

Aluminium Stewardship Initiative (ASI):

Responsible Production, Sourcing and Stewardship of Aluminium

Thad Mermer, ASI Communications Manager

Klaudia Michalska, ASI Impacts Analyst

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Agenda

- Introduction
- ASI Standards and Certification
- Impacts and Outcomes of the ASI Certification Program

A. Introducing ASI

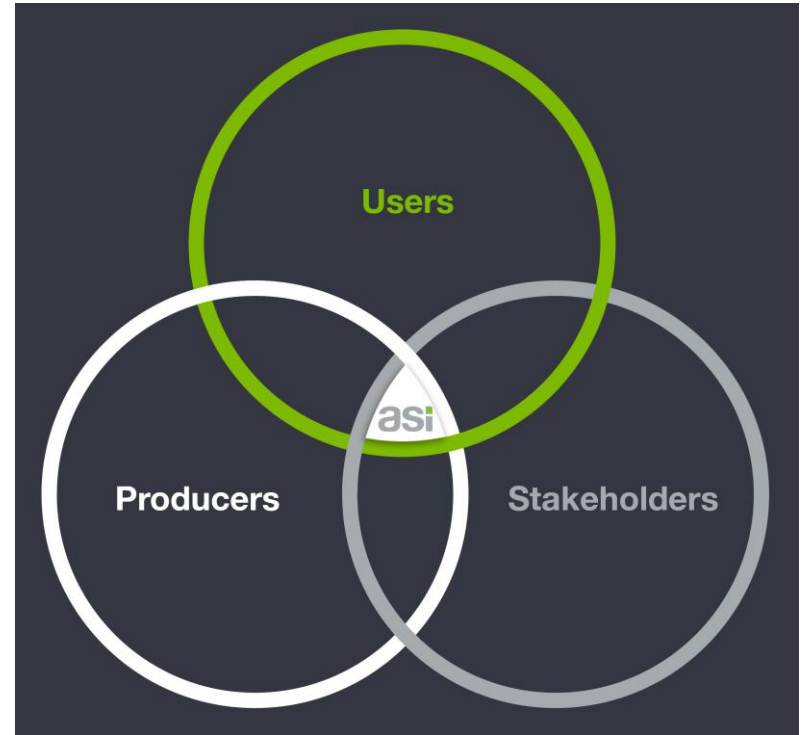
ASI Vision and Mission

Vision

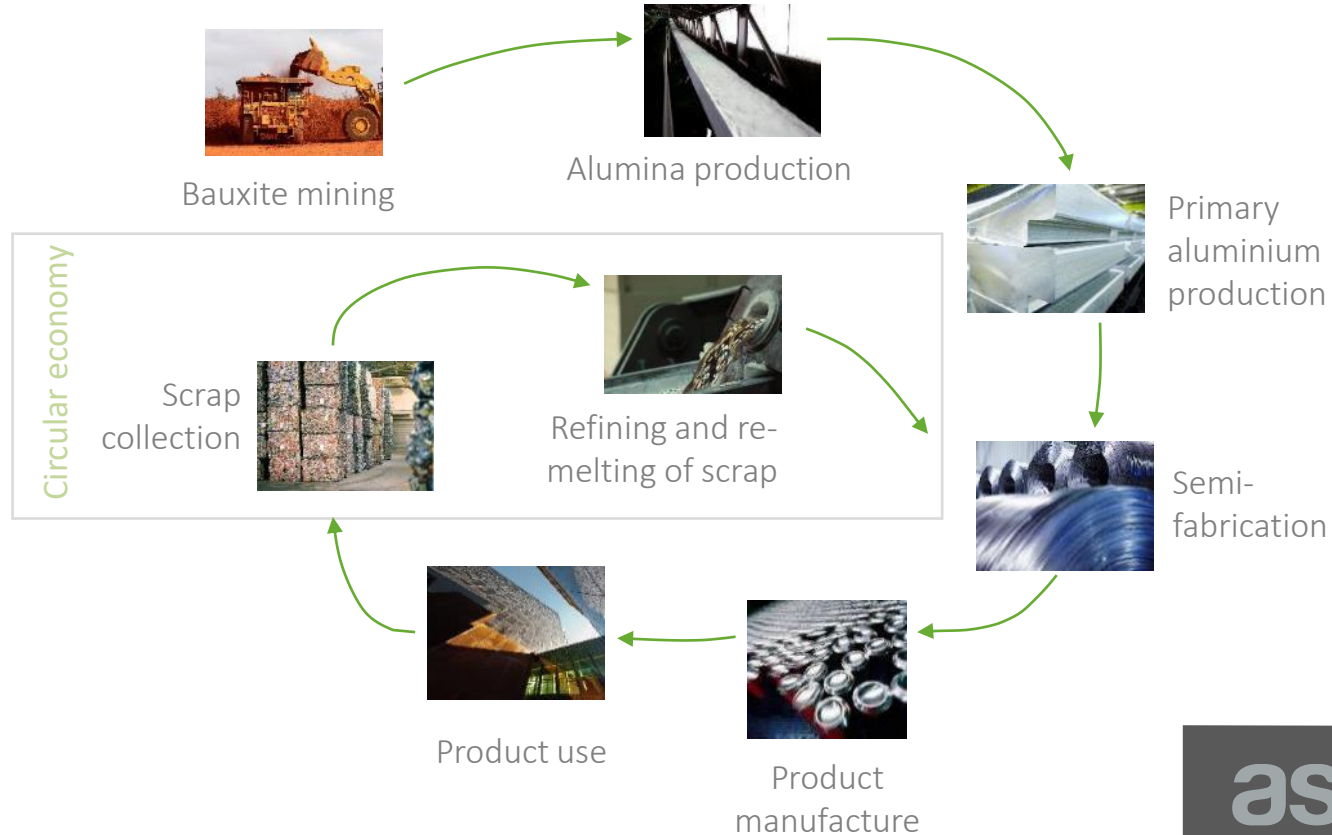
To maximise the contribution of aluminium to a sustainable society.

Mission

To recognise and collaboratively foster responsible production, sourcing and stewardship of aluminium.



The aluminium value chain

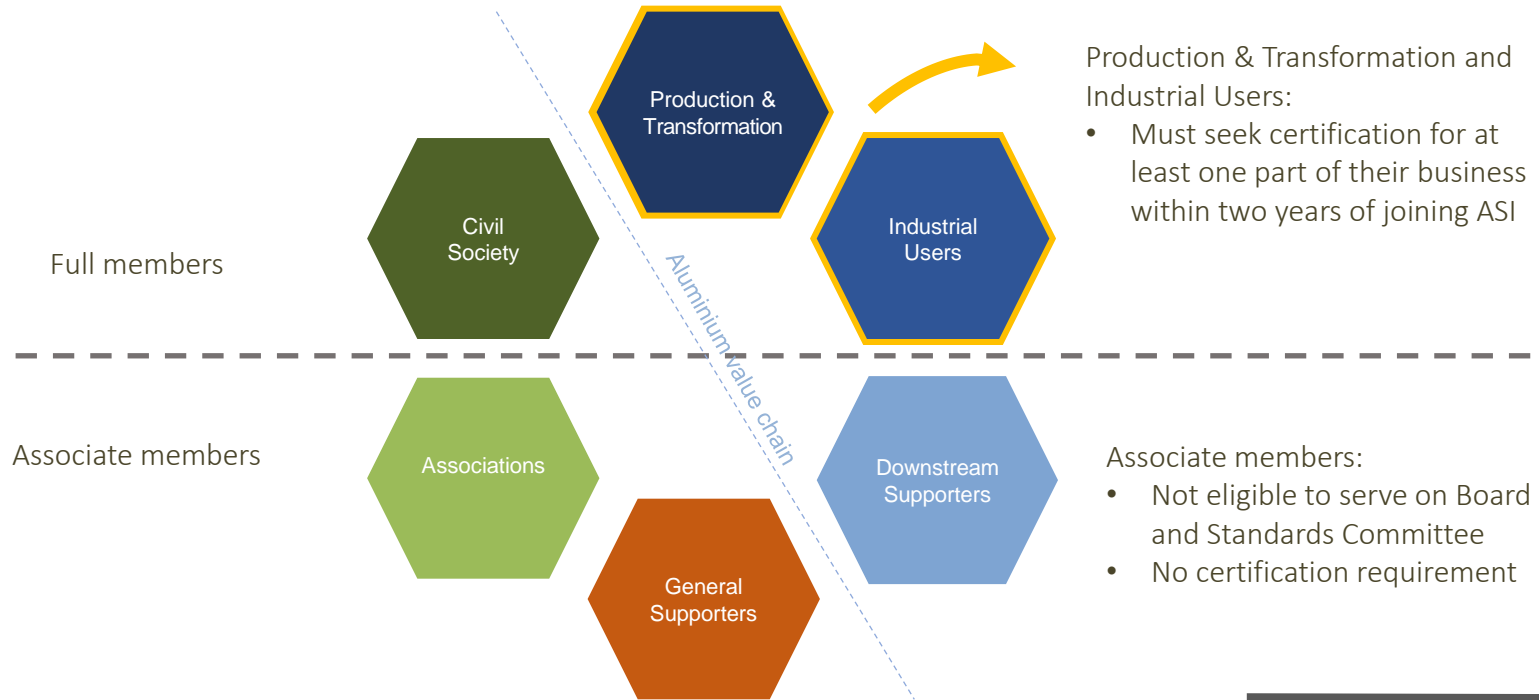


ASI – a brief history

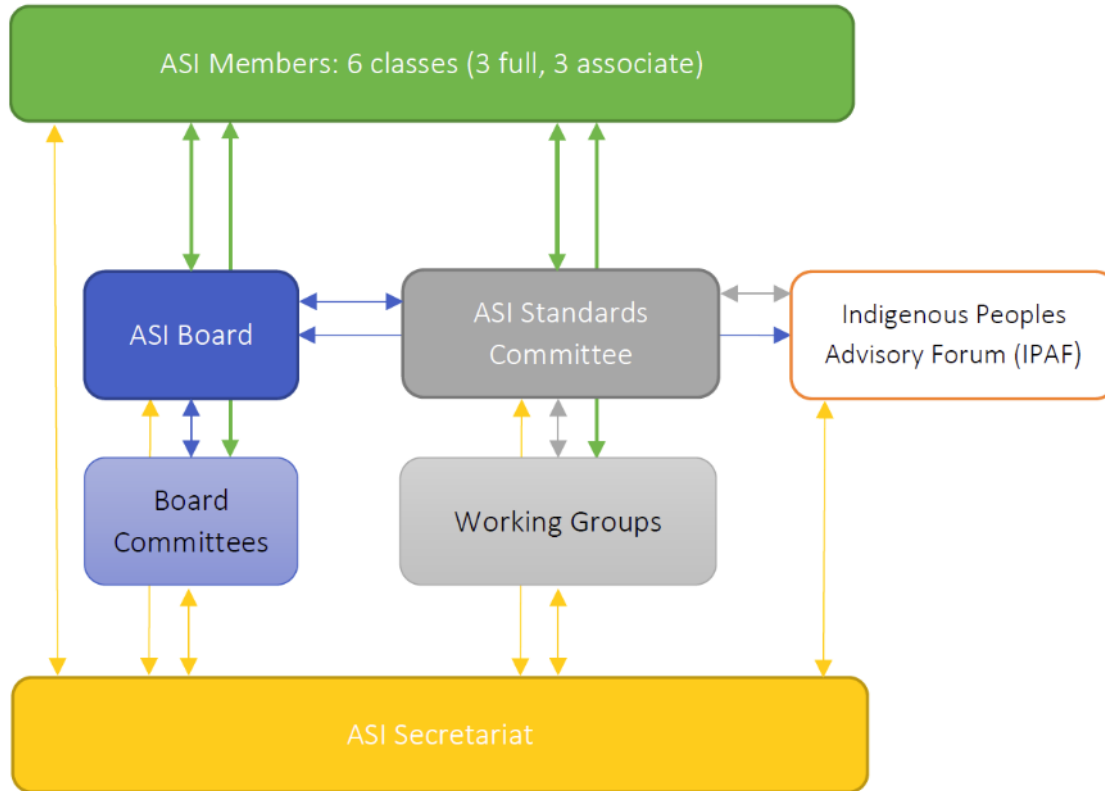
- 2009** Multi-stakeholder group on ‘responsible aluminium’
- 2011** Agreement to develop ASI work program
- 2014** IUCN hosted project concludes with draft Standards
- 2015** ASI incorporated and formal program development commences
- 2016** First AGM, Constitution adopted
- 2017** Launched full ASI Certification program in December
- 2018** First ASI Certifications, ISEAL Alliance Member
- ... 2021** **190+ ASI members, 150+ Certifications – strong momentum**
*** Standards Revision ongoing until April 2022**



ASI Membership – 6 classes



ASI governance – working in partnership



- Members elected annually to Board and Standards Committee on rotating 2-year terms
- Working Groups open to all members

ASI THEORY OF CHANGE

ASI LONG-TERM GOALS



Stakeholders increasingly invest in and/or reward improved practices and responsible sourcing for aluminium.



Sustainability and human rights principles are increasingly embedded in aluminium production, use and recycling.



Aluminium continues to improve its sustainability credentials.

SHORT-TERM OUTCOMES

MEDIUM-TERM OUTCOMES

- ASI membership is inclusive
- Increasing uptake of certification by diverse businesses
- Relevant, practical and consistent assurance
- Continual improvement among certified entities
- Enhanced ability to leverage existing certifications

- Reduced climate change impact
- Enhanced waste management of upstream processing residues
- Enhanced biodiversity management
- Practices that implement business' responsibility to respect human rights
- Increased material stewardship by all actors in the aluminium value chain

- ASI is recognised as a valuable initiative

- Society makes effective use of aluminium

ASI STRATEGIES



EFFECTIVE GOVERNANCE



CREDIBLE PROGRAM



GROWING MEMBERSHIP



FINANCIAL RESILIENCE

asi Aluminium Stewardship Initiative

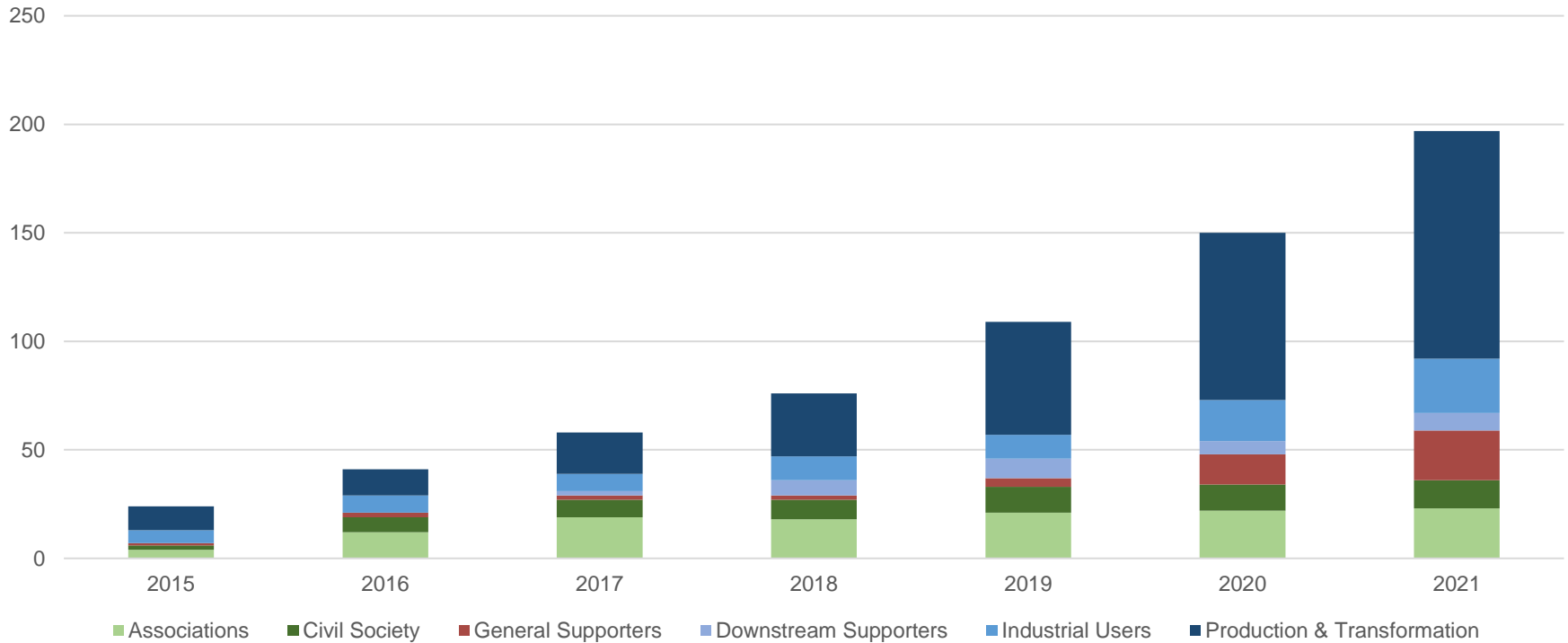
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ASI – success factors

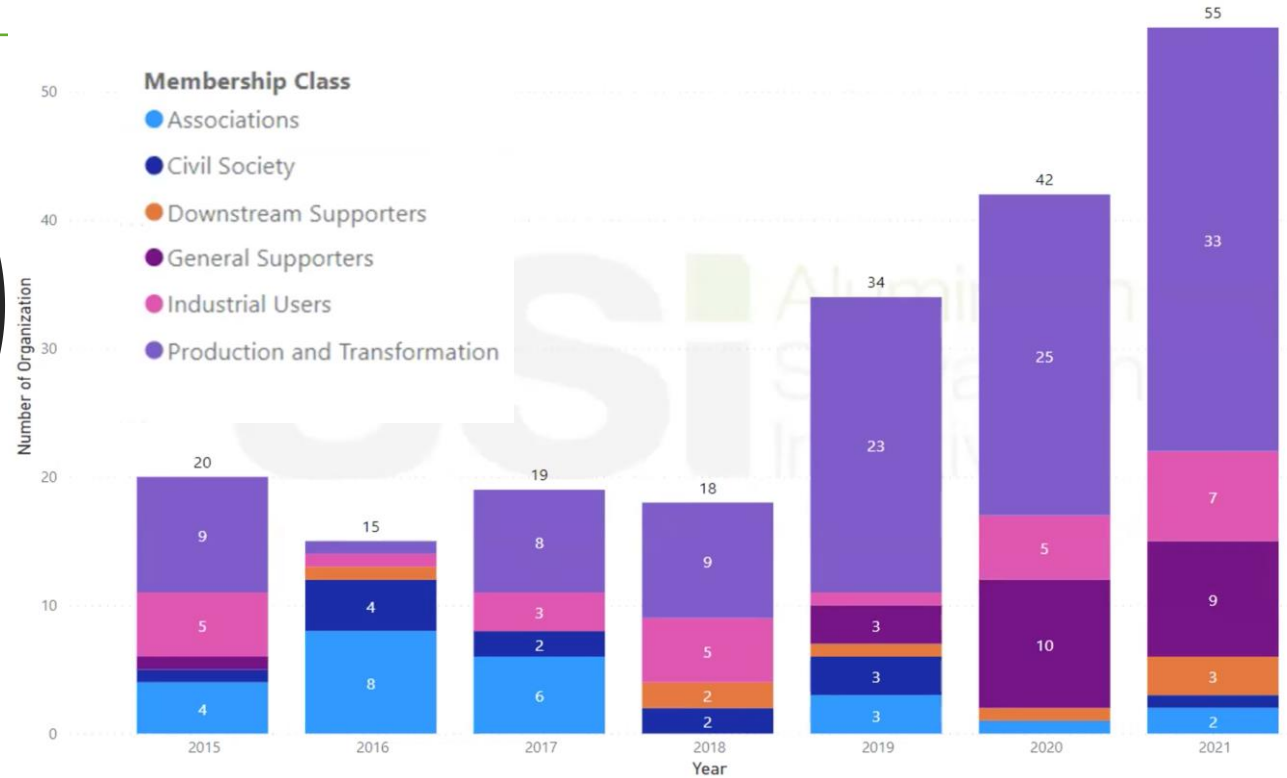
- Proactive rather than reactive
- Multi-stakeholder from inception
- Whole of supply chain approach
- Rigorous approach to program development
- Tailored to risks/materiality for aluminium
- Uptake is B2B driven
- Focus on innovation, including through digital investment



ASI membership 2015-2021 (data to Oct 2021)



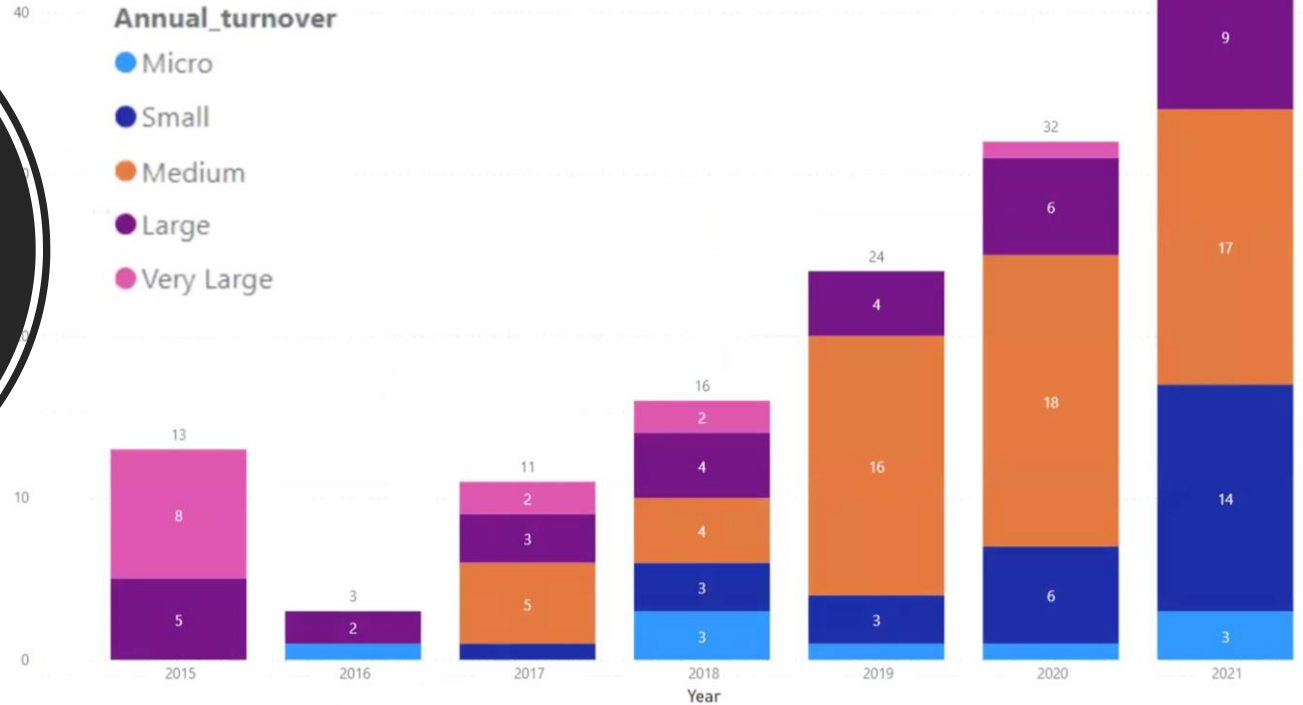
Growth of Membership per Class(Not Cumulative)



Rate of membership growth

- Increasing rate of membership growth

Membership: Organisation size breakdown

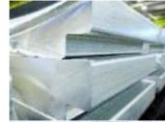


- Small: US 10 - 100 million annual turnover
- Medium: up to US 1 billion
- Large: up to US 10 billion

B. ASI Standards and Certification

Priority issues for ASI Standards

- Bauxite mining
- Alumina production
- Aluminium production
- Semi-fabrication
- Product manufacture and use
- Recycling



Biodiversity management

Indigenous Peoples' rights

Greenhouse gas emissions for refining and smelting

Bauxite residue, spent pot lining and dross

Material stewardship

ASI Standards: Application



The ASI Performance Standard sets out practices for sustainability and human rights principles to be applied by companies along the aluminium value chain.



Practice



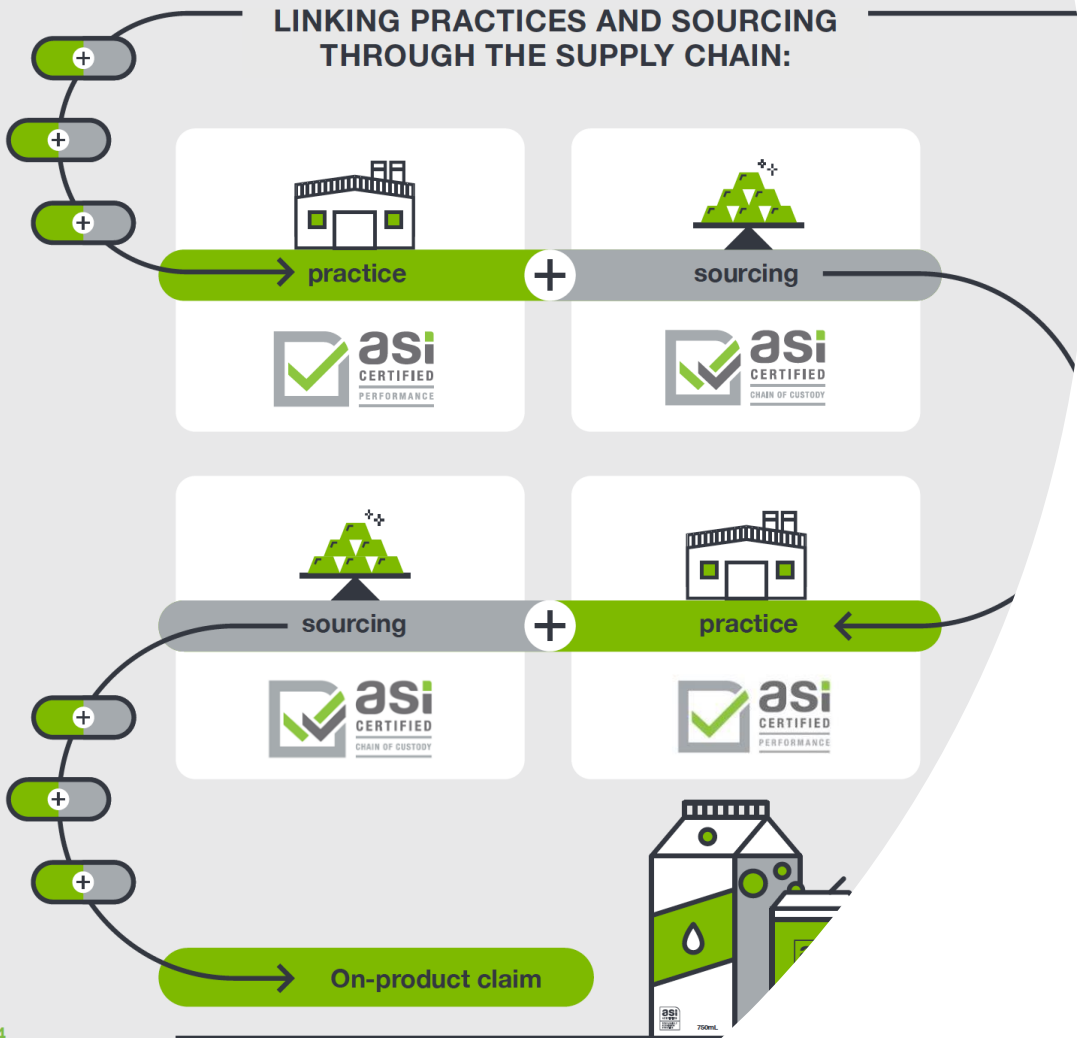
The ASI Chain of Custody Standard creates a link from company practices to responsible sourcing of products, by connecting Certified suppliers and customers and accounting for material flow.



Sourcing

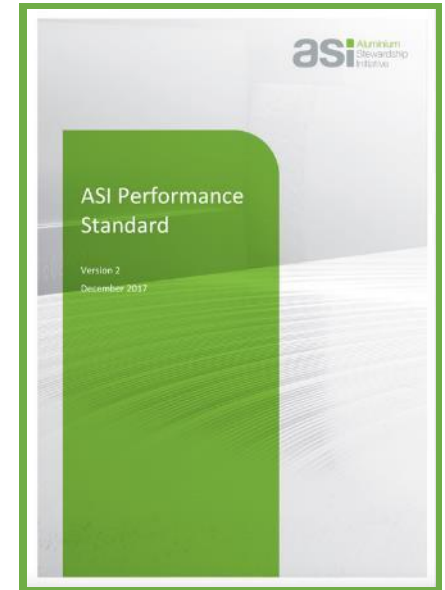
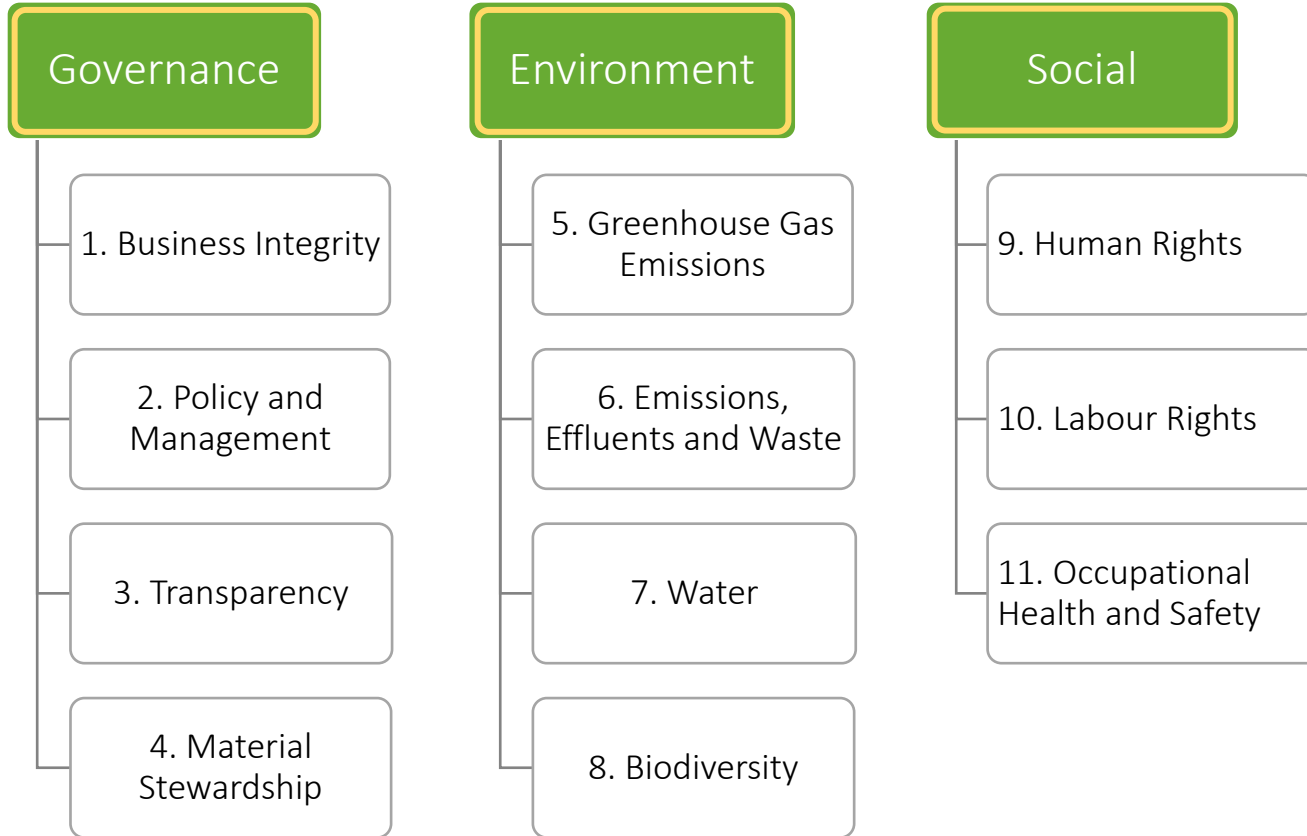


LINKING PRACTICES AND SOURCING THROUGH THE SUPPLY CHAIN:



How the ASI Standards link practices with sourcing

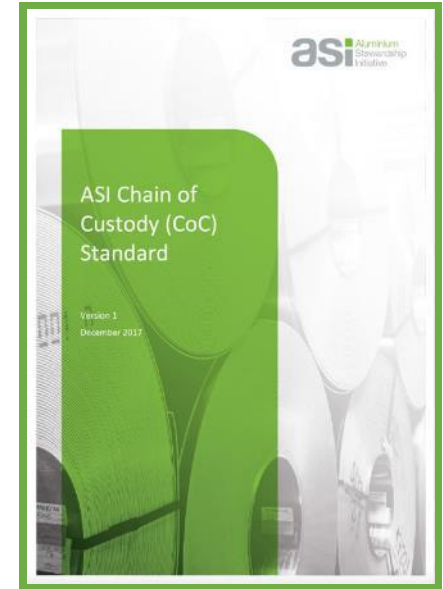
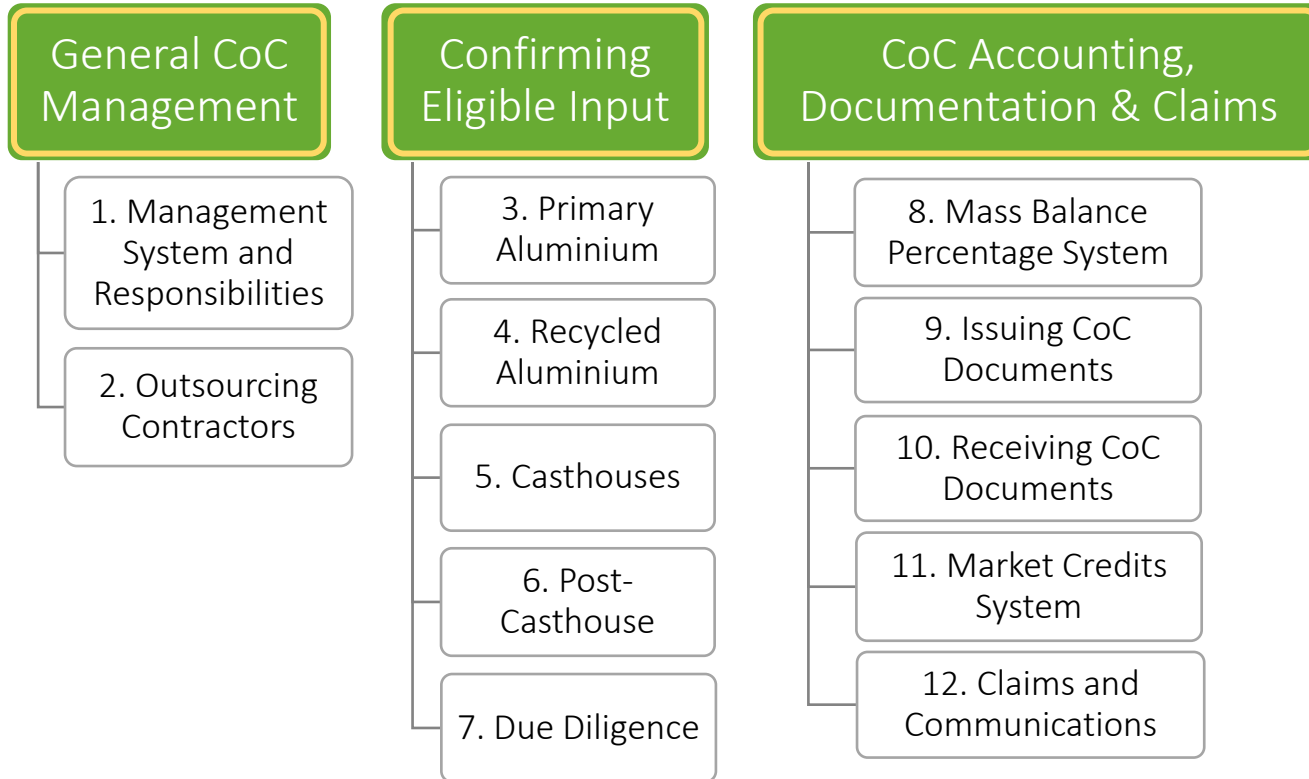
Performance Standard: Overview



Performance Standard: 59 issues in all

Governance: 19	Environment: 19	Social: 21
<p>Legal Compliance. Anti-Corruption. Code of Conduct.</p> <p>Environmental, Social, and Governance Policy Leadership. Environmental and Social Management Systems. Responsible Sourcing. Emergency Response Plan. Mergers and Acquisitions. Closure, Decommissioning and Divestment.</p> <p>Sustainability Reporting. Non-compliance and liabilities. Payments to governments. Stakeholder complaints, grievances and requests for information.</p> <p>Environmental Life Cycle Assessment. Product design. Aluminium Process Scrap. Collection and recycling of products at end-of-life.</p>	<p>Disclosure of GHG emissions and energy use. GHG emissions reductions. Aluminium Smelting.</p> <p>Emissions to Air. Discharges to Water. Assessment and Management of Spills and Leakage. Reporting of Spills. Waste management and reporting. Bauxite Residue. Spent Pot Lining (SPL). Dross.</p> <p>Water assessment. Water management. Disclosure of water usage and risks.</p> <p>Biodiversity assessment. Biodiversity management. Alien Species. Commitment to “No Go” in World Heritage properties. Mine rehabilitation.</p>	<p>Human Rights Due Diligence. Women’s Rights. Indigenous Peoples. Free, Prior, and Informed Consent (FPIC). Cultural and sacred heritage. Resettlements. Local Communities. Conflict-Affected and High-Risk Areas.</p> <p>Freedom of Association and Right to Collective Bargaining. Child Labour. Forced Labour. Non-Discrimination. Communication and engagement. Disciplinary practices. Remuneration. Working Time.</p> <p>Occupational Health and Safety (OH&S) Policy. OH&S Management System. Employee engagement on health and safety. OH&S performance.</p>

Chain of Custody Standard: Overview



The purpose of each Standard

Uncertified Facility

- may not make any ASI claims

Performance Standard ✓

Facility Certified to the ASI Performance Standard

- may make claims about the facility having met ASI Standard

CoC Standard ✓

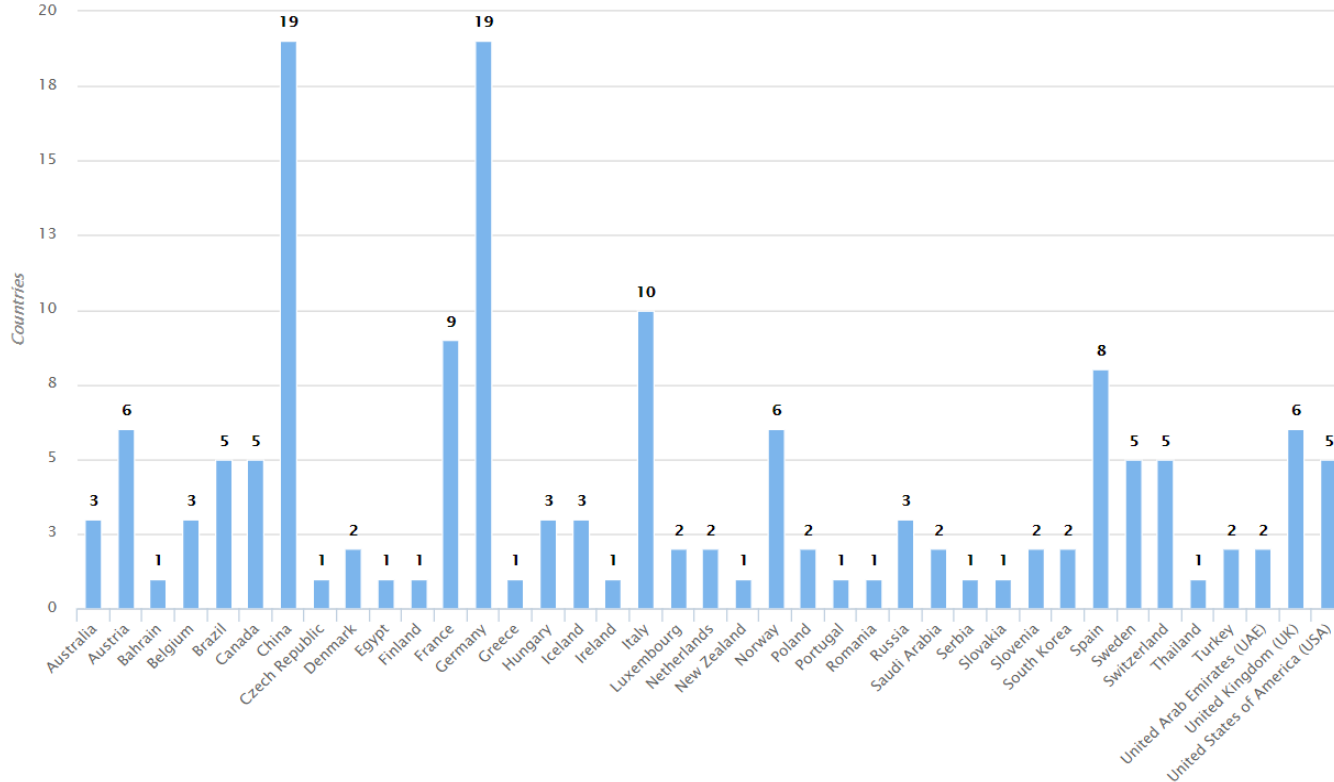
Facility Certified to both the ASI Performance Standard & CoC Standard

- May make claims about the facility having met ASI Standards & may sell ASI certified material



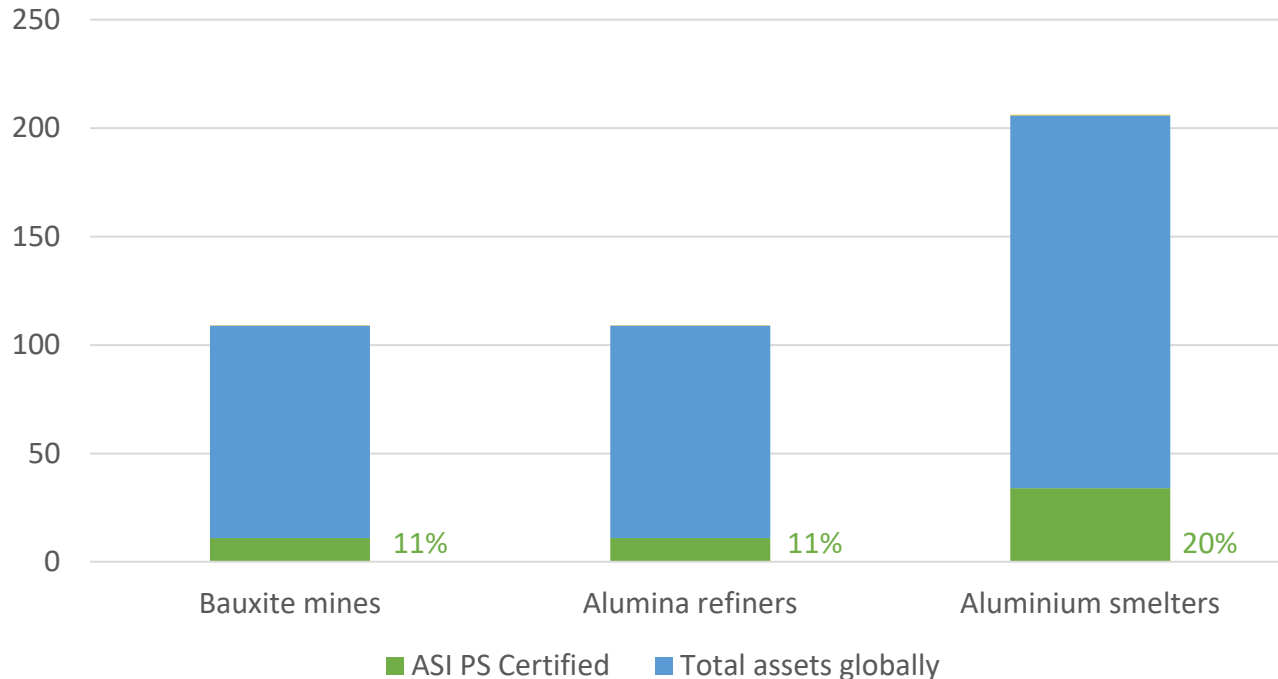
Country incidence of Performance Standard Certification

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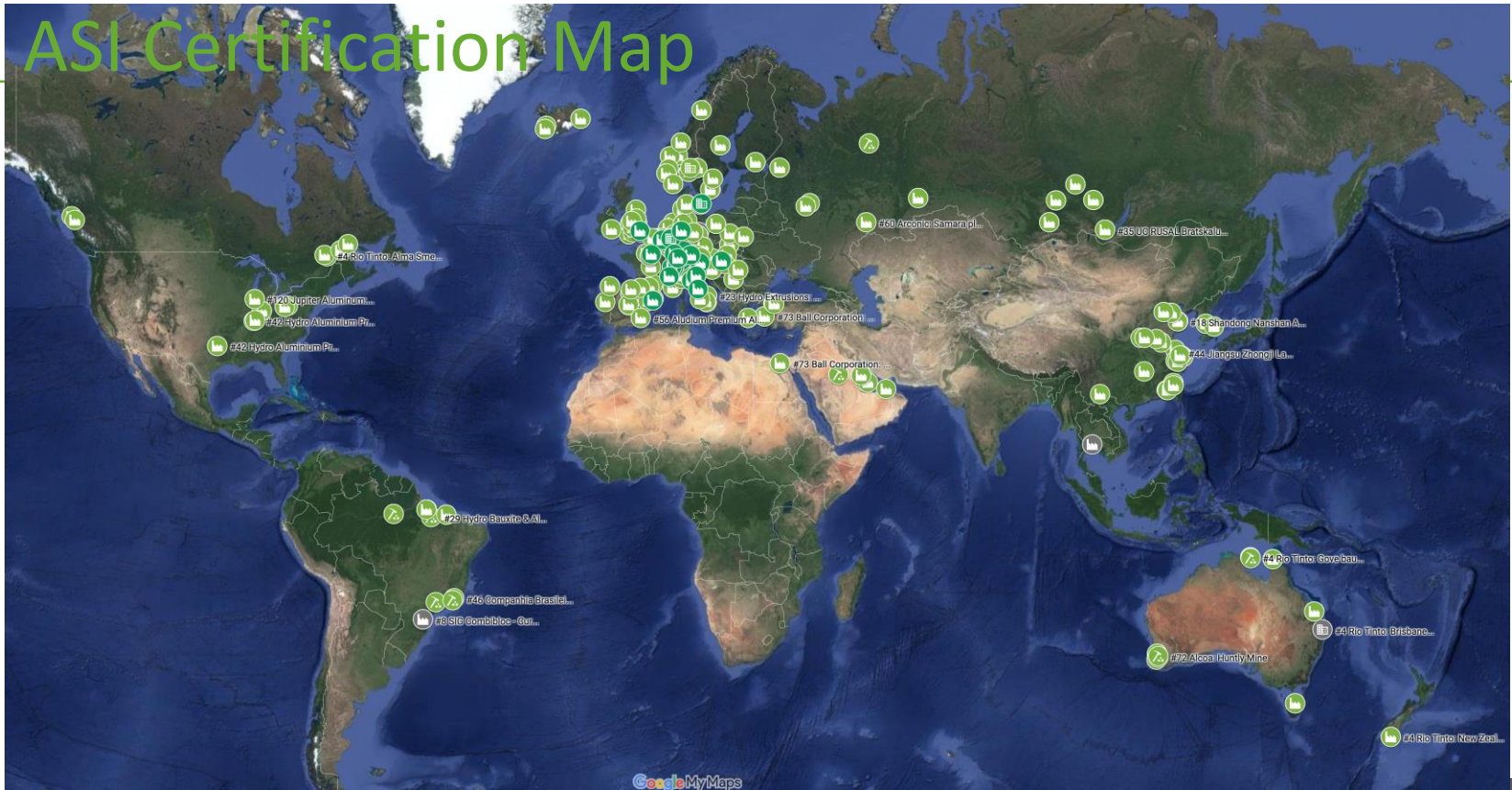
ASI Certification – Performance Standard – Primary

Uptake of ASI Performance Standard Certification
across total global assets to date (3 May 2021)



Data on aggregate number of global assets - Source:
CRU Aluminium Emissions Analysis Tool

ASI Certification Map



Taking a comprehensive approach



C. Impacts and Outcomes of the ASI Certification Program

Benefits of joining – access to markets

Low carbon

Climate Changed

Green Aluminum, Coming Soon to a Metals-Trading Desk Near You

There's potential for a separate, premium market in metal that claims 'clean' status



London Metal Exchange plans low carbon aluminum platform

Conflict-affected and high-risk areas (OECD)



LME SETS OUT RESPONSIBLE SOURCING REQUIREMENTS

25 October 2019



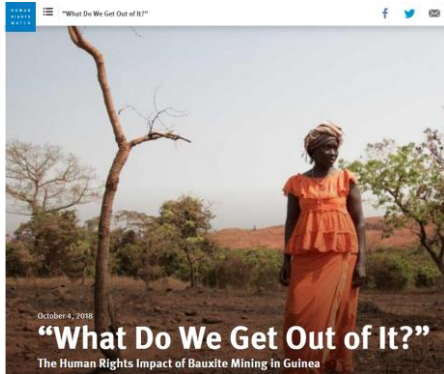
Consumer differentiation

Waste and circular economy

Plastic bottles vs aluminum cans: Who'll win the global water fight?

Benefits of joining – access to resources

Guinea: Local communities filed a complaint against the World Bank for financing destructive bauxite mine



*Community and
NGO concerns*



"Strategic" materials



COMMODITIES FEBRUARY 9, 2021 / 4:32 PM / UPDATED 3 MONTHS AGO

Column: Scrap gap drives China's copper and aluminium import boom

*Availability of
(quality) scrap*

asi Aluminium
Stewardship
Initiative

Benefits of joining – access to capital

Regulatory shifts



Financial sector investment

FT ADVISER

ESG versus performance? For investors in mining it shouldn't be a choice

INSIDER

As ESG investment and goals expand and the sector evolves, expectations grow for more accountability and data

Benefits of joining – Members perspective

Drivers to join

- Sustainability as a business imperative - "license to operate"
- Customer and supplier requirement for responsible sourcing and production of materials
- Responsible decision-making
- Exchange best practices
- Becoming an industry frontrunner

Practical Outcomes

- Better perception of own company
- Aligned business practices with international standards and best practice
- Understanding of importance of ESG performance

Next steps

- Ambition to certify whole supply chain
- Certify against Chain of Custody Standard
- Set more challenging sustainability targets
- Investment in R&D projects

Story of Change - AMAG

- ASI Certification as a milestone on the path of AMAG's ongoing sustainability activities.
- Formalised approach to biodiversity and sustainable management of the surrounding Lachforst forest.
- <https://aluminium-stewardship.org/why-aluminium/asi-outcomes-impacts/asi-story-of-change-series/>



Story of Change – Emirates Global Aluminium

- The ASI Performance Standard as a global benchmark against which EGA can measure their performance, target improvements and align corporate sustainability approach.
- Formalised approach to biodiversity and conservation efforts for the critically endangered Hawksbill turtle.



ASI Chain of Custody – ‘Mass Balance’

Using Mass Balance

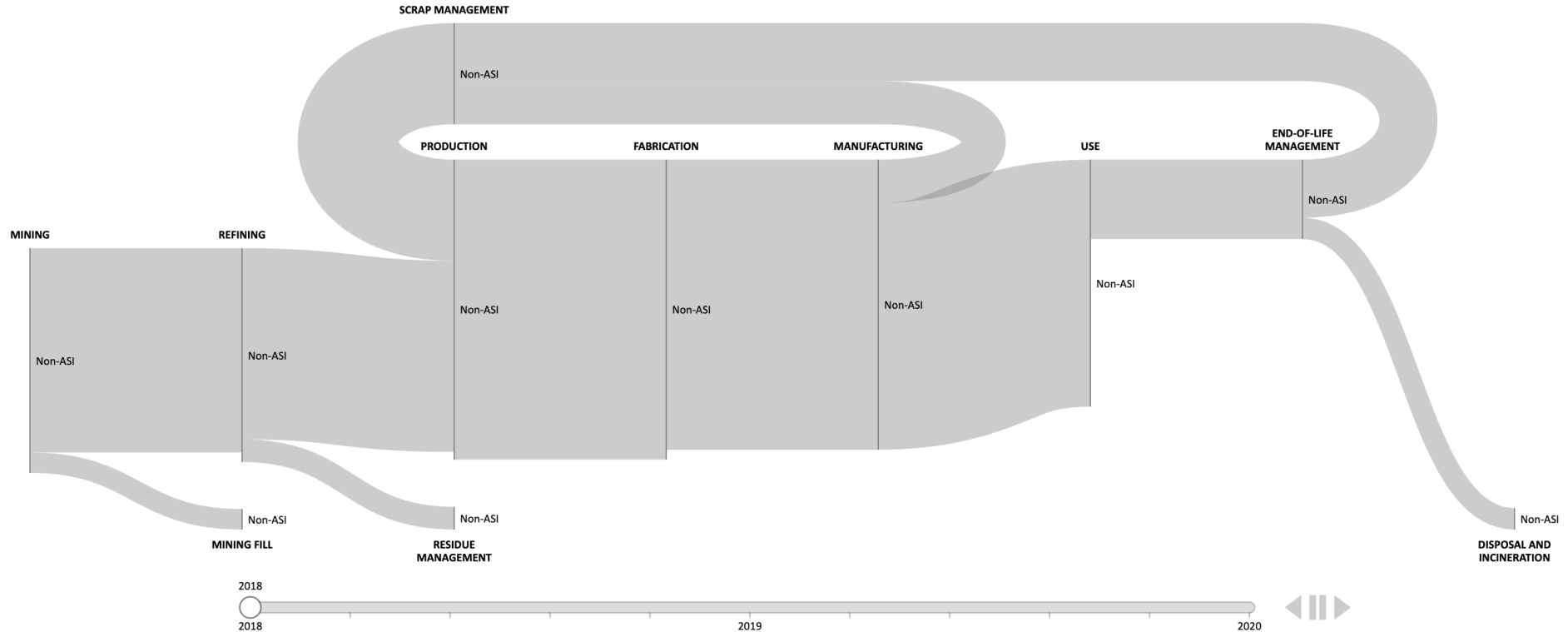
The ASI Chain of Custody program uses a Mass Balance model, which:

- Allows certified and non-certified material (e.g. bauxite, alumina, aluminium) to be mixed, with controls based on a material accounting system
- Enables chain of custody programs to scale up to still achieve impact but with less costs and barriers to participation
- Puts the focus on connecting supply chain practices, not atoms.





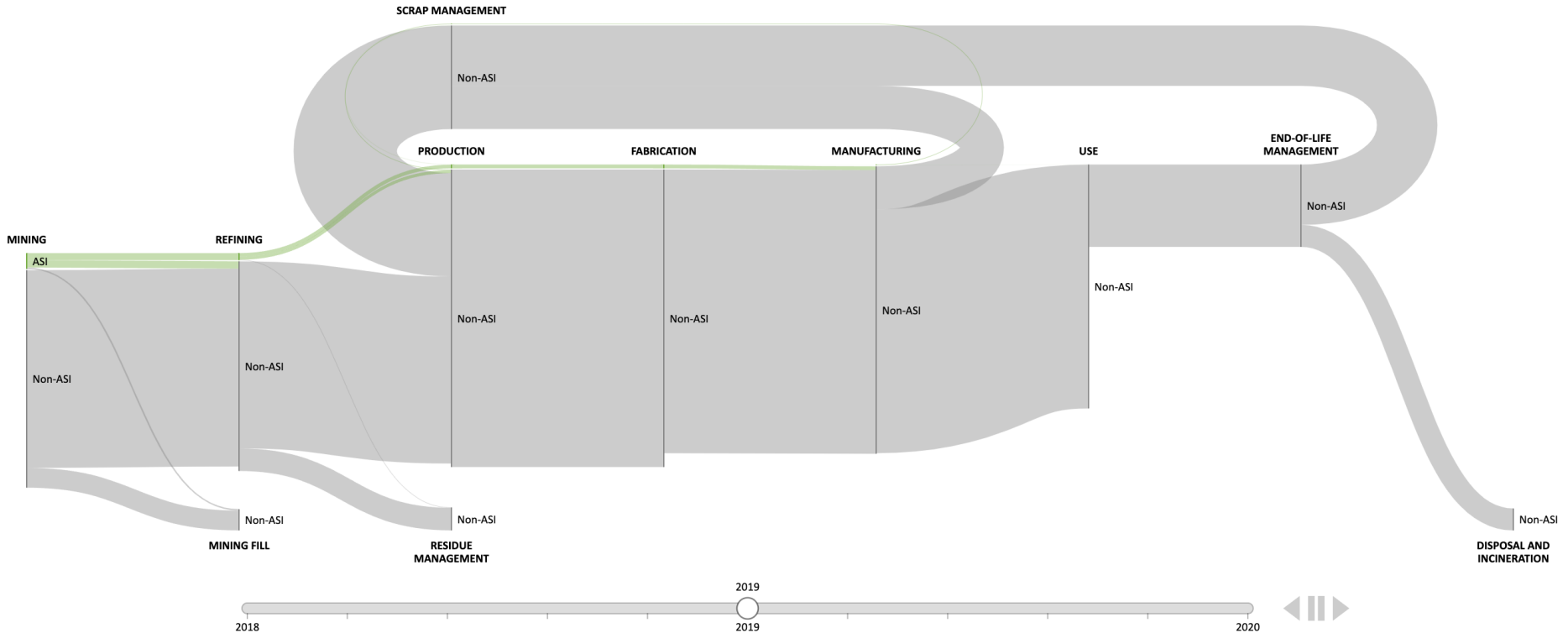
ASI Chain of Custody – Global Mass Flow



GLOBAL ALUMINIUM ASI CYCLE 2018



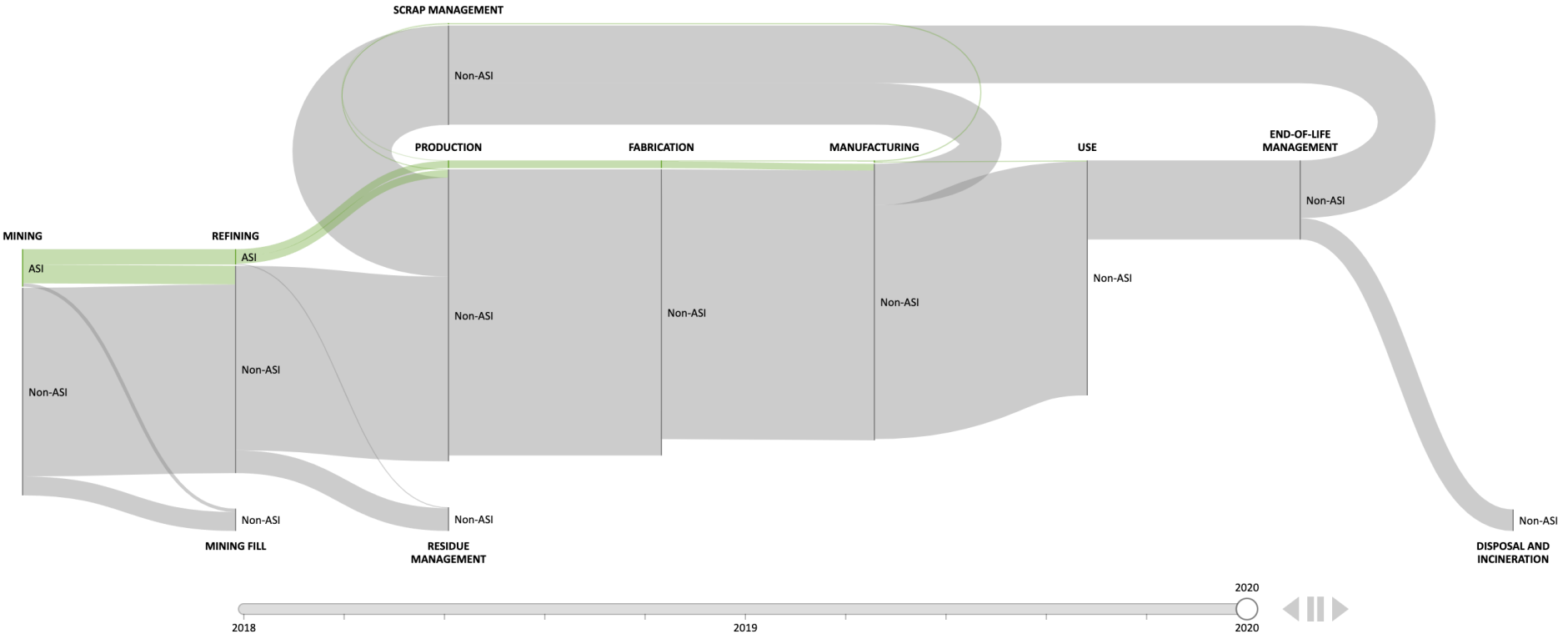
ASI Chain of Custody – Global Mass Flow



GLOBAL ALUMINIUM ASI CYCLE 2019



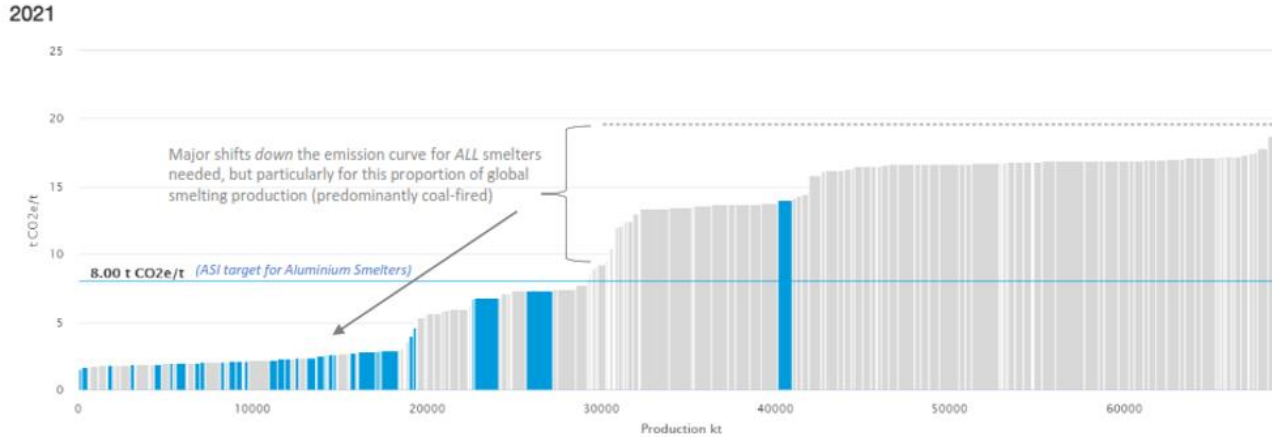
ASI Chain of Custody – Global Mass Flow



GHG Emissions Review – ASI Smelters

03_Aluminium Smelting – CRU Emission Curves (with ASI Entities highlighted)

Aluminium emissions curves
Scope 1 & 2 site (Total Aluminium)



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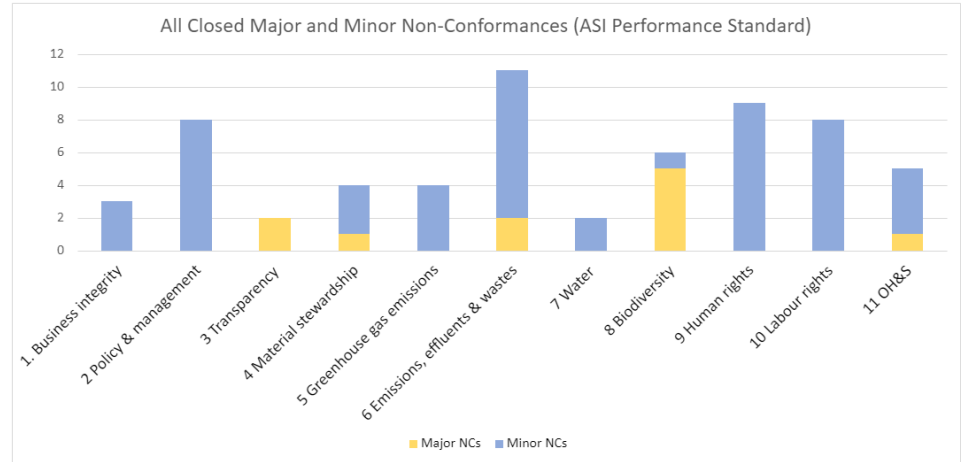
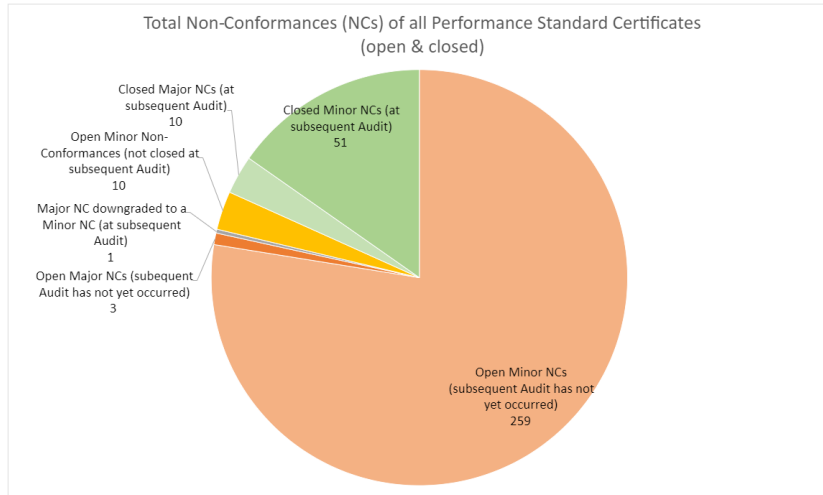
Figure 19: Aluminium smelting – Scope 1 and 2 GHG emissions curves (t CO₂e/t Al) vs. cumulative production (kt) with ASI certified Entities highlighted in colour, compared to CRU's global data set. (Source: CRU Emissions Analysis Tool, © CRU International Ltd, 2021)

Full report:

<https://aluminium-stewardship.org/why-aluminium/outcome-impact-evaluations/>

Progress on Addressing Non-Conformances

Data as of 25 June 2021



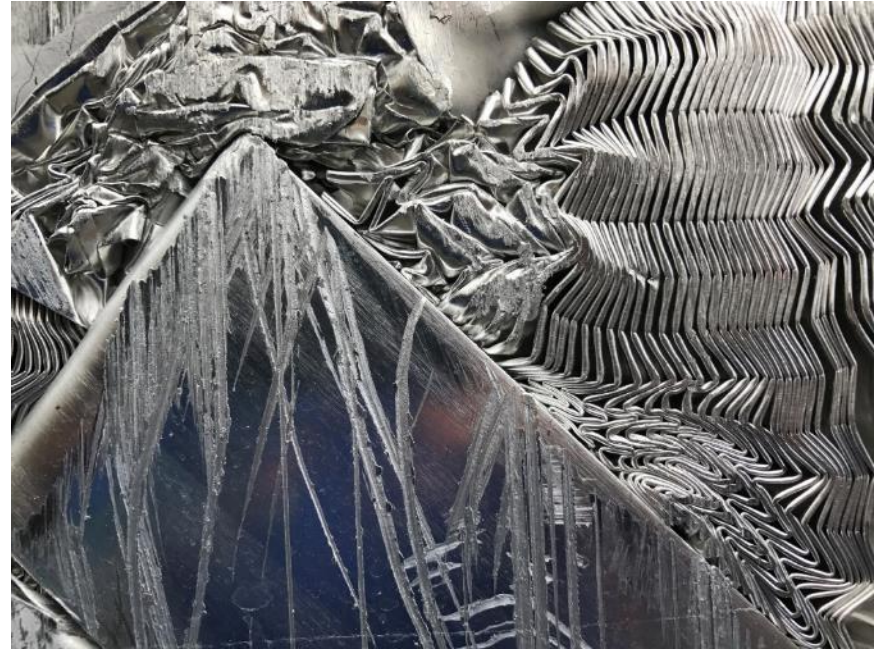
<https://aluminium-stewardship.knack.com/asi-assurance-platform#public-dashboard/>

Contributions to the SDGs



Summary

- ASI has built a robust program for whole-of-supply-chain engagement and improvement
- Members and certifications are growing strongly, building momentum in ASI
- **We are already starting to achieve shared impact through collaboration, implementation and scale**



Thad Mermer
ASI Communications Manager
thad@aluminium-stewardship.org

Klaudia Michalska
ASI Impacts Analyst
klaudia@aluminium-stewardship.org

ASI Website
www.aluminium-stewardship.org

Join the ASI mailing list
<http://aluminium-stewardship.org/mailing-list/>

