Aluminium Stewardship Initiative - Overview

July 2015



Growth of standards for metals and extractives

3TG Due Diligence

+ Sustainability / CSR

Energy





















Aluminium Stewardship Initiative (ASI)

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

History:

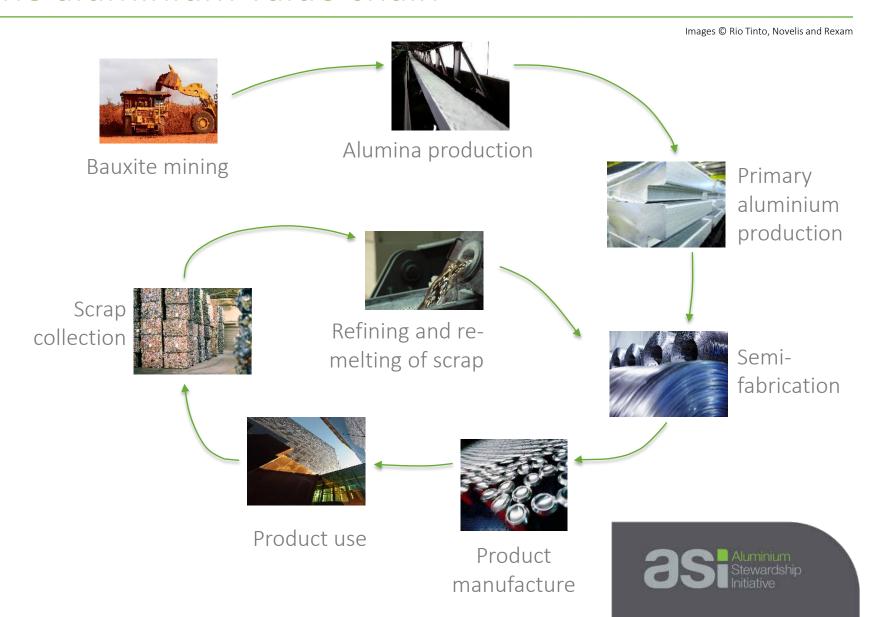
- 2009: multi-stakeholder group on 'responsible aluminium'
- 2010: report from Track Record recommending thirdparty certification system
- 2011: consultation process on outcomes and agreement to develop ASI
- 2012: IUCN appointed as co-ordinator for ASI standards-setting process
- 2014: ASI Performance Standard launched
- 2015: ASI Executive Director appointed and ASI incorporated



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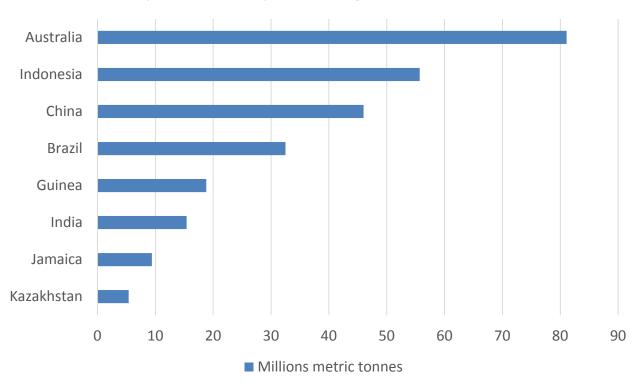


The aluminium value chain



Bauxite production - 2013

Top 8 bauxite producing countries 2013





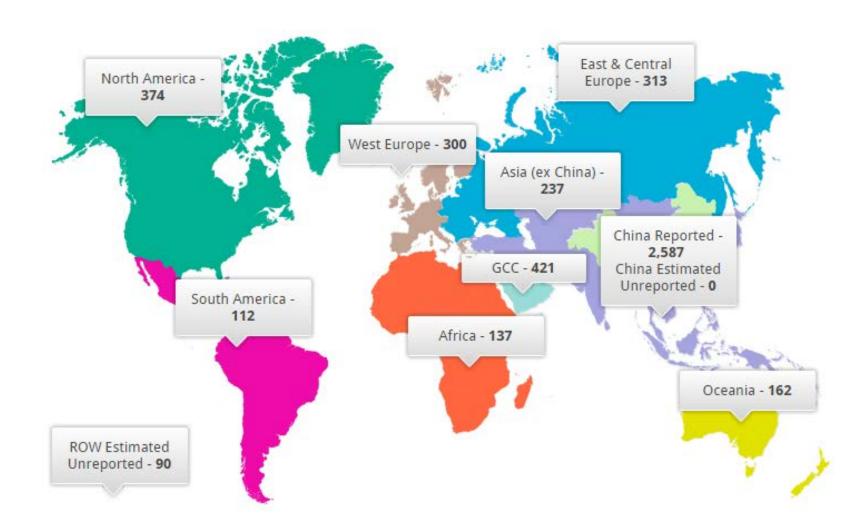
http://minerals.usgs.gov/minerals/pubs/commodity/bauxite/myb1-2013-bauxi.pdf



Primary aluminium production - 2015

http://www.worldaluminium.org/statistics/

Total for Apr 2015: 4,733 thousand metric tonnes of aluminium



Aluminium's downstream applications include

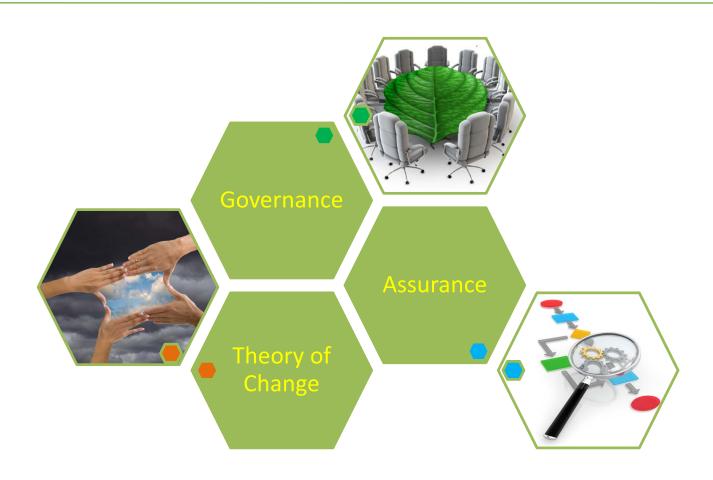
- Automotive and aerospace:

 Lower GHG emissions through
 lighter vehicles and through
 recycling post-use
- Infrastructure: Bringing energy efficiency for cities and buildings in an energy constrained world
- Packaging: Preserving food and medicines through its unique barrier properties





Setting up a sustainability standards system





ASI objectives

- To define globally applicable standards for sustainability performance and material chain-ofcustody for the aluminium value chain
- To promote measurable and continual improvements in the key environmental, social and governance impacts of aluminium production, use and recycling
- To develop a credible assurance and certification system that both mitigates the risks of nonconformity with ASI standards and minimises barriers to broad scale implementation





ASI participants

Companies participating include:

- Aleris
- AMAG/Constantia Flexibles
- AMCOR Flexibles
- Audi
- Ball Corporation
- BMW Group
- Coca-Cola Enterprises
- Constellium
- Jaguar Land Rover
- Hydro
- Nestlé Nespresso SA
- Novelis
- Rexam
- Rio Tinto Alcan
- Schueco
- Tetra Pak

Stakeholders in Standards Setting Group (SSG)

- As You Sow
- CII Godrej Green Business Centre, India
- Cleaner Production Centre South Africa
- Ecofys
- EMPA Materials Science and Technology
- Fauna Flora International
- Forest Peoples Programme
- Fundacion Para la Promocion de Conocimientos Indigenas / Asociacion Indigena Ambiental en Panama
- IGORA
- IndustriALL Global Union
- IUCN
- Transformando Conflictos Partners El Salvador
- Transparency International
- WWF



Priority issues for ASI standards

Bauxite mining

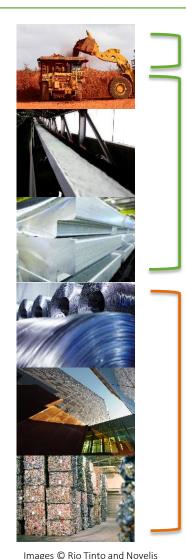
Alumina production

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 Performance Standard - structure

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

- A Chain of Custody Standard is also being developed that can be used as a responsible sourcing tool for aluminium
- A mass-balance volume-credit model is being proposed, which can be applied at the company and/or facility level
- Draft 2 made available on ASI website in January 2015
- Further work to be undertaken in 2015 alongside development of the ASI assurance model





ISEAL Alliance and assurance – an evolving vision

Patrick Mallet, ISEAL Technical Director, February 2015:

"[In future] certification is less about the audit and more about pulling together data from multiple sources to better understand the risks to sustainable practice at an enterprise level,

then using that information to focus capacity building interventions and compliance assessments in the areas that matter most."



Assurance model – design approach

- 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.



Who/what drives and implements improved practices?

Who/what are the enablers and key influencers?





Key Actors

ASI Strategies

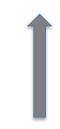
Desired Impacts

Who/what drives and implements improved practices?

Who/what are the enablers and key influencers?

Approaches and activities that standards systems use to effect change.

Can include standards development and implementation, assurance, incentives, outreach, training, and advocacy.



ASI Strategies



Expected Outcomes



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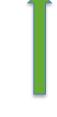
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ASI Strategies

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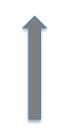
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Positive long-term effects, resulting from the implementation of a standards system



ASI Strategies



Key Actors

Drive improved practices

Production & transformation

Industrial users

Downstream supporters



Civil society organisations

Associations

General supporters

Orive improved practices

Production & transformation

Industrial users

Downstream supporters

Enablers and Influencers

Civil society organisations

Associations

General supporters

<u>Setting and Supporting</u> Responsible Practices

Clear standards and assessment tools that are meaningful, practical and accessible

Guidance and learning opportunities for capacity building and continuous improvement

Program Implementation

Open membership opportunities and flexibility in certification uptake

Credible assurance based on materiality and risks

Innovative IT platforms to manage data and processes

Transparency of outcomes and collaboration with stakeholders and systems

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Reduced environmental impacts from processing residues and GHG emissions

Enhanced biodiversity management

Practices that implement business' responsibility to respect human rights

Increased material stewardship by all actors in Al value chain

Low barriers to entry that enables wide uptake by diverse businesses

Relevant, practical and consistent assessments

Efficiency and continual improvement of system

Enhanced ability to demonstrate impact and reduce duplication

Enablers and Influencers

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practices **Drive improved**

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Standards

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

Uptake

Companies increasingly invest in and reward improved practices and responsible sourcing for aluminium

Reputation

Aluminium continues to improve its sustainability credentials with stakeholders



Key Actors

ASI Strategies

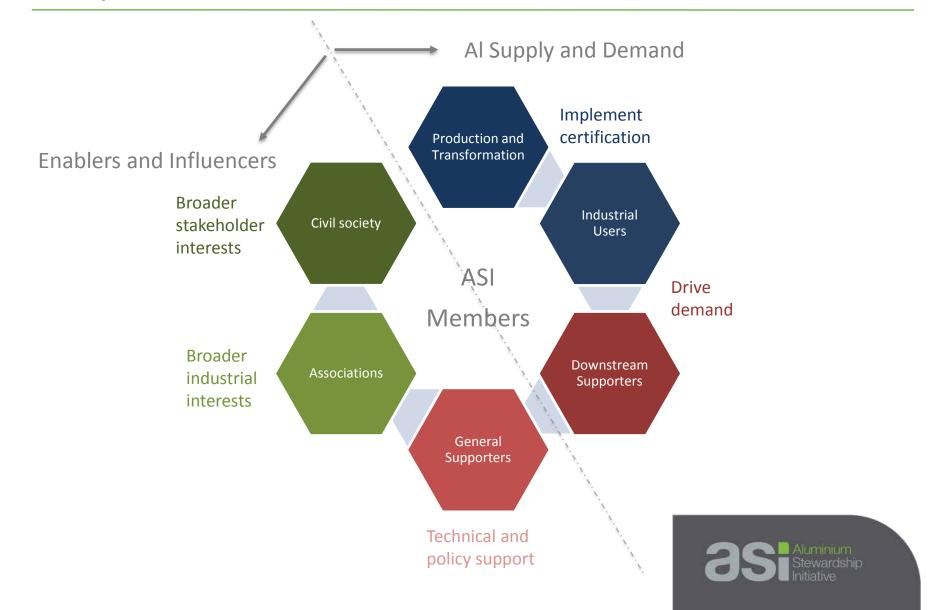
Expected Outcomes

Future ASI membership structure

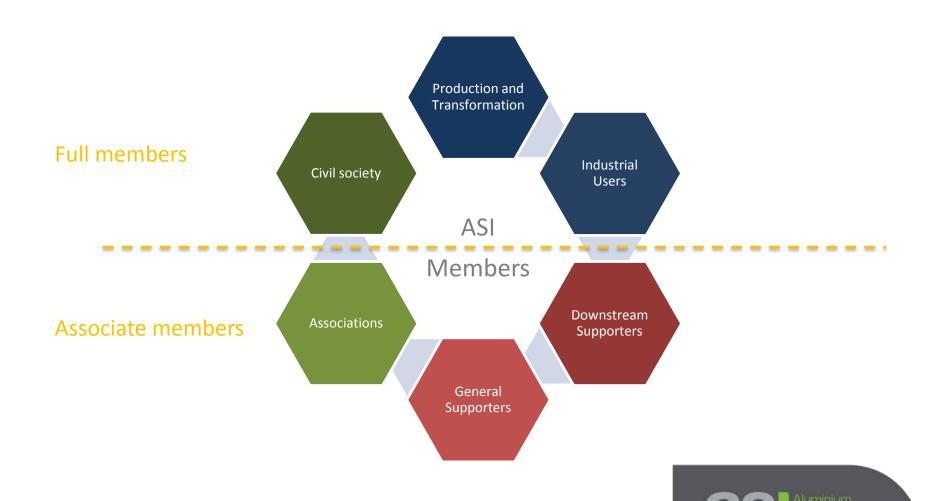




Proposed ASI Member classes – multi-stakeholder



Proposed ASI Member classes – full vs associate



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 company and supply chain good practices





Key milestones to ASI certification platform

2015 – General frameworks

- Develop governance and business model
- Develop proposed assurance model
- Further work on CoC standard
- 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
- Enhanced China engagement

2017 – Operation

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



Role of voluntary standards

Credible standards programs can help:

- Companies attain their social and environmental objectives
- Build stakeholder consensus on what are responsible practices
- Bring transparency to supply chains and manage supply chain risks
- Provide independent assurance of systems and performance
- Enhance corporate reputations through their proactive efforts to implement and support standards
- Support relevant regulatory and compliance requirements
- Reduce duplication of effort and costs through standardisation



Contacts

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Join the ASI mailing list:

http://aluminium-stewardship.org/mailing-list/



