

# Aluminium Stewardship Initiative

## What does it mean for your company

Dr Fiona Solomon, ASI Executive Director

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# Aluminium Stewardship Initiative (ASI)

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ASI is working with stakeholders to develop an **independent third party certification** program for the aluminium value chain.

The aim is to encourage and recognise responsible production, sourcing and stewardship of aluminium.

Material  
stewardship

Responsible  
sourcing

Sustainability

# ASI members

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## Production and Transformation

- Alcoa
- Aleris
- AMAG/Constantia Flexibles
- Ball Corporation
- Constellium
- Norsk Hydro
- Novelis
- Rexam
- Rio Tinto Aluminium Division
- Tetra Pak
- UC RUSAL

## Industrial Users

- Audi
- BMW Group
- Jaguar Land Rover
- Nestlé Nespresso SA
- Schüco

## Downstream Supporters

- Coca-Cola Enterprises

## Associations

- Aluminium Association of Canada
- A|U|F e.v.
- Council for Aluminium in Building
- IGORA Cooperative for Aluminium Recycling
- The Aluminum Association

## Civil Society

- IUCN
- WWF

## General Supporters

- Regain Materials

# ASI – a brief history

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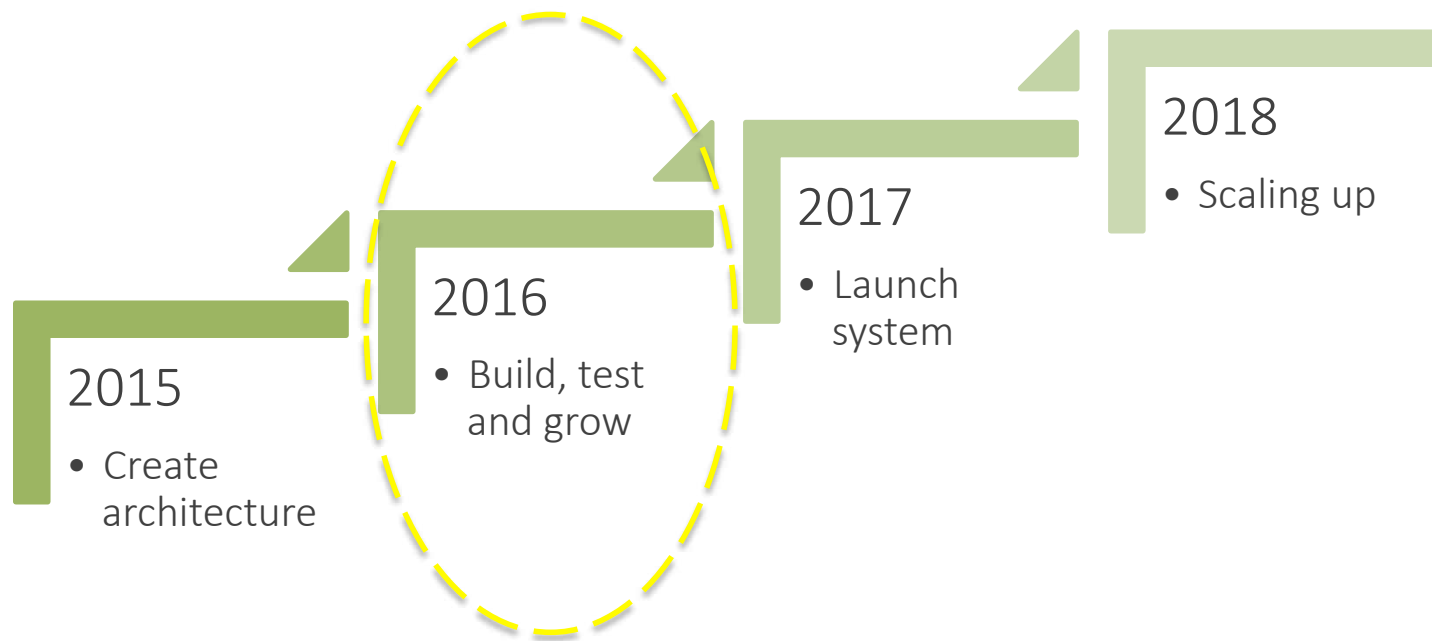
- 2009** Multi-stakeholder group on ‘responsible aluminium’
- 2010** Report from Track Record recommending third-party certification system
- 2011** Agreement to develop ASI work program
- 2012** IUCN appointed as co-ordinator for ASI multi-stakeholder standards-setting process
- 2014** ASI Performance Standard launched
- 2015** ASI Executive Director appointed and ASI incorporated



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# ASI – four year plan

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# This presentation

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- Why is sustainability important for the industry
  - What are the key challenges
  - How can voluntary standards help
- What is ASI working on
  - Formalising governance
  - Standards and technical documents for certification program
- What will it mean for
  - The aluminium industry and aluminium users
  - Small companies
- How you can get involved

# Why is sustainability important

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- Increasing focus for governments, leading companies, NGOs and consumers
- Relevant throughout the aluminium value chain – from mining through to consumer/commercial products – for:
  - Operational performance
  - Regulatory compliance
  - Commercial relationships
  - Corporate reputation
- Most companies already addressing sustainability in their own businesses and/or supply chains, drawing on mix of:
  - Company policies and strategies
  - Regulatory requirements
  - Voluntary standards and frameworks

# Key sustainability issues for ASI

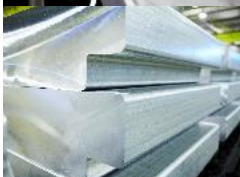
Bauxite mining



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

Images © Rio Tinto and Novelis



# Role of voluntary standards

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Increasingly prevalent in wide range of sectors and issues:

- **Agriculture:** eg forestry, fisheries, tea/coffee/cocoa
- **Mining:** eg EITI, Voluntary Principles, Global Reporting Initiative
- **Gold:** eg Responsible Jewellery Council, Fairmined, OECD Due Diligence Guidance

What standards and certification programs can do:

- Help companies attain their social and environmental objectives
- Build stakeholder consensus on what are responsible practices
- Provide independent assurance of systems and performance
- Support relevant regulatory and compliance requirements
- Reduce duplication of effort and costs through standardisation

# Business case for sustainability standards

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1. **Making complex supply chains more understandable**
  - providing better traceability
  - simplifying what is asked of suppliers by using agreed standards
  - generating better relations with producers
2. **Mitigating risk**
  - outsourcing assurance of responsible practices to local experts helped companies mitigate risks of sourcing from complex supply chains
3. **Ensuring sustainable supply for the whole industry**
  - investment in certification helps strengthen the reputation of, and ensure a sustainable future for, the whole sector
4. **Meeting consumer expectations**
  - increasing consumer awareness of sustainable sourcing
  - creating market differentiation for products
5. **Reflecting a company's values and heritage**
  - aligning goals with values and maintaining stakeholder trust
  - enabling deeper engagement with employees

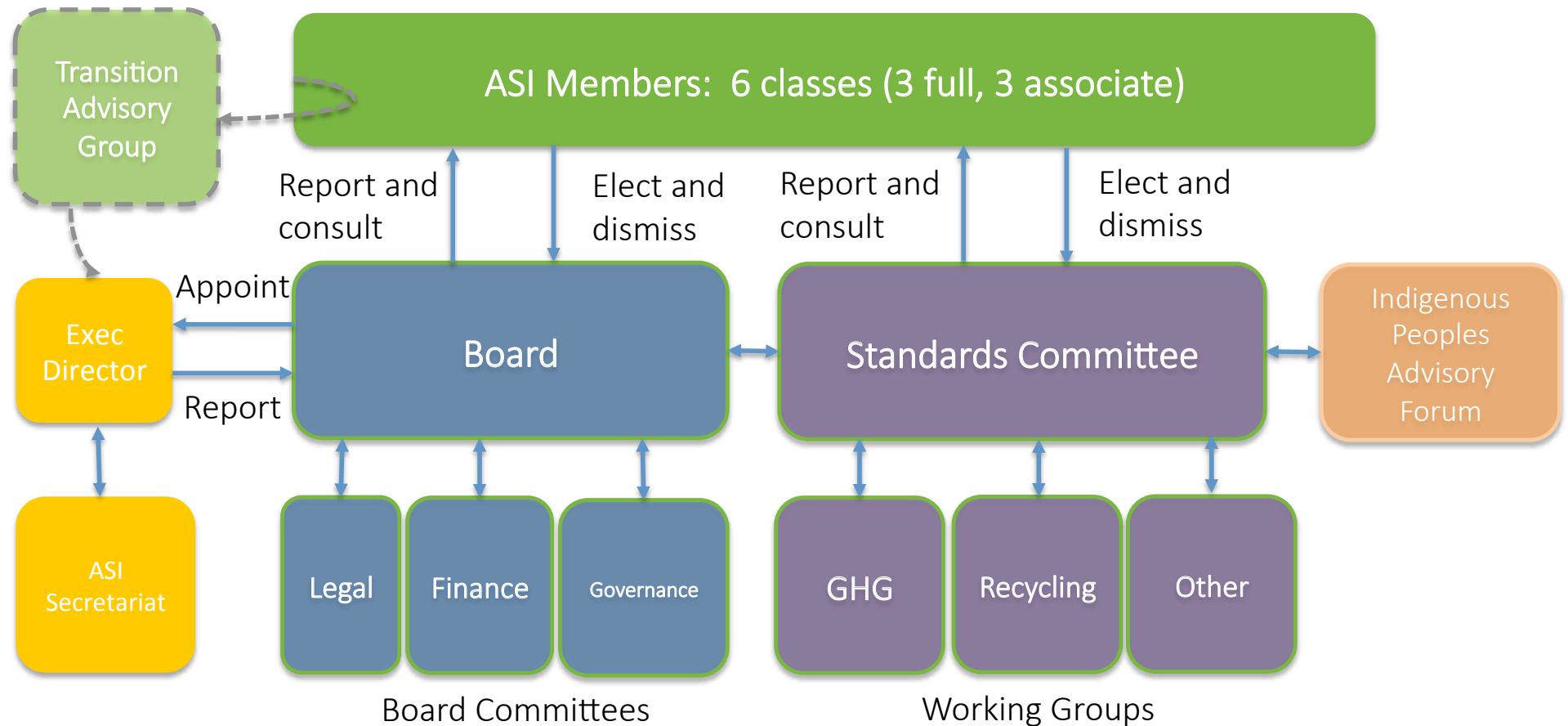
*(ISEAL Alliance research, 2015)*

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# ASI governance model



# ASI standards and assurance

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- Suite of technical documentation is required for a certification program
- Working with members and ASI Standards Committee to develop

## Standards

- ASI Performance Standard (December 2014)
- ASI Chain of Custody Standard (*draft – further public consultation*)
- Claims Guide (*draft*)
- Standards Guidance

## Auditing

- Assurance Manual (*draft*)
- Audit protocols
- Auditor accreditation

## Support and implementation

- Training programs for members and auditors
- IT platforms to manage data and processes

# ASI Performance Standard - structure

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- Governance**
  - 1. Business Integrity
  - 2. Policy and Management
  - 3. Transparency
  - 4. Material Stewardship
- Environment**
  - 5. Greenhouse Gas Emissions
  - 6. Emissions, Effluents and Waste
  - 7. Water
  - 8. Biodiversity
- Social**
  - 9. Human Rights
  - 10. Labour Rights
  - 11. Occupational Health and Safety

# ASI Chain of Custody Standard

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- A Chain of Custody Standard can be used to demonstrate responsible production and meet responsible sourcing expectations
- A mass-balance model is being proposed, which can be applied at the company and/or facility level
- Will accommodate both primary and secondary aluminium
- Further work to revise and finalise the draft standard in 2016-17 with opportunities for public comment



# Auditing model – key objectives

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1. **Costs of certification need to be minimised** to ensure ASI is accessible through the value chain.
2. **Third-party assurance is central**, with company self-assessment as a foundation for this framework.
3. **A risk-based or materiality approach** to auditing and sampling evidence is essential for efficiency and can tie to desired impacts.
4. **Harmonisation and cross-recognition** of parallel standards and systems of controls will reduce unnecessary duplication in ASI assessments.
5. **Online management of assessment data** will reduce direct and indirect costs of the assurance process and can enable a tailored materiality approach.



# Key milestones to ASI certification platform

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## 2015 – General frameworks

- Develop governance and business model
- Develop proposed assurance model
- Stakeholder outreach

## 2016 – Implementation model

- Develop online assessment platform
- Develop monitoring and evaluation framework
- Broad stakeholder consultation on CoC standard
- Implement auditor accreditation process
- Pilot testing of standards and assurance model

## 2017 – Preparing for operation

- Finalisation of all normative documents
- End 2017: ASI Certification begins operation

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# What will ASI mean for aluminium value chain

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- *A forum for international collaboration through the value chain on sustainability issues – upstream to downstream, NGOs and other stakeholders*

## Upstream

- Customers are increasingly interested in responsible sourcing
- Help shape new standards, directly contributing to enhancing sustainability in the global aluminium sector
- Through ASI certification, can differentiate your company and products and enhance reputation to customers and stakeholders

## Downstream

- Understand and mitigate adverse social and environmental impacts of procurement
- Options for preferential sourcing and market differentiation for sustainability practices
- Through ASI certification, demonstrate commitment to end-of-life recycling through a material stewardship approach

# Small companies

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- Small companies and businesses are an important part of nearly every global supply chain, including aluminium
- ASI's certification program will be designed to be accessible for both large and small businesses
- ASI Certification would not be less rigorous for small businesses, however evidence for conformance may be different, and simpler
- Compliance risks tend to result from weak management systems. However management systems do not require complexity to be effective.

# Small companies – advantages and challenges

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- Common advantages:
  - Ease of internal communications
  - Management can be more aware of practices and behaviours
  - Clearer accountabilities
  - Decision-making is more streamlined
  - Management systems can be very simple
- Common challenges include lack of time and resources for:
  - Reviewing standards documents in detail
  - Documenting policies and procedures
  - Conducting risk assessments
  - Record keeping
  - Formal training
  - Developing and implementing corrective actions.

# How ASI will support smaller companies

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In the Certification program

- Develop general guidance that includes tips for small businesses
- Develop tailored training
- Provide a central help desk for questions
- Work with industry associations to support local outreach to their own members
- Accessible membership fees

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# Membership classes and fees

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Membership class	Certification required	Membership fees p.a.
Production and Transformation	Yes	Micro: USD200 Small: USD1000 Medium: USD10,000 Large: USD25,000
Industrial Users	Yes	
Downstream Supporters	No	
Civil Society	No	Micro: USD100 Small: USD500 Medium: USD1000 Large: USD5000
Associations	No	
General Supporters	No	Government or commercial: USD5000 Non-profit or academic: USD500

*Find more information on ASI membership at:*

<http://aluminium-stewardship.org/about-asi/join-asi/>





# Benefits of participating in ASI

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- Network with a wide range of stakeholders in a constructive dialogue about sustainability and responsible sourcing of aluminium
- Contribute to the development of a credible third-party certification program for the aluminium value chain
- Help shape the development of tools and resources that support implementation
- Be recognized as a proactive leader and leverage your company's good practices

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# Contacts

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