

The Aluminium Stewardship Initiative

Forging ahead with the development of the Performance and Chain of Custody Standards for the aluminium value chain

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The Aluminium Stewardship Initiative (ASI) is a standards setting and certification organisation that recognises and fosters the responsible production, sourcing and stewardship of aluminium. As a membership-based, global initiative, ASI is the result of producers, users and stakeholders in the aluminium value chain coming together to build consensus on ‘responsible aluminium’. The Initiative is developing an independent third-party certification programme to ensure sustainability, and human rights principles are increasingly embedded in aluminium production, use and recycling. In doing so, ASI continues to seek engagement with commercial entities and stakeholders in the aluminium value chain from across the world. The current phase of ASI’s work programme focuses on the development of the Chain of Custody Standard, the draft of which will be open for public consultation from October through December of this year.

A brief history of ASI

In 2009, a global group of stakeholders from the aluminium industry, civil society, research

and policy organisations, and industrial users of aluminium products convened to discuss the challenges, opportunities and needs facing the aluminium value chain as a whole. A formal study was commissioned, the outcome of which was the *Responsible Aluminium Scoping Phase Main Report* [1]. The report summarised the industry’s environmental, social and governance sustainability-related risks and opportunities, and underscored the need for an international multi-stakeholder approach that could complement existing sustainability programmes throughout the aluminium industry. This finding ultimately led to the establishment of ASI.

At the end of 2012, the companies supporting the idea of an ‘ASI’ invited IUCN to be the host and coordinator for a standard-setting process to address key sustainability issues in the value chain. IUCN convened a multi-stakeholder Standards Setting Group (SSG) and coordinated its process from January 2013 to August 2015, resulting in the launch of Version 1 of the *ASI Performance Standard* in December 2014.

The supporting companies then agreed to take the next step to seek formalisation of ASI as a standards body for the purposes of developing an independent, third-party cer-

tification programme. In March 2015, ASI appointed its first executive director, and in June 2015 the Aluminium Stewardship Initiative Ltd was incorporated as a non-profit membership organisation. ASI’s inaugural Annual General Meeting was held in April 2016 where members ratified ASI’s new Constitution, and acknowledged ASI’s new Directors-Elect and the newly elected Standards Committee.

As of September 2016, ASI has 32 members in five of the six membership classes: Production and Transformation, Industrial Users, Civil Society, Downstream Supporters, Associations, and General Supporters.

ASI has since published its Governance Handbook and is currently working to ready the draft *ASI Chain of Custody Standard* – the second cornerstone of ASI’s suite of standards – for the upcoming public comment and feedback period from October to December 2016.

ASI’s Standards

Two standards form the core of ASI’s aluminium certification programme: the ASI Performance Standard and the ASI Chain of Custody Standard. Both standards are designed

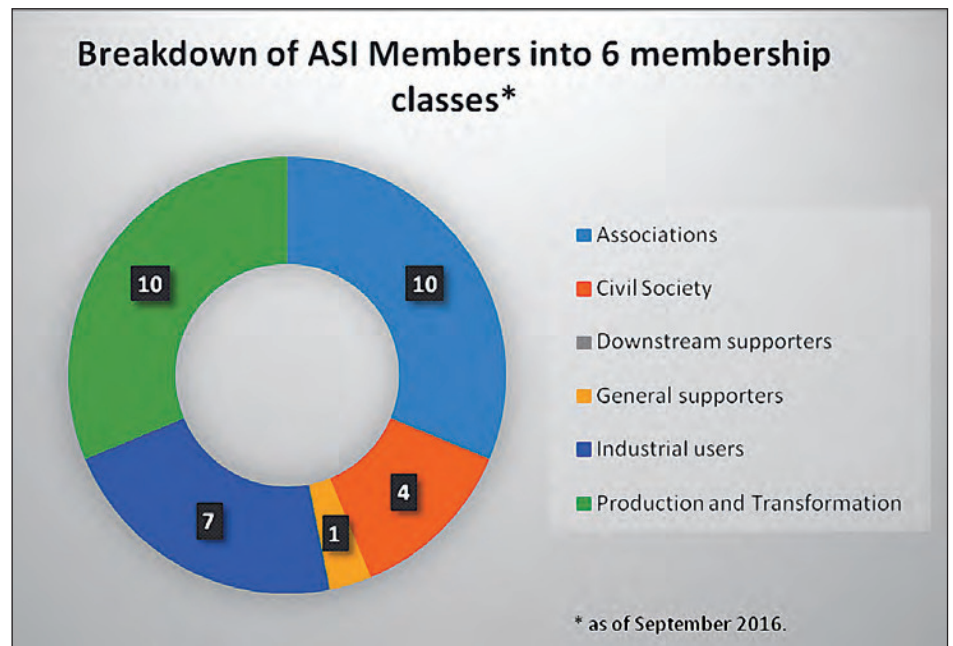
ASI Vision, Mission and Values

Vision: To maximise the contribution of aluminium to a sustainable society.

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

Values:

- Being inclusive in our work and decision-making processes by promoting and enabling the participation of representatives of all relevant stakeholder groups
- Encouraging uptake throughout the bauxite, alumina and aluminium value chain, from mine to downstream users
- Advancing material stewardship as a shared responsibility in the lifecycle of aluminium from extraction, production, use and recycling.



to be applicable internationally to all stages of aluminium production and transformation, specifically: bauxite mining, alumina refining, primary aluminium production, semi-fabrication (rolling, extrusion, forging and foundry), material conversion, and refining and remelting of recycled scrap, as well as material stewardship criteria relevant to consumer and commercial product design and manufacture.

Like all voluntary standards and certification initiatives, ASI's standards aim to provide a benefit to participants and users of ASI Certification. These include to:

- enable the aluminium industry to demonstrate responsibility and provide independent and credible assurance of performance
- reinforce and promote consumer and stakeholder confidence in aluminium products
- reduce reputational risks concerning aluminium and aluminium industry players
- address the expressed needs by downstream industrial users and consumers for responsible sourcing of aluminium.

It is anticipated that the ASI Certification programme will be formally launched at the end of 2017.

ASI Performance Standard

The ASI Performance Standard [2] covers critical issues for the entire aluminium value chain, including biodiversity management in mining, indigenous peoples' rights, greenhouse gas emissions, waste management including spent pot lining and bauxite residue, and material stewardship, particularly for downstream users of aluminium. The Standard is comprised of eleven sustainability aspects addressing Environmental, Social and Governance sustainability. Further development for the Performance Standard in 2016/17 focuses on developing *Guidance* documentation.

ASI Chain of Custody Standard

The ASI Chain of Custody Standard (CoC) is currently in development and will be open for public consultation starting in October

through December 2016. It links responsible production with responsible sourcing and supports increased emphasis on sustainability in procurement practices. Like the ASI Performance Standard, the CoC Standard sets out requirements for *what* a business must be able to do, but does not prescribe *how* systems and procedures are designed and implemented to achieve this.

What is a Chain of Custody?

A Chain of Custody is a documented sequence of custody of material as it is transferred along the supply chain. Chain of Custody systems can provide an important point of differentiation and confidence in the business practices involved in the various stages of production.

Depending on the type of business, ASI CoC Certification may provide value to businesses in the aluminium value chain to:

- support responsible mining, refining and smelting practices
- support responsible recycling and stewardship of aluminium
- reduce business liability costs
- enhance reputation through responsible sourcing
- carry out due diligence of the supply chain
- access reliable data on sustainability metrics of aluminium
- respond to the requests of customers, both business to business and retail
- expand markets and customers
- meet or prepare for regulatory compliance requirements.

Participating in a chain of custody programme is an individual business decision. The costs and benefits of introducing chain of custody systems within a business are usually linked to:

- how it could be used to optimise business activities and supply chains
 - how much it will cost to develop and implement new CoC systems
 - how quickly benefits can be achieved to make the investment viable.
- Over time, ASI's overall objective with its

CoC Standard is to increase the supply of, and demand for, ASI Aluminium through the global value chain so as to provide independent assurance of responsible production, sourcing and stewardship of aluminium.

CoC systems in the ASI CoC Standard

Many sustainability standards support multiple chain of custody systems to provide a range of pathways for businesses that seek to increase their responsible sourcing. The ASI CoC Standard proposes to support a Mass Balance system for the supply chain from mine to end consumer.

In a **Mass Balance** system, mixing of CoC and Non-CoC Material is allowed over a defined period, and at any stage of the production process. This means that CoC status is allocated to a quantity of output material after each stage of mixing, so there is no guarantee at an atomic level that it contains 'certified product'. However the quantity of inputs and outputs are monitored through a material accounting system to ensure that these are in proportion. Every stage where further processing or mixing occurs requires CoC Certification to continue the CoC status for output material. Mass Balance is a very common approach for commodity supply chains where segregation of CoC and Non-CoC Material is impossible or prohibitively costly. It also makes sense where there is no physical difference between CoC and Non-CoC Material (unlike, say, organic agricultural produce), and the aim is to support responsible production practices at an industry rather than a product level.

The ASI Standard Committee is currently assessing the optional inclusion of other CoC systems such as a **Market Credits** system, and if so, for which parts of the supply chain it may apply to. Further information about these alternative options will be made available once the implementation practicalities, risks and opportunities have been reviewed.

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