariat: In Person Attendance

Fiona Solomon, CEO Chelsea Reinhardt, *Standards Director* Chris Bayliss, *Climate Change and Decarbonisation Director* Gabriel Carmona Aparicio, *Circularity Research Manager* Laura Brunello, *Standards Coordinator* Cameron Jones, *Director of Assurance and Risk* Lia Vacheret, *Standards Manager* Vicky Tran, Assurance and Claims Manager Mark Annandale, Director of Research and IPAF Advisor Jessica Patterson de Oliveira Pereira, Human Rights Specialist

Klaudia Michalska, Supply Chain Analyst



| Session(s) | Summary Notes and Actions/ Decisions |
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| Sessions 1-3: Welcome, Overview of ASI Standards, ASI Strategic Direction | Welcome and introductions were given; ground-rules and expectations for the meeting were discussed and agreed The Secretariat presented an overview of the current ASI standard system, including the ASI Performance Standard, Chain of Custody, Claims Guide, and Assurance Framework The Secretariat gave an overview of the ASI strategy, including progress to date on uptake of the ASI standards, and the continued focus on driving sustainability improvements at a sectoral level Decision: Notes from June 2024 Virtual Meeting were agreed |
| Session 4: Broader context, key questions and outcomes | The Secretariat presented key trends affecting the aluminium sector, including the continued need for primary production, increasing competition over low carbon aluminium and scrap, and the challenges in decarbonisation Standards Committee (SC) discussed these trends, including the potential for ASI to play a role in helping companies to meet increasing regulatory requirements, such as due diligence SC brainstormed additional risks and opportunities. There were more opportunities than risks identified, and it was discussed that many risks could also be viewed as opportunities. Opportunities included: the role that ASI could play in helping companies meet new regulations, aligning with the increasing number of standards in the sector, and the opportunity to better differentiate performance through the standard. Risks included: inconsistent application of regulations from governments, and the challenges of having a global standard that can still reflect localised context and impacts. <i>Key Takeaways: The SC was asked to identify the key <u>outcomes</u> they want to see achieved through the next Standards revision. Some of the main themes covered included: Improved credibility (including through assurance), driving greater impacts, better recognition of Indigenous Peoples and FPIC, better recognition of biodiversity values at stake (e.g. through contacting local expertise), and stronger 'performance' expectations.</i> |
| Session 6. Materiality and 'So What' | The Secretariat introduced the concepts of materiality (focusing on outward impacts, at a sectoral level), and how this could potentially be applied to the ASI Standards The SC worked in small groups to identify/ confirm the most material issues across different supply chain activities, including Bauxite Mining, Alumina Refining/ Smelting, Casthouse/ Re-melter, and Manufacturing (downstream) The SC reconvened to discuss findings from the group work. Key discussion points included: Materiality may depend on operating context rather than specific supply chain activity. For example, labour risks may depend more on the regional context or extent of regulation as opposed to supply chain activity. At the same time, it was noted that key issues may still be present even in 'lower risk' contexts. |



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| | While focusing on material issues is worth exploring, the value of the current ASI standards in part is because they are broad and cover all key issues ("one stop shop"). This value should not be lost Adding the materiality concept is likely to add complexity, and more work is needed on who would define these material issues. Allowing companies to self-select is likely to reduce credibility Individual SC members were asked to reflect on how they would like to see Materiality applied within the ASI Standards <i>Key takeaways:</i> There is strong interest within the SC to further explore how materiality could be used to put greater emphasis on relevant issues. At the same time, the breadth of the current Performance Standard (PS) is an asset, and we should be careful not to lose this. |
| Session 7. Panel Discussion: Lessons learned from Implementing v3.0 | A panel of SC members from certified Entities (Rio Tinto, Constellium and Arconic) and the ASI assurance team (Cameron Jones) shared their experiences implementing v3.0 of the Performance Standard, including areas where certification delivered some value, where they faced challenges, and lessons learned for the upcoming revision. Main discussion points covered: Auditor-related challenges- Inconsistencies in auditing processes and difficulty demonstrating conformance were discussed, for example around verifying FPIC requirements and what type of evidence is required. Implementation challenges: It was discussed that new public disclosure requirements have been challenging for companies to meet, with concerns from leadership (this was anticipated). These were introduced in part to build confidence in the ASI certification and promote transparency, but in future we should be mindful of 'disclosure for disclosure's sake'. New GHG emissions reduction targets including the sectoral pathway (criterion 5.3) were also cited as challenging to implement (discussed separately in session 12) Boundaries of certification - within multi-site certifications, there can be difficulties in aligning standards and implementation across different sites. Key Takeaways: Standards and assurance development needs to be closely aligned to ensure criteria are consistently understood and implemented (discussed further in Session 9 on assurance framework). Ensure that the intent of any disclosure requirements are clearly agreed and understood. Potential compliance/ implementation challenges should be identified early on in Standard development. |
| Session 8. Circularity Update and Discussion | • The Secretariat (Circularity Research Manager) updated the Standards Committee on the work of the Circularity Working Group – there had been 13 meetings since it was set up in July 2023. There were 2 active sub-working groups focused on upstream, and downstream processes. The standards revision is an opportunity to address circularity across the aluminium value chain more comprehensively. |



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| | The Standards Committee was divided into groups to discuss key questions on how ASI Standards could evolve to better embed circularity throughout the aluminium value chain—from mining operations to product design. Following is a summary of the discussions on each question: Should the ASI Standards evolve to more comprehensively address circularity across the aluminium value chain? There was a strong consensus that ASI Standards must move from implicit to explicit integration of circularity. A comprehensive framework will promote sustainable resource use, innovation, and adoption of circular economy principles across all levels. What are the most critical aspects of circularity and specific circularity practices that should be prioritised, and for |
| | whom? |
| | Upstream: Focus on closed-loop systems for managing waste and regenerating land resources. Key actions include mine design, extending equipment lifespan, and implementing tire recycling strategies. Ecosystem resilience and land rehabilitation are essential. |
| | Midstream: Resource sharing (e.g., heat), closed-loop material reuse, and improved scrap collection are critical. Collaboration across the industry, despite some reluctance, will be vital. Midstream operations should also focus on managing asset closures through a circularity lens. |
| | Downstream: Prioritize designing recyclable, energy-efficient products to minimize waste. Energy efficiency during production and product use is an important focus for long-term sustainability. <i>How can we ensure transparency and traceability across the value chain to support these practices?</i> A standardized, auditable framework with well-defined KPIs is crucial for tracking circularity across the value chain. Developing a maturity model for circular practices will help companies evolve over time. Improved data collection and clear definitions are needed to align circularity metrics industry-wide. |
| | 3. How can we ensure that the benefits of circularity reach vulnerable communities, and what should the Standards include to support this (social considerations)? Livelihood opportunities are one benefit of circularity that could support vulnerable communities. Informal waste workers are crucial to circularity but are often excluded from its benefits. The standards should promote their inclusion, offering frameworks for Environmental Service Fees, formal employment opportunities, and social security hubs to ensure these workers benefit without losing their independence. |
| | • Key Takeaways: To drive aluminium's circular economy, ASI Standards must clearly define circularity practices across the value chain, with a focus on transparency, collaboration, and inclusivity. Priority actions include waste management, product design, restoration of biodiversity and ecosystem services after closure, and ensuring vulnerable communities benefit from circularity efforts. A structured, auditable framework is required to achieve these goals. |



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| Session 9. Thematic Session: Assurance Model update and discussion | The Secretariat provided an update on the current and planned work to strengthen the ASI Assurance Model, including the development of a risk-based approach to focus more rigour and attention on high-risk audits. Committee members had the opportunity to ask questions and provide feedback in a plenary discussion It was noted that ASI will develop an initial 'Conformance framework' by Q1 2025, beginning with high priority criteria (such as 5.3) and giving clear guidance on conformance, to help drive consistency amongst auditors and entities. Individual SC members were asked to write down their ideas, priorities and concerns for pre-, during, and post-audit actions. Some areas of improvement included: <u>Pre-audit:</u> Cultural and language considerations: Auditors must understand cultural contexts and historical grievances and address language barriers by engaging key persons who can translate and facilitate communication. Community engagement and auditor selection: Importance of informing communities about the audit process in advance and carefully selecting auditors to avoid potential conflicts of interest. <u>During audit</u>: Diverse community engagement: Auditors should communicate with diverse members of the community, including women, youth, and elders, to gather a wide range of perspectives, as well as including local government during an audit, as they can be very influential in some contexts. Comprehensive stakeholder interviews: Conduct thorough and extensive interviews with relevant stakeholders and validate the information before drafting the audit report. <u>Post-audit</u>: Sharing and feedback on audit reports: Share the draft audit report with impacted communities and allow key stakeholders to pre-read and grosses any potential lack of independence assessment: Inform interviewees about the audit outcomes and assess any potential lack of independence among the auditors. Note: The impo |
| Session 10. Working Session: Claims | The ASI Secretariat shared an overview of the current types of claims (communications and logo usage) that ASI allows ASI Members and Certified Entities to make around their participation with ASI and their sourcing of certified aluminium. To date, there is very little uptake of 'on product' claims or logo usage, with only 3 ASI Members currently using this option. The ASI Secretariat also presented potential impacts of new EU regulation including the Empowering Consumers on the Green Transition Directive and the Green Claims Directive, which will make it harder for companies to make generic |



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| | sustainability claims and which will require new systems to around verification of environmental labels. While the current focus of these Directives is on business to consumer claims, similar legislation in the US and UK also includes business to business claims, and it was noted that downstream consumer-facing claims will still require comparable and credible verification systems throughout the supply chain. The Standards Committee discussed the proposal which the ASI Board had agreed earlier in the week to explore opportunities for ASI to develop new types of claims, initially looking at carbon related claims. This could include claims or communications that Entities could make about their commitment or performance around the 1.5 degree aligned sectoral pathway for decarbonisation. It could also include 'low carbon' claims; given that companies are currently using slightly different methodologies, and numbers are difficult to compare. The SC discussed these opportunities and raised several considerations, including: The importance of tying claims to attributes that downstream companies really value; complexity in defining comparable methodologies (especially around recycled content allocation) and the risk of dividing ASI Membership; and the need for further consultation with downstream companies and end consumers. <i>Key Takeaways: There is general support for ASI, in line with the Board decision, to explore further new categories of claims. It was noted that carbon related claims beyond primary aluminium will require some positions on the allocation of recycled content, which is a challenging area and could be divisive for ASI's membership.</i> |
| Session 11. Introduce and discuss FPIC Concept; Approval of new FPIC Guidance | The IPAF shared their experiences with the development of the FPIC Guidance and shared their perspectives on FPIC and its critical role in supporting the needs of Indigenous Peoples (IPs) and local communities It was discussed that some IPs and local communities are resistant to the FPIC terminology and especially the use of 'consent'. In cases where legal rights for mining have already been decided by governments, IPs and local communities may not understand the value of FPIC (as 'the decision has already been made'). In these cases, FPIC can still help these communities steer and advise on <i>how</i> mining operations will be established, including advocating for their interests. The Standards Committee recognised the extensive work and input from IPs that has gone into developing the FPIC guidance, and appreciate the role this can play to build understanding and promote leading practice. Decision: The SC approved the FPIC Guidance documents to be rolled out as a non-normative guidance document to accompany the existing Performance Standard. The final version will be shared publicly subject to any final minor adjustments coming from the IPAF meeting to be held week of Sept 23. |



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| Session 12. Thematic Session: Decarbonisation update/ discussion | The Secretariat presented an analysis of projected conformance against Criterion 5.3 of the Performance Standard, indicating that a significant proportion of currently certified Entities (mainly upstream) will struggle to reduce emissions in line with their respective GHG Pathways within the next 3 years. Under the existing assurance approach, this would trigger a non-conformance (NC) and eventually a loss of certification as the non-conformances likely could not be addressed in the established timeframes. Non-Conformance as it relates to demonstrating performance (e.g. reducing emissions in line with the 1.5 degree aligned sectoral pathway) in this case is seen as a function of structural limitations, rather than a lack of commitment to improvement. Direction from the ASI Board on this issue earlier in the week was shared and discussed with the SC: The Board supported the introduction of more flexibility in the assurance system to allow more time for performance-related non-conformances on 5.3 to remain open, without losing certification. The Board also supported development of a new 'Conformance Framework' that clearly defines & categorises non-conformances – with the technical development to sit under the Standards Committee Decisions: The SC agreed that: ASI Secretariat drafts rules for repeated GHG Emissions performance-related non-conformance as a modification of existing Provisional Certification rules (e.g. derogation process), supported by a Standards Committee subgroup (along with auditor input and with additional technical expertise as required); In parallel, the same group develop a conformance framework for Criteria 5.3 and 5.4 Finalisation and publication of flexibility rules and conformance framework by end 2024. |
| Session 15. Working Session: Chain of Custody | The Secretariat presented on the current Chain of Custody model (mass balance at group level) and shared a comparison with other chain of custody models. The Secretariat clarified that the original intent of the CoC standard for ASI was to help driving uptake of the Performance Standard (especially upstream) and to support credible claims (e.g. around selling of 'ASI certified' aluminium or use of the ASI logo on products) During the plenary discussion the SC raised questions and feedback, including: Some SC members preferred the idea of the mass balance approach, as segregation was considered as too challenging to implement, though it is understood that transparency is the direction that the industry is moving towards. ASI needs to carefully consider what end users and customers want, in terms of what their key drivers are - what is meaningful for them. |



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| | Some SC members questioned the value of claims linked to a controlled blending model (e.g. if 70% of the material is ASI certified, does it imply the remainder is 'not good'? Is a minimum percentage required? Should we make sure the remaining percentage doesn't represent sever labour or environmental risks?). The role of traders will need to be considered – their business is often opaque, and they are not currently eligible for certification under the ASI approach One key strength of the current ASI CoC model is that it requires due diligence (controls) on aluminium purchased from non-certified suppliers as part of the requirements for Eligible Scrap. This helps entities implement a risk mitigation approach for their sourcing, although it is not widely communicated as a value of the CoC. New and future regulation such as the CSDDD will require companies to know the origin of their material – ASI will need to consider how supply chain transparency can link back to driving impact upstream – e.g. with local communities and Indigenous Peoples. IPAF SC members emphasized how stronger traceability can help to protect communities. Key Takeaways: While there are increasing pressures for more supply chain transparency and due diligence, chain of custody models that support traceability at the product level (such as segregation) are very challenging to implement and not yet scalable in the sector. The timing is right for ASI to consider what a different CoC approach might look like, which better meets the needs of companies around due diligence and supply chain mapping, and supports new categories of claims (as discussed in session 10). More consultation on what downstream companies and end customers are looking for will be essential. |
| Session 16. Standard Revision Tackling key questions | The SC divided into groups and explored some of the key, complicated questions that the upcoming revision is likely to face. These sub-group discussions are summarized below: <u>Group A:</u> This group discussed whether the ASI standards should evolve to include more <u>outcome-based criteria</u> in the future. The group noted the importance of aligning with existing standards (such as GRI) which have a strong management system focus. They also discussed the challenges in having outcome-based criteria be relevant for all contexts – for example, hazardous waste is defined differently in different regions. The connection to Materiality was highlighted; for example, perhaps outcome focused criteria could start with the most material issues. <u>Key takeaways:</u> Inclusion of more outcome-based criteria could be positive for the credibility of the ASI Standard and could support differentiation/ driving of impacts. But, there is significant complexity in this work and it is recommended to 'start small' – e.g. focus on a limited set of areas of criterion first. |



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| | Group B: This group discussed whether ASI should consider introducing additional 'tiers' of Chain of Custody (e.g. controlled blending) along with the current mass balance model. The group mapped out advantages and disadvantages to this approach, and noted that a 'stricter' CoC model such as controlled blending would not necessarily provide the supply chain mapping or due diligence support that some ASI members are looking for. And, it would be significantly harder for upstream and midstream companies to implement. Benefits of a tiered CoC model (e.g. Mass balance + controlled blending) included adding more robustness to mass balance, perception of credibility, and potential to increase transparency (though this is not a given with controlled blending). It was discussed whether some additional controls could be introduced into the current mass balance model (for example, restricting mass balance to sites within the same country). It was recognised that we need more feedback from downstream companies on the types of claims they want to make and their priorities; which should help shape the CoC model does not deliver strong value either for upstream or downstream entities – however, a controlled blending or segregation option may still not deliver on downstream company expectations, and could add significant implementation burdens upstream. The timing is good for ASI to consider new approaches to CoC, and a next step should include more consultation with domstream companies and end customers around their needs. Group C: This group discussed introducing new categories of claims, (with specific focus on claims related to GHG/carbon and recycling). Opportunities identified were around increasing credibility of the standards and demonstrating compliance to to be legal due diligence requirements, positioning members favourably in the market and the role ASI could play in offering credible and comparable methodologies. Risks identified included adding complexity to verification and the challen |



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| | what would be classed as 'leading'; additional oversight would be needed and with more work for auditors to ensure accuracy and consistency. It was noted that supply chains were complex. The group agreed that systems implementation should be encouraged, with opportunities for others to present their processes to strengthen the foundation. The group suggested that three should be more granularity in performance evaluation, allowing for differentiation beyond a single overall score. Leading scores could be awarded for separate topics or areas of performance e.g. biodiversity. Key takeaways: ASI should do further work to progress options for differentiation, including the concept of having different outcomes, or performance levels, possible in different areas. Group E: This group discussed elements that should be considered and/or strengthened in the next performance standard, from an IPAF perspective, considering the protection of Indigenous Peoples and Local Communities. The group discussed scenarios where one company has two different sites, with one certified and one not. In the uncertified site, sometimes human rights and environmental violations occur, due to the company taking advantage of 'lax' laws. What is ASI's role in this? Should the next PS require all sites to be certified? Associated facilities (e.g energy plants) were also discussed within this. Secondly, the group discussed audits, and how it is important communities have access and knowledge about the audits, to ensure their contributions were captured correctly by the auditor, so that their voices can be heard. Sometimes community members, which should be changed. The method of communicating is also an important consideration. Lastly, the group discussed the challenges associated with mines that are due to close in the near future, and therefore have lower incentives to re-certify with ASI. This is particularly important to consider when it comes to mine rehabilitation and closure. Key takeaways and actions:< |
| Session 17. Benchmarking Update and Priorities | The ASI Secretariat presented on the ASI Standards Benchmarking and Recognition procedure for identification, prioritisation, benchmarking and review of Standards Systems for potential recognition (by and of) ASI |



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| | Standards. The Secretariat provided updates on the current work and plans for 2025 within various downstream sectors including automotive, building and construction, renewable energy, as well with other mining and metal standards. SC Members would like to see more alignment between standard schemes to reduce unnecessary duplication. Marcel Pfizer from the SC shared his views on the value of greater alignment with other standards (such as ISO) – with a focus on downstream companies where the 'aluminium-specific' risks are less relevant. The SC noted that ASI could do more to demonstrate how it compares against other standards, to reduce the number of requests from customers for duplicative standards or questionnaires The SC also discussed how to address cases where auditors are 're-auditing' open non-conformances with ISO standards (e.g. ISO 14001) that have been determined as equivalent with sections of the Performance Standard. It was discussed that auditors should not be re-doing the ISO audit, but should still do a 'light check' of the open non-conformances and action plan to ensure equivalence. This is to be addressed through updated training and auditor calibration. Decision: Update audit guidance and training / calibration materials to ensure that with equivalent ISO schemes, auditors only carry out a basic check of non-conformance plans, but do not need to re-audit entire sections. Key takeaways: ASI needs to continue to prioritise benchmarking and alignment with other schemes, and can further expand our current recognition of relevant ISO standards, especially downstream. In addition, more recognition of other mining standards for upstream entities should be a priority. |
| Session 18. Thematic Session Biodiversity and Nature Positive | Jose Rubio (FFI) and Piet Wit (Chimbo Foundation) gave a presentation to the SC on key developments and aspirations related to biodiversity, nature positive approaches, and ecosystems. Flora and Fauna's presentation focused on the Kumming-Montreal Global Biodiversity Framework, which dictates what conservation efforts should be made in the lead up to 2030 to support biodiversity. It was adopted by the 15th Conference of the Parties to the Convention on Biological Diversity and 196 countries are now committed to incorporating the framework into the national regulations. The key intent was to change the way of thinking of businesses towards biodiversity. Chimbo Foundation's presentation focused on a 4-step process for rapid ecological assessment, originally developed for military operations but which can be applied in bauxite mining also. There was emphasis on the importance of involving local communities and understanding direct/induced/cumulative impacts. <i>Key takeaways: Biodiversity is a critical area and one where the ASI standards can evolve to better drive leading practices in the aluminium sector. Future versions of the standards should consider clearer definitions around area of influence and the types of impacts that should be assessed</i>. |



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| Session 19. Standards Committee Process and Ways of Working | The Secretariat presented the project timelines for the revision of the standards (slide 61) which had been designed in line with ISEAL requirements and the ASI Standard Setting and Revision Procedure (pre-read 19). There was a reminder on the process for declaring conflicts of interests, and a proposal for the structure of committee sub-groups and working groups. Standard Committee Members were consulted on their preferred approach for ensuring different time zones were accommodated for calls and a schedule of upcoming meetings was shared. The next in-person meeting is tentatively planned for May- June 2025 Standard Committee Members were asked to document any material conflicts of interest and to indicate their interest in sub-groups. Decisions: Steven Bater (EGA) and Piet Wit (Chimbo Foundation) were voted in as co-chairs of the Committee. Next Steps: Two separate calls will be scheduled around the end of October/ early November (doodle poll to follow), to best support time zones and participation. The ASI Secretariat will keep in touch with members to review this, as there was agreement that there was value in having whole-group calls too. |