# ASI Performance Standard V2 – Guidance

December 2017

# Aluminium Stewardship Initiative (ASI)

ASI is a not-for-profit standards setting and certification organisation for the aluminium value chain.

Our **vision** is to maximise the contribution of aluminium to a sustainable society.

Our **mission** is to recognise and collaboratively foster responsible production, sourcing and stewardship of aluminium.

Our **values** include:
- Being inclusive in our work and decision making processes by promoting and enabling the participation of representatives in 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.

## General Enquiries

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## Disclaimer

*This document does not intend to, nor does it, replace, contravene or otherwise alter the requirements of the ASI Constitution or any applicable national, state or local government laws, regulations or other requirements regarding the matters included herein.  This document gives general guidance only and should be not be regarded as a complete and authoritative statement on the subject matter contained herein.  ASI documents are updated from time to time, and the version posted on the ASI website supersedes all other earlier versions.*

*The official language of ASI is English.  ASI aims to make translations available in a range of languages and these will be posted on the ASI website.  In the case of inconsistency between versions, reference shall default to the official language version.*

ASI – Aluminium Stewardship Initiative Ltd (ACN 606 661 125)
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www.aluminium-stewardship.org

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# ASI Performance Standard – Guidance

## Contents

# Introduction

### 1. Introducing the ASI Performance Standard

The ASI Performance Standard (this Standard) defines environmental, social and governance principles and criteria, with the aim to address sustainability issues in the aluminium value chain.  ASI Members in 'Production and Transformation' and 'Industrial Users' membership classes are required to have at least one Facility certified against the ASI Performance Standard within two years of the launch of the ASI Certification program, of 2 years of joining ASI, whichever is later.

The ASI Chain of Custody (CoC) Standard complements the ASI Performance Standard, and is voluntary – though encouraged – for ASI Members.  Some aspects of the Performance Standard are cross-referenced in the CoC Standard, notably in the areas of responsible sourcing policy, anti-corruption, human rights due diligence, and conflict-affected and high-risk areas.

Certification against ASI Standards requires independent third-party auditing by ASI accredited auditors to verify that an Entity's management systems and performance conforms to the relevant Standard/s.  The certification process also establishes mechanisms for early identification of practices that may not be in conformance, and processes to track corrective actions and/or enforcement.

For more information on how to achieve ASI Certification, see the ASI Assurance Manual.

### 2. What is an Entity?

ASI Standards place responsibilities for conformance on the 'Entity' – which is defined in the Glossary as:

'A business or similar which is under the ownership or Control of a Member.  An Entity can constitute part or whole of an ASI Member.  In relation to the application of the Performance Standard, the Entity seeks or holds ASI Certification and is responsible for implementation of the Performance Standard in the defined Certification Scope.'

In other words, the Entity is the business, organisation, company or group of activities that gets certified.  An Entity can therefore be an ASI Member as a whole, or under the Control of an ASI Member, such as a division of the business, a group of related Facilities or a single Facility.  For more information on how to define the Certification Scope of an Entity, see the ASI Assurance Manual.

### 3. How to use this Guidance

The Guidance is designed to assist ASI Members to fulfil their commitment to implement the Performance Standard and achieve Certification.  There are individual Guidance chapters for each of the 11 Principles in the Performance Standard, which can stand alone so that they can be referred to by designated responsible staff within a business, as appropriate.  They will be of most use to Members who are preparing for their initial certification, or who wish to compare their current approach against the intent of the criteria.

The Guidance is also intended as a resource for ASI Accredited Auditors carrying out independent third party audits. More generally, it is publicly available on the ASI website to anyone who wishes to find out more about ASI's standards.

## 4. Implementing effective management systems

Many of the criteria in the Performance Standard are based on a management systems approach. Management systems will vary depending on the nature of the individual business and its circumstances.

In general terms, the following are elements of effective management systems that may assist with implementation of the Performance Standard:

- **A risk assessment** is a valuable management tool to identify and characterise actual and potential risks. It can be used to prioritise areas among the applicable criteria in the Standard. For those Members that do not regularly carry out risk assessments, ASI will include a template in the Assurance Platform. For Members with mature management systems in place, a review or extension of their existing risk assessments should be sufficient to identify and address any outstanding issues. The risk assessment will identify whether implementation or modification of any of the following would be appropriate.
- **Senior managers** or officers being assigned responsibility for the subjects addressed under the Performance Standard.
- **Written policies and procedures** can clarify the business' position on key issues and identify ways to put the policies into practice. If preparing these materials for the first time, or for smaller businesses, think of ways to be efficient. For example, policies and procedures can be recorded in a presentation that is then used for training purposes.
- **Record keeping** is fundamental to any business, and allows businesses to measure progress over time. It provides an essential source of information for internal reviews, and where relevant, valuable evidence for external audits.
- **Training** helps personnel to focus on priorities and understand the policies and procedures of the business. It is an important way for new and existing personnel to learn about what they need to do and keep pace with a flexible and evolving business.

## 5. Smaller businesses

ASI aims to make ASI Certification accessible to all sizes of business, large and small. As a general indication of relative size, businesses join ASI on the following basis of annual turnover/revenue:

| Large | Medium | Small | Micro |
|---|---|---|---|
| More than US$1 billion | Between US$100 million and US$1 billion | Between US$10 million and US$100 million | Less than US$10 million |

References to 'smaller businesses' in the Guidance include those that are 'small' and 'micro' organisations.

In smaller businesses, management systems may be less formal but still effective. For example, it is much easier to communicate policies and programs to a small workforce, thereby reducing the need for extensive documentation. There is often close proximity of senior management with the day-to-day running of the business. This should create a high degree of awareness of the issues and risks which need to be managed.

Achieving ASI Certification will not be less rigorous for smaller businesses, but the relevant evidence of conformance may differ. Auditors are instructed to look for adequate proof of conformance for the size of the organisation. Documentation that is fit for purpose and consistent is usually the foundation of a functional management system, and thus may be quite simple for smaller businesses. Interviews also give an indication of how systems are performing in practice. In small businesses, auditors may rely more on interviews since they can reach a larger proportion of the workforce than in a larger workplace.

# ASI Performance Standard – Guidance

## About this Guidance

The ASI Performance Standard (PS) outlines the requirements for PS Certification. This PS Guidance has been developed as a resource to assist ASI Members seeking PS Certification, and for ASI Accredited Auditors carrying out independent third party audits. It is also publicly available to anyone who wishes to find out more about ASI's standards.

The ASI Performance Standard is structured into three sections, aligning with the three pillars of sustainable development:

A. **Sections 1– 4. Governance:** Business Integrity; Policy and Management; Transparency; Material Stewardship.
B. **Sections 5 – 8. Environment:** Greenhouse Gas Emissions; Emissions, Effluents and Waste; Water Stewardship; Biodiversity.
C. **Sections 8 – 12. Social:** Human Rights; Labour Rights; Occupational Health and Safety.

The Guidance is similarly organised to address each of the above sections, providing general guidance to businesses wishing to implement systems and procedures that can comply with the ASI Performance Standard.

The ASI Performance Standard sets out requirements for <u>what</u> a business must be able to do, but does not prescribe <u>how</u> systems and procedures are designed and implemented to achieve this. The Guidance therefore offers background, explanation and points to consider, however these are general guidance only and non-prescriptive. The ASI Performance Standard is the final point of reference.

# A. Governance

## 1. Business Integrity

### Related criteria
References to applicable law are included in **3.3** Non-compliance and liabilities, **9.5** Resettlements, **10.1** Freedom of association and right to collective bargaining, **10.2** Child labour, **10.4** Non-Discrimination, **10.8** Working Time.

### Applicability

| Supply chain activity | Applicability of Performance Standard Criteria | | |
|---|---|---|---|
| | 1.1 | 1.2 | 1.3 |
| Bauxite Mining | | | |
| Alumina Refining | | | |
| Aluminium Smelting | | | |
| Aluminium Re-melting/Refining | | | |
| Casthouses | | | |
| Semi-Fabrication | | | |
| Material Conversion *(Production and Transformation)* | | | |
| Material Conversion *(Industrial Users)* | | | |
| Other manufacturing or sale of products containing Aluminium | | | |

Code:

*Criteria shaded green are generally applicable to those supply chain activities, where they are within in the Certification Scope of the Entity.*
*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

### Background

Corporate governance frameworks and compliance mechanisms are tools to ensure that companies do business with integrity. When properly implemented and integrated, they can help to foster corporate accountability and serve to support stakeholder and investor confidence.

Legal compliance is a primary business concern and must be managed effectively. Legal compliance obligations may include legislation and regulations, permits and licenses, local by-laws, and court decisions and directions. The focus of criteria 1.1 in the ASI Performance Standard is for Entities to have systems in place to be aware of and maintain compliance with applicable law, and does not encompass a full legal compliance audit. Managing legal risk effectively is widely seen as contributing to the broader integrity and sustainability of a business.

Corruption hinders economic development, and can undermine environmental and labour standards, access to human rights and the rule of law. Bribery is the most widely condemned form of corruption. Nearly all countries have criminalised bribery where it occurs domestically, and in many countries in can be prosecuted even where the offence takes place overseas. Bribes may take many forms, including cash, gifts in kind, hospitality expenses, advantage or promises. In some cases, the briber holds a powerful role and controls the transaction. In other cases, a bribe may be effectively extracted from the person paying.

Codes of conduct define behaviour expectations for both management and other employees. A well-written code of conduct clarifies an organization's mission, values and principles, linking them with standards of professional conduct. While such codes do not necessarily prevent inappropriate behaviour or fraud, they do provide employees with legal and ethical frameworks that will influence their performance and commitment to the entity's system of internal control.

## Key Concepts

**Applicable Law** – The relevant international and/or national and/or state and/or local laws of the country or countries where the Entity operates. This may include, but is not restricted to, acts, regulations and statutory policies. Where a conflict arises between Applicable Law and the requirements of the ASI Performance Standard, the Entity should comply with the higher standard except where this would result in a violation of Applicable Law. (Adapted from Responsible Jewellery Council – Code of Practices 2013)

**Bribery –** The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.). (Adapted from Transparency International Anti-Corruption Glossary)

**Code of Conduct** – Statement of principles and values that establishes a set of expectations and standards for how an organisation will behave, including minimal levels of compliance and disciplinary actions for the organisation, its staff and other personnel. (Adapted from Transparency International Anti-Corruption Glossary)

**Compliance** (with Applicable Law) – Refers to the procedures, systems or departments within organisations that ensure all legal, operational and financial activities are in conformity with current laws, rules, norms, regulations, standards and public expectations. (Adapted from Transparency International Anti-Corruption Glossary)

**Corruption** – The abuse of entrusted power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs. (Adapted from Transparency International Anti-Corruption Glossary)

**Extortion** – Act of utilising, either directly or indirectly, one's access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats. (Adapted from Transparency International Anti-Corruption Glossary)

**Facilitation Payments** – A small bribe, also called a 'facilitating', 'speed' or 'grease' payment; made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. (Adapted from Transparency International Anti-Corruption Glossary)

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 1.1 | Legal Compliance |
|---|---|
| | The Entity shall have systems in place to maintain awareness of and ensure compliance with Applicable Law. |

*Points to consider:*

- Ensure the organisation has access to competent and qualified legal personnel. This could be through your own designated staff (e.g. legal counsel or legal department), or through external law firms, experts, or industry associations.
- Use legal compliance registers to identify and maintain relevant information on:
  - Relevant applicable legislation and regulations, required licences and permits and reporting and disclosure obligations. This can include the name of the act, regulation, permit etc, an online link or description of its location, the jurisdiction where the legal instrument applies, information about the governing body or authority, a description of the purpose and key requirements specified in the legal instrument, a description of how these affect the business.
  - Other requirements (i.e. more than those prescribed by Applicable Law) which apply to the Entity's activities, products and services. Other requirements, if applicable, can include.
    - agreements with public authorities
    - agreements with customers
    - non-regulatory guidelines
    - voluntary principles or codes of practice
    - requirements of industry associations
    - agreements with community groups or non-governmental organisations,
    - public commitments of the Entity or the parent Member organisation, and/or
    - corporate/company requirements.
  - Identifying the nominated person/area within the business with responsibility for ensuring compliance and for accessing information about the legal requirement and any associated developments concerning these.
  - Specifying how often and when compliance evaluations will be carried out. In some instances the compliance evaluation frequency may be prescribed by law. Otherwise it should be carried out at a frequency commensurate with the risk associated with the requirements.
  - Tracking measures for bringing any potentially non-complying situation into compliance. For example, the register can be used to list the evidence and records to demonstrate compliance and track corrective actions where non-compliances have been identified.
  - Note that legal compliance registers could be either centralised or maintained at the applicable level of an organisation (eg on a country or site basis), as best suits the needs of the business.
- Put processes in place to communicate and provide training about legal requirements to employees, contractors and agents that can ensure an appropriate level of understanding.
- Where Indigenous communities are present in the area of the Entity's operations, the company should also seek to understand relevant customary law.
- Systems, processes, procedures or methods should be in place to monitor legal developments and identify evolving areas of legal risk. Seek legal advice where there is uncertainty about legal requirements.
  - Sometimes the law may not be clear for a particular situation or may be being challenged in court. In some circumstances, this may impact conformance findings where it relates to criteria in the ASI Performance Standard that refers to Applicable Law. Auditors determining their findings in such situations should consider any guidance provided by the relevant government authority, as well as any proper legal opinions provided by the Entity.
  - Pending approvals for operating permits or licenses are common, as businesses and legislation frequently change and it can take time for the relevant authorities to process applications. Where this relates to a criteria that refers to Applicable Law (see below), and the matter is procedural and there appears no reason why the approval would not be provided, this can be accepted by Auditors as a situation of conformance.
- In addition to the general requirement in criteria 1.1, compliance with applicable law is a specific requirement in the following criteria of the ASI Performance Standard:

- o 1.2 on Anti-Corruption
- o 3.3 on Non-compliance and liabilities
- o 9.5 on Resettlements
- o 10.1 on Freedom of association and right to collective bargaining
- o 10.2 on Child labour
- o 10.4 on Non-Discrimination
- o 10.8 on Working Time.

| 1.2 | Anti-Corruption |
|---|---|
| | The Entity shall work against Corruption in all its forms, including Extortion and Bribery, consistent with Applicable Law and prevailing international standards. |

*Points to consider:*

- Establish policy/ies and/or systems against corruption and have these formally endorsed by the highest level of the business.  The policy/ies should seek to establish awareness of corruption issues and risks, and provide the foundation for embedding an anti-corruption culture in the organisation.
- Communicate the policy/ies to all employees and any party who may act as an agent on your behalf, and reference it in appropriate contract documents.  Make clear the sanctions that will apply for non-compliance.
- Consider establishing a contact person or office to provide advice and receive complaints or concerns about compliance with anti-corruption policy/ies.  For larger companies where significant risks are identified, the policy/ies should consider providing employees and agents with access to a whistleblowing mechanism.
- Consider how the policy should address political donations, charitable contributions, and sponsorships.
- Set out criteria and procedures for the recording and approval of the offer and acceptance of third party gifts, including hospitality and entertainment.  Judgment may be needed to set the criteria of acceptable thresholds in the context of customary exchanges vs the risk of corruption.
    - o Consider establishing a third party gift register to record given, received and accepted gifts.  These include major charitable contributions, sponsorships, community payments, and significant hospitality expenses that are offered in commercial circumstances with bribery risks.  A gift register can be integrated within an organisation's payment system and does not have to be stand-alone.
- Conduct a risk assessment to identify those parts of the business that are exposed to bribery risk.  Consider seeking professional expertise to assist, particularly for complex businesses operating in multiple locations.
    - o Risks may vary depending on the type of business and geographical location.  In general, risks frequently involve individuals in a position to influence (or be influenced) in respect of transactions or business relationships with third parties, including government entities, and entities in which government or public officials have interests.
    - o Establish a documented anti-corruption program to mitigate identified risks, such as through the provision of training, formal approval procedures that avoid concentration of authority with single individuals, enhanced oversight of higher-risk transactions, use of documented selection criteria for selection of new agents and relevant contractors, and recording of any instances of attempted bribery and their investigation.
    - o Regularly review the risk assessment and anti-corruption measures put in place to address identified risks.  The review of performance should be undertaken by competent personnel who are free from conflicts of interest.
- Useful references, including relevant international standards are:
    **Good practice guidelines:**
    - o [Transparency International Business Principles for Countering Bribery](#) (2013 Edition)
    - o [Rules of the International Chamber of Commerce on Combating Corruption (2011 Edition)](#)

- o [Partnering Against Corruption Initiative (PACI) Principles](#)
- o [ISO/CD 37001:2016 Anti Bribery management systems](#)

**Risk assessment methodology:**
- o [A Guide on Anti-Corruption Risk Assessment, the UN Global Compact, 2013](#)
- o [Diagnosing Bribery Risk, Transparency International UK, 2103](#)
- o [TRACE Matrix – Global Business Bribery Risk Index for the Compliance Community](#)

**Country risk:**
- o [Transparency International's Corruption Perceptions Index](#)
- o [The Business Anti-Corruption Portal](#)
- o [The World Bank Worldwide Governance Indicators](#)

**Sector risk:**
- o [Transparency International's Bribe Payers' Index – Sector results](#)
- o [The FCPA Blog's Corporate Investigation List (updated quarterly)](#)

| 1.3 | Code of Conduct |
|---|---|
| | The Entity shall implement a Code of Conduct or similar instrument including principles relevant to environmental, social and governance performance. |

*Points to consider:*

- The organisation's code of conduct may refer specifically to the ASI Performance Standard, or may make more general commitments to business integrity, including areas of environmental, social and governance performance covered by ASI.
  - o Where there are Indigenous Peoples are present in or around an Entity's areas of operation, the code of conduct should include a commitment to respect their rights.
- Ensure that those who work for or on behalf of the organisation are made aware of your code of conduct. Training, awareness raising and capacity building will help staff to embed the principles into their own work and procedures.
- Consider appending the code of conduct to company contracts, where relevant, to raise awareness of the organisation's principles with business partners, service providers and suppliers.
- Conduct regular reviews of the code of conduct. Consider:
  - o Whether it is reflected in operational policies and procedures necessary to embed it through the organisation.
  - o Whether there are potential gaps between the code of conduct and actual business practices.
  - o How to implement action plans to address any gaps by improving its content and/or implementation.

**Review:**
- Can you show the auditor how you maintain awareness of legal requirements and changes in the law?
- Can you show the auditor the steps you take to monitor your compliance with applicable law?
- Do you know the applicable law regarding bribery and facilitation payments?
- Have you established anti-corruption measures, such as a clearly communicated policy, risk assessment, training, gift register and/or procedures for investigation and sanctions?
- Do you have a written code of conduct in your organisation? Do you review its implementation?

## 2. Policy and Management

### Principle

The Entity is committed to sound management of its environmental, social and governance processes.

### Related criteria

**8.2** Biodiversity management
**8.5** Mine site rehabilitation
**9.4** Free Prior and Informed Consent (FPIC)

### Applicability

| Supply chain activity | Applicability of Performance Standard Criteria | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 2.6 | 2.7 | 2.8 |
| Bauxite Mining | | | | | | | | |
| Alumina Refining | | | | | | | | |
| Aluminium Smelting | | | | | | | | |
| Aluminium Re-melting/Refining | | | | | | | | |
| Casthouses | | | | | | | | |
| Semi-Fabrication | | | | | | | | |
| Material Conversion *(Production and Transformation)* | | | | | | | | |
| Material Conversion *(Industrial Users)* | | | | | | | | |
| Other manufacturing or sale of products containing Aluminium | | | | | | | | |

Code:

*Criteria shaded green are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*
*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

## Background

Policies are the most common way for a business to demonstrate commitment from the top, set the platform for more detailed procedures and practices and communicate to stakeholders on principles and intentions. Changes frequently occur within businesses, and in the broader context in which they operate. Regular review of policies and implementation will identify gaps where improvements are needed.

Management systems are the engine room for how an organisation translates its corporate policies and goals into actions where the work is performed. They are relevant for all types of operations, and will vary depending on the nature, scale and key risks of the business. The benefits of an effective management system include:
- more efficient use of resources
- improved risk management, and
- increased customer and stakeholder satisfaction when outcomes align with policies.

## Key Concepts

**Community –** A term generally applied to any people or communities located in an operation's or project's near geographical proximity, particularly those subject to actual or potential direct project-related risks and/or adverse impacts on their physical environment, health or livelihoods. It often refers to a group of people or families who live in a particular locality, sometimes share a common interest (water users associations, fishers,

herders, grazers, and the like), often have common cultural and historical heritage and have different degrees of cohesiveness. (Adapted from IFC Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts – Guidance Note)

Due Diligence – An ongoing, proactive and reactive process through which companies can identify and assess risks, and design and implement a strategy to respond to identified risks. (Adapted from OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas)

Impact Assessment – The process of identifying, predicting, evaluating and mitigating the biophysical, social and other relevant effects of development proposals prior to major decisions being taken and commitments made. (Adapted from International Association of Impact Assessment) They are also used to assess the risks of major incidents, such as spills and leakages.

Management Representative – A member of senior management personnel nominated by the company to ensure that the requirements of the standard are met. (Adapted from Social Accountability International, SA8000: 2008, pg 5)

Management Systems – Management processes and documentation that collectively prove a systematic framework for ensuring that tasks are performed correctly, consistently and effectively to achieve the desired outcomes, and to drive continual improvement in performance. (Adapted from Responsible Jewellery Council Code of Practices 2013)

Policy – A statement of principles and intentions. (Adapted from Responsible Jewellery Council Code of Practices 2013)

Workers – Includes employees (individuals who have entered into or works under a contract of employment or a contract of service or apprenticeship, whether express or implied and whether oral or in writing, or as defined by Applicable Law); and contractors (an individual, company or other legal entity that carries out work or performs services pursuant to a contract for services). (Adapted from Responsible Jewellery Council Code of Practices 2013)

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 2.1 | Environmental, Social and Governance Policy |
|---|---|
| | The Entity shall: |
| | a. Implement and maintain integrated or stand-alone Policies consistent with the environmental, social and governance practices included in this Standard. |
| | b. Have senior management endorse, support through provision of resources and regularly review the Policies. |
| | c. Communicate the Policies internally and externally as appropriate. |

*Points to consider:*
- For 2.1(a), adopt an environmental, social and governance policy or set of policies, which are broadly in line with the ASI Performance Standard, and implement these as part of your management systems.
    - Policies include statements of principles and intentions which, supports achievement of the requirements specified in the ASI Performance Standard
    - Policies need to be relevant to relevant to Entity's business, scale and related impacts

- o Note that these policies do not need to be integrated in a single documented system, nor covered by a single management team.
- For 2.1(b), senior management should demonstrate commitment to the implementation of the policy/ies.
    - o Ensure that business activities are in line with the policy/ies.
    - o Regularly review and update as necessary your environmental, social and governance policies.
    - o Check that the policies are reflected in operational policies and procedures necessary to embed them throughout the organisation.
    - o Identify any potential gaps between policies and actual business practices.
    - o Implement action plans to address any gaps.
    - o Even for small businesses, an annual discussion among senior management can be an opportunity to review issues and check progress.
- For 2.1(c), communicate the policies internally to all Workers. This can be achieved through prominent displaying of the Policies and through induction, awareness and refresher training.
    - o Ensure staff are aware of the, social and governance policies relevant for the specific responsibilities and tasks they are performing.
    - o Staff should be knowledgeable about the company policies that are directly linked to their position.
    - o Awareness raising and capacity building will help staff to embed the policies in their own work and procedures.
    - o Consider also communicating your policy/ies externally to stakeholders including to company contractors, where relevant, to raise awareness of the commitments with business partners, service providers and suppliers. This could be via your website, making it available on request, or visible to visitors to your premises.

| 2.2 | Leadership |
|---|---|

The Entity shall nominate at least one senior Management Representative as having overall responsibility and authority for ensuring conformance with this Standard.

*Points to consider:*
- Nominate a person or group of persons at senior management level with appropriate responsibility and authority for the implementation of the ASI Performance Standard.
- Ensure there are sufficient human and material resources to support the implementation of the Standard.
    - o Consider the need for training and capacity building to support the development of knowledge and understanding of the ASI program, as needed within the organisation.

| 2.3 | Environmental and Social Management Systems |
|---|---|

The Entity shall document and implement integrated or stand-alone:
a. Environmental Management Systems.
b. Social Management Systems.

*Points to consider:*
- Develop, adopt and implement documented systems that identify your main environmental, social and occupational health and safety impacts and include management provisions for preventing and/or mitigating these impacts.
    - o Documentation that is fit for purpose and consistent is usually the foundation of a functional management system, and thus may be quite simple for smaller businesses.
- In general terms, the following are elements of effective management systems:
    - o Risk assessments to identify characterise actual and potential risks, and prioritise areas requiring additional focus.
    - o Senior management assigned responsibility for key risk areas.

- o Written policies and procedures to provide consistent information to employees and contractors across different levels and areas of the business. If preparing these materials for the first time, think of ways to be efficient. For example, policies and procedures can be recorded in a presentation that is then used for training purposes.
  - o Record keeping to manage important data and information, enhance accountability and measure progress overtime.
  - o Training to help personnel focus on priorities, learning what they need to do and keep pace with a flexible and evolving business.
  - o Regular reviews and updates of the risks assessments and management systems.
- Where the management of occupational health & safety, social and environmental impacts may affect local stakeholders, including Indigenous peoples, the interests of these affected parties should be considered when site level management systems are designed, implemented and monitored.
- International standards such as ISO 14001, ISO 26000, SA8000 , OHSAS 18001 offer management system models that may be relevant for some businesses. The Assurance Manual identifies recognised standards and certification programs that would fulfil the requirements of this criteria.
  - o Note: ISO is currently developing a new standard, *ISO 45001, Occupational health and safety management systems - Requirements*, which will be referenced here once available.

| 2.4 | Responsible Sourcing |
|---|---|
| | The Entity shall implement a responsible sourcing Policy covering environmental, social and governance issues. |

*Points to consider:*

- Develop, adopt and implement a responsible sourcing policy.
  - o Identify relevant environmental, social and governance issues that relate to sourcing of goods and services. The policy can be extended to cover other raw materials used to produce metal such as coke, pitch and cryolite.
  - o Consider risks to people or the environment at the supply level, such as violation of human and labour rights, or negative environmental impacts resulting from suppliers/operations.
  - o Seek to address these in a manner commensurate with the company's control or influence over the suppliers of these goods and services. Consider how the policy can be integrated through all relevant levels of the business.
  - o Larger companies should have a documented responsible sourcing policy and consider using tools such as supplier due diligence processes, risk evaluations, sustainability questionnaires, and integration of sustainability in contracts, supplier audits and ad-hoc teams to address identified issues.
  - o For further advice on supply chain due diligence approaches, consult available references including the International Financial Corporation (IFC) Performance Standard 1 – Guidance Note, the UN Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Mineral Supply Chains.
- Make your responsible sourcing policy (or a summary) publicly available and communicate it to all relevant suppliers.
  - o Supplier communication mechanisms could include making reference in purchasing orders or contract documentation, in newsletters, and on your website.
- Regularly monitor and measure progress in relation to the implementation of your responsible sourcing policy. Larger companies can consider setting responsible procurement targets, where relevant.

| 2.5 | Impact Assessments |
|---|---|
| | The Entity shall conduct environmental, social, cultural and Human Rights Impact Assessments, including a gender analysis, for new projects or major changes to existing facilities. |

*Points to consider:*

- A process should be in place to screen developments, expansions, significant changes to operating facilities and in the case of mining, significant exploration activities, to determine if there are environmental and/or social risks and impacts that require an impact assessment.
    - o The form and timing of impact assessments are often defined by applicable law.
    - o Initiation of impact assessment should begin at as early a stage as possible.
    - o Consider the nature, scale and risks of the project. For example, what might be appropriate at an exploration stage may be different than for a large scale mining project.
- Before new projects or major changes to existing facilities are undertaken, conduct an impact assessment that addresses potentially negative impacts on environmental, social (including health), cultural, and human rights attributes.
    - o Identification of risks and impacts should be based on recent environmental and social baseline data, at a level of detail that is appropriate to the nature of the project (for example greenfield vs brownfield sites).
    - o Consider impacts at the landscape level and identify any related land use planning required, including temporary uses of land. These may include other short or long term industrial, agricultural or community activities, relocation and access roads, storage and disposal areas, and construction camps.
    - o Consider the impacts of associated facilities, which are facilities that are not funded as part of the project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable. These may include railways, roads, ports, dams, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals. Consider potential synergies with community and regional development, and the value of project partners working to infrastructure design standards and protocols such as Global Infrastructure Basel and, where relevant, the Hydropower Sustainability Protocol.
    - o Consider cumulative impacts, which result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted. Some examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed, reduction of water flows in a watershed due to multiple withdrawals, increases in sediment loads to a watershed, interference with migratory routes or wildlife movement, or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.
    - o Human rights impact assessment (HRIA) should use international human rights law as its framework, and take into account differential impacts on women, children, the elderly and marginalised sectors of society. Human rights impacts may be assessed as part of either or both a social/environmental impact assessment, or as a standalone assessment.
    - o The assessment should include an analysis of alternative approaches to the design of the project, where appropriate. The mitigation hierarchy should be followed, favouring avoidance of impacts over mitigation. (See 8 Biodiversity for more information on the biodiversity mitigation hierarchy for biodiversity impacts).
    - o For mining, refining and smelting projects, include plans for rehabilitation at closure or decommissioning of the facility (see criterion 2.8).
    - o While most developing countries have regulation for impact assessment, in some cases there may be inadequate resources to implement and oversee such processes. In these situations, ASI members should nonetheless strive to implement good practice assessment approaches.
    - o For further advice on impact assessments, consult available references including the International Association of Impact Assessment – Best Practice resources, Guide to Human Rights Impact Assessment and Management (HRIAM) (2010), and the International Financial Corporation (IFC) Performance Standard 1 – Guidance Note.

- Where a mining operation and related infrastructure is proposed in an area of significant conservation value, the environmental component of the Impact Assessment should include:
    o Biodiversity assessments of areas containing significant conservation value should be conducted by qualified experts, via a standardised approach.
    o A cumulative impact assessment linked to the proposed project, as well as regional planning studies to account for indirect impacts on the environment caused by the operation, such as infrastructure, long-term settlements, logging, poaching, etc.
    o The appropriate avoidance, mitigation and offsets to manage identified impacts. Evaluation of options should consider associated social impacts. These could include the provision of basic resources (food, water, energy) and other natural resources (including waste management) needed to sustain the lives of workers' families and associated communities and prevent inappropriate logging, water abstraction, agricultural development, poaching, habitat loss and fragmentation.
- Appropriately qualified and experienced experts should carry out impact assessments.
    o Often specialists need to be engaged to carry out baseline studies and to facilitate and document the outcomes of an impact assessment.
    o The assessment should reflect the characteristics and interests of affected communities, and should provide for meaningful participation of those identified as disadvantaged or vulnerable.
    o Impact assessments are often more credible if prepared or at least peer reviewed by an independent firm.
- Impact assessments should be conducted within the context of an overall system for managing risks and impacts (see criteria 2.3).
    o Documented action plans and procedures should be established and implemented, as part of management systems to address the identified environmental and social risks and impacts and ensure compliance with applicable laws, regulations and licenses.
    o Undertake monitoring of key indicators derived from the identified potential impacts on environmental, social, cultural, civil rights and gender attributes.
- Where Indigenous peoples are present:
    o Conduct impact assessments in consultation with the Akwé: Kon Guidelines published by the Convention on Biological Diversity.
    o The area of influence for a project includes the cultural area of impact as determined by the concerned Indigenous peoples. Impact assessments should include trans-boundary impacts in cases where Indigenous peoples span national borders or are affected by projects with trans-boundary impacts.
    o Cumulative impacts include existing and foreseeable impacts of the proposed project, considered in light of other historical on-going, and planned activities located in or near Indigenous territories.
    o Participatory impact assessments provide Indigenous peoples with the option to conduct aspects of the assessment themselves, where they so choose.
    o Health impacts from all stages of mining, refining or smelting projects should be assessed, carefully monitored and mitigated, with participation (where they desire) by affected Indigenous communities.
    o Provide resources to enable Indigenous peoples to select independent experts to review impact assessments, including providing accessible summaries thereof.

| 2.6 | Emergency Response Plan |
|---|---|
| | The Entity shall have site specific emergency response plans developed in collaboration with potentially affected stakeholder groups such as Communities, Workers and their representatives, and relevant agencies. |

*Points to consider:*

- Potential types of emergencies may relate to: fire, explosion, high volume materials, ground subsidence, release of chemicals to the environment, transportation of products, by-products, wastes or supplies, pipelines, natural hazards such as weather and seismic events, non-operational facilities such as closed mine sites, social unrest and other hazards, and health and safety incidents (see Principle 11).
- Develop, adopt and implement documented site specific emergency plans covering all applicable hazards.
  - Base emergency plans on a risk analysis, and include consideration of risk factors such as geographical location, climate, sensitivity of potentially affected ecosystems, etc and potential impacts on people, environments and assets.
  - Identify the necessary emergency response participants and establish their roles, resources and concerns.
  - Develop the plans in collaboration with affected stakeholders such as workers and their representatives, communities including vulnerable groups, and other relevant agencies, taking into account gender representation.
  - Establish procedures for periodic testing, review and updating of plans.
  - Communicate the content of emergency response plans to potentially affected stakeholders.
- Emergency response plans should also be linked back to your risk identification and impact assessment at a site and/or corporate level. Plans should take into account controls put in place to mitigate impacts people, environments and assets.
- For further advice on emergency response planning, consult available references including the [International Council on Mining and Metals (ICMM)/United Nations Environment Programme (UNEP) – Good Practice in Emergency Preparedness and Response](#) (2005).

| 2.7 | Mergers and Acquisitions |
|-----|--------------------------|
| | The Entity shall review environmental, social and governance issues in the Due Diligence process for mergers and acquisitions. |

*Points to consider:*

- There is a growing realisation of the contribution that environmental, social and governance (ESG) factors can make to value creation, as well as to risk management, for mergers and acquisitions. In 2012, a [PwC survey](#) found that
  - ESG factors can affect the likelihood of the deal occurring. Poor performance on ESG factors can have a significant negative impact on the valuation of a deal.
  - The cost and difficulty of bringing a target company up to the buyer's standards with regards to managing ESG factors is a significant consideration in the deal process. Companies may consider integration as an opportunity to increase the value and efficiency of the acquired company, through improving areas of poor performance on ESG factors. However, if the standard of ESG management is too low then this opportunity cannot be fully realised.
  - Many companies are developing a more systematic approach to ESG due diligence. Although many companies consider their general approach to sustainability to be quite advanced, a significant proportion recognise that they have a less well developed approach to ESG due diligence for mergers and acquisitions.
- For any planned mergers and acquisitions, undertake a due diligence process that reviews the environmental, social and governance issues relevant to the scope of the target operation/s, in addition to the financial due diligence. These might include:
  - Environmental: for example, pollution and contamination of land, air and water, related legal compliance issues, eco-efficiency, waste management and recycling and reuse, water use and efficiency, energy use and efficiency, natural resource scarcity, climate change and carbon emissions reduction strategies, and hazardous chemicals.

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- o Social: for example, the treatment of employees, health & safety, labour conditions, child labour, forced labour and trafficking, human rights, supply chains, equality and diversity, and treating customers and communities fairly.
  - o Governance: for example, the governance of environmental and social issue management, anti-bribery and corruption, business ethics and transparency.
  - o Consider risk factors for the above, such as operating locations, nature of the business, and previous management and operational practices.
- As part of the due diligence, include an evaluation of potential management measures that could address and/or minimise negative social, environmental and governance impacts.
- For further advice on due diligence for environmental, social and governance risks, consult available references including the International Financial Corporation (IFC) Performance Standard 1 – Guidance Note, and the UN Guiding Principles on Business and Human Rights.

| 2.8 | Closure, Decommissioning and Divestment |
|---|---|
| | The Entity shall review environmental, social and governance issues in the planning process for closure, decommissioning and divestment. |

*Points to consider:*

- The planning process for closure, decommissioning or divestment of an operation is based on an ongoing assessment, identification and mitigation of risks, as per criterion 2.3.
  - o Closure planning can be complex as it usually deals with time horizons that can stretch over decades. Planners must try to deal with environmental, social, economic and governance parameters that, over the life of an operation and post-closure generations, will inevitably change.
  - o As part of the planning process, develop and implement policies and procedures for any planned closure, decommissioning or divestment of operations.
    - ▪ Associated facilities under the control of the company (such as railways, roads, dams, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals) must also be considered.
  - o Workers, affected communities, including Indigenous Peoples, and regulators are key stakeholders in the planning process. Outcomes from stakeholder consultations need to be taken into account in the closure, decommissioning and divestment plans.
  - o Seek to identify management measures aimed at preventing negative social, environmental and governance impacts and promoting positive outcomes.
  - o Provide adequate financial assurance, in consultation with governments and communities, to ensure that resources are available to meet closure and rehabilitation requirements.
  - o Aim to restore the land to its prior state, or ensure that value is added to the land in accordance with community wishes and/or regulatory requirements, or other agreed end use.
  - o Where Indigenous peoples are present, Free Prior and Informed Consent (FPIC) processes (see criterion 9.4) may be applicable.
- In the mining sector, an integrated approach to closure takes environmental, economic and social considerations into account from an early stage and continues throughout a mine site's life. Fundamental to this approach is the need to consider closure as a core part of business. See criterion 8.5 on Mine Site Rehabilitation.
  - o In some cases, mines may close prematurely, for example through low commodity prices, regulatory changes, technical challenges or social conflict – not just depletion of reserves. Early planning is essential.
  - o Mine sites should place a strong emphasis on community participation in the development and implementation of a mine closure plan.

- Since mining represents a transient land use, in areas of with significant biodiversity values, the aspiration should be to restore land used for mining to a future use that takes these values into account.
- Additionally, closure costs are often substantially incurred after the mine is no longer generative revenue. Consequently, financial provisions for closure must be either set aside prior to or during active operations, provided by other revenue streams, or made available through the security of other assets. The choice of financial assurance option may depend on regulatory requirements.

**Review:**

- Do you have environmental, social and governance policies in place?
- Have you nominated at least one senior management representative with responsibility for ASI standards?
- Do you have documented environmental and social management systems?
- Do you have a responsible sourcing policy?
- In the case of major developments or large expansions, are you conducting the relevant impact assessments?
- Do you have site specific emergency response plans?
- Do you carry out due diligence for environmental, social and governance aspects for mergers and acquisitions?
- Do you include environmental, social and governance aspects in planning processes for closure, decommissioning and/or divestment?

## 3. Transparency

*Applicability*

| Supply chain activity | Applicability of Performance Standard Criteria | | | | |
|---|---|---|---|---|---|
| | 3.1 | 3.2 | 3.3a | 3.3b | 3.4 |
| Bauxite Mining | green | green | green | green | green |
| Alumina Refining | green | green | green | | green |
| Aluminium Smelting | green | green | green | | green |
| Aluminium Re-melting/Refining | green | green | green | | green |
| Casthouses | green | green | green | | green |
| Semi-Fabrication | green | green | green | | green |
| Material Conversion *(Production and Transformation)* | green | green | green | | green |
| Material Conversion *(Industrial Users)* | | | | | |
| Other manufacturing or sale of products containing Aluminium | | | | | |

Code:
*Criteria shaded green are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*
*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

## Background

Transparency is an increasing and evolving expectation of the private sector, which aims to promote accountability and enable third parties to understand and evaluate performance and impacts.  The ASI Performance Standard address several dimensions of transparency:  sustainability reporting, including regarding non-compliance and liabilities and payments to governments, and complaints resolution mechanism.

Companies are increasingly incorporating environmental, social and economic information into their public reporting.  Often framed as 'sustainability reporting', it responds to the expectations of a wide range of stakeholders, including regulators, civil society, shareholders, communities, employees and customers.  The need for common frameworks for sustainability reporting led to the development of the Global Reporting Initiative (GRI) in 1997.  Other reporting frameworks continue to emerge to focus on particular regulatory contexts, sectors and issues.  Two areas for disclosure that are particularly noted in the ASI Performance Standard are non-compliances and liabilities, and payments to governments.

Effective rights-compatible complaints and grievance mechanisms offer a channel for individuals and communities affected by an organisation's activities to raise concerns early, openly, on an informed basis, with due protection and in an atmosphere of respect.  They have the potential to limit dispute escalation, facilitate dispute resolution and contribute to the prevention of future disputes by enabling learning and enhancing

relationships. Human rights are an important dimension of complaints and grievance mechanisms, both in terms of the process for dealing with disputes and in the potential scope of complaints.

## Key Concepts

**Complaints Resolution Mechanism** – A formal process that can be used by individuals, Workers, Communities and/or civil society organisations to raise concerns about business activities and operations as a means of access to remedy. (Adapted from Human Rights and Grievance Mechanisms)

**Sustainability Reporting** – Reports published by a company or organisation about the economic, environmental and social impacts caused by its everyday activities. (Adapted from the Global Reporting Initiative)

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 3.1 | Sustainability Reporting |
|-----|--------------------------|
|     | The Entity shall publicly disclose its governance approach and its material environmental, social and economic impacts. |

*Points to consider:*

- In the organisation's report/communications, consider how to communicate the following in a suitable form for your stakeholders:
  - The key issues that are of interest to stakeholders and/or are material to the company
  - The organisation's policies or positions with respect to these
  - Any actions the organisation has taken or plans to take with respect to these, for example in your own operations or through involvement in community or industry initiatives
  - Where possible, quantitative or qualitative outcomes that the actions have achieved or are expected to achieve
  - Where particular issues such as human or labour rights impacts have been raised by affected stakeholders, the report/communication should aim to provide information sufficient to assess the adequacy of the organisation's response.
- Systems for data collection, integrity and verification should be established and coordinated with existing management systems and business review processes.
- Opportunities for harmonisation of reporting should be identified, where applicable, for example:
  - Annual financial reporting
  - Business contributions to the UN Sustainable Development Goals
  - Reporting on implementation of the UN Guiding Principles for Business and Human Rights (see criterion 9.1)
  - Communicating progress under the Global Compact
  - Disclosing revenues under the Extractive Industries Transparency Initiative
  - Stakeholder, community and employee engagement processes
  - Regulatory reporting, for example disclosures on modern slavery or supply chain due diligence
  - Information for ethical investment markets.
- Other criteria in the ASI Performance Standard that have disclosure requirements which may be applicable and can be addressed here are:
  - 3.2 Non-Compliance and Liabilities
  - 3.3 Payment to Governments
  - 5.1 Greenhouse Gas Emissions
  - 6.1 Emissions to Air

- o 6.2 Discharges to Water
- o 6.4 Reporting of Spills
- o 6.5 Waste Management and Reporting
- o 7.3 Disclosure of water usage and risks
- o 8.2 Biodiversity Management
- o 9.1 Human Rights Due Diligence
- Large companies are recommended to follow the guidelines produced by the Global Reporting Initiative (GRI), or similar reporting guidelines.
- For small-to-medium enterprises (SMEs), it is sufficient to make information available on its governance structure and a summary of the material impacts (environmental, social and economic). This can be in the form of a memorandum or email, or information on the company's website, and does not need to be a printed publication.
- 'Publicly available' refers to a document or a series of documents being communicated to stakeholders either through the organisation's website (for large companies), or making them available upon request (SMEs).
- Reporting should be of a frequency that is relevant for the business. Large companies would normally produce annual reports, while small-to-medium enterprises may update their communications less frequently, in proportion to the scale of their business and its impacts.

| 3.2 | Non-compliance and liabilities |
|---|---|
| | The Entity shall publicly disclose information on significant fines, judgments, penalties and non-monetary sanctions for failure to comply with Applicable Law. |

*Points to consider:*

- The level of non-compliances by an organisation helps indicate the ability of management to ensure that operations conform to certain performance parameters. From an economic perspective, ensuring compliance helps to reduce financial risks that occur either directly through fines, or indirectly through impacts on reputation. In some circumstances, non-compliance can lead to clean-up obligations or other costly environmental liabilities. The strength of the organization's compliance record can also affect its ability to expand operations or gain permits. (GRI G4 Guidance)
- Identify administrative or judicial sanctions for failure to comply with environmental or social laws and regulations. Disclose significant fines and non-monetary sanctions in terms of:
  - o Total monetary value of significant fines
  - o Total number of non-monetary sanctions
  - o Cases brought through dispute resolution mechanisms
  - o The corrective action that has been taken to address the non-compliance/s.
- Where organisations have not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.
- In cases where disputes are resolved according to customary law, the terms of settlement may be publicly disclosed with consent.
- Disclosure can take place through the organisation's website, or through information included in an annual report, and in accordance with applicable law.

| 3.3 | Payments to governments |
|---|---|
| | a. The Entity shall only make, or have made on its behalf, payments to governments on a legal and/or contractual basis. |
| | b. Entities engaged in Bauxite Mining shall publicly disclose payments to governments, building on existing audit and assurance systems. |

*Points to consider:*

- For criteria 3.3a, ensure that the organisation's anti-corruption policy has requirements in place ensuring that any payments to governments made by or on its behalf have a solid legal and/or contractual basis. Auditing payments to governments can be part of routine financial auditing.
- For criteria 3.3b, transparency of payments to governments can help prevent conflict around mining activities and demonstrate the contribution that mining investment makes to a country.
- The Extractive Industries Transparency Initiative (EITI) is a multi-stakeholder initiative comprised of governments, companies, civil society groups, investors and international organisations, which sets a global standard for companies to publish what they pay and for governments to disclose what they receive. Compliance with 3.3b can be achieved through implementation of EITI.
  - Endorse the EITI Principles and Criteria, in the form of a policy or similar, and make this available on the company website.
  - Disclose all material payments made to participating governments in the form of taxes, royalties, signature bonuses and other forms of payments or benefits. This should be in the form of applicable reporting templates and country workplans. The EITI Business Guide provides advice as to EITI reporting requirements.
  - Disclosure of payments to governments in non-EITI countries is also encouraged, where contract confidentiality provisions allow such disclosure.

| 3.4 | Stakeholder complaints, grievances and requests for information |
|---|---|
| | The Entity shall implement accessible, transparent, understandable and culturally and gender sensitive, Complaints Resolution Mechanisms, adequate to address stakeholder complaints, grievances and requests for information relating to its operations. |

*Points to consider:*
- The focus of this criteria is on mechanisms that a company can credibly establish, ideally in cooperation with key stakeholders. This does not include adjudicative mechanisms (judicial or non-judicial) which should be situated at least one step away from all parties, including the company. Instead the emphasis here is on dialogue-based processes. These should encourage early resolution of issues at the local level wherever possible, with precluding access to other mechanisms.
- Complaints resolution mechanisms should be tailored to suit the industry, country and culture for which they are designed. Documented procedures should indicate clearly how complaints, grievances and/or requests for information are addressed, including:
  - Who stakeholders can contact to raise questions or get more information
  - Who is responsible for receiving and registering complaints and grievances
  - How they are addressed and by whom
  - What are the indicative timeframes for the various phases of complaint resolution
  - How some matters may proceed through escalation channels
  - What provisions exist for appeals
  - How the process aims to be sensitive to gender and take into account cultural aspects that are relevant to the organisation's operations
  - How the process will apply to contractors or other agents acting on the organisation's behalf
  - How records will be maintained
  - How processes and outcomes will be reported and evaluated.
- Ensure that all relevant stakeholders, including where applicable affected Indigenous communities, know of the existence of complaints and grievance resolution mechanism and how to access it. This can be through various communication channels, such as stakeholder meetings, newsletters, and websites.
- Consider how to make the mechanism accessible to all relevant communities and community members. For example:

- o Complaints could be accepted and addressed irrespective of the form in which they are made (e.g. oral communications in local languages, where communities would have difficulty interfacing with technical processes or documents).
  - o Impacted stakeholder groups may request access to independent information and/or expertise, or a facilitator or mediator to support the dialogue process for some grievances.
  - o Anonymity may be important for some stakeholder groups or in some contexts, such as in situations of social conflict or in cases of whistleblowing.
- Where Indigenous peoples are present, design of operational level grievance mechanisms should give due consideration to their customary law and legal systems.
  - o Where requested to do so by Indigenous peoples, organisations should participate in existing customary grievance mechanisms.
- The UN Guiding Principles on Business and Human Rights include a list of effectiveness criteria for rights-compatible grievance mechanisms, which provide general guidance for design:
  - o Legitimacy:  enabling trust from the stakeholder group for whose use they are intended, and being accountable for the fair conduct of grievance processes;
  - o Accessibility:  being known to all stakeholder groups for whose use they are intended, and providing adequate assistance to those who may face particular barriers to access;
  - o Predictability:  providing a clear and known procedure with an indicative timeframe for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;
  - o Equitability:  seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;
  - o Transparency:  keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;
  - o Rights-compatibility:  ensuring that outcomes and remedies accord with internationally-recognised human rights;
  - o Dialogue and engagement:  consulting the stakeholder group for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances;
  - o Continuous learning:  drawing on relevant measure to identify lessons for improving the mechanism and preventing future grievances and harms.

**Review:**
- Do you communicate to relevant stakeholders about your sustainability performance?
- Do you disclose information on penalties and sanctions for legal non-compliance?
- If you are engaged in bauxite mining, do you disclose payments made to governments?
- Do you have an accessible complaints resolution mechanism in place?

## 4. Material Stewardship

**Principle**

The Entity is committed to take a life cycle perspective and to promote resource efficiency, collection and recycling of aluminium within its operations as well as within the value chain.

**Related criteria**

**2.3** Environmental and Social Management Systems

**Applicability**

| Supply chain activity | Applicability of Performance Standard Criteria | | | |
|---|---|---|---|---|
| | 4.1 | 4.2 | 4.3 | 4.4 |
| Bauxite Mining | green | | | |
| Alumina Refining | | | | |
| Aluminium Smelting | green | | | |
| Aluminium Re-melting/Refining | green | | green | green |
| Casthouses | green | | green | green |
| Semi-Fabrication | green | | green | green |
| Material Conversion (Production and Transformation) | green | green | green | green |
| Material Conversion (Industrial Users) | green | green | green | green |
| Other manufacturing or sale of products containing Aluminium | green | green | green | green |

Code:

*Criteria shaded* green *are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*
*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

## Background

Material stewardship encompasses both process and product stewardship. In the context of ASI, process stewardship refers to minimising environmental impacts and health and safety risks in processes to explore, extract and refine aluminium. Product stewardship seeks to minimise environmental, health and safety risks and enable recovery, reuse or recycling (as appropriate) of the aluminium utilised in product systems. Ultimately, these approaches are defined and implemented through the actions of various players in the aluminium value chain of specific minerals and metals (adapted from ICMM, 2006).

ASI's approach to material stewardship encompasses:

- Understanding the life cycle impacts of aluminium from mining to use and through to end-of-life.
- Enhancing sustainability and environmental life cycle performance in product design.
- Minimising generation of aluminium process scrap, and where generated, maximising recycling and/or re-use.
- Maximising collection and recycling of products containing aluminium at their end-of-life, and engaging with relevant stakeholders to increase recycling rates.

## Key Concepts

**Aluminium Process Scrap –** Material containing Aluminium that is diverted from the waste stream from a manufacturing process or similar (adapted from ISO14021:2016).
Note that the material may not necessarily be regulatory waste in any location that it is produced.  Note that Aluminium Process Scrap can be considered Pre-Consumer Scrap under the ASI Chain of Custody Standard if the material has not been intentionally produced, is unfit for end-use and is not capable of being re-used in the same process that generated it.

**Circular Economy (CE) –** A circular economy is one that is restorative and regenerative by design and aims to keep products, components and materials at their highest utility and value at all times. , distinguishing between technical and biological cycles. This new economic model seeks to ultimately decouple global economic development from finite resource consumption. A circular economy addresses mounting resource-related challenges for business and economies, and could generate growth, create jobs, and reduce environmental impacts, including carbon emissions. As the call for a new economic model based on systems-thinking grows louder, an unprecedented favourable alignment of technological and social factors today can enable the transition to a circular economy. (Ellen Macarthur Foundation, 2015)  Key applications for CE are that waste generation and material inputs are minimised through eco-design, recycling and re-using of products, thus transitioning from a linear (take-make-consume-dispose) approach to a circular economy that respects planetary boundaries.  CE principles are increasingly embedded into broader national or international policy settings. With high end-of-life recycling rates in many countries and product segments, aluminium can be a key contributor to a circular economy.

**Environmental Product Declaration (EPD) –** An EPD is a verified and registered document that communicates transparent information about the life-cycle environmental impact of products including raw material supply, transport, manufacturing, and associated processes. An EPD shall at least cover the product stage, which is 'cradle-to-gate' (as described in EN 15804 Modules A1 to A3). An EPD covering all life-cycle stages including the product stage, installation into the building, use and maintenance, replacements, demolition, waste processing for re-use, recovery, recycling and disposal, and disposal is said to be 'cradle-to-grave' (as described in EN 15804 Modules A to C).  Consideration of environmental aspects resulting from reuse, recovery and recycling at end of life, is very important in relation to the circular economy and should be part of a 'cradle-to-grave' EPD (as described in the optional Module D in EN 15804).  Further, any comparison of construction products on the basis of their EPD is defined by the contribution they make to the environmental performance of the building. Consequently, comparison of the environmental performance of construction products using EPD information shall be based on the product's use in and its impacts on the building, and shall consider the complete life cycle, which is organised into the separate modules A to D. (Adapted from ISO 14025 and EN 15804).

**Life Cycle Assessment (LCA) –** LCA is a systematic set of procedures for compiling and examining the inputs and outputs of materials and energy and the associated environmental impacts directly attributable to the functioning of a product or service system throughout its life cycle (ISO 14040: 2006).

**Life Cycle Inventory (LCI) –** LCI is an inventory of data that quantifies the energy and raw material inputs and environmental releases to air, land and water associated with each stage of production (ISO 14040: 2006).

**Product Carbon Footprint (PCF) –** A PCF is a means for measuring, managing and communicating greenhouse gas emissions related to goods and services. A carbon footprint is based on a LCA but focuses only on global warming potential.

**Product Environmental Footprint (PEF) –** Unlike a carbon or water footprint, PEF is a multi-indicator measure of a product's impacts using an LCA approach. A PEF study is a measure of a set of quantifiable environmental

impacts over the life cycle of a product, including emissions to water, air and soil, use and depletion of resources and impacts from land use. PEF's are a European Commission initiative and the pilot study process for a wide range of products is underway and scheduled to complete at the end of 2017.

**Sustainable Materials Management (SMM)** – SMM is a systemic approach to using and reusing materials more productively over their entire life cycles. SMM seeks to use materials in the most productive way with an emphasis on using less; reduce toxic chemicals and environmental impacts throughout the material life cycle; assure there are sufficient resources to meet today's needs and those of the future.

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 4.1 | Environmental Life Cycle Assessment |
|-----|-----|
| | a. The Entity shall evaluate life cycle impacts of its major product lines for which Aluminium is considered or used. |
| | b. Upon customer request, the Entity shall provide adequate cradle-to-gate Life Cycle Assessment (LCA) information on its Aluminium (containing) product(s). |
| | c. Any public communication on LCA shall include public access to the LCA information and its underlying assumptions including system boundaries. |

*Points to consider:*

- The focus of this criterion is on **environmental** life cycle impacts, though other types of life cycle impacts may also be considered within an assessment as desired.
- If conducting a full Life Cycle Assessment, these should be conducted according to the principles set out in ISO 14040:2006 and ISO 14044:2006 (see references below) to advance consistency and comparability of assessments. Ensure appropriate expertise is involved in the assessment.
- In life cycle assessments (LCA) that involve recycling of materials, a method for allocation of processes and avoided emissions needs to be chosen to fit the goal and scope definition of the assessment. There are two main approaches to recycling (CE Delft, 2013):
  - End-of-life (EOL) recycling approach (also known as avoided burden). Environmental benefits are only granted for the fraction of material that is recovered and recycled after the use phase.
  - Recycled content (RC) approach (also known as cut off). Environmental benefits are only granted for the actual fraction of secondary material in a product.
  
  The choice of allocation often has a major influence on the results of the LCA for a particular product. Therefore, some sectors and/or product groups are defining preferred standards for dealing with recycling in LCA. Amongst others, the global metals industry has made a 'Declaration by the Metals Industry on Recycling Principles', published in the International Journal on LCA (Atherton, 2006). This declaration states the following:
  
  > *"For purposes of environmental modelling, decision-making, and policy discussions involving recycling of metals, the metals industry strongly supports the end-of-life recycling approach over the recycled content approach."*
  
  Independent of the allocation approach used for recycling, the impact or credit from recycling should be provided separately.
- For 4.1(a), when evaluating life cycle impacts for your products, make use of information and models

produced by industry associations and published resources, as relevant.

- o Contact your association/s to find out what LCA work has been completed or is underway that has relevance to your products. These studies will contain data you can use to evaluate life cycle impacts and identify 'hotspots' in the supply chain.
  - For example, the European Aluminium Foil Association publishes a range of studies for flexible packaging of food. Also see other examples under 4.1(b).
- o When considering which product lines are 'major', the following may serve as a guide:
  - Those products or product lines which in aggregate consume more than two-thirds of aluminium used by the Entity.
  - The top 10 products or product lines, in order of largest proportion of aluminium used by the Entity.
  - Other approaches to considering 'major' product lines have to be explained during an ASI audit.
- o In evaluating life cycle impacts, consider the impact of the various production stages and of end-of-life recycling. These analyses can also be used to develop plans for impact reductions over time.
- o Note that for multi-material products, the aluminium component of the product does not need to be singled out in the evaluation (for example, for B2C calculations). Conversely, for B2B applications, an LCA that covers only the aluminium components would be sufficient.
- o Note that for smaller businesses or for some applications, a simplified process with limited assumptions may suffice.

- For 4.1(b), consider finding or developing a cradle-to-gate LCA information document that can be easily made available to customers upon request.
  - o 'Cradle-to-gate' LCA is an assessment of a partial product life cycle from resource extraction (cradle) to the factory gate (i.e., before it is transported to the next step in the value chain). The use phase and disposal/recycling phase of the product are omitted in this case. In other words, cradle-to-gate information covers your own production plus upstream impacts.
  - o Cradle-to-gate analyses will vary depending on your position in the value chain. For example, bauxite mining would cover the extraction process and associated impacts to the mine gate, whereas a downstream entity would likely draw on available information regarding upstream impacts and then include impacts from their own production. Downstream activities including semi-fabrication may adopt cradle-to-grave accounting for the end of life of the product.
  - o A number of associations including the International Aluminium Institute (IAI), The Aluminum Association and European Aluminium publish LCA information for production and use sectors. This could be cradle-to-gate, or simply 'gate-to-gate' if focused on a specific supply chain step.
    - For example, the European Aluminium (EA) Environmental Profile Report provides industry average data for the various steps of aluminium production and processes. It does not consider the full life cycle since this information is not available across all markets and products but can be collected case by case via LCA.
    - Relevant life cycle information can also be contained in Environmental Product Declarations (EPDs). EN 15804 and EN 15978 require that auditors review and validate data associated with Environmental product Declarations (EPD's). For example, EPDs developed by The Aluminum Association in accordance with ISO14025 and independently validated include those for Hot-Rolled Aluminium, Cold-Rolled Aluminium, Extruded Aluminium, Primary Ingot and Secondary Ingot. EPDs developed by European Aluminium include a set for building products.
    - There is also work underway by the European Committee for Standardisation CEN to

develop approaches for the sustainability assessment of construction products and buildings based on EN 15804 and EN 15978 standards.

- o Where 'cradle-to-grave' information is available, this would meet and exceed this requirement and is encouraged by ASI members wherever possible to enable more informed decision-making regarding aluminium. A cradle-to-grave analysis could also include the environmental benefits resulting from the use stage and collection and recycling at end of life (see criterion 4.4), noting any assumptions. However, given the difficulty for upstream producers to track where metal goes, a cradle-to-gate analysis is often more feasible.
- o Note that this criterion is intended to apply for requests made by direct/supply chain/B2B customers.

- For 4.1(c), when publicly communicating about LCA information or assessment results, there should be public access to the LCA information and its underlying assumptions. This is to support transparency, accuracy and consistency.
    - o An LCA summary should include the following types of information:
        - ▪ Scope of the study: description of scope, system boundaries and main assumptions.
        - ▪ Results: disclosure of results, and an explanation regarding which impact categories (for example Global Warming Potential, Acidification Potential, Water Consumption, Primary Energy Demand) are covered or are not covered and why. LCA's for aluminium would normally include at least Global Warming Potential.
        - ▪ Sensitivity analysis: study and discussion of main parameters influencing the results.
        - ▪ Conclusions.
    - o Ideally, such public communication on LCA information or assessment results should be based on 3rd party verified LCAs conducted in accordance to ISO 14040 and 14044, and in line with ISO 14021 or 14025 (see references below).
    - o Note that confidentiality of site-specific or commercial-in-confidence data can be maintained. Background data used to prepare LCA information is often sourced from third party Life Cycle Inventory databases (such as GaBi, ecoInvent, etc). This can include data which makes a significant contribution to impact categories, but is proprietary and often difficult to interrogate. "Public access" to these aspects can therefore be problematic.
    - o Where appropriate, the Entity should contribute to the development of average LCI databases in the region/s where they operate. This could be via direct provision of data or other resources, or via industry associations or other collaborative groups or initiatives. Entities are encouraged to actively provide data to industry level LCA studies organized by industry groups or trade associations, to improve the quality and representativeness of industry wide LCA information.
- Relevant ISO Standards include:
    - o ISO 14040: 2006 Environmental management — Life Cycle Assessment — Principles and Framework
    - o ISO 14044: 2006 Environmental management – Life Cycle Assessment – Requirements and Guidelines
    - o ISO 14021: 1999 Environmental labels and declarations — Self-declared environmental claims (Type II environmental labelling)
    - o ISO 14024: 1999 Environmental labels and declarations — Type I environmental labelling — Principles and procedures
    - o ISO 14025: 2006 Environmental labels and declarations – Type III Environmental declarations – Principles and procedures

| 4.2 | Product design |
|-----|----------------|

> The Entity, where engaged in Semi-Fabrication, Material Conversion and/or manufacture or sale of consumer/commercial goods containing Aluminium, shall integrate clear objectives in the design and development process for products or components to enhance sustainability, including the environmental life cycle impacts of the end product.

*Points to consider:*

- *Note: this criterion applies to Semi-Fabrication, Material Conversion and/or manufacture or sale of consumer/commercial goods containing Aluminium.*
- This criterion is designed to apply to Entities that are involved in the design and development process of the product or component. This includes companies that are involved in setting design objectives and specifications, and excludes companies that are only retailers of finished products with no involvement in product design. It is also less relevant for standardised semi-fabricated products which do not necessarily have a design and development process but are inputs for further specialised manufacturing (eg aluminium slugs).
- The focus of this criterion is on the use of aluminium within the component or product.
- Systems documentation related to product design should include objectives covering resource efficiency, use phase optimization, recyclability, and/or scrap tolerance, as appropriate. These should take into account the life cycle impacts of the end product.
    - Develop objectives to reduce the environmental impacts of products at the beginning of the development process.
    - Specify key design parameters that can affect the product environmental footprint such as alloy/s, weight, percentage of expected process scrap, and recyclability.
    - Describe – and where reasonable quantify – improvements compared to previous versions of the product.
    - Monitor progress towards objectives. If necessary, develop corrective action plans.
- Examples of objectives to enhance the sustainability credentials and life cycle performance of products can include:
    - Design for reuse or recycling
    - Design for dismantling or disassembly
    - Design for extended product life
- Documents in which objectives might be integrated can include:
    - Documentation of design and development process (description of development steps, milestones and responsibilities)
    - Description and implementation of a 'design for recycling' process (such as recyclability of closed-loop and end-of-life scrap), or similar
    - Collection and documentation of primary data (such as energy or water consumption, material input, scrap, direct emissions etc) for the production process
    - Providing primary data or LCAs, particularly cradle-to-grave, for final products.
- For new products or product lines, and for upgrading existing products or product lines, consider applying materials or processing technology that increase scrap tolerance, while maintaining material performance and quality.

| 4.3 | Aluminium Process Scrap |
|---|---|
| a. | The Entity shall minimise the generation of Aluminium Process Scrap within its own operations and, where generated target 100% of scrap for collection, recycling and/or re-use. |
| b. | The Entity shall seek to separate Aluminium alloys and grades for recycling. |

*Points to consider:*

- *Note: this criterion does not apply to Bauxite Mining and Alumina Refining.*
- For 4.3(a), for each aluminium-based product line, consider all process steps and production areas where aluminium process scrap is generated and identify specific measures that could minimize its generation.

- o Types of scraps to consider include run-around scrap, fabrication scrap, scalpings, edge and end trim, and discrepant product.
- o Continuous scrap analysis and business excellence programs can help identify areas for improvement.
- Also for 4.3(a), consider all aluminium process scrap sources and identify specific measures that could increase or maintain collection and recycling or re-use rates to target as much scrap as possible. Such measures could include:
  - o Increase employees' awareness and knowledge around aluminium scrap and the associated economic value
  - o In-house communication and training
  - o Quantification of scrap amounts and visualization
- Note that there is a spectrum of different approaches used for scrap segregation, which include:
  - o Mixed metals including aluminium
  - o Aluminium segregated from other metals, but all alloys mixed
  - o Aluminium segregated by major alloy family (eg 5xxx, 6xxx)
  - o Aluminium segregated by refined alloy families (eg high Mg 5xxx, low Mg 5xxx, high Cu 6xxx, low Cu 6xxx).

  Segregation and closed loop recycling systems support better material integrity and recyclability, but may require significant investment in segregation systems. The costs of segregating scrap may outweigh the value received in some situations.
- For 4.3(b), where this approach is not already integrated into production processes, evaluate the feasibility to commence or increase the separation of aluminium alloys and grades.
  - o Where environmentally and economically proven, seek to prioritise refined alloy separation that allows future alloy reuse within the same or similar quality product applications. Otherwise seek to group process scrap by alloy families wherever feasible.
  - o Where appropriate, integrate scrap separation as part of scrap and recycling management
- The overall approach to 4.3 should be documented into a scrap management and recycling plan that is regularly updated to increase associated benefits.

| 4.4 | Collection and recycling of products at end-of-life. |
|---|---|
| | a. The Entity shall implement a recycling strategy, including specific timelines, activities and targets. |
| | b. The Entity shall engage with local, regional or national collection and recycling systems to support accurate measurement and efforts to increase recycling rates in their respective markets for their products containing Aluminium. |
| | *These criteria exclude products containing Aluminium where comparative Life Cycle Assessment demonstrates that material recycling is not the best option for the environment.* |

### Points to consider:

- *Note: This criterion excludes aluminium-containing products where comparative Life Cycle Assessment demonstrates that material recycling is not the best option for the environment.*
  - o This can be determined through comparative LCAs which may draw on information the Entity has already determined under criterion 4.1a, or gathered from suppliers or the public domain as appropriate.
  - o Comparative LCAs need to be based on a full-life-cycle assessment and robustly prepared considering all major factors relating to inputs and impacts. The LCAs need to have a consistent basis for comparison, for example, relative $CO_2$ emissions using similar methodologies. Other factors may include the availability and recoverability of the aluminium in the waste products, and the resources and impacts of the recovery process.
  - o To be excluded from the applicability of 4.4, an auditor would review the results of the comparative LCA which should indicate a clear result for other disposal or treatment option/s as having more favourable environmental outcomes.

- *Note: Individual company strategy and engagement efforts should be proportionate to the overall company market position (according to market size and share and the role within the supply chain).*
- For 4.4(a), develop, adopt, and implement a long-term collection and recycling strategy that addresses Aluminium-containing products and includes clear targets, timelines, and supporting activities.
  - At a minimum, targets should be aligned with existing mandated recycling targets at a national or sector level.
  - When developing a recycling strategy, take into account the business context, local market conditions, the regulatory environment, existing end markets, available collection and recycling infrastructure, and consumer education and outreach. Based on these factors, an individual recycling strategy will vary from company to company. For example, a small semi-fabricator would have a different type and scale of strategy to that of a large consumer-facing brand.
  - For larger companies, inform the development of your collection and recycling strategy through stakeholder consultation involving relevant stakeholder groups e.g. customers, retail sector, consumers, and local, regional and national recycling systems. This can include input into the definition of strategic priorities as well as the definition of targets and associated deadlines.
  - Consider how to deliver the most economic, environmental and social benefits. For example, an Entity could focus its efforts in an area where the recycling rates are particularly low, or it could focus its efforts on areas where recycling rates are already good but the impact of further effort is reasonably expected to be greater.
  - Consumer / commercial good suppliers should prioritize their role in communicating directly with product users about aluminium collection and recycling, its economic, environmental and social benefits. Large brands can play a very important role in raising awareness with consumers, whether acting directly with their market and/or in collaborative efforts such as through 4.4(b).
- For 4.4(b), engage with relevant local, regional or national collection and recycling systems in your respective markets to support accurate measurement and increased recycling rates for end-of-life products containing aluminium. This could be direct engagement, through associations or other means.
  - Encourage the use of widely accepted calculation methods to determine accurate data on recycling rates. Where relevant, participate in efforts to harmonise and improve the accuracy of calculation methods and/or data collection.
  - Promote quantified recycling targets for dedicated products at regional level.
  - Support programs aimed at achieving increased collection and recycling rates in the countries or regions where the Entity operates. For example, organisations like IGORA (Switzerland), and Keep America Beautiful and The Recycling Partnership (USA) work at a country level to enhance collaboration and action. Programs such as Every Can Counts in Europe and the UK are product-specific, and in this case aim to enable and encourage more people to recycle the drinks cans they use outside the home. Where these kinds of programs do not exist, where recycling is unregulated, or where legislation and enforcement are weak, consider how to initiate or support progress and actions in this area.
  - Consider how best to engage and collaborate with value chain partners to increase collection and recycling rates in major markets. Partnerships can focus on thoughtful consumer outreach, access to collection infrastructure, processing at sorting facilities, technical assistance for municipalities or supportive policies.
  - Engage and educate consumers and other stakeholders about aluminium collection and recycling, in particular the associated economic, environmental and social benefits.

**Review:**

- The Material Stewardship section of the Performance Standard is of particular relevance for Industrial User members of ASI.
- Do you evaluate the life cycle impacts of your products which contain aluminium?  If you publicly communicate on LCAs, do you provide access to the data, scope and methodology?
- Does your design and development process include objectives to enhance sustainability and life cycle performance?
- Do you strive to minimise the generation of aluminium process scrap?  Do you target all your process scrap for recycling and, where applicable and feasible, separate alloy grades to improve the recycling process?
- Do you have a recycling strategy that addresses aluminium in products?  Do you engage with efforts to support accurate measurement and increased recycling rates of aluminium?

## B. Environment

### 5. Greenhouse Gas Emissions

**Principle**

Recognising the ultimate objective established under the UN Framework Convention on Climate Change, the Entity is committed to reducing its Greenhouse Gas (GHG) emissions from a lifecycle perspective to mitigate its impact on the global climate.

**Related criteria**

**2.3** – Environmental and Social Management Systems

**Applicability**

| Supply chain activity | Applicability of Performance Standard Criteria | | |
|---|---|---|---|
| | 5.1 | 5.2 | 5.3 |
| Bauxite Mining | | | |
| Alumina Refining | | | |
| Aluminium Smelting | | | |
| Aluminium Re-melting/Refining | | | |
| Casthouses | | | |
| Semi-Fabrication | | | |
| Material Conversion *(Production and Transformation)* | | | |
| Material Conversion *(Industrial Users)* | | | |
| Other manufacturing or sale of products containing Aluminium | | | |

Code:

*Criteria shaded green are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*

*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

### Background

The UN Framework Convention on Climate Change (UNFCCC) sets an overall framework for intergovernmental efforts to tackle the challenge posed by climate change.  It recognizes that the climate system is a shared resource whose stability can be affected by industrial and other emissions of carbon dioxide and other greenhouse gases.  The Convention entered into force on 21 March 1994.  The UNFCCC objective is to "stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system."

The Intergovernmental Panel on Climate Change (IPCC) is the international body for assessing the science related to climate change. The IPCC provides policymakers with regular assessments of the scientific basis of climate change, its impacts and future risks, and options for adaptation and mitigation. IPCC assessments provide a scientific basis for governments at all levels to develop climate related policies, and they underlie negotiations at the UN Climate Conference.

A wide range of industrial sectors have long recognised the need to be pro-active in managing risks from climate change and reducing greenhouse gas emissions and energy costs.  ASI requires that all members seeking certification:

- Account for and disclose material GHG emissions
- Set time-bound targets to reduce GHG emissions.

Aluminium smelting is a very energy intensive process, generating approximately 80% of all GHG emissions in the aluminium industry worldwide. The level of GHG emissions produced in smelting is thus strongly linked to the type of electricity generation used, which can include coal, gas, hydroelectric and nuclear. Another source of significant direct emissions produced in the Hall-Heroult process are perfluorocarbons (PFCs).

The ASI Performance Standard requires that all aluminium smelters limit direct GHG emissions, and are producing aluminium at a level of direct plus indirect emissions below 8 tonnes $CO_2$-eq per metric tonne aluminium either:
- By 2030 or earlier, for smelters that started production up to and including 2020.
- By the time of certification, for smelters starting production after 2020.

The 8 t $CO_2$-eq per metric tonne level was established after extensive discussion by the IUCN Standards Setting Group during the development of Version 1 of the Performance Standard. The discussion drew on data and expertise available at the time including the average GHG emissions intensity for the aluminium industry. To put this in perspective, the current global average for aluminium ingot production is estimated to be 12 tonnes $CO_2$-eq per metric tonne of aluminium. The 8 t $CO_2$-eq per metric tonne intensity was ultimately a negotiated and agreed level aimed at a shared objective to drive reduction in greenhouse gas emissions over time from smelting operations. The different time bound targets for existing and planned smelters were designed to signal a transition period to achieve the target.

ASI's Performance Standard requirements thus represent a shift towards a lowered emissions profile for the sector that is both significant and long-term. Looking ahead, ASI has committed to explore what a 2°C and 1.5°C compliant GHG emissions trajectory would look like for the aluminium sector, and incorporating these findings into a future revision of the Performance Standard.

## Key Concepts

**$CO_2$ equivalent ($CO_2$-eq)** – GHG emissions can be expressed either in physical units (such as tonnes) or in terms of $CO_2$ equivalent (tonnes $CO_2$ equivalent). The conversion factor from physical units to $CO_2$ equivalent is the global warming potential (from the latest published IPCC report) of the corresponding GHG. (Adapted from UNFCCC)

**Direct GHG Emissions** – Emissions from sources that are owned or controlled by the Entity. (Adapted from The Greenhouse Gas Protocol)

**Indirect GHG Emissions** – Emissions that are a consequence of the activities of the Entity, but occur at sources owned or controlled by another entity. (Adapted from The Greenhouse Gas Protocol)

**Greenhouse Gases (GHG)** – Gaseous compounds in the atmosphere that are capable of absorbing infrared radiation, thereby trapping and holding heat in the atmosphere. By increasing the heat in the atmosphere, greenhouse gases are responsible for the greenhouse effect, which ultimately leads to global warming. Six GHG covered by the UNFCCC are: carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride ($SF_6$). (Adapted from UNFCCC)

**Scope 1** – All direct GHG emissions. (The Greenhouse Gas Protocol)

**Scope 2** – Indirect GHG emissions from consumption of purchased electricity, heat or steam. (The Greenhouse Gas Protocol)

**Scope 3 –** Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the Entity, electricity-related activities (e.g. transmission and distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc. (The Greenhouse Gas Protocol)

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 5.1 | Disclosure of GHG emissions and energy use |
|-----|---------------------------------------------|
| | The Entity shall account for and publicly disclose material GHG emissions and energy use by source on an annual basis. |

*Points to consider:*

- Document your methodology for calculating and recording material GHG emissions and energy use by source. Note that the applicable calculation methodology may be set by regulatory requirements and should be used where applicable. Other methodologies include:
    - The GHG Protocol, developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD), is a global resource for how to measure, manage, and report greenhouse gas emissions.
    - ISO 14064-1: 2006 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.
    - Comparable sector-specific methodologies where available. For example, under the EU European Trading Scheme Directive, the EN19694 series of standards deals with monitoring and reporting of greenhouse gases in energy intensive industries: part 4 deals with the aluminium industry.
- Determining materiality of GHG emissions:
    - Scope 1 and Scope 2 emissions should always be included.
    - Scope 3 emissions may or may not be material, depending on the supply chain activity, as they occur from sources not owned or controlled by the organization.
    - The GHG Protocol notes that information can be considered to be material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it.
        - There is no set materiality threshold for reporting emissions under the GHG Protocol. As a general guide, some programs set a materiality threshold at 5% for Scope 1 and 2, and 10% for Scope 3. Note that materiality thresholds may be specified under some regulatory reporting regimes.
        - The materiality of a source can only be established after it has been assessed. This does not necessarily require a rigorous quantification of all sources, but can be based on a general estimate using available data.
        - For some organizations, Scope 3 emissions are much greater than their direct (Scope 1) GHG emissions or energy indirect (Scope 2) GHG emissions. A key example for downstream users of aluminium is the production of the metal. Averaged emissions data for aluminium production is available from producer associations.
        - Where businesses have challenges calculating Scope 3 GHG emissions, or they are not material, this should be noted in the disclosure.
- Calculations and disclosure may relate to activities of a wider organisation of which your Entity is a part, or to those activities within the Entity's ASI Certification Scope (where different).

- o The focus of 5.1 is on transparency, and providing a basis of information for emissions reduction plans in 5.2.
  - o To be covered by a corporate reporting framework, the facility/Entity seeking Certification must fall within the scope of the broader corporate reporting group, and be internally accounted for in order to develop the aggregate information.
  - o When Scope 1 and/or Scope 2 emissions are produced to provide non-Aluminium products and services to clients they can be reported separately. For example, this could be for other business activities such as production of electricity or water for clients/communities, or when an Entity imports and exports electricity with the public grid as part of an energy exchange program with a net zero approach over an agreed reporting cycle.
  - o Note that carbon footprint of an entity is different to a carbon footprint of a product. The latter concept is being incorporated in the ASI Chain of Custody (CoC) Standard.
- When determining Scope 2 GHG emissions for consumption of purchased/imported electricity, preference should be given to actual data from the source generator (where known) over use of generalised or averaged GHG emission factors for the local, regional or national electricity grid.
- Through your website, or upon request, publicly disclose your GHG emissions and energy use by source.
  - o Large companies are expected to disclose their material GHG emissions and energy use via their website. For small and medium enterprises, this can be done either via the Entity's website, or upon request via e-mail or regular mail.
  - o The Global Reporting Initiative (GRI) framework is based on the reporting requirements of the GHG Protocol.
  - o Consider engaging in platforms such as the Carbon Disclosure Project (CDP).

| 5.2 | GHG emissions reductions |
|---|---|
| | The Entity shall publish time-bound GHG emissions reduction targets and implement a plan to achieve these targets. The targets shall cover the material sources of Direct and Indirect GHG Emissions. |

*Points to consider:*

- Evaluate which direct and/or indirect emissions (identified in 5.1) have the highest reduction potential.
- Using this analysis, develop a plan aimed at reducing energy consumption and/or GHG emissions. Specify concrete actions and deadlines for implementation, including the responsible staff and/or production areas.
  - o Note that targets should allow for growth and/or changing product mix, where relevant.
  - o If Scope 3 emissions are not currently included in disclosures, consider developing a plan to account for and include these in future.
  - o For aluminium smelters, the US EPA and The Aluminum Association have collaborated on a program to reduce PFC emissions. Further information, and resources and tools, are available on the program website.
  - o Consideration can be given to emerging technologies in areas such as grid modulation to optimise production against $CO_2$ emissions.
- Include monitoring systems as part of the annual accounting for GHG emissions to evaluate progress on the plan's implementation and towards targets.
- Consider using available resources such as the Science Based Targets (SBT) Initiative, a program jointly run by the Carbon Disclosure Project (CDP), World Resources Institute (WRI), WWF and the United Nations Global Compact. The SBT initiative's overall aim is that by 2020, science-based target setting will become standard business practice and corporations will play a major role in driving down global greenhouse gas emissions. The initiative:
  - o Showcases companies that set science-based targets through case studies, events and media to highlight the increased innovation, reduced regulatory uncertainty, strengthened investor

confidence and improved profitability and competitiveness generated by science-based target setting.
  - o Defines and promotes best practice in science-based target setting with the support of a Technical Advisory Group
  - o Offers resources, workshops and guidance to reduce barriers to adoption
  - o Independently assesses and approves companies' targets.

| 5.3 | **Aluminium Smelters.**  An Entity engaged in Aluminium Smelting shall: |
|---|---|
| | a. Demonstrate that they have put in place the necessary Management System, evaluation procedures, and operating controls to limit the Direct GHG Emissions. |
| | b. For Aluminium smelters in production up to and including 2020, demonstrate that the Scope 1 and Scope 2 GHG Emissions from the production of Aluminium is at a level below 8 tonnes $CO_2$-eq per metric tonne Aluminium by 2030. |
| | c. For Aluminium smelters starting production after 2020, demonstrate that the Scope 1 and Scope 2 GHG Emissions from the production of Aluminium is at a level below 8 tonnes $CO_2$-eq per metric tonne Aluminium. |

*Points to consider:*

- *Note:  This criterion applies only to Entities engaged in aluminium smelting.*
- For 5.3(a), all aluminium smelters must be able to show how their internal management systems work to limit direct GHG emissions.
- For 5.3(b), and 5.3(c), the methodology to be used is the Guidance and calculation tools developed by the International Aluminium Institute (IAI) and the GHG Protocol: http://www.ghgprotocol.org/calculation-tools/aluminum
  - o The Entity must use the IAI methodology, or a methodology consistent with IAI, ensuring that any material differences to the IAI methodology are explained. The use of an alternative, but consistent, methodology is to allow the input of better quality data as set out in some regulatory contexts.
  - o The IAI methodologies for determining $CO_2$ and PFC emissions from an aluminium smelter are calculations based on process parameters. There are methods for directly measuring GHG emissions of an aluminium smelter, but there is limited use of these to date.
  - o For consistency across Entities, emissions related to anode production, electricity production, smelting (electrolysis), and casting must all be included in the calculation, irrespective of whether they are direct or indirect sources.  In other words, emissions related to anode production and casting must be included in the calculation even if they fall under the definition of Scope 3 emissions.
  - o *Note: IAI are currently developing further guidance on data and calculations for Scope 2 emissions, which will be referenced once available.*
- For 5.3(b), aluminium smelters in production before 2021 need to either:
  - o Already be producing at or below 8 tonnes $CO_2$-eq per metric tonne of aluminium; <u>or</u>
  - o Have defined and are implementing a strategy or a plan aimed at reducing Scope 1 and 2 GHG emissions below 8 tonnes $CO_2$-eq per metric tonne of aluminium by 2030.
    - ▪ The plan can include the purchasing of renewable energy in the smelter management system to count towards controlling Scope 1 and 2 GHG emissions, and it should be in line with the <u>GHG Protocol</u> (version released 2014) or comparable.
- For 5.3(c):  this Criterion would be verified only after 1 January 2020.  Its objective before that time is to guide Entities aiming at including new smelters in their ASI Certification Scope in future.  From 2020, such aluminium smelters need to be producing at or below 8 tonnes $CO_2$-eq per metric tonne of aluminium.

- - This can include the purchasing of renewable energy in the smelter management system to count towards controlling Scope 1 and 2 GHG emissions, and it should be in line with the GHG Protocol (version released 2014) or comparable.
- Note that for 5.3(b) and (c), calculations must be at an individual smelter level and shall not be averaged across multiple smelting operations.

**Review:**
- Are you already accounting for and disclosing GHG emissions and energy use by source?  If not, find the applicable methodology and reporting framework.
- Have you developed emissions reductions targets and plans?

## 6. Emissions, Effluents and Waste

**Principle**

The Entity shall minimise emissions and effluents that have the potential to adversely impact human health and safety or that of the environment, and manage waste according to the waste mitigation hierarchy.

**Related criteria**

**3.1** Sustainability reporting

**Applicability**

| Supply chain activity | Applicability of Performance Standard Criteria | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 6.1 | 6.2 | 6.3 | 6.4 | 6.5 | 6.6 | 6.7 | 6.8 |
| Bauxite Mining | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Alumina Refining | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Aluminium Smelting | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| Aluminium Re-melting/Refining | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| Casthouses | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| Semi-Fabrication | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Material Conversion *(Production and Transformation)* | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Material Conversion *(Industrial Users)* | | | | | | | | |
| Other manufacturing or sale of products containing Aluminium | | | | | | | | |

Code:

*Criteria shaded* green *are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*

*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

## Background

Emissions, effluents and wastes can be directly related to operating processes including raw material management, processing and the output quality of products.  Wastes can also be generated from indirect sources such as transportation, administration and infrastructure development.  Significant wastes specific to alumina and aluminium production include bauxite residue, spent pot lining (SPL) and dross.

The specific approaches taken to managing waste vary, based on the waste characteristics, the nature of the operation or activity, and the available local and national waste facilities.  However there are basic principles of waste management that apply everywhere.  These are to reduce the amount of waste produced, reuse waste materials, recycle if they cannot be used in their existing form, and recover resources (such as energy) from waste.  The final measure is to ensure safe disposal of any residual wastes.

## Key Concepts

**Bauxite Residue –** A residual waste generated in the Bayer process for alumina refining from bauxite ore.  It is mainly composed of iron oxides, titanium oxide, silicon oxide and undissolved alumina, together with a wide range of other oxides which will vary according to the country of origin of the bauxite.  (Adapted from Bauxite Residue Management:  Best Practice, IAI/EA, 2015)

**Discharges to Water –** Water effluents discharged to subsurface waters, surface waters, sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, and ground water either through:
- A defined discharge point (point source discharge)
- Over land in a dispersed or undefined manner (non-point source discharge)
- Wastewater removed from the organization via truck.

Discharge of collected rainwater and domestic sewage is not regarded as water discharge.
(Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p253)

**Dross –** A layer of intimately mixed Aluminium, Aluminium oxides and gases on the surface of molten Aluminium which is generated in the furnaces of Aluminium Re-melters/Refiners and Casthouses.  Also known as skimmings, it must be removed from the surface before the metal is cast.  It is also recovered from the bottom and walls of liquid metal containers, e.g. furnaces or transport ladles or transfer channels. (Adapted from Aluminium Recycling in Europe, European Aluminium)

**Emissions to air** – Air emissions that are regulated under international conventions and/or national laws or regulations, including those listed on environmental permits for the Entity's operations.  (Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p252)

**Hazardous waste** – Waste defined as such by national legislation at the point of generation, and treated waste deemed hazardous under the terms of the Basel Convention.  (Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p123)

**Non-hazardous waste** – All other forms of solid or liquid waste, excluding wastewater, that are not considered Hazardous waste.  (Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p123)

**Salt slag** – Residue generated after remelting of Aluminium scrap with fluxing salt, consisting of salt in which metallic and non-metallic particles are entrapped in amounts that exhaust their fluxing properties.  Also known as 'salt cake'.  (Adapted from Aluminium Recycling in Europe, European Aluminium)

**Spills and Leakage –** Accidental release of a hazardous substance that can affect human health, land, vegetation, water bodies, and ground water.  (Adapted from Global Reporting Initiative – GRI G4 Implementation Manual, 2013, p252).

**Spent Pot Lining (SPL) –** A by-product of the Aluminium Smelting process generated from the relining of pots.  SPL is considered a Hazardous Waste because of its fluoride, cyanide and reactive metal content.  Also known as Spent Pot Liner or Spent Cell Liner. (Adapted from Aluminium Stewardship Initiative)

**Untreated Spent Pot Lining (Untreated SPL) –** SPL that has not been treated, either fully or partially, to alter its reactive properties and to eliminate its hazardous properties.

**Waste Mitigation Hierarchy –** The Waste Mitigation Hierarchy can be summarised as a set of process options from most favourable to least favourable to protect human health and the environment from impacts associated with the generation, storage, handling, treatment, transportation and disposal of Wastes.  The

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hierarchy aims to maximise the benefits from raw materials and process operations, so as to minimise the generation of Waste. It incorporates the concepts of reuse, recycling and recovery as follows (in order of preferred to least preferred options):

1. *Avoidance*, including action to prevent or reduce the amount of waste generated by households, industry and all levels of government
2. *Resource recovery*, including re-use, recycling, reprocessing and energy recovery, consistent with the most efficient use of the recovered resources
3. *Disposal,* including management of all disposal options in the most environmentally responsible manner.

(Adapted from Environmental Protection Authority NSW and the European Union Waste Framework Directive)

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 6.1 | Emissions to Air. |
|---|---|
| | The Entity shall quantify and report Emissions to Air that have adverse effects on humans or the environment and implement plans to minimise these adverse impacts. |

*Points to consider:*

- Develop an inventory and baseline of emissions to air that have adverse effects on humans or the environment. Consult with external experts as needed.
    - o For companies with multiple sites, conduct the inventory at each site, taking into account applicable regulatory requirements.
    - o Use the site data to also maintain aggregate data at a company level, based on the figures calculated or measured for each of the relevant sites.
    - o Aluminium smelters should ensure they include any fluoride emissions (in the form of gases and particulates).
    - o Assess the impacts to the receiving air quality from the Entity's source emissions. This assessment may include air dispersion modelling that accounts for meteorological conditions and wind profiles, worst case emission scenarios, terrain and topography, nature of nearby buildings and structures, cumulative and contributory effects for other sources of air emissions and the location of nearby sensitive receptors.
    - o Ensure that you meet or exceed applicable regulatory air emissions and/or air quality (atmospheric) standards. In the absence of applicable regulatory standards, prevailing international standards for air emission discharges and air (atmospheric) quality such as the International Finance Corporation Air Emissions and Ambient Air Quality Guidance should be referenced.
- Develop and implement an air emissions reduction plan that includes benchmark targets and milestones.
    - o Aim to identify your operational minimum/s in relation to emissions to air, in consultation with stakeholders and experts.
    - o Where a set of best practice values exists for a specific region and/or industry, these should be integrated within the emissions reduction plan.
    - o In the absence of relevant regional or industry data, the Entity should aim to meet prevailing international standards for air emissions and ambient air quality.
- Maintain an emissions monitoring program to periodically measure or calculate relevant emissions identified in the inventory and/or reduction plan.

- o Regularly review progress against the emissions reduction plan and update the plan accordingly.
- Include reporting on air emissions in sustainability reporting under criteria 3.1.
- Where Indigenous Peoples are present:
  - o Enable the participation of concerned Indigenous peoples (where they desire), and/or independent technical experts chosen by or with them, to determine acceptable levels of air emissions, including greenhouse gas emissions.
  - o For bauxite mining in particular, consider the emissions and impacts associated with any explosives used to access resources, any removal/burning of forests, and dust pollution associated with transportation, stockpiling of storage of bauxite.
  - o Empower communities to participate in emissions monitoring during exploration and extraction stages.
  - o Note that during impact assessment and development approval stages, emissions to air will form part of a Free Prior Informed Consent process as per criteria 9.4 (FPIC) and 2.5 (Impact Assessments).

| 6.2 | Discharges to Water. |
|-----|----------------------|
| | The Entity shall quantify and report Discharges to Water that have adverse effects on humans or the environment, and implement plans to minimise these adverse impacts. |

*Points to consider:*
- Develop an inventory and baseline relating to discharges to water that have adverse effects on humans or the environment.  Consult with external experts as needed.
  - o For companies with multiple sites, conduct the inventory at each site, taking into account applicable regulatory requirements.
  - o Use the site data to also maintain aggregate data at a company level, based on the figures calculated or measured for each of the relevant sites.
  - o Ensure that you meet or exceed applicable water quality standards.
- Develop and implement a management plan for discharges to water that includes benchmark targets and milestones.
  - o Aim to identify your operational minimum/s in relation to discharges to water, in consultation with stakeholders and experts.
  - o Where a set of best practice values exists for a specific region and/or industry, these should be integrated within the discharges reduction plan.
  - o In the absence of relevant regional or industry data, the Entity should aim to meet prevailing international standards for water discharges and water quality.
- Maintain a monitoring program to periodically measure or calculate relevant discharges to water identified in the inventory and/or management plan.
  - o Consider parameters such as physical, chemical and biological aspects relating to the site's direct and outsourced water effluents.
  - o Monitor as often as needed, for example monthly or seasonally.
  - o Regularly review progress against the management plan and update the plan accordingly, to ensure that the baseline water quality of the receiving water bodies is maintained.
- Include reporting on discharges to water in sustainability reporting under criteria 3.1.
- See also criteria 7.1, 7.2 and 7.3 on water.
- For Entities engaged in bauxite mining:
  - o Waste water containing structures are well managed using best available techniques for safety and prevention of unplanned discharges (see also 6.3 and 6.4)
  - o More information is available from the ICMM Water Stewardship Framework and the ICMM Practical Guide to Consistent Water Reporting.
- Where Indigenous Peoples are present:

- o Ensure affected communities are informed of all relevant laws and international standards in relation to discharges to water.
- o Enable the participation of Indigenous peoples (where they desire) in baselines studies for impact assessments, and ongoing monitoring discharges to water and water quality against baselines and targets.
- o Note that during impact assessment and development approval stages, discharges to water will form part of a Free Prior Informed Consent process as per criteria 9.4 (FPIC) and 2.5 (Impact Assessments).

| | |
|---|---|
| 6.3 | **Assessment and Management of Spills and Leakage.** |
| | a. The Entity shall conduct an assessment of major risk areas of operations where Spills and Leakage may contaminate air, water and/or soil. |
| | b. Following completion of this assessment, the Entity shall have a management and external communication plans, compliance controls and a monitoring programme in place to prevent and detect these Spills and Leakage. |

*Points to consider:*
- Use a risk assessment to identify and document major risk areas of operations relating to spills and leakage to air, water or soil.
- Establish and implement a risk management process to address the identified risks through documented control measures.
  - o Implement regular training processes for relevant staff and contractors relating to prevention and mitigation of these risks.
  - o Implement monitoring systems aimed at preventing and detecting spills and leakage.
  - o Develop an external communication plan in consultation with key stakeholders including regulatory authorities. Make sure it addresses how reporting of spills (see 6.4) would be carried out, including identification of relevant stakeholders.
- Where Indigenous peoples are present:
  - o Make sure that potentially affected communities are fully informed of risks associated with potential spills and leakage.
  - o Enable the participation of Indigenous peoples (where they desire) in monitoring of risk areas to prevent and detect spills and leakage.

| | |
|---|---|
| 6.4 | **Reporting of Spills.** |
| | a. The Entity shall disclose to affected parties the volume, type and potential impact of significant Spills immediately after an incident. |
| | b. The Entity shall publicly disclose Impact Assessments of the Spills and remediation actions taken, and report publicly on an annual basis. |

*Points to consider:*
- The significance of a spill should consider the volume, type and impact of the spill.
- If and when a significant spill occurs:
  - o Identify key stakeholders, including affected parties and regulatory authorities
  - o Disclose the volume, type and potential impact of the spill
  - o Ensure prompt disclosure and regular updates on impacts and remediation actions as further information becomes available
  - o Co-ordinate with emergency services
  - o Respond in a timely way to inquiries
  - o Update the risk management and communications plan of 6.3 to track actions and progress.
- Thereafter publicly disclose, on an at least an annual basis, updated information about significant spills, the assessment of their impacts and the mitigation actions undertaken.

- o This may be included in sustainability reporting under criteria 3.1 and/or communicated separately.
- o It may be in addition to any legal or regulatory requirements related to the reporting of spills.
- Where Indigenous peoples are present:
  - o Ensure that affected communities are immediately informed of any spills and their potential impacts.
  - o Ensure that all non-emergency remediation actions are undertaken in consultation and cooperation with them.

| 6.5 | Waste management and reporting. |
|---|---|
| | a. The Entity shall implement a waste management strategy that is designed in accordance with the Waste Mitigation Hierarchy. |
| | b. The Entity shall publicly disclose, on an annual basis, the quantity of Hazardous and Non-Hazardous Waste generated by the Entity, and associated Waste disposal methods. |

*Points to consider:*

- For 6.5(a), develop and implement a waste management strategy or plan covering all waste generated within the relevant scope of operations.
  - o The waste management strategy should include sustainable and integrated control measures that mitigate impacts from generation, management (including storage and handling), treatment, transportation and disposal of Wastes.
  - o Review all applicable regulations for the management, treatment and/or disposal of wastes, particularly hazardous wastes.
  - o Characterise the wastes, considering factors such as sources, composition, separation, quantities, flow/production rates, transfer and storage, treatment, destination/pathways and disposal.
  - o Consider the Waste Mitigation Hierarchy (see introduction to this chapter) and how to most effectively manage the various wastes to reduce adverse impacts on humans and the environment.  The hierarchy in order of most preferred to least preferred option is avoidance, resource recovery and disposal.
  - o Options for improved waste management may include technical measures (e.g. pollution control equipment), operational controls (e.g. better procedures), production controls (e.g. controlling types of materials used), management controls (e.g. clearly defined responsibilities) and training.
  - o Develop benchmark targets and milestones for the waste management strategy to deliver contextually meaningful improvements over time adverse impacts to humans and/or the environment.
  - o Risks associated with the off-site movement and transportation of Waste should take into account factors such as routes taken, proximity to populated areas, use of sealed containers, and any applicable regulations regarding transportation of hazardous materials. It is important to ensure that this is included in the management plan and controls developed for criterion 6.3 regarding spills.
- For 6.5(b), annually publish information about the quantity of hazardous and non-hazardous waste generated, as well as the associated waste treatment methods used.
  - o This may be included in sustainability reporting under criteria 3.1 and/or made available on your website (for SMEs, the information can be made available on request).
  - o The level of detail in reporting should reflect the level of interest or concern from relevant stakeholders.  This may be in addition to any legal or regulatory requirements relating to reporting of hazardous and non-hazardous waste.
  - o If waste quantity information is not readily available, estimate the weight or quantity using available information on waste density and volume collected, mass balances, or similar

information.  Other potential sources of information include external waste audits by providers of disposal services or waste balance sheets from these providers.

- Where Indigenous peoples are present:
  - o Provide reports against baselines to affected communities for validation, with adequate funding made available for independent experts to assist communities in their review.

| | |
|---|---|
| 6.6 | **Bauxite Residue.** |
| | An Entity engaged in Alumina Refining shall: |
| | a. Have constructed storage areas in a manner that effectively prevents the release of Bauxite Residue and leachate to the environment. |
| | b. Perform regular checks and controls, including those conducted by third parties, to ensure the integrity of the Bauxite Residue storage. |
| | c. Control and neutralise water discharge from Bauxite Residue storage, to minimise impacts to the environment. |
| | d. Not discharge Bauxite Residue to marine and aquatic environments. |
| | e. Establish a timeline and a roadmap for the elimination of Bauxite Residue lagooning in favour of state of the art technologies for Bauxite Residue storage or re-use of the Bauxite Residue. Any Alumina Refining facility starting production after 2020 shall only use state of the art technologies for Bauxite Residue storage or re-use of the Bauxite Residue. |
| | f. Remediate the Bauxite Residue area after closure of the Alumina Refining facility to a state that can adequately mitigate the risk of future environmental contamination. |

*Points to consider:*

- Consult Bauxite Residue Management: Best Practice, published by International Aluminium Institute/ European Aluminium Association (2015) for design and operational recommendations that recognise and promote best practices for the sustainable management of bauxite residue storage facilities.
  - o An additional reference is the International Council on Mining and Metals (ICMM) Review of Tailing Management Guidelines and Recommendations for Improvement (2016), which points to the need for an increased emphasis on governance, in addition to existing technical and management approaches.
- For 6.6(a):
  - o Bauxite residue may contain leachate and surface water run-off which can impact the environment if released.  It is thus essential that residue storage areas are designed, constructed and maintained to ensure effective containment of both the bauxite residue and leachate.
  - o Older facilities may have storage areas that were constructed without a liner or base drainage system.  Other controls to prevent releases/discharges of bauxite residue/leachate to the environment may include groundwater monitoring and leachate pumping bores.
- For 6.6(b):
  - o Regular checks and controls should be conducted internally, and by third parties.  For example, these could include visual daily inspections for cracks by internal personnel, other internal audits, and periodic external assessments by geotechnical/engineering experts.
  - o The frequency of these should be adequate to the type of residue storage.  For example, lagooning has a higher degree of risk to maintaining ongoing storage integrity than dry storage.
- For 6.6(c):
  - o Water discharge can include surface run-off or groundwater that has been impacted by leachable substances from the bauxite residue.  Such discharges must be controlled and in some cases require neutralisation.
  - o Partial or complete neutralisation can be achieved by the use of acids (normally sulfuric acid or hydrochloric acid), carbon dioxide, sulphur dioxide, sea water or concentrated brines.

Neutralisation of the bauxite residue reduces the potential hazard associated with the deposit and can aid re-vegetation of the land during restoration.

- o In some coastal locations, leachate is treated with sea water to such a level that it can be released back to the sea or estuary under controlled conditions, and in accordance with regulatory requirements. In the absence of local regulation addressing this, such releases should be managed in accordance with prevailing international standards.
- For 6.6(d):
  - o The bauxite residue itself (whether treated or untreated) must not be discharged into marine or aquatic environments.
- For 6.6(e):
  - o 'Elimination' of bauxite residue lagooning refers to phasing out this practice for new impoundment areas, but does not require re-construction of the previously constructed bauxite residue lagoons into an alternative storage facility or re-processing of the residue.
  - o 'State of the art technologies' for bauxite residue storage currently include dry stacking, dry disposal, or neutralisation of the residue. Other technologies may also emerge over time.
    - ▪ The use of dry disposal methods aims at minimizing the land area required for storage and the risk of leakage to groundwater. The process aims to wash the residue and then filter it to produce a dry cake with more than 65% solids. Where feasible, through the use of modern press filters, the content of solids should be increased to reach 70-75%.
  - o Bauxite residue re-use is an emerging process with environmental benefits. Commercial viability varies on a case by case basis.
- For 6.6(f):
  - o The guidance for criterion 8.5 on mine rehabilitation may be relevant in relation to bauxite residue area remediation.
  - o Note that legacy sites would not normally be included in a certification scope if they are not producing. The ASI Standards aim to cover active production, so as to be able to incentive change in these production practices.
- Where Indigenous peoples are present:
  - o Affected communities are informed about the amounts of bauxite residue generated and its management.
  - o New refining processes make use of the latest technology, with verification by independent technical experts chosen by or with the community.

| 6.7 | Spent Pot Lining (SPL). |
|---|---|

An Entity engaged in Aluminium Smelting shall:
a. Store and manage SPL to prevent the release of SPL or leachate to the environment.
b. Optimise processes for the recovery and recycling of carbon and refractory materials.
c. Not landfill Untreated SPL where there is the potential for adverse environmental effects.
d. Review at least annually alternative options to landfilling of treated SPL and/or stockpiling of SPL.
e. Not discharge SPL to marine or aquatic environments.

*Points to consider:*
- For 6.7(a):
  - o SPL contains hazardous compounds, which can impact the environment if released. It is thus essential that storage areas are designed, constructed and maintained and controls for managing SPL are implemented to ensure effective containment of the SPL and its derivatives.
- For 6.7(b):
  - o Develop and implement a management plan with targets relating to treatment of end-of-life SPL that focus on addressing the hazardous properties and quantity of generated SPL.

- o Seek to maximise recycling of carbon and refractory parts of SPL or treated SPL by-products. Maximising recycling includes considering availability of cost-effective alternatives.
  - o Consider recycled materials and by-products for use by other industries, for example as a feedstock in the cement, mineral wool and steel production processes.
  - o Consider opportunities for collaboration to scale up supply of recyclable SPL materials to economic levels. Often individual smelters do not produce enough SPL to provide a continuous supply of feedstock, for example to enable a cement plant to justify their conversion to receiving this material or setting up of a centralised SPL treatment facility.
  - o Where SPL can be used as fuel for other industries and this is demonstrated to be more beneficial than recycling, it can be considered a valid substitute.
  - o Specify targets, actions and deadlines for the implementation of the plan.
- For 6.7(d), and (e):
  - o Untreated SPL must not be landfilled unless the Entity can demonstrate that there are no adverse effects to the environment from the landfilled SPL or any leachate associated with the landfilled SPL.
  - o Regularly search for better end-of-life options to landfilling of treated SPL (incinerated or chemically treated) that reduce environmental impacts and are economically feasible.
  - o Benchmark SPL management alternatives and identify 'best available technology', considering the total costs, including long-term liabilities and risk premiums.
  - o Keeps records of all actions undertaken in this regard, and review and update the management plan as appropriate.
- For 6.7(f), ensure that SPL, whether treated or untreated, is not discharged in marine and aquatic environments.
  - o The term "marine and aquatic environments" does not cover wet storage in specially designated areas which are sealed to avoid leakage.

| 6.8 | Dross. |
|---|---|
| | An Entity engaged in Aluminium Re-melting/Refining and/or operating a Casthouse shall: |
| | a. Maximise the recovery of Aluminium by treatment of Dross and Dross residues. |
| | b. Maximise recycling of treated Dross residues. |
| | c. Demonstrate that they regularly review alternative options to landfilling of Dross residues. |

*Points to consider:*
- Develop and implement a management plan for the treatment of dross and dross residues, such as salt slag / salt cake.
  - o Dross does not necessarily have to be treated on site – it is often sent to specialised processors.
  - o Treatment should seek to maximise the recovery of aluminium and the recycling of treated dross residues. The recovery rates will vary according to available technologies and processors, and the nature of the dross and dross residues. It is acknowledged that in some regions, on-site or third-party processors may not be available or practicable.
  - o Where alternative methods to recycling of treated dross can be applied, and this is demonstrated to be more beneficial than recycling, it can be considered a valid substitute.
  - o Specify concrete targets, actions and deadlines for the implementation of the plan.
- Regularly search for better end-of-life options to landfilling of dross residues that reduce environmental impacts.
  - o Keeps records of all actions undertaken in this regard, and review and update the management plan as appropriate.

Review:

- Do you report emissions to air, discharges to water and hazardous and non-hazardous wastes?
- Do you have a risk management and communications plan for potential spills and leakage?
- Alumina Refiners: Are you adopting best practices for bauxite residue management?
- Aluminium Smelters:  Do you maximise recycling of spent pot lining (SPL)?
- Aluminium Re-melters/Refiners and Casthouses:  Do you treat and maximise recycling of dross residues?

## Principle

The Entity shall withdraw, use and manage water responsibly to support the stewardship of water resources.

## Related criteria

**3.1** Sustainability reporting
**9.3** Indigenous Peoples (where applicable)

## Applicability

| Supply chain activity | Applicability of Performance Standard Criteria | | |
|---|---|---|---|
| | 7.1 | 7.2 | 7.3 |
| Bauxite Mining | | | |
| Alumina Refining | | | |
| Aluminium Smelting | | | |
| Aluminium Re-melting/Refining | | | |
| Casthouses | | | |
| Semi-Fabrication | | | |
| Material Conversion *(Production and Transformation)* | | | |
| Material Conversion *(Industrial Users)* | | | |
| Other manufacturing or sale of products containing Aluminium | | | |

**Code:**

*Criteria shaded* green *are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*

*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

## Background

Water is a precious shared resource used by communities, ecosystems and economic activities. Growing pressure on water resources, from population and economic growth, climate change, pollution, and other challenges, has major impacts on our collective social, economic, and environmental well-being.

The term 'water stewardship' is increasingly used by companies and civil society to describe actions to improve the efficiency and cleanliness of business operations and supply chains, while also facilitating the sustainable management of shared freshwater resources through collaboration. It recognises that both business and societal risk is ultimately created when water is poorly managed or over-exploited.

It is also important that Entities may both contribute to impacts from water related risks or be affected by these impacts, with the latter particularly relevant for smaller business.

## Key Concepts

**Area of Influence –** Encompasses, as appropriate, areas likely to be affected by:

(a) an Entity's activities and facilities, and/or impacts from unplanned but predictable developments that may occur later or at a different location, and/or indirect project impacts on biodiversity or on ecosystem services upon which affected communities' livelihoods are dependent;

(b) associated facilities, which are facilities not controlled by the Entity but that would not have otherwise been constructed or expanded and without which the Entity's activities would not be viable; and

(c) cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the Entity's activities, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

Examples for (a) include the project's sites, the immediate airshed and watershed, or transport corridors, and indirect impacts include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).

For (b), examples of associated facilities may include ports, dams, railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.

For (c), cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from affected communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways. (Adapted from International Finance Corporation (IFC) Performance Standard 1 – Guidance Notes)

Notes:

- 'Area of Influence' is referenced in 7.1 (Water Stewardship), 8.1 (Biodiversity) and 9.5 (Cultural and Sacred Heritage), in relation to the Entity assessing impacts and managing risks in these areas for a given Certification Scope.
- Some activities and related impacts/risks in an Area of Influence may not be under the Control of the Entity. However where required by these criteria, these impacts and risks shall still be assessed by the Entity and, wherever practicable, mitigation measures and/or controls should be put in place.
- Associated facilities which are part of an Entity's Area of Influence but not under the Entity's Control are not part of the Certification Scope. In other words, the *activities and related impacts/risks* of associated facilities which are not under the Entity's Control are not factored into determining the Entity's conformance.

**Watershed –** An area of land that drains all the streams and rainfall to a common outlet such as the outflow of a reservoir, mouth of a bay, or any point along a stream channel. The word watershed is sometimes used interchangeably with drainage basin or catchment. (Adapted from United States Geological Survey (USGS))

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 7.1 | Water assessment |
|---|---|
| | The Entity shall: |
| | a. Identify and map its water withdrawal and use by source and type. |

| b. | Assess water-related risks in Watersheds in the Entity's Area of Influence. |
|---|---|

*Points to consider:*

- For 7.1(a), a water balance is an approach used to identify and map the flow of water in and out of an operational facility.
    - A site water balance is comprised of three main components: water withdrawals, water discharge and water consumption.
    - The formula for calculating a site water balance is: withdrawal volume = discharge volume + consumption volume + any change in the volume of onsite water storage.
- When calculating withdrawal, usage and discharge volumes, consider all types (e.g freshwater, brine, potable, recycled, etc) and sources (ocean, lakes, rivers, municipal supply, water treatment plants, etc) from/to surface or subsurface waters, and sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, or ground water. This could be through:
    - A defined withdrawal or discharge point (point source)
    - Over land in a dispersed or undefined manner (non-point source)
    - Water imported and wastewater removed from the organization via truck.
    - Note that collection and discharges of rainwater and domestic sewage are not regarded as water discharge under GRI G4 Guidelines (see p253).
- For larger companies, additional details could include:
    - Name and location of water sources, including water service provider (if applicable), water quantities, and ultimate source of the water;
    - Water discharge points, their name, location and quantity, including the destination or ultimate receiving water body.
- While a representative water map is good information for any business, its main purpose is to target the assessment of material water related risks in accordance with 7.1(b). For instance it may be more important to identify water withdrawn from sensitive water bodies instead of trying to accurately account for every litre of water sourced from municipal supply.
- An example template of a water map or inventory with example entries for a small foundry business is shown below:

*Example Water Inventory Map for Family Foundry & Parts*

| Entity Name | | Family Foundry & Parts | | Facility | | Main | |
|---|---|---|---|---|---|---|---|
| Inventory Period | | Jan – Nov 2017 | | Date Completed | | November 2017 | |
| Location | Function/ Activity | Water Type | Source | Use | Quantity | Final Destination | Other Information |
| Die casters (2 high pressure) | Aluminium parts (by order) | Fresh water | Municipal supply | Cooling die casting machines | 1500 litres per month (average) | Sewer waste water via permit | Discharge tested by Acme Labs every year |
| Maintenance wash bay | Die preparation | Fresh water | Municipal supply | Washing die's and other parts | 500 litres per month | Sewer waste water via permit | Oil separated in interceptor |
| Kitchen / Bathrooms | Use by workers | Fresh water | - | Drinking, food prep, hand washing, shower. | 900 litres per month | Sewer but no need for permit | NA |
| Toilets | - | Recycled water | Local Wastewater treatment plant | Toilet flushing only | 1000 litres per month | Sewer but no need for permit | NA |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Gardens | - | Rainwater | Rainwater tanks | Plants and gardens | Estimate 500 litres / month | Into the ground | NA |

- For 7.1(b), assess water-related risks, taking into account the Entity's position in the watershed/s connected to its operations.
  - o Tools and frameworks are available that allow companies to identify and assess water-related risks and access guidance on how to address them. For example:
    - WWF's Water Risk Filter
    - Alliance for Water Stewardship – International Water Stewardship Standard,
    - ISO 14046 on Environmental management -- Water footprint -- Principles, requirements and guidelines
    - For mining, the ICMM Water Stewardship Framework, A practical Guide to Consistent Water Reporting and Guide to Catchment Based Water Management
    - Increasingly companies are relying on hydropower for the generation of green energy for aluminium production. For hydropower facilities that are part of the operations, the Hydropower Sustainability Assessment Protocol may be relevant.
  - o The water risk assessment should take into account, and be proportional to, the relationship between water use intensity and water availability in the area. Water quality, water stress or shared water challenges in catchments may be an important issue in some contexts.
  - o The water risk assessment should also be commensurate with the size and nature of the Entity. Small businesses may have relatively minor impacts to water resources but may be highly dependent on the supply and access to water resources (in terms of quality and quantity). In these cases, the 'Area of influence' becomes more important for small businesses as their ability to influence is often limited.
  - o Area of Influence is related to the Entity's associated project impacts, associated facilities and cumulative impacts (see the Glossary definition).
    - Consideration of the Entity's ability to influence impacts attributed to associated facilities based needs to be taken into account especially those that exist predominately to support the Entity's activities.
    - The ability to influence depends on the relationship and arrangement between the Entity and the surrounding areas and/or the owners, operators or managers of the associated facilities.
    - For example, impacts (whether direct or indirect) associated with a pipeline or electrical transmission corridor servicing the Entity's facilities will depend on factors such as when the pipeline or transmission line was constructed and for what purpose, and how many other users there are attributed to the pipeline or the electrical transmission line. This includes the dependency of the Entity on the Watersheds required to support its operations and the impacts to the Entities activities from the natural environment.
    - Reasonable boundaries, for instance as by being adjacent, immediate or though some other demonstrable substantive connectivity, should also be defined and assumed in regard to the extent of impacts to and from the Watershed in which the Entity operates.
    - Small businesses would not normally be of the scale to have an area of influence beyond the areas of their direct activities and facilities.
- Consultation with governments, civil society and community groups can inform determination of the materiality or significance of identified risks.
- Where present, Indigenous peoples should be aware of, consulted on, and where they desire participate in the identification of water-related risks. They should be fully informed of:
  - o Water sources to be used, any potential risks to these and associated mitigation plans.

- o   Discharges to water and all possible sources of pollution.
- o   In the case of bauxite mining, any impacts to water levels as a result of the removal of bauxite, and measures in place to avoid the potential for spills (on roads, in rivers and sea) during the transportation the stockpiling and storage of bauxite or kaolin.
- o   In the case of alumina refining, the disposal of red mud and its potential impacts on watersheds, rivers, sea or land in the case of foreseen and unforeseen events.

| 7.2 | Water management. |
|---|---|

The Entity shall:

a.   Implement water management plans, with time-bound targets that address material risks identified in criterion 7.1(b).

b.   Monitor the effectiveness of the plans.

*Points to consider:*

- *Note: criterion 7.2 does not apply where risks identified in 7.1(b) are assessed and documented as low.*
- For 7.1(a), develop, adopt and implement a water management plan that addresses the material risks identified in the water risk assessment referred to in 7.1(b).
    - o   The planning process needs to identify time-bound targets for responsible water management that seek to achieve improvements in water efficiency, and where possible, reduction of water withdrawal and usage.
    - o   Where relevant, development and implementation should be in consultation with local communities.
    - o   Where present, ensure that Indigenous peoples are provided with the opportunity to be consulted on and, where they desire, participate in the management of water-related risks.
    - o   Consider how to engage with relevant collaborative initiatives relating to water use in the watershed/s.
- For 7.2(a), regularly evaluate the effectiveness of the water management plans and progress towards targets.
    - o   Where stakeholders are materially affected by the organisation's water use, proactive communication measures regarding water management plans would be appropriate, in addition to the usual communication channels such as annual reports or website.
- Guidance on water management can be found in the Alliance for Water Stewardship – International Water Stewardship Standard.
- Emerging work on Context Based Water Targets, that aim to make use of the best available science, are informed by contextual social needs, and align with local and global public policy objectives such as the Sustainable Development Goals, may also be of interest when develop plans and setting targets.

| 7.3 | Disclosure of water usage and risks. |
|---|---|

The Entity shall report water withdrawal and use and disclose material water-related risks.

*Points to consider:*

- For 7.3, publish information, such as in the Entity's sustainability report (criteria 3.1) or via the company website, on water withdrawal and use, and significant water-related risks that have been identified and the measures in place aimed at mitigating these risks.
    - o   Reporting frameworks for water include the GRI G4 Guidelines and CDP Water.
    - o   The frequency of reporting should be based on changes in identified risks resulting from updated risk assessments.

**Review:**

- Do you map and report your water use?
- Are you implementing water management plans to address material water-related risks?

## 8. Biodiversity

### Background

Biodiversity means the variability among living organisms, including on land, in marine and freshwater environments.  It includes diversity within species, between species and of the ecosystems in which they live.  Biodiversity encompasses all living things, from human beings to micro-organisms, their habitats, and the genetic material within individual species.  It is the sum total of life on earth.

Maintaining biological diversity within whole ecosystems is vital for their health and functionality.  Functioning ecosystems maintain our essential services to sustain life, such as recycling and purification of water and air, the creation of soils and the break-down of pollution.  Maintaining biological diversity within populations of species is also important, as it ensures that genetic diversity of a species is preserved.  Reducing population sizes and ranges of species distributions – through overuse or environmental degradation – lowers their genetic potential to adapt or survive in rapidly changing environmental conditions.

Under the Planetary Boundaries concept, biosphere integrity – avoiding species extinction and the loss of biodiversity – is one of nine processes and systems that regulate the stability and resilience of the Earth System. The interactions of land, ocean, atmosphere and life together provide conditions upon which our societies

depend, and the planetary boundaries approach provides a framework for sectors of societies to reduce risk while developing sustainably.

Biodiversity often underpins 'ecosystem services', which are the benefits that people, including businesses, derive from ecosystems. The Convention on Biological Diversity sets out the following 12 complementary and interlinked principles for implementing an ecosystem approach:

- Principle 1: The objectives of management of land, water and living resources are a matter of societal choices.
- Principle 2: Management should be decentralized to the lowest appropriate level.
- Principle 3: Ecosystem managers should consider the effects (actual or potential) of their activities on adjacent and other ecosystems.
- Principle 4: Recognizing potential gains from management, there is usually a need to understand and manage the ecosystem in an economic context.
- Principle 5: Conservation of ecosystem structure and functioning, in order to maintain ecosystem services, should be a priority target of the ecosystem approach.
- Principle 6: Ecosystem must be managed within the limits of their functioning.
- Principle 7: The ecosystem approach should be undertaken at the appropriate spatial and temporal scales.
- Principle 8: Recognizing the varying temporal scales and lag-effects that characterize ecosystem processes, objectives for ecosystem management should be set for the long term.
- Principle 9: Management must recognize the change is inevitable.
- Principle 10: The ecosystem approach should seek the appropriate balance between, and integration of, conservation and use of biological diversity.
- Principle 11: The ecosystem approach should consider all forms of relevant information, including scientific and indigenous and local knowledge, innovations and practices.
- Principle 12: The ecosystem approach should involve all relevant sectors of society and scientific disciplines.

Protected areas remain the fundamental building blocks of virtually all national and international conservation strategies, supported by governments and international frameworks such as the Convention on Biological Diversity.  Comprehensive and representative lists of various types of designated protected areas aim to ensure that ecosystems, habitats and species are protected from damage and loss, particularly those which are remarkable in terms of their richness, rarity and/or sensitivity.  However some areas of international importance for biodiversity lie outside of designated protected areas.

For a business, opportunities for creating positive biodiversity outcomes and reducing negative impacts vary significantly from one operation to another.  Being proactive in the assessment and management of biodiversity is thus important not only for new operations, but also for those that have been operating for many years.

## Key Concepts

**Area of Influence –** Encompasses, as appropriate, areas likely to be affected by: (a) an Entity's activities and facilities, and/or impacts from unplanned but predictable developments that may occur later or at a different location, and/or indirect project impacts on biodiversity or on ecosystem services upon which affected communities' livelihoods are dependent; (b) associated facilities, which are facilities not controlled by the Entity but that would not have otherwise been constructed or expanded and without which the Entity's activities would not be viable; and (c) cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the Entity's activities, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.
Examples for (a) include the project's sites, the immediate airshed and watershed, or transport corridors, and indirect impacts include power transmission corridors, pipelines, canals, tunnels, relocation and access roads,

borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).

For (b), examples of associated facilities may include ports, dams, railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.

For (c), cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from affected communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.  (Adapted from International Finance Corporation (IFC) Performance Standard 1 – Guidance Notes)

Notes:
- 'Area of Influence' is referenced in 7.1 (Water Stewardship), 8.1 (Biodiversity) and 9.5 (Cultural and Sacred Heritage), in relation to the Entity assessing impacts and managing risks in these areas for a given Certification Scope.
- Some activities and related impacts/risks in an Area of Influence may not be under the Control of the Entity.  However where required by these criteria, these impacts and risks shall still be assessed by the Entity and, wherever practicable, mitigation measures and/or controls should be put in place.
- Associated facilities which are part of an Entity's Area of Influence but not under the Entity's Control are not part of the Certification Scope.  In other words, the *activities and related impacts/risks* of associated facilities which are not under the Entity's Control are not factored into determining the Entity's conformance.

**Alien Species** – A species, subspecies or lower taxon, introduced outside its natural past or present distribution; includes any part, gametes, seeds, eggs, or propagules of such species that might survive and subsequently reproduce. (Secretariat of the Convention on Biological Diversity, 2002)

**Areas of high biodiversity value** – Areas that are recognized as being important for biodiversity features by a number of governmental and non-governmental organizations. They are typically sites that contribute significantly to the global persistence of biodiversity, in lands, in water or on the seas, and include habitats that are a priority for conservation (often defined in National Biodiversity Strategies and Action Plans prepared under the UN 'Convention on Biological Diversity'). The following are examples of internationally recognised approaches and standards that identify areas of high biodiversity value: Key Biodiversity Areas and High Conservation Value Areas.

**Bauxite Mining** – Extraction of bauxite ore from the earth for commercial purposes.

**Biodiversity Action Plan** – A plan to conserve or enhance biodiversity. (Earthwatch, 2000)

**Biodiversity Mitigation Hierarchy** – A tool which aims to help manage biodiversity risk, and is commonly applied in Environmental Impact Assessments (EIAs).  It includes a hierarchy of steps: Avoidance, Minimisation, Rehabilitation, Restoration and Offset. (Adapted from Business Biodiversity and Offsets Programme (BBOP) & United Nations Environment Programme (UNEP) Finance Initiative, 2010)

**Ecosystem Services** – The benefits that people, including businesses, derive from ecosystems.  They are organized into four types:
- (i) provisioning services, which are the products people obtain from ecosystems;
- (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes;
- (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems; and

(iv)    supporting services, which are the natural processes that maintain the other services. (Adapted from [International Finance Corporation (IFC) Guidance Note 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources](#))

**Mine Rehabilitation** – The return of disturbed land to a stable and production condition.  ([International Council on Mining and Metals](#))

**Watershed –** An area of land that drains all the streams and rainfall to a common outlet such as the outflow of a reservoir, mouth of a bay, or any point along a stream channel. The word watershed is sometimes used interchangeably with drainage basin or catchment. (Adapted from [United States Geological Survey (USGS)](#))

**World Heritage properties** – Sites established under the UNESCO [World Heritage Convention](#) of 1972.  ASI's criteria aligns with the International Council on Mining and Metals (ICMM) 2003 Position Statement on Mining and Protected Areas.  ([International Council on Mining and Metals, 2003](#))

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard.  The guidance is not normative and should be seen as a starting point for information and support where required.*

| 8.1 | Biodiversity assessment |
|---|---|
| | The Entity shall assess the risk and materiality of the impacts on biodiversity from the land use and activities in the Entity's Area of Influence. |

*Points to consider:*

- Undertake a risk assessment to identify the material impacts on biodiversity from activities conducted by or within the Area of Influence of the Entity.
  - Area of Influence is related to associated project impacts, associated facilities and cumulative impacts (see the Glossary definition).
    - Consideration of the Entity's ability to influence impacts attributed to associated facilities based needs to be taken into account especially those that exist predominately to support the Entity's activities.
    - The ability to influence depends on the relationship and arrangement between the Entity and the surrounding areas and/or the owners, operators or managers of the associated facilities.
    - For example, impacts (whether direct or indirect) associated with a pipeline or electrical transmission corridor servicing the Entity's facilities will depend on factors such as when the pipeline or transmission line was constructed and for what purpose, and how many other users there are attributed to the pipeline or the electrical transmission line. This includes the dependency of the Entity on the Watersheds required to support its operations and the impacts to the Entities activities from the natural environment.
    - Reasonable boundaries, for instance as by being adjacent, immediate or though some other demonstrable substantive connectivity, should also be defined and assumed in regard to the extent of impacts to and from the Watershed in which the Entity operates.
    - Small businesses would not normally be of the scale to have an area of influence beyond the areas of their direct activities and facilities.
  - The process needs to define the 'materiality' of risks that require the development of controls and actions to protect threatened species, and their habitat, and mitigate any adverse impacts to biodiversity values.

- A mapping exercise will help to identify the occurrence of legally protected areas, and those with high biodiversity conservation priority, around areas that are influenced by the Entity's operations.  This exercise should be conducted by competent personnel.
    - The Integrated Biodiversity Assessment Tool (IBAT) is an example of a tool that can be used as a first step to identify the location of relevant key biodiversity areas.  It is designed to facilitate access to up-to-date and accurate biodiversity information to support critical business decisions.  It uses a central database for globally recognised biodiversity information including key biodiversity areas and legally protected areas.  These include:
        - IUCN category I-IV protected areas and marine protected areas I-V
        - World Heritage Sites & Nominated World Heritage Sites
        - Ramsar Sites (wetlands)
        - Core areas of UNESCO biosphere reserves
        - High Conservation Value Areas (HCVA)
        - Key Biodiversity Areas
    - Databases maintained by organisations such as IUCN's Red List of Threatened Species can be accessed to provide taxonomic, conservation status and distribution information about species that are threatened with extinction.  The program evaluates the relative risk of extinction, and catalogues and highlights those plants and animals that are listed as Critically Endangered, Endangered and Vulnerable.
    - Where applicable, maintain an internal register of legal and other requirements applying to any relevant legally protected areas, such as national parks and other legally designated conservation areas.  The register should nominate personnel responsible for compliance with these requirements.  Where there is doubt as to legal restrictions, environmental protection law should be respected during operation and closure activities.
- Where Indigenous peoples are present in or around the Entity's areas of influence, they should be active participants in the biodiversity assessment.  Particular attention should be paid to potential impacts on biodiversity or on ecosystem services upon which affected communities' livelihoods are dependent.  The Akwe Kon Guidelines developed under the Convention for Biological Diversity provide guidance on how to take into account traditional knowledge, innovations and practices as part of such assessments.
    - Note that for a new project or major change to an existing project that has significant biodiversity impacts for Indigenous peoples, this may trigger the requirement for a Free Prior and Informed Consent (FPIC) process as set out in Criterion 9.4.
- Biodiversity risk assessments can be carried out for new and existing facilities.  If a biodiversity assessment has not previously been carried out, it needs to be done to meet this criteria.
    - Where Impact Assessments (see criterion 2.5) are being carried out, they should provide more detailed research to identify and assess risks and impacts to areas of high biodiversity value.  This may require extensive fieldwork in areas with limited biodiversity information.  Issues such as impacts of noise on affected species (such as bats), or effects of in-migration on biodiversity (such as development of a trade in 'bushmeat' or endangered species) should be considered where relevant.
    - Where a biodiversity risk assessment is newly carried out for a facility that has been in operation for some time, it is acknowledged that controls to mitigate impacts need to factor previous design decisions and opportunities for change may be limited in some situations.
- An extensive additional guidance for the implementation of this criterion can be found in the International Finance Corporation (IFC) Performance Standard 6 and Guidance Note 6 on 'Biodiversity Conservation and Sustainable Management of Living Natural Resources'.

| 8.2 | Biodiversity management |
|-----|-------------------------|

a. The Entity shall implement and monitor a Biodiversity Action Plan with time-bound targets to address material impacts identified through Criterion 8.1 and monitor its effectiveness.

b. The Biodiversity Action Plan shall be consultative and designed in accordance with the Biodiversity Mitigation Hierarchy.

c. The achieved biodiversity outcomes shall be shared with stakeholders, made publicly available, and periodically updated.

*Points to consider:*

- Where the risk assessment in criterion 8.1 reveals material risks to biodiversity, then a biodiversity action plan will be needed.
  - o For new major developments or large expansions, materiality would usually be determined via an impact assessment. Any legally protected areas with biodiversity value would be a material consideration. Even developed or industrialised areas may include material biodiversity risks, for example to particular species.
  - o For existing operations, consider materiality in both the context of risks and opportunities for biodiversity. This could focus on not just ecosystem considerations, but also regulatory, financial, reputational, or other stakeholder considerations for the company. For example, there may be opportunities to contribute to the UN Sustainable Development Goals through broader action in and beyond your Area of Influence.

- Consider how to integrate the mitigation hierarchy in biodiversity action plans for new and existing facilities. The mitigation hierarchy consists of a hierarchy of categories of biodiversity mitigation measures, as follows, in descending order of priority:
  - o *Avoid* impacts by designing or modifying an existing or proposed operation in order to prevent a potential biodiversity impact. For example, where feasible, this could include not proceeding with project development as proposed, or perhaps relocating the project to already degraded areas.
  - o *Minimise* impacts by substituting existing decisions or activities with alternatives that are designed to reduce or limit the undesirable impacts of a proposed activity on biodiversity.
  - o *Rehabilitate* or *restore* the affected environment. This should at minimum be a part of planning for closure, particularly for mining operations. Opportunities for progressive mine site rehabilitation during active bauxite mining operations should also be explored, as it can bring important biodiversity benefits. (See also criterion 8.5) A precautionary approach to ecological restoration should be applied, particularly when predicting restoration success as part of residual impact estimates.
  - o *Offset* the biodiversity impact by implementing measures to compensate for affected biodiversity values. The compensatory measure may include a combination of direct offsets, such as actions or resources that provide a commensurate conservation value and other compensatory measures such as research grants or education scholarships. Wherever possible, offset gains should be achieved before impacts occur. If offset gains may take time to achieve, offsets should be initiated with dedicated financing before impacts occur. The IUCN Policy on Biodiversity Offsets provides for reference, a framework to guide the design, implementation and governance of biodiversity offset schemes and projects.

- Documented action plans to mitigate material biodiversity impacts and establish time-bound targets to result in no net loss and ideally deliver biodiversity benefits. No net loss is where impacts on biodiversity are balanced by measures taken to avoid and minimize the impacts, implement site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale. Biodiversity benefits could include:
  - o Improving existing or creating new habitats for species impacted by the Entity's activities
  - o Reducing threats to species and their habitat
  - o Averting the loss of a species or its habitat by securing its future use for conservation purposes.

- Consider how to integrate an effective consultative process with stakeholders in the development, implementation and/or review of biodiversity action plans.  Relevant stakeholders may include Indigenous and affected communities (including representatives of both women and men), regulators, civil society organisations, research organisations, other business initiatives, and value chain partners.
- Monitor implementation and effectiveness of the plan.  Regular reviews of biodiversity action plans will enable them to be updated in light of new information on biodiversity risks and an evaluation of progress on desired targets and outcomes.
- Ensure that there are sufficient financial and human resources to implement the plan and monitor its effectiveness.  Consider the need for long-term budgets to deliver positive impacts, relevant biodiversity expertise, as well as resources that may be required for consultative processes and monitoring during implementation.
- Regular reporting on outcomes from biodiversity action plans can be shared through annual reporting and the company website.  Also consider how to engage more directly with affected stakeholders to effectively communicate and discuss progress.
    - Smaller companies can choose to provide information on biodiversity outcomes on request.

| 8.3 | Alien Species |
|---|---|
|  | The Entity shall proactively prevent accidental or deliberate introduction of Alien Species that could have significant adverse impacts on biodiversity. |

*Points to consider:*

- Alien species can be evaluated using the Global Invasive Species Database (GISD). The GISD focuses on invasive alien species that threaten native biodiversity and natural ecosystems and covers all taxonomic groups from micro-organisms to animals and plants in all ecosystems.
- Assess the risks and put in place controls for the accidental introduction of alien species through the company's activities and operations.  Consider the following potential vectors:
    - Transport:  ships can carry aquatic organisms in their ballast water; trucks can carry weeds through sediment on tyres.
    - Wood products:  insects can get into wood, shipping palettes, crates and packing material that are shipped around the world.
    - Ornamental plants:  some ornamental plants in gardens can escape into the wild and become invasive.
- Where alien species that could have significant adverse impacts on biodiversity are present in an area under the control of an Entity, identify and implement measures to prevent spreading of the species.
- If considering the deliberate introduction of alien species within an area under the Entity's control, an environmental impact assessment must demonstrate that such species do not have negative impacts on local ecosystems and biodiversity.

| 8.4 | **Commitment to "No Go" in World Heritage properties.** An Entity engaged in Bauxite Mining shall: |
|---|---|
|  | a.  Not explore or develop new mines in World Heritage properties. |
|  | b.  Take all possible steps to ensure that existing operations in World Heritage properties as well as existing and future operations adjacent to World Heritage properties are not incompatible with the outstanding universal value for which these properties are listed and do not put the integrity of these properties at risk. |

*Points to consider:*

- *Note: This criterion applies only to Entities engaged in Bauxite Mining as defined in the certification scope.*
- This criteria aligns with the ICMM Mining and Protected Areas Position Statement (2003).
- Ensure that the Entity's policy documentation prohibits exploration or development of new mines in World Heritage properties. This may also apply to significant expansion of existing mining operations but only where the Entity has acquired new mining rights into World Heritage properties.  However

8.4a does not apply to routine expansion, renewal or reapplication for an existing mining leasehold or arrangement with government authorities responsible for issuing mining leases.

- Confirm whether any existing or planned activities are in or adjacent to World Heritage Sites listed on the UNESCO website.
    - o 'Adjacent' means that mining operations are connected geographically either by borders, mine transit roads, or upstream waterways.
- Outstanding universal value is defined by the World Heritage Convention and the meaning broadly follows interpretation of the words:
    - o Outstanding: For properties to be of outstanding universal value they should be exceptional, or superlative – they should be the most remarkable places on earth.
    - o Universal: Properties need to be outstanding from a global perspective. World heritage does not aim to recognise properties that are remarkable from solely a national or regional perspective.
    - o Value: What makes a property outstanding and universal is its "value", or the natural and/ or cultural worth of a property. This value is determined based on standards and processes established under the World Heritage Convention's Operational Guidelines.
- In a few cases, mines have been in operation before World Heritage status is designated. In other cases, current or future operations may be located adjacent to World Heritage properties.
    - o In all cases, ensure an impact assessment, as set out in Criteria 2.5, is conducted and controls are established to ensure activities will not negatively impact on World Heritage properties.

| 8.5 | Mine rehabilitation. An Entity engaged in Bauxite Mining shall: |
|---|---|
| | a. Rehabilitate environments disturbed or occupied by mining activities, using best available techniques to achieve outcomes agreed through participatory processes with key stakeholders in the mine closure planning process. |
| | b. Put in place financial provisions to ensure availability of adequate resources to meet rehabilitation and mine closure requirements. |

*Points to consider:*

- *Note: This criterion applies only to Entities engaged in Bauxite Mining.*
- Rehabilitation refers to the measures undertaken to return land on which mining has taken place to the agreed post-closure uses.
    - o In some jurisdictions, the legal requirement is for restoration of the pre-mining land use.
    - o In others, the end uses of the land are open to a process of negotiation, either with the regulatory authorities and/or with a broader set of stakeholders, which may include Indigenous peoples and local communities.
    - o In areas with significant biodiversity values, the aspiration should be to restore land use for mining to a future use that takes these values into account.
- For 8.5(a), best available techniques include measures that start at the commencement of a mine's lifecycle through design, development, operation, closure and where relevant, lease relinquishment. The best technique may be the most appropriate way of carrying out rehabilitation and closure activities for a given location. At a minimum, best practice techniques need to comply with local, regional, and/or national legislative requirements, and where relevant consider international standards. Best practice techniques for mine rehabilitation and closure include:
    - o Progressive rehabilitation, wherever possible, as individual mined areas or sites have completed mining activity or are decommissioned and are no longer operational.
    - o Post-mining land use conditions similar to what existed before or alternative as agreed with the applicable government regulator and affected communities.
    - o Consideration of environmental and socio-economic impacts in relation to a particular area in which an operation is located following the mine closure.

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- o Performance results for post-mined areas and sites should be monitored and incorporated into regular reviews of the mine rehabilitation and closure plan.
- Achievable objectives and targets are essential to give the operation a framework on which to base its rehabilitation program. Consider the following:
  - o Relevant regulatory requirements
  - o Participation of key stakeholders in planning process
  - o Indigenous rights and interests
  - o Biodiversity information
  - o Technical limitations
  - o Pre-mining land uses and the extent of biodiversity degradation
  - o Whether mitigation or enhancement is intended
  - o Post-mining land tenure and land uses
  - o Integration into whole-of-lease biodiversity management
  - o Residual impacts from infrastructure, subsidence, and post-mining land use/s
  - o Minimising secondary impacts
  - o Other opportunities for biodiversity improvement.
- For 8.5 (b), financial provisions should as a minimum be in accordance with applicable law. In the absence of such laws, provisions may be reflected in the corporate accounts, or in the form of bonds, letters of credits, or other financial instruments, or by self-insurance or self-guarantee. Financial mechanisms managed by a third party may be appropriate, particularly post-closure.
  - o 'Financial provisions' does not have a prescriptive legal or accounting meaning. The key objective is that a company has the necessary resources, reflected in some way in their corporate accounts, to meet their liabilities for closure.
  - o Cost estimates for rehabilitation should be initiated as early as possible and updated regularly. Unless otherwise stipulated by applicable law, closure costs should be based on reasonable estimates of actual costs taking into account local conditions and cost structures. Rehabilitation and closure cost estimates should involve probabilistic and/or deterministic estimation techniques to suit the identified risks and associated controls.
  - o For bauxite mining, rehabilitation is usually done progressively which means that relevant resources begin to be spent during the operational life. Rehabilitation and closure cost estimates should thus be regularly updated taking into account progressive rehabilitation approaches.
- The following websites and references have further information on mine rehabilitation and closure:
  - o Land rehabilitation, International Council on Mining and Metals (Accessed 2017)
  - o Mine Rehabilitation: Leading Practice Sustainable Development Program for the Mining Industry, Australian government (2016)
  - o Mine rehabilitation in the Australian minerals industry, Minerals Council of Australia (2016)
  - o Sustainable Bauxite Mining Report, International Aluminium Institute (2008)
  - o ICMM Planning for Integrated Mine Closure, International Council on Mining & Metals

Review:
- Have you assessed the risk of biodiversity impacts for your business?
- Do you know if there are any key biodiversity areas or threatened species that may be impacted by your activities, considering your 'area of influence'?
- Where risks are material, do you have a documented biodiversity action plan and is it being implemented?
- Have you considered the risks of accidental introduction of alien species through your activities?
- For mining companies, do you operate in or adjacent to any World Heritage properties?

- For mining companies, do you carry out rehabilitation of mining areas using best available techniques, building on participatory processes with key stakeholders?
- For mining companies, do you put in place adequate financial provisions for mine rehabilitation and closure?

## C. Social

### 9. Human Rights

**Related criteria**
**2.3** Environmental and social management systems
**2.5** Impact assessments
**10** Labour rights

**Applicability**

| Supply chain activity | Applicability of Performance Standard Criteria | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 9.1 | 9.2 | 9.3 | 9.4 | 9.5 | 9.6 | 9.7 | 9.8 | 9.9 |
| Bauxite Mining | | | | | | | | | |
| Alumina Refining | | | | | | | | | |
| Aluminium Smelting | | | | | | | | | |
| Aluminium Re-melting/Refining | | | | | | | | | |
| Casthouses | | | | | | | | | |
| Semi-Fabrication | | | | | | | | | |
| Material Conversion *(Production and Transformation)* | | | | | | | | | |
| Material Conversion *(Industrial Users)* | | | | | | | | | |
| Other manufacturing or sale of products containing Aluminium | | | | | | | | | |

Code:
*Criteria shaded* green *are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*
*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*


## Background

Human rights are relevant to all businesses, regardless of size, sector or country operation.  The kinds of rights which are regarded as human rights include:
- Social cultural and economic rights, such as the right to participate in cultural activities, the right to food, the right to clean drinking water and sanitation, and the right to education.
- Labour rights, such as the right to freedom of association and effective recognition of the right to collective bargaining, and freedom from forced labour, child labour and discrimination.
- Civil and political rights, such as the right to life and liberty, freedom of expression and equality before the law.

From a business perspective, many of these rights are often the underlying rationale for a company's policies and procedures.  For example, a company's health and safety policy may not use 'human rights' language, but in effect respects employees' right to life, the right to just and favourable conditions of work, and the right to health.

In 2011, the United Nations (UN) released the Guiding Principles on Business and Human Rights, which sets out a "Protect, Respect and Remedy" framework:

- States' duty to **protect** against human rights abuses by third parties, including business, through appropriate policies, regulation and adjudication.
- Business' responsibility to **respect** human rights, which means to act with due diligence to avoid infringing on the rights of others and to address adverse impacts that are linked with their activities.
- Access by victims to effective **remedy**, both judicial and non-judicial.

## Key Concepts

**Area of Influence –** Encompasses, as appropriate, areas likely to be affected by: (a) an Entity's activities and facilities, and/or impacts from unplanned but predictable developments that may occur later or at a different location, and/or indirect project impacts on biodiversity or on ecosystem services upon which affected communities' livelihoods are dependent; (b) associated facilities, which are facilities not controlled by the Entity but that would not have otherwise been constructed or expanded and without which the Entity's activities would not be viable; and (c) cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the Entity's activities, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted. Examples for (a) include the project's sites, the immediate airshed and watershed, or transport corridors, and indirect impacts include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).
For (b), examples of associated facilities may include ports, dams, railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.
For (c), cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from affected communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways. (Adapted from International Finance Corporation (IFC) Performance Standard 1 – Guidance Notes)

Notes:
- 'Area of Influence' is referenced in 7.1 (Water Stewardship), 8.1 (Biodiversity) and 9.5 (Cultural and Sacred Heritage), in relation to the Entity assessing impacts and managing risks in these areas for a given Certification Scope.
- Some activities and related impacts/risks in an Area of Influence may not be under the Control of the Entity. However where required by these criteria, these impacts and risks shall still be assessed by the Entity and, wherever practicable, mitigation measures and/or controls should be put in place.
- Associated facilities which are part of an Entity's Area of Influence but not under the Entity's Control are not part of the Certification Scope. In other words, the *activities and related impacts/risks* of associated facilities which are not under the Entity's Control are not factored into determining the Entity's conformance.

**Community** – A term generally applied to any people or communities located in an operation's or project's near geographical proximity, particularly those subject to actual or potential direct project-related risks and/or adverse impacts on their physical environment, health or livelihoods. It often refers to a group of people or families who live in a particular locality, sometimes share a common interest (water users associations, fishers, herders, grazers, and the like), often have common cultural and historical heritage and have different degrees of

cohesiveness.  (Adapted from [IFC Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts – Guidance Note](#))

**Conflict-affected and high-risk areas** – Areas identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, or civil wars. *High-risk areas* are those where there is a high risk of conflict or of widespread or serious abuses as defined in paragraph 1 of Annex II of the OECD Due Diligence Guidance.  These are:  any forms of torture, cruel, inhuman and degrading treatment; any forms of forced or compulsory labour; the worst forms of child labour; other gross Human Rights violations and abuses such as widespread sexual violence; or war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.  Such areas are often characterised by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law.  (Adapted from [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas](#), 3rd ed 2016).

**Discrimination** – Where people are treated differently because of certain characteristics – such as race, ethnicity, caste, national origin, disability, gender, sexual orientation, union membership, political affiliation, marital status, pregnancy status, physical appearance, HIV status or age or any other applicable prohibited basis – which results in the impairment of equality of opportunity and treatment.  (Adapted from [ILO/IFC Better Work – Guidance Sheet – Discrimination; see also the UN's International Convention on the Elimination of All Forms of Racial Discrimination](#))

**Free Prior and Informed Consent (FPIC)** – Given the diversity of indigenous peoples' histories and contemporary realities, as well as their broad range of institutions and decision-making practices, a one-size-fits-all formulation of FPIC is not possible. As has been elaborated on by UN bodies addressing Indigenous peoples' rights, there are a number of overarching principles which are embodied in the four component parts of the requirement for FPIC.

- "Free" implies consent is sought in the absence of any actual or perceived coercion, intimidation or manipulation and indigenous peoples can determine the format of the consultations. Free also reflects the fact that participating in consultations aimed at obtaining their FPIC is a self-determination right of indigenous peoples, rather than an obligation which they must meet.
- "Prior" implies consent is sought sufficiently in advance of any decisions or actions which may impact on indigenous peoples' enjoyment of their rights and that indigenous peoples have the time they need to make their decisions in accordance with their own processes and through their own freely chosen representatives and institutions;
- "Informed" implies that there is full disclosure of all the information indigenous peoples need in order to meaningfully assess the potential risks and benefits of the project (including its location, duration, scope, impacts, benefits and/or partnership models). This information has to be provided in a format understandable to, and through a process agreed by, the concerned indigenous peoples. This may involve participation in, or indigenous conduct of, impact assessments, access to funding for independent technical and legal advice, and negotiations in relation to benefits.
- "Consent" implies respect by all parties, irrespective of the outcome, for the freely taken informed autonomous decision of indigenous peoples. This decision should be the outcome of good faith rights-based consultations and cooperation with the concerned indigenous peoples. It should be taken by them in accordance with procedures and timeframes of their own choosing and be premised on indigenous rights based principles of self-determination, inclusivity, consensus, harmony and intergenerational well-being.

(Adapted from [Mining, the Aluminium Industry and Indigenous Peoples](#), 2015 – developed through the ASI Indigenous Peoples Advisory Forum).

**Human Rights –** Universal rights and freedoms regarding as belonging to all people without Discrimination based on internationally recognised standards.  At a minimum, these include rights articulated in the International Bill of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work and Applicable Law. (Adapted from [UN Office of the High Commissioner on Human Rights](#))

**Human Rights Due Diligence** – An ongoing management process that a reasonable and prudent enterprise needs to undertake, in the lights of its circumstances (including sector, operating context, size and similar factors) to meet its responsibility to respect Human Rights.  (Adapted from [The Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#) (UN, 2012))

**Indigenous Peoples** – Considering the diversity of indigenous peoples, an official definition of "indigenous" has not been adopted by any UN-system body. Instead the UN system has developed a modern understanding of this term based on the following:
- Self- identification as indigenous peoples at the individual level and accepted by the community as their member.
- Historical continuity with pre-colonial and/or pre-settler societies
- Strong link to territories and surrounding natural resources
- Distinct social, economic or political systems
- Distinct language, culture and beliefs
- From non-dominant groups of society
- Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.

(Adapted from the [UN Permanent Forum on Indigenous Issues](#))

**IFC** – International Finance Corporation.  The IFC is a member of the World Bank Group and the largest global development institution focused on the private sector in developing countries.  (Adapted from [International Finance Corporation](#))

**Resettlement Action Plan** – A plan that is developed to cover, at minimum, the applicable requirements of IFC Performance Standard 5, regardless of the number of people affected and including compensation at full replacement cost for land and other assets lost.  The Plan is designed to mitigate the negative impacts of displacement; identify development opportunities; develop a resettlement budget and schedule; and establish the entitlements of all categories of affected persons.  Particular attention is paid to the needs of the poor and the vulnerable.  (Adapted from [IFC Performance Standard 5 – Land Acquisition and Involuntary Resettlement](#) (2012))


## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard.  The guidance is not normative and should be seen as a starting point for information and support where required.*

| 9.1 | Human Rights Due Diligence |
|---|---|
| | The Entity shall respect Human Rights and observe the UN Guiding Principles on Business and Human Rights in ways appropriate to their size and circumstances, including as a minimum: |
| | a.   A Policy commitment to respect Human Rights. |

> b.  A Human Rights Due Diligence process that seeks to identify, prevent, mitigate and account for how it addresses its actual and potential impacts on Human Rights.
>
> c.  Where the Entity identifies as having caused or contributed to adverse Human Rights impacts, it shall provide for or cooperate in their remediation through legitimate processes.
>
> Where Indigenous Peoples are involved, FPIC (criterion 9.4) may apply.

*Points to consider:*

- The UN Guiding Principles on Business and Human Rights have become the primary reference for the private sector's responsibility to respect human rights.  The Guiding Principles define respecting human rights as:
    - Avoid causing or contributing to (eg causing in part) adverse human rights impacts through your own activities, and address such impacts where they occur; and
    - Seek to prevent or mitigate adverse human rights impacts that are directly linked to your operations, products or services by your business relationships, even if you have not contributed to those impacts.
- A policy commitment to respect human rights can be a stand-alone policy or integrated in the approach taken for criterion 2.1 on Environmental, social and governance policy.  It should be informed by internal and/or external expertise, where appropriate.
- The human rights due diligence process that is articulated in the Guiding Principles is based on largely familiar risk management practices often used in business.  However its application to human rights and business relationships usually takes time to implement in companies.  ASI members and auditors should take into account the need for systems to be established and evolved over successive years as part of a continual improvement process. Key points to note include:
    - While risk management systems usually focus on identifying and managing material risks to the company itself, human rights due diligence must also assess risks and impacts to rights-holders – such as customers, employees, suppliers, communities, Indigenous Peoples and other stakeholders.
    - 'Human rights risks' are understood to be potential adverse human rights impacts, which should be addressed through prevention or mitigation.  Actual impacts are those that have already occurred and should be subject to remediation.
- Human rights due diligence:
    - Should cover adverse human rights impacts that your entity may cause or contribute to through your own activities.
    - Should seek to address adverse human rights impacts which may be directly linked to your operations, products, or services by your business relationships.
    - Will vary in complexity with the size of your business, the risk of severe human rights impacts, and the nature and context of your operations.
    - Should be regularly updated, for example when starting a significant new activity or business relationship, recognising that human rights risks may change over time.
- Focus on the most severe human rights risk areas, based on scale, scope and irremediable character.  These could include (but may not be restricted to):  health and safety, security and human rights issues, human trafficking and forced labour, freedom of association, discrimination, migrant worker status and gender equity, working hours, or Indigenous Peoples.
- It might not be feasible or practical to assess every single supply chain risk or the human rights record of every entity with which you have a relationship.  Where it is necessary to prioritise, try to prevent and mitigate the most severe risk/s.
    - Look at region, types of production or service processes, employee demographics etc to help with prioritisation.
    - Consider whether your purchasing practices might impact your suppliers, for example by setting lead times, pricing or seasonality of orders.  If some action of yours impels a business partner to cause an adverse impact, you have "contributed" to that impact.

- o However simply having a business relationship with an entity does not mean you have "contributed" to any or all adverse impacts that they may cause. If you find you are at risk of involvement in an adverse impact solely because it is linked to you via business relationship, you do not have responsibility for the impact itself: that responsibility lies with the entity that caused or contributed to it. Your business relationship may, however, create leverage that you can potentially use to seek to prevent or mitigate future adverse impacts.
- Once risks are assessed, the due diligence process includes integrating your risk assessment into business operations, and tracking and communicating your impacts.
- Where your company has caused or contributed to an adverse human rights impact, a remediation process should be established, based on the severity of the identified impact.
  - o Develop a time-bound remediation plan developed through consultation with the affected stakeholders, including any vulnerable groups.
  - o Forms of remediation include acknowledgement and apology, undertaking steps to ensure the harm cannot recur, compensation (financial or other) for the harm, ceasing the activity or relationship, or some other form of remedy agreed by the parties.
  - o Where Indigenous peoples are present, ensure that remediation mechanisms and measures are culturally appropriate and consistent with FPIC principles (see criterion 9.4). This may include acts to remedy harm through traditional means under Indigenous peoples' customary activities.
  - o Effective complaints resolution mechanisms enable any party to raise concerns about adverse human rights impacts, and have these addressed early and remediated directly. See also criterion 3.4 on Stakeholder complaints, grievances and requests for information which sets out requirements and guidance for company-level or operational-level complaints mechanisms. ASI also operates a Complaints Mechanism, and more information is available on the ASI website.
- For further guidance on conducting human rights due diligence, consult available references including the UN Guiding Principles on Business and Human Rights (2011), its accompanying guide, The Corporate Responsibility to Respect Human Rights: An Interpretive Guide (2012), and the Human Rights Compliance Assessment Tool of the Danish Institute for Human Rights (2014).

| 9.2 | Women's Rights |
|---|---|
| | The Entity shall implement Policies and processes to ensure respect for the rights and interests of women, consistent with international standards, including the UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). |

*Points to consider:*
- Women's rights are human rights. However due to some social structures, traditions, stereotypes and attitudes about women and their role in society, women do not always have the opportunity and ability to access and enforce their rights on the same basis as men.
- The UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) is the key international human rights document that seeks to ensure the enforcement of the human rights of women on an equal basis with men. CEDAW deals with rights including the right to vote and stand for election, right to health, equal rights to education, protection from discrimination in the workplace and equality before the law.
- The human rights due diligence process in 9.1 should specifically address gender and women's rights in the assessment of human rights risks and impacts. Consider whether the following issues may be relevant:
  - o Women being underrepresented in decision-making roles.
  - o Women receiving unequal pay for equal work.
  - o Any incidents where women have been targets of physical and sexual abuse.

- o Whether women-owned enterprises lack equal opportunity to compete for business opportunities.
- o Indirect impacts, such as changes to traditional roles and livelihoods, fly-in fly-out work arrangements and their impacts on families.
- Where Indigenous peoples are present, consider the following:
  - o That Indigenous women's organizations are identified and consultations are held with women and not just men.
  - o Impacts of mining on women, (for example the presence of security forces, migrant or transient workforces, or impacts of new employment opportunities on traditional roles) are identified with the participation of women. This may be realised through a forum for Indigenous women where these issues are discussed. Where the Indigenous women choose, the entire community may be involved in these discussions.
  - o The role of capacity building and training to address women's rights, and to support meaningful participation in consultations, decision-making and benefit sharing. This may include providing support for translation into local languages.
- For more guidance on promoting gender equality in your business, consult available references such as the Women's Empowerment Principles (UN Global Compact / UN Women) and the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) which is applicable to nation states.

| 9.3 | Indigenous Peoples |
|---|---|
| | The Entity shall implement Policies and processes to ensure respect for the rights and interests of Indigenous Peoples, consistent with international standards, including ILO Convention 169 and UN Declaration on the Rights of Indigenous Peoples. |

*Points to consider:*

- *Note: This criterion applies where the presence of Indigenous peoples or their lands, territories and resources is identified.*
- Where the presence of Indigenous peoples or their lands, territories and resources is identified:
  - o Ensure you are aware of legal and customary rights of Indigenous peoples that may exist in affected land areas.
  - o Conduct informed consultations with potentially affected Indigenous communities in a culturally appropriate manner.
  - o Note that a fundamental criterion for identifying Indigenous peoples is their self-identification as such. Therefore, Indigenous peoples may include those not explicitly recognized by national governments. (See the glossary definition based on the UN Permanent Forum on Indigenous Issues.)
  - o Note the term "presence" of Indigenous peoples refers not only to the physical presence in the area of operations, but also to Indigenous people in the wider context who have attachments to traditional lands and territories that might be impacted by the company's operations in the surrounding areas.
- The human rights due diligence process in 9.1 should specifically address risks to Indigenous peoples' rights and interests, in conjunction with the concerned Indigenous peoples.
  - o The UN Special Rapporteur on the Rights of Indigenous Peoples has noted that the following framework should apply: "Companies exercise due diligence by identifying, prior to commencing their activities, matters relating to the rights of indigenous peoples and paying adequate attention to those matters as the activities are being carried out. This includes recognition of the existence of indigenous peoples and of their own social and political structures; indigenous possession and use of land, territory and natural resources, exercise by the State of its duty to consult indigenous peoples in relation to activities that might affect

them, and the related responsibility of business; impact studies and mitigation measures; and benefit sharing with indigenous peoples."

- Draw on experienced and expert assistance, in conjunction with the concerned Indigenous peoples, to develop policies, training, strategies, plans and actions. Ensure that these draw on appropriate language, anthropological, cultural and social skills.
    - o Careful consideration should be given to the make-up of the team that develops and maintains ongoing relationships with Indigenous peoples.
    - o Ensure that Indigenous communities have access to appropriate company contacts for issues related to the operation's activities.
- In conjunction with the concerned Indigenous peoples, develop and implement policies and procedures that address:
    - o Respecting the rights, interests, aspirations, culture and natural resource-based livelihoods of Indigenous peoples
    - o Clearly identifying and understanding the interests and perspectives of Indigenous peoples regarding operations, projects and potential impacts
    - o Engaging and consulting with Indigenous peoples in a fair, timely and culturally appropriate way through an operation's life cycle, ensuring that indigenous peoples have access to all relevant information in a manner, language and form appropriate for them
    - o Obtaining Free Prior Informed Consent (FPIC) in applicable circumstances
    - o Negotiating partnership and/or programs that provide benefits and mitigate impacts
    - o Seeking to build long-term partnership with Indigenous peoples to support self-empowered regional and community development, which addresses the development priorities of the concerned Indigenous peoples, such as through education, training, healthcare, and business enterprise support
    - o Ensuring affected Indigenous peoples have opportunities to provide their input into periodic policy reviews and revisions
    - o Monitoring the progress of engagement approaches, agreements, and evaluating impacts
    - o Gender considerations and their intersection with the above.
- Consider the resources required to implement the policies and procedures effectively.
    - o Resources should be allocated to cover company and Indigenous peoples' capacity building needs. Independent expertise may be needed in the areas of impact assessment, negotiation, monitoring, reporting and grievance resolution activities.
    - o Ensure all staff relating with Indigenous peoples receive relevant training to ensure sufficient knowledge of key principles, local issues and appropriate conduct.
    - o Where Indigenous peoples are also workers in the operations, consideration should be given to the need for cultural awareness training for all staff. The objective should be building cross-cultural understanding for company personnel to understand Indigenous peoples' culture, values and aspirations, and for Indigenous peoples to understand a company's principles, objectives, operations and practices.
- For more guidance on respecting the rights of Indigenous peoples, consult available references including IFC Performance Standard 7 – Indigenous Peoples – Guidance Note (2012), the International Council on Mining and Metals (ICMM) Good Practice Guide – Indigenous Peoples and Mining (2015), the Mining, the Aluminium Industry and Indigenous Peoples (2015) report and its associated Fact Sheet – Identifying Indigenous Peoples, and the UN Declaration on the Rights of Indigenous Peoples.

| 9.4 | Free Prior and Informed Consent (FPIC) |
| --- | --- |
| | Where new projects or major changes to existing projects may have significant impacts on the Indigenous Peoples associated culturally with and living on the relevant lands, the Entity shall consult and cooperate in good faith with the Indigenous Peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to the approval |

> of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources.

*Points to consider:*

- *Note: This criterion applies where the presence of Indigenous peoples or their lands, territories and resources is identified.*
- Where the presence of Indigenous peoples or their lands, territories and resources is identified, FPIC processes are applicable for new projects or major changes (such as significant new infrastructure or expansions, or changes in land use) to existing projects or facilities that may have significant impacts on affected Indigenous peoples. This would include:
  o Impacts on lands and natural resources subject to traditional ownership or under customary use;
  o Relocation[1] of Indigenous peoples from lands and natural resources subject to traditional ownership or under customary use;
  o Significant impacts on critical cultural heritage that is essential to the identity and/or cultural, ceremonial, or spiritual aspects of Indigenous peoples; or
  o Use of cultural heritage, including knowledge, innovations or practices of Indigenous peoples for commercial purposes.
- There is no universally accepted definition of Free, Prior and Informed Consent (FPIC) and practices are evolving. In broad terms, FPIC comprises a process and an outcome. The process builds upon mutual engagement process and should be established through good faith negotiation between companies and affected Indigenous Peoples. Good faith negotiation involves on the part of all parties:
  o (i) willingness to engage in a process and availability to meet at reasonable times and frequency;
  o (ii) provision of information necessary for informed negotiation;
  o (iii) exploration of key issues of importance;
  o (iv) use of mutually acceptable procedures for negotiation;
  o (v) willingness to change initial position and modify offers where possible; and
  o (vi) provision of sufficient time for decision making.

  The outcome, where this process is successful, is an agreement and evidence thereof. ([International Finance Corporation (IFC) Performance Standard 7 – Indigenous Peoples – Guidance Note](#) (2012))
- FPIC builds and expands on collaborative engagement and should be established through good faith negotiation processes. This goes beyond consultation.
  o The right to give or withhold consent must be clear in the negotiation process with the affected Indigenous peoples.
  o The company will need appropriate expertise while conducting this process. This includes expertise in sociology or anthropology and knowledge and understanding of the local context, culture and language(s) of the affected Indigenous groups.
  o The process should strive to be fair and transparent, and ensure that all communities and relevant parts thereof are represented.
- **Free**: implies no coercion, intimidation or manipulation.
- **Prior**: implies consent has been sought sufficiently in advance of any authorisation or commencement of activities and respects the time requirements of Indigenous consultation, engagement, deliberation consensus processes.
- **Informed**: implies that information is provided that covers (at least) the following aspects:
  o The nature, size, pace, duration, reversibility and scope of any proposed project

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[1] 'Relocation' in this context may refer to both physical displacement – relocation or loss of shelter, and economic displacement – loss of assets, or access to assets, that lead to loss of income sources or other means of livelihood, as a result of project-related land acquisition and/or restrictions on land use (Adapted from IFC Performance Standards, 2012).

- o The reason(s) or purpose of the project
- o The location of areas that will be affected
- o A preliminary assessment of the possible economic, social, cultural and environmental impacts, including potential risks and benefits
- o Personnel likely to be involved in the implementation of the project
- o Procedures that the project may entail
- **Consent**: consultation and participation are key elements of a consent process. Consultation must be undertaken in good faith. The parties must establish a dialogue allowing them to identify appropriate and workable solutions in an atmosphere of mutual respect, and full and equitable participation, with ample time to reach decisions. This process includes the option of withholding consent. Indigenous peoples and local communities must be able to participate through their own freely chosen representatives and customary or other institutions. The participation of women, youth and children are encouraged where appropriate.
- Good faith includes respect for how Indigenous peoples wish to develop the FPIC process / protocol and respect for the independence of Indigenous Peoples' decision making processes. FPIC processes are essentially locally determined and therefore developed within the context of the particular culture and traditions of the affected peoples. It is not a corporate pre-defined process and corporations must proceed in cooperation with and under the guidance of the Indigenous authorities.
  - o Where the potentially affected Indigenous peoples have an FPIC process / protocol in place the company should abide by its provisions.
  - o Where there is no pre-existing FPIC process / protocol, the company should provide resources to support the potentially affected Indigenous peoples to develop an FPIC process / protocol independently from the company, where they wish to do so; or where the potentially affected Indigenous peoples do not wish to develop one by themselves, the company should engage with Indigenous peoples' representative institutions in an effort to reach a mutual understanding regarding the FPIC process / protocol.
  - o If and where non-contacted peoples are involved, indications of their resistance to intrusions into their territories should be taken as clear expressions of their exercise of FPIC and rejection of the proposed intrusions.
- As part of the FPIC process, companies should, consistent with IFC Performance Standard 7:
  - o Document efforts to avoid and otherwise minimise impacts
  - o Identify, assess and document resource uses and ensure affected Indigenous communities are informed of their land rights
  - o Offer compensation, preferably land-based or compensation-in-kind, in lieu of cash compensation
  - o Ensure continued access to natural resources, and ensure fair and equitable sharing of benefits associated with the use of resources that are central to the identity and livelihood of affected Indigenous communities.
- The provision for informed consent and other aspects of FPIC may require processes by which affected communities better understand corporate proposals prior to decision making. Information should not only come from corporate representatives, and Indigenous peoples will need access to independent expert inputs and technical advice. Consider how to:
  - o Provide sufficient information for decision-making
  - o Present information in forms that assist its comprehension
  - o Translate materials into local languages
  - o Establish funds under the control of Indigenous institutions for gaining independent legal advice or other expert support.
- Where resettlement, relocation or economic displacement of Indigenous peoples is proposed, this will require their FPIC.

- o The lands provided must be of a similar quality, enabling them to maintain their livelihoods and, where appropriate and feasible, way of life.
- o As part of the resettlement action plan, full consideration should be given to ensuring that they can access and return to original lands.
- o See also general guidance for criteria 9.6 on Resettlements, below.
- Where FPIC is obtained, contractually binding rights-based project-level agreements should be put in place, addressing issues including: impacts, risks, benefits, monitoring, reporting, grievance mechanisms, project transfer, closure and rehabilitation, and access and protection of cultural and sacred sites.
    - o Indigenous Land Use Agreements (ILUA) in Australia and Impact Benefit Agreements in Canada provide examples for such framework agreements.
- Where FPIC is not obtained, this should also be recorded.
- For more guidance on implementing FPIC processes, consult available references including the [International Finance Corporation (IFC) Performance Standard 7 – Indigenous Peoples – Guidance Note](#) (2012), [Food and Agriculture Organisation of the United Nations (FAO) – Respecting Free, Prior and Informed Consent](#) (2014), [Forest Stewardship Council (FSC) guidelines for the implementation of the right to free, prior and informed consent (FPIC)](#) (2012), the [International Council on Mining and Metals (ICMM) Good Practice Guide – Indigenous Peoples and Mining](#) (2015) and the [Mining, the Aluminium Industry and Indigenous Peoples](#) (2015) report and its associated [Fact Sheet – Free Prior and Informed Consent (FPIC)](#), and the [UN Declaration on the Rights of Indigenous Peoples](#).

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| 9.5 | Cultural and sacred heritage |
|---|---|
| | The Entity, in consultation with affected Communities, shall cooperatively identify sacred or cultural heritage sites and values within the Entity's Area of Influence and take appropriate action to avoid or remedy impacts, as well as to ensure continued rights of access to such sites or values. |

*Points to consider:*
- *Note that where Indigenous Peoples' sacred or cultural heritage sites and values may be impacted, criterion 9.4 on FPIC will also apply.*
- Tangible cultural heritage is considered a unique and often non-renewable resource that possesses cultural, scientific, spiritual, or religious value and includes moveable or immovable objects, sites, structures, groups of structures, natural features, or landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural value.
- Identify, through consultations with relevant communities and stakeholders, any existing sacred and/or cultural heritage sites and values within your areas of operation.
    - o The process for Indigenous peoples to identify their sacred and cultural heritage sites remains under their control, and should not be overruled by outside experts. Culturally appropriate processes of site identification should be used as appropriate, which may require additional resources.
- Develop a general policy and procedures on sacred or cultural heritage sites and values, in consultation with potentially affected communities.
- Prior to any ground disturbing activity that may impact on sacred or cultural heritage sites and values, develop and implement specific measures that prevent, remedy or mitigate negative impacts from your activities.
    - o Develop these measures with the participation of the relevant stakeholders/communities.
- Where relevant, implement a monitoring system that verifies the effectiveness of these measures, in cooperation with the relevant stakeholders/communities. Where any issues are identified that need to be addressed, the approach taken should build on existing communities' values and processes.
- For more guidance on protecting cultural heritage, consult available references including the [International Finance Corporation (IFC) Performance Standard 8 – Cultural Heritage – Guidance Note](#) and the [Mining, the Aluminium Industry and Indigenous Peoples](#) (2015) report.

| 9.6 | Resettlements |
| --- | --- |
| | a. The Entity, in project designs, shall consider feasible alternatives to avoid or minimise physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable, including women. |
| | b. When physical displacement is unavoidable, the Entity in consultation and in cooperation with the affected parties shall develop a Resettlement Action Plan that covers, at a minimum, the applicable requirements of IFC Performance Standard 5 (Land Acquisition and Involuntary Resettlement) and complies with Applicable Law regardless of the number of people affected. |

*Points to consider:*

- *Note that these criteria apply to resettlements being considered or taking place during the period since joining ASI, or through changes since the last Audit, or expected to occur during the Certification Period. When Indigenous Peoples are involved, criterion 9.4 on FPIC will also apply.*

- Resettlement refers both to physical displacement – relocation or loss of shelter, and economic displacement – loss of assets, or access to assets, that lead to loss of income sources or other means of livelihood, as a result of project-related land acquisition and/or restrictions on land use.

- Involuntary resettlement occurs when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

  - Experience has shown that involuntary resettlement can result in long-term hardship for affected persons and communities. Unless properly managed, involuntary resettlement may result in impoverishment, as well as environmental damage and social stress in areas to which they have been displaced.

  - Note that IFC Performance Standard 5 does not apply to resettlement resulting from voluntary land transactions – that is, market transactions where the seller is not obliged to sell and the buyer cannot resort to appropriation or other compulsory procedures if negotiations fail.

- International Finance Corporation (IFC) Performance Standard 5 (January 2012) provides an international standard for Land Acquisition and Involuntary Resettlement, with objectives to:

  - Avoid, and when avoidance is not possible, minimise displacement by exploring alternative project designs.

  - Avoid forced eviction.

  - Anticipate and avoid, or where avoidance is not possible, minimise adverse social and economic impacts from land acquisitions or restrictions on land use by providing compensation for loss of assets at replacement cost, and ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected.

  - Improve, or restore, the livelihoods and standards of living of displaced persons.

  - Improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

- Consider all feasible alternative project designs that avoid, or where avoidance is not possible, minimise physical and/or economic displacement, while balancing environmental, social and financial costs and benefits.

  - Gender is a critical dimension and women's interests, expectations and participation should be sought. Gender-sensitive mechanisms should be implemented to avoid negative impacts on women's livelihoods.

- o Consideration should also be given to the rights of poor and/or vulnerable people, such as those renting land from a landholder who is involved in negotiations.
- Negotiated settlements help avoid expropriation and eliminate the use of governmental authority to remove people forcibly. Negotiated settlements can usually be achieved by providing fair and appropriate compensation and other incentives or benefits to affected persons or communities, and by mitigating the risks of asymmetry of information and bargaining power.
- Involuntary resettlement only takes place when all other solutions have been explored and rejected, via a social impacts analysis that balances environmental, social and financial costs and benefits and takes into account the impacts on the poor and vulnerable groups.
- In case of physical resettlement (i.e. where projects involve the relocation of people from their homes), develop and implement a Resettlement Action Plan that is consistent with IFC Performance Standard 5, with the participation of all affected persons and communities. The scope and level of detail of the Resettlement Action Plan will vary with the magnitude of displacement and the complexity of the measures required to mitigate adverse impacts. At a minimum, the Plan should:
  - o Identify all people to be displaced.
  - o Demonstrate that displacement is unavoidable.
  - o Describe efforts to minimise resettlement.
  - o Describe the regulatory framework.
  - o Describe the process of informed consultation and participation with affected people regarding acceptable resettlement alternatives, and the level of their participation in the decision-making process.
  - o Describe the entitlements for all categories of displaced people and assess risks to vulnerable groups of the various entitlements.
  - o Enumerate the rates of compensation for lost assets, describe how they were derived and demonstrate that these rates are at least equal to the replacement cost of lost assets.
  - o Provide details on replacement housing.
  - o Outline plans for livelihood restoration if applicable.
  - o Describe relocation assistance to be provided.
  - o Outline the institutional responsibility for the implementation of the Resettlement Action Plan and procedures for grievance redress.
  - o Provide details of the arrangements for monitoring and evaluation and affected communities' involvement in this phase; and
  - o Provide a timetable and budget for the implementation of the Resettlement Action Plan.
- Key issues to consider in the Plan include compensation, livelihoods, housing and living conditions at sites, as well as social and cultural continuity of the community.
  - o When considering resettlement locations and housing, consider the following criteria for adequacy: accessibility, affordability, habitability, security of tenure, cultural adequacy, suitability of location, and access to essential services such as health and education.
  - o There may also be a need to develop agreed strategies for protection of sites or safe movement of objects of special historical, spiritual or cultural significance (see criteria 9.5).
  - o Consideration should be given to the possibility of individuals and/or communities returning to the land.
- Compensation standards should be transparent and applied consistently to all those affected, and ready for implementation by the time of the resettlement.
  - o Entitlements for the applicable classifications of affected persons, depending on the type of displacement and their formal legal rights, should be consistent with IFC Performance Standard 5.
  - o Land-based compensation should be a starting point for agricultural based livelihood communities, rather than cash.

For more guidance on management of physical and/or economic displacement, consult available references including the [International Finance Corporation (IFC) Performance Standard 5 – Land Acquisition and Involuntary Resettlement – Guidance Note](#) (2012), and the [IFC Handbook for Preparing a Resettlement Action Plan](#) (2001) and the [Basic Principles and Guidelines on Development Based Evictions and Displacement (UN Special Rapporteur)](#).  An outline of a Resettlement Action Plan is provided in Annex A of the IFC Performance Standard 5 Guidance Note, and the Handbook provides step-by-step guidance through the resettlement planning process and includes practical tools such as implementation checklists, sample surveys, and monitoring frameworks.

| 9.7 | Local Communities |
|---|---|
| | a. The Entity shall respect the legal and customary rights and interests of local Communities in their lands and livelihoods and their use of natural resources. |
| | b. The Entity shall take appropriate steps to prevent and address any adverse impacts on local Community livelihoods resulting from its activities. |
| | c. The Entity shall explore with local Communities opportunities to respect and support their livelihoods. |

*Points to consider:*

- The human rights due diligence process conducted under criterion 9.1 should be used to identify the presence of issues affecting local communities.
    - Note that the scope of this criterion 9.7 is focused mainly on cases where rural and remote communities are dependent upon resources that may be affected by the company's operations, such as mining, refining and/or smelting.
- Make sure you are aware of and respect the legal and customary rights and interests of local communities in relation to their lands and livelihoods, as well as their related access to and use of natural resources.
    - Map stakeholders, and where they exist, review social and environmental impact assessments, and assess current engagement and dispute resolution strategies.
    - Consider each operation's area of influence, which includes areas that are directly impacted, as well as indirect project impacts on biodiversity or on ecosystem services upon which affected communities' livelihoods are dependent.
    - Be aware that local communities, including Indigenous peoples, may not possess legal title to lands but may still use lands and natural resources, including seasonal or cyclical use, for their livelihoods or community purposes.
    - A community engagement approach, based on two-way information sharing and decision-making processes, can help create mutual understanding and responsiveness by all parties.
    - Make sure you consider potential impacts on affected communities such as noise, dust and increased traffic from operations.  More broadly, in some areas social conflict can arise in communities where a new operation benefits some community members but not others, changing the social dynamics.  The nature of communities can change through in-migration of new workers or people seeking work.
    - In particular, consider the gendered nature of impacts that can arise.  Where there are environmental impacts that affect land-based activities in traditional communities, this can undermine women's ability to provide food and clean water for their families and can increase their workload.  Where compensation or employment is directed to men "on behalf" of families, this can create a cash-based economy and affect women's traditional status in society.  A transient male work force can bring increased alcohol, sex workers and violence into a community, affecting women's safety.
    - Consider also potential community benefits, such as the development of roads and railways in the interest of the local population and opportunities to enhance biodiversity, ecosystem services, and culture.

- o Successful engagement required ongoing frameworks for regular discussion, consultation and interaction. Consider how to be inclusive, equitable, culturally appropriate and rights-compatible in your engagement activities.
- Where actual or potential adverse impacts on local community livelihoods are identified, take appropriate steps to prevent and/or address these.
  - o Consider the livelihoods of both women and men.
  - o Consider what steps and measures are appropriate for the organisation, given its potential impact and/or sphere of influence. Businesses are not expected to take on the responsibility to sustain the livelihoods of local communities in general, but to avoid and minimise negative impacts that they may cause or contribute to.
  - o Where biodiversity conservation measures are likely to affect the livelihood of local communities, decisions on biodiversity conservation and the use of natural resources should be taken in consultation with local communities, including both women and men.
  - o As part of the community engagement approach, ensure that complaints and grievance mechanisms are clear, have been communicated to local communities and function according to their expectations.
- More broadly, as part of ongoing community engagement, explore options for supporting community livelihoods and for contributing to local development.
  - o Consider initiatives and actions that can stimulate the development of local communities, without creating dependence on the company or other actors.
  - o For example, capacity building, micro-credit initiatives, improved farming practices, and introduction of governance models for management of shared natural resources, are models that have had success in different contexts.

| 9.8 | Conflict-Affected and High-Risk Areas |
| --- | --- |
| | The Entity shall not contribute to armed conflict or Human Rights abuses in Conflict-Affected and High-Risk Areas. |

*Points to consider:*

- Some of the worst human rights abuses involving business occur amid conflict over the control of territory, resources or a government itself – where the human rights regime cannot be expected to function as intended. Note that operations are not necessarily complicit in conflict or human rights abuses if they are located in a conflict-affected or high-risk area.
- Frameworks and legislation were initially developed to address tin, tungsten, tantalum and gold (also known as 'conflict minerals' and '3TG'). However in 2016, the OECD Due Diligence Guidance (see below), the primary reference on this issue, was updated to clarify that its risk-based approach applies to all mineral resources.
- Companies must ensure that they do not contribute to conflict, either through their own activities or directly linked to their operations, products or services through their business relationships.
  - o Consider the risks of operating in conflict-affected or high-risk areas.
  - o Integrate conflict-sensitive sourcing commitments into your company's Code of Conduct (criterion 1.3), Environmental, social and governance policy (criterion 2.1), and/or human rights policy (criterion 9.1).
  - o The obligation to avoid contributing to conflict should be a component of human rights due diligence (criterion 9.1) and should specifically cover the risk of any direct or indirect support to illegal armed groups, who are often the perpetrators of serious human rights abuses.
  - o Where public or private security forces are used, assess the risks of the security forces contributing to conflict or adverse human rights abuses – see also criteria 9.9 below.
- The first step is to identify any conflict-affected or high-risk areas where you may have operations or direct suppliers. Note that an area may be a region, a country, an area within a country, or an area

that crosses one or more county boundaries.  If you are unsure which areas may be conflict-affected or high-risk, seek guidance from:

- o Heidelberg Institute Conflict Barometer
- o UN Security Council Resources (noting any applicable UN sanctions)
- o UN Peacekeeping Operations
- o US State Department Country Reports on Human Rights Practices
- o Uppsala Conflict Data Program
- o International Alert
- o International Crisis Group
- o Office of the High Commissioner Human Rights conflict guidance
- o Where applicable, your own in-country risk assessments and/or incident monitoring and reporting.

- Once you have identified any relevant areas where you operate or source directly, use a risk assessment or due diligence process to document and review the heightened risks of adverse human rights impacts and/or contributing to conflict in these areas.  The level of detail in the due diligence should be commensurate with the level of risks, based on current social or political conditions, and/or proximity of operations to existing or recent conflict, and/or the complexity and nature of the company's local suppliers.  Review the general 5-step approach contained in Annex 1 of the OECD Due Diligence Guidance:
  - o Establish strong company management systems
  - o Identify and assess risk in the supply chain
  - o Design and implement a strategy to address identified risks
  - o Independent third-party audits of supply chain due diligence at identified points in the supply chain (for 3TG, these are smelters/refiners, and a number of industry programs co-ordinate such audits)
  - o Report on supply chain due diligence

- If you are operating in a conflict-affected or high-risk area:
  - o Check that systems are in place to identify all illegal armed groups and their affiliates in the conflict-affected area, and establish systems to prevent payments, logistical assistance or equipment being provided.

- If you are sourcing minerals directly from a conflict-affected or high-risk area:
  - o Assess the risks of the supplier contributing to conflict or adverse human rights abuses, particularly the risk of them providing direct or indirect assistance to illegal armed groups.
  - o Determine whether the identified risks can be mitigated by continuing, suspending or terminating the relationships with the supplier/s.

- Wherever possible, integrate steps to address identified risks with implementation of related ASI Performance Standard criteria:
  - o Consider heightened risks of bribery and corruption in conflict-affected and high-risk areas (see criterion 1.2 on Anti-Corruption)
  - o Consider heightened risks associated use of security forces (see criterion 9.9 on Security Practice).
  - o Consider heightened risks of Child Labour (criterion 10.2) and Forced Labour (criterion 10.3) in these areas.
  - o If there are FPIC (criterion 9.4) processes being undertaken, consider any implications for the "Free" component in the presence of conflict, including military, paramilitary, police or armed security presence in Indigenous peoples' territories.
  - o When operating in, or sourcing from, a conflict-affected or high-risk area, companies should publicly report on their supply chain due diligence policies and practices (relevant to criterion 3.1 on Sustainability Reporting).

- o If due diligence identifies any contributions to armed conflict or serious human rights abuses, then companies must immediately seek to remediate the adverse impacts (see criterion 9.1(b) on Human Rights Due Diligence).
- For more guidance on conflict-affected and high-risk areas, consult available references including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High Risk Areas (3rd edition, 2016), the UN Global Compact Guidance on Responsible Business in Conflict-Affected and High-Risk Areas (2010), and the Voluntary Principles on Security and Human Rights.

| 9.9 | Security practice |
|---|---|
| | The Entity shall, in its involvement with public and private security providers, respect Human Rights in line with recognised standards and good practices. |

*Points to consider:*
- The primary role of security providers is the protection of people, property and/or assets. Potential security threats include general theft, fraud, violent disturbances, sabotage of infrastructure, illegal mining, organised theft of company product or supplies, and kidnapping, intimidation or assassination of staff.
- Where public or private security forces are used, a written policy or agreement should be established on the conduct of security personnel.
  - o It should establish the importance of respect for human rights, the boundaries of security activities, appropriate procedures for managing security issues and conflicts, and the consequences of any human rights abuses. This could be stand-alone, or part of a broader policy on human rights (criterion 9.1), depending on the use of security providers and associated risks.
  - o Certain situations may require that security personnel be armed, and this may be determined by the security provider in accordance with their own risk assessments. Any armed personnel must be properly trained and licensed in accordance with applicable law.
  - o Avoid public or private security forces that have been credibly implicated in human rights abuses. Regularly review internal security personnel and providers for any emerging risks.
  - o Make your policy public and/or inform security providers, stakeholders and host governments of your commitments, as appropriate.
  - o Put arrangements in place for monitoring performance against the policy, and for investigations and disciplinary actions, which may include reporting to relevant authorities.
- In sectors such as mining, refining and/or smelting, the Voluntary Principles on Security and Human Rights were developed to guide companies in maintaining the safety and security of their operations within a framework of respect for human rights. These shall be considered the relevant 'recognised standards and good practices' referred to in 9.9.
  - o The Principles address risk assessment, relations with public security and relations with private security.
  - o They call for a regularly updated security risk assessment, and the engagement of local communities in security issues.
  - o They stipulate that private security should only provide preventative and defensive services and should not engage in activities exclusively the responsibility of state military or law enforcement authorities.
  - o Adequate and effective training of security personnel should be in place on the relevant Principles and the company's own policies regarding appropriate conduct and the local use of force.
- Additional considerations:
  - o The presence of security providers should be addressed in human rights impact assessments, including potential impacts on women.

- o Any new or expanded presence of armed security or the military (and the location of any associated camps) in Indigenous territories must be addressed as part of FPIC processes (see criterion 9.4).
- For more guidance on conflict-affected and high-risk areas, consult available references including the Voluntary Principles on Security and Human Rights, and the International Code of Conduct for Private Security Service Providers (ICoC).

## 10. Labour Rights

### Background

Decent work has become a universal objective and has been included in major human rights declarations, UN Resolutions and outcome documents from major conferences, including the Universal Declaration of Human Rights (1948), the World Summit for Social Development (1995), and the UN's 2030 Agenda for Sustainable Development (2015).

The International Labour Organisation (ILO) has set four pillars for their decent work agenda, with gender equality as a cross-cutting objective:

- Creating jobs – an economy that generates opportunities for investment, entrepreneurship, skills development, job creation and sustainable livelihoods.
- Guaranteeing rights at work – to obtain recognition and respect for the rights of workers. All workers, and in particular disadvantaged or poor workers, need representation, participation, and laws that work for their interests.
- Extending social protection – to promote both inclusion and productivity by ensuring that women and men enjoy working conditions that are safe, allow adequate free time and rest, take into account family and social values, provide for adequate compensation in case of lost or reduced income and permit access to adequate healthcare.

- Promoting social dialogue – involving strong and independent workers' and employers' organisations is central to increasing productivity, avoiding disputes at work, and building cohesive societies.

The ILO 'Tripartite declaration of principles concerning multinational enterprises and social policy' (MNE Declaration) is the only ILO instrument that provides direct guidance to enterprises on social policy and inclusive, responsible and sustainable workplace practices. It is the only global instrument in this area that was elaborated and adopted by governments, employers and workers from around the world.  Its principles cover areas such as employment, training, conditions of work and life, and industrial relations as well as general policies. All principles build on international labour standards (ILO conventions and recommendations). The MNE Declaration facilitates outreach and understanding of the Decent Work Agenda in the private sector, as highlighted in the ILO Declaration on Social Justice for a Fair Globalization.  Voluntary initiatives founded on the principles and conventions of the ILO include SA8000 and the ETI Base Code.

## Key Concepts

**Child Labour –** Work that deprives children of their childhood, their potential and their dignity, and that is harmful to their social, physical and mental development.  It refers to work that is mentally, physically, socially or morally dangerous and harmful to children, and interferes with their school by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to attempt to combine school attendance with excessively long and heavy work.  (Adapted from International Labour Organisation – What is Child Labour)

**Hazardous Child Labour** is work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children (ILO Convention 182).  ILO Recommendation 190 notes the following should be considered when determining whether work is Hazardous Child Labour:
(a)  Work which exposes children to physical, psychological or sexual abuse;
(b)  Work underground, under water, at dangerous heights or in confined spaces;
(c)  Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads;
(d)  Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health;
(e)  Work under particularly difficult conditions such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer.

**Worst Forms of Child Labour** is defined under ILO Convention 182 as:
(a)  All forms of slavery – including the trafficking of children, debt bondage, forced and compulsory labour, and the use of children in armed conflict.
(b)  The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic purposes.
(c)  The use, procuring or offering of a child for illicit activities, in particular the production and trafficking of drugs.
(d)  Work which is likely to harm the health, safety or morals of the child as a consequence of its nature or the circumstances under which it is carried out.

**Collective Bargaining –** A process through which employers (or their organisations) and workers' associations (or in their absence, freely designated workers' representatives) negotiate terms and conditions of work.  (Adapted from ILO/IFC Better Work – Guidance Sheet – Freedom of Association)

**Complaints Resolution Mechanism** - A formal process that can be used by individuals, Workers, Communities and/or civil society organisations to raise concerns about business activities and operations as a means of access to remedy. (Adapted from Human Rights and Grievance Mechanisms)

**Discrimination** – Where people are treated differently because of certain characteristics – such as race, ethnicity, caste, national origin, disability, gender, sexual orientation, union membership, political affiliation, marital status, pregnancy status, physical appearance, HIV status or age or any other applicable prohibited basis – which results in the impairment of equality of opportunity and treatment.  (Adapted from ILO/IFC Better Work – Guidance Sheet – Discrimination)

**Forced Labour –** All work or service which is exacted from any person under the menace of any penalty and for which the said person had not offered himself voluntarily.  This includes any work or service that is demanded as a means of repayment of debt. (Adapted from ILO/IFC Better Work – Guidance Sheet – Forced Labour)

**Debt Bondage** is the status or condition arising from a pledge by a debtor of his personal services or of those of a person under his control as security for a debt, if the value of those services as reasonably assessed is not applied towards the liquidation of the debt or the length and nature of those services are not respectively limited and defined. (ILO Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery, 1957)

**Freedom of Association** – The right of all workers, without distinction whatsoever, to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation. (Adapted from ILO Better Work – Guidance Sheet – Freedom of Association)

**Human trafficking –** The recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.  Human trafficking can lead to Forced Labour.  Human trafficking is also known as 'modern slavery'.  (Adapted from UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, 2000)

**ILO Convention C29** – on Forced Labour (1930), along with Protocol P29 (2014) to this Convention
**ILO Convention C87** – on Freedom of Association and Protection of the Right to Organise (1948)
**ILO Convention C95** – on Protection of Wages Convention (1949)
**ILO Convention C98** – on the Right to Organisation and Collective Bargaining (1949)
**ILO Convention C100** – on Equal Remuneration (1951)
**ILO Convention C105** – on Abolition of Forced Labour (1957)
**ILO Convention C111** – on Discrimination (Employment and Occupation) (1958)
**ILO Convention C138** – on Minimum Age (1973)
**ILO Convention C182** – on Worst Forms of Child Labour (1999)
Together these 8 conventions are known as ILO 'core conventions', and these issues (Forced Labour, Child Labour, Freedom of Association and Right to Collective Bargaining, and Non-Discrimination) are also addressed in the ILO 1998 Declaration of Fundamental Principles and Rights at Work.

**International Labour Organisation (ILO) –** A tripartite UN agency, established in 1919, that brings together governments, employers and workers representatives of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men.  (Adapted from the International Labour Organisation)

**Labour Union** – A voluntary association of Workers organised for occupational purposes with the aim of furthering and defending the interests of Workers.  May also be called a trade union, or workers organisation. (Adapted from SA8000:2014)

**Migrant Worker** – A person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national. (Adapted from the UN Convention on the Rights of Migrants)

**Overtime** – The hours worked in addition to those in the normal work week and which should be voluntary. (Adapted from Responsible Jewellery Council Code of Practices 2013)

**Remuneration** – Amounts paid by employers to Workers. It includes wages or salaries and any other benefits in cash or in kind. (Adapted from ILO/IFC Better Work – Guidance Sheet – Compensation)

**Workers –** Includes employees (individuals who have entered into or works under a contract of employment or a contract of service or apprenticeship, whether express or implied and whether oral or in writing, or as defined by Applicable Law); and contractors (an individual, company or other legal entity that carries out work or performs services pursuant to a contract for services). For the avoidance of doubt, Workers include Migrant Workers. (Adapted from Responsible Jewellery Council Code of Practices 2013)

**Working Time** – The time in which the persons employed are at the disposal of the employer. (Adapted from ILO/IFC Better Work – Guidance Sheet – Working Time)

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard. The guidance is not normative and should be seen as a starting point for information and support where required.*

| 10.1 | Freedom of Association and Right to Collective Bargaining. |
|------|------------------------------------------------------------|
| | a. The Entity shall respect the rights of Workers to associate freely in Labour Unions, seek representation and join Workers' councils without interference to the extent possible under Applicable Law, in line with the ILO Conventions C87 and C98. |
| | b. The Entity shall respect the rights of Workers to collective bargaining, participate in any collective bargaining process in good faith to the extent possible under Applicable Law and adhere to collective bargaining agreements where such agreements exist. |
| | c. Entities that operate in countries where Applicable Law restricts the right to freedom of association and collective bargaining, shall support alternative means of association for Workers that are permitted under Applicable Law. |

*Points to consider:*

- The right to freedom of association is proclaimed in the Universal Declaration of Human Rights. Within the ILO framework, it is considered an enabling right, meaning that it enables workers and employers to protect and advance their interests in other categories of labour and employment issues. This gives freedom of association an important place among ILO standards.
- At work, freedom of association means the right to freely form labour unions or workers organisations, without the interference of the employer.
  - Workers' representatives need to have access to facilities needed to carry out their functions in the workplace. This includes access to designated non-work areas during organizing efforts for the purposes of communicating with employees.
  - Companies need to remain neutral in any legitimate unionizing or worker organizing effort; this means not producing or distributing material meant to disparage legitimate trade unions; not establishing or supporting a company union for the purpose of undermining legitimate worker representation; and not imposing sanctions on workers' organizations participating in a legal strike.
  - Upon employment, companies need to inform workers of their rights under national labour and employment law and any applicable collective agreements; and that they are free to join a workers' organization of their choosing without any negative consequences or retaliation.

- o Those workers who do not wish to join such organisations also have their rights protected, and may not be coerced into doing so against their will.
- o Freedom of association does not mean that employers should organise workforces or invite unions into the workplace. It means that employers must not interfere in an employee's decision whether to join a labour union. Not only are workers free to form or join organisations of their own choosing (freedom of choice), they are also free to determine all aspects of their policies, programmes, strategies, etc., within the limits of the law, and without employer interference. Note that employers being asked to provide general administrative or logistical support would not be considered 'interference'.
- o In addition, employers must not discriminate against the employee for their choice. ILO Convention No. 98 includes protection against anti-union discrimination. Anti-union discrimination includes any action that makes a worker's employment dependent on giving up union membership or not joining a union. It also includes actions that cause the dismissal or prejudice a worker because of union membership or participation in union activities.

- Collective bargaining is a voluntary process that takes place between representatives of workers and representatives of employers. It usually focuses on the negotiation of terms and conditions of employment, such as wages, working hours, conditions, grievance procedures, and the rights and responsibilities of each party. Once a collective bargaining agreement is reached – whether at a company, sector or national level – it should be implemented within the business.
  - o When participating in collective bargaining, the employer should negotiate and bargain in good faith, which involves a willingness to discuss, compromise and reach a mutually agreed solution.
  - o Companies need to engage with workers' representatives and workers' organizations, and provide them with information needed for meaningful negotiation in a timely manner.
  - o Where a company is a party to a collective bargaining agreement with a workers' organization, the terms of the agreement need to be respected.
  - o Short-term contracts or other measures are not to be used to undermine a collective bargaining agreement or worker organizing effort, or to avoid obligations to employees under applicable labour and social security laws and regulations.
  - o Hiring of replacement workers should not be used as a strategy to prevent or break up a legal strike, support a lockout, or avoid negotiating in good faith. However replacement workers may be used to ensure that critical maintenance, health and safety, and environmental control measures are maintained during a legal strike.

- How freedom of association and the right to collective bargaining are specifically applied in practice is set through applicable law and may vary across jurisdictions.
  - o Countries where freedom of association is currently restricted by law include but are not limited to: the Gulf States, including Qatar, Saudi Arabia, and United Arab Emirates where trade unions are banned completely; and China and Vietnam, where unions are government controlled and not independent (Sedex Supplier Workbook, Chapter 1.3 Freedom of Association and Collective Bargaining, 2013).
  - o In some countries, freedom of association may have restrictions in special economic zones, or for some categories of workers such as migrants. In these types of situations, employers should consider how to engage with freely elected representatives of the workforce in internal committees dealing with such issues as health and safety, harassment or migrant workers' housing.
  - o Where the right to freedom of association and collective bargaining is restricted, employers shall respect and support legal alternative means for workers to associate. Companies must not pressure workers to join a company-controlled organisation in place of an organisation created and controlled by workers.

- Activities that could hinder freedom of association and the right to collective bargaining, include the employer:
    - o establishing or supporting a company union for the purpose of undermining legitimate worker representation
    - o opposing a legitimate unionising or worker-organisation effort
    - o producing and/or distributing materials meant to disparage legitimate labour unions
    - o discriminating against labour unions or their affiliate workers
    - o imposing sanctions on workers who are organising a strike or participating in a strike
    - o hiring replacement workers in order to prevent or break up a legal strike (with the exception of the maintenance of critical health and safety, and environmental control measures, or any other legally prescribed activities to be maintained)
    - o supporting a lockout or avoiding negotiating in good faith.
- For more guidance on addressing freedom of association and right to collective bargaining, consult available references such as the ETI Guidance on Freedom of Association in Company Supply Chains, and the United Nations (UN) Global Compact Principle 3 – Freedom of Association and Collective Bargaining.

| 10.2 | Child Labour |
|---|---|
| | The Entity shall neither use nor support the use of Child Labour as defined in ILO Conventions C138 and C182, and shall comply with related national and international law: |
| | a.  A basic minimum working age of 15 years. |
| | b.  Not engaging in or supporting Hazardous Child Labour. |
| | c.  Not engaging in or supporting Worst Forms of Child Labour. |

*Points to consider:*
- Child labour is one of the most high profile and widely-condemned social performance issues.  It refers to work that interferes with children's schooling and/or that is mentally, physically, socially or morally dangerous and harmful.
- The minimum age relating to child labour is considered to be 15 years, or the minimum age as specified in national law, whichever is higher.
- In the context of hazardous work (Hazardous Child Labour), the minimum age is considered to be 18 years.  Hazardous work is usually determined under applicable law, but generally includes:
    - o Work underground, under water, at dangerous heights or in confined spaces;
    - o Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads;
    - o Work in an unhealthy environment, which may expose children to hazardous substances, agents or processes, or to temperatures, noise levels or vibrations damaging to their health;
    - o Work for long hours or during the night, or work where the child is unreasonably confined to the premises of the employer.
- Worst Forms of Child Labour in industrial supply chains include Hazardous Child Labour (above), as well as child slavery and practices similar to child slavery, including debt bondage, the trafficking of children, forced Child Labour and the use of children in armed conflict.
- To implement these criteria, conduct a risk assessment appropriate to the business' circumstances to assess where there may be a risk of child labour.  Issues to assess may include:
    - o Areas of hazardous labour, mapping current worker ages against tasks.
    - o Contractors working at your facilities.
    - o Migrant workers and availability of personal identity information.
    - o Relationships with suppliers/sub-contractors as a potential supply chain risk (see also 9.1 Human Rights Due Diligence).
    - o Procedures for verifying age prior to recruitment.
- Actions to control risks could include, where relevant:

- - - Age assessment or verification.
    - Strengthening hiring policies to prevent child labour.
    - Training for human resources managers
    - Addressing hazards in the workplace (for example, for young workers)
    - More generally, improving wages for adults such that families do not need the income from children and can support further education.
- Where instances of child labour are found, these require considered responses that take account of local circumstances and applicable law.
    - If children are found to be performing hazardous work, or tasks that are dangerous, harmful or inappropriate considering their age, they must be removed from these functions immediately. Ensure they are removed safely, reunited with their family or guardian and provided with any care they need, such as health care of psycho-social assistance. Some situations may need to be reported to relevant authorities.
    - Remediation actions should include, at minimum, the provision of financial and/or other support to enable children to attend and remain in quality education until they complete compulsory education, and steps for the continued welfare of the child, taking into account the financial situation of the child's family. Involving public or non-governmental service providers may be advisable.
    - The key is for children to have access to good quality education with real prospects of meaningful employment when they leave school. This is especially important where there is the risk that those children, if simply withdrawn from employment, may work for other organisations with uncontrolled working conditions or in less visible parts of the informal economy.
    - Consider supporting community development programs aimed at eradicating the root causes of child labour. These can usually only be implemented in co-operation with other agencies such as national or local government, international institutions such as the ILO, trade unions, civil society and community groups.
    - Ensure that such situations do not recur within the company. Revisit your risk assessment and consider where controls need to be strengthened to prevent a recurrence.
- For more guidance on addressing child labour risks, consult available references including the ILO Employers' and Workers' Handbook on Hazardous Child Labour, the International Finance Corporation (IFC) Performance Standard 2 – Guidance Note, the UNICEF Children's Rights and Business Principles, and the Human Rights Compliance Assessment Tool – Part 2.3 Child Labour and young workers, by The Danish Institute for Human Rights.

| 10.3 | Forced Labour |
|---|---|

The Entity shall neither engage in nor support the use of Forced Labour as defined in ILO Conventions C29, along with Protocol P29 (2014) to this Convention, and C105. The Entity shall not:

a. Engage in or support Human Trafficking either directly or through any employment or recruitment agencies.
b. Require any form of deposit, recruitment fee or equipment advance from Workers either directly or through employment or recruitment agencies.
c. Require Migrant Workers to lodge deposits or security payments at any time.
d. Hold Workers in Debt Bondage or force them to work in order to pay off a debt.
e. Unreasonably restrict the freedom of movement of Workers in the workplace or in on-site housing.
f. Retain original copies of Workers' identity papers, work permits, travel documents or training certificates.

g.  Deny Workers the freedom to terminate their employment at any time without penalty, given notice of reasonable length.

*Points to consider:*

- Forced labour is a global problem that exists in industrialised as well as developing countries, in formal and informal economies, in global supply chains of multinational companies, as well as in small and medium sized enterprises.  According to ILO estimates, at least 21 million people worldwide are victims of forced labour, the majority of which are exploited by private agents.

- Forced labour can take many forms.  It includes situations where workers cannot leave their job without facing a penalty or a threat of penalty of any kind.  The penalty could mean physical constraint or punishment, but could also refer to threats of deportation, restricting workers' movements, the confiscation of passports, loans and/or wage advances, excessive interest rates, deception in wage payments, illegal deductions, charging of security deposits, inflated pricing/charges at company stores, or the non-payment of wages that effectively binds a worker to a job or employer.

- Migrant workers are particularly vulnerable to forced labour, as are other minorities, including Indigenous peoples.  They may have illegal or restricted employment status, may be economically vulnerable, or may be members of an ethnic group subject to discrimination.  These factors can be used unfairly by coercive recruiters or labour intermediaries, who remove identity documents and threaten workers with public exposure or deportation.  In these situations, migrant workers and other minorities may accept sub-standard conditions of work such as debt-bondage or indentured labour. Verité research has shown that workers will go to great lengths to snag promising jobs, no matter where they are located.  Often workers become indebted to middlemen – labour recruiters and moneylenders – whose practices can be exploitative and illegal and it becomes difficult or impossible to come out on top.  These workers can become trapped because:
  o  The job probably won't pay what the recruiter promised
  o  They don't often know about the compound interest on their debt, which increases every month
  o  There are illegal wage deductions and unexpected fees
  o  Their passports may be taken away so that they can't complain or flee
  o  Their work visas will tie them to their employer, giving them no other alternative way to dig themselves out of debt
  o  They may end up for months or years in slave-like conditions or debt bondage.

- Human trafficking can lead to forced labour and in recent years has taken on new forms and dimensions, often linked to developments in information technology, access to transport and organised crime.  Companies can be directly linked to human trafficking through the recruitment, transport, harbouring or receipt of a trafficking victim.  However companies can also be indirectly linked to trafficking through the actions of their suppliers or business partners, including sub-contractors, labour brokers or private employment agencies.

- Conduct a risk assessment appropriate to the business' circumstances to assess where there may be a risk of forced labour or human trafficking. These risk assessments should be regular and ongoing, undertaken whenever the risks may change, such as when starting a new business relationship or operating location, or facing a major change in operations or operating environment. Issues to assess may include:
  o  The use of contractors, suppliers, recruitment agencies and labour providers.  Indicators of risk include recruitment fees charged to workers, passport retention, deception in wage payment, loans offered to workers, or other practices which have the potential to bind the worker to the agency.  Use only employment and recruitment agencies that are licensed or certified by the competent authority.
  o  Where migrant workers are employed, examine the process of recruitment to ensure that there is no form of coercion involved, and no requirement for the workers to lodge a deposit or security fee.

- o Check that regular wage payments made to workers cannot be supplanted by in-kind remuneration.
- o Check that compulsory labour is not used as punishment for a strike.
- o Check that freedom of movement of workers in workplaces or on-site housing is not unreasonably restricted.
- o Where locked doors or security measures are in place to protect people and property, ensure that this is in the context of work that is undertaken voluntarily.
- o Where originals of identity papers, work permits, travel documents or training certificates need to be kept for security or legal purposes, ensure this is a temporary arrangement and is with the agreement and understanding of the worker. The worker should have ready access to their documents and the right to take them back into their possession at any time.
- o If loans are made to employees, check whether they may create situations of forced labour if employees are not able to meet the repayments. Indicators of risk are high rates of interest, very long repayment terms, or fraud used by the employer or agency to deceive the worker or artificially inflate the debt.
- o Assess the risk to migrant workers after being charged recruitment fees. This is distinct from assessing any risks to the business.
- o Ensure a range of internal and external sources are used to inform the assessments, including issues raised by NGOs or labour unions, news or expert reports, and cases arising via grievance mechanisms.
- Actions to control risks could include, where relevant:
  - o Strengthening hiring policies or codes of conduct to prevent forced labour and human trafficking. Consider how to explicitly address the risks of forced labour and human trafficking in hiring and recruitment, and in particular those risks faced by migrant workers. Policies should apply to first-tier suppliers, sub-contractors, and business partners, including employment or recruitment agencies, integrating them into business contracts where appropriate.
  - o Raising awareness and building capacity, including training for human resources managers. Companies should train managers, human resource and CSR personnel, internal auditors, and other relevant company staff on how to identify the red flags linked to trafficking and forced labour. Good and bad practices in recruitment and hiring should be identified and effective corrective action and remediation plans should be discussed. Companies should raise awareness of the risks and issues internally, and work with suppliers to do the same throughout the supply chain.
  - o Carrying out broader due diligence, including enterprise audits or assessments of suppliers and/or employment and recruitment agencies. Consider whether new assessment and compliance strategies may be needed to effectively audit labour brokers and the private employment agencies used by their suppliers. Measures to assess red flags should be present throughout the supply chain, including top tier suppliers, their sub-contractors, and employment or recruitment agencies.
  - o Putting in place grievance or complaints resolution mechanisms to enable affected workers to raise issues and to provide access to remedy (see also criteria 9.1 on Human Rights Due Diligence). Corrective action plans should provide for the full protection of the worker(s) concerned, and measures should be taken to support their rehabilitation, repatriation (if desired by the worker) and/or reintegration into the labour market and community. Where possible, cooperation should be forged with public or non-governmental victim service providers with expertise in supporting migrant workers who have been trafficked.
- Under the UN Guiding Principles on Business and Human Rights (see criteria 9.1 in the Performance Standard), a company's responsibility to act is determined by its involvement in a human rights risk or impact, not its ability to influence a situation.

- Where at risk of *causing* an impact directly, take the necessary steps to prevent it. For example, require recruitment agents to itemise, including with receipts, all expenses they incur in the recruitment process, and provide workers with receipts for any expenses they incur in their recruitment.
      - Where at risk of *contributing* to an impact, take the necessary steps to avoid that contribution. Use your leverage with the party causing the impact to mitigate any remaining risk. For example, in the absence of ethical recruitment agencies in a country, undertake as much direct recruitment of migrant workers as possible.
      - Where at risk of an impact on a migrant worker being *directly linked* to your company's operations, products or services through a business relationship, use your leverage with the party at cause to mitigate the risks.
- Note that compulsory overtime required to meet production deadlines is not considered forced labour if it stays within the limits permitted by national legislation or agreed to in collective agreements.
- For more guidance on addressing forced labour risks, consult available references including the ILO Combating Forced Labour: A Handbook for Employers and Business (2008), the Verité Fair Hiring Toolkit and Help Wanted: A Fair Hiring Framework for Responsible Business, BSR Good Practice Guide: Global Migration, the Institute for Human Rights and Business' Six Steps to Responsible Recruitment and the Employment & Recruitment Agencies Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, Stronger Together for the Construction Industry and the International Finance Corporation (IFC) Performance Standard 2 – Guidance Note.

| 10.4 | Non-Discrimination |
|---|---|
| | The Entity shall ensure equal opportunities and shall not engage in or support Discrimination in hiring, salary, promotion, training, advancement opportunities or termination of any Worker on the basis of gender, race, national or social origin, religion, disability, political affiliation, sexual orientation, marital status, family responsibilities, age, or any other condition that could give rise to Discrimination, in line with ILO Conventions C100 and C111. |

*Points to consider:*

- Discrimination in occupation and employment takes many forms and occurs in all kinds of work settings.  It can result in different treatment of employees in their responsibilities, conditions, training, promotion, or job security.
- Globally, women continue to be the largest discriminated group according to ILO reports.  Gender disparities are evident in labour force participation rates, unemployment rates, remuneration and the types of job performed.
- For employers, discrimination can be difficult to identify in practice, particularly when it is indirect. Sometimes rules, practices or attitudes have the appearance of being neutral but in fact lead to exclusions, harassment or preferential treatment.
- Note that where targets are mandated by local legislation or law that requires positive discrimination in favour of local residents, Indigenous peoples, or groups who have been historically disadvantaged (such as on the basis of gender or race, for example), these may not be regarded as discrimination.
- Conduct a risk assessment appropriate to the business' circumstances to assess where there may be a risk of discrimination.  Issues to assess may include practices or patterns in certain countries, industry sectors, or in particular occupations, migrant worker status, or on particular issues such as union membership or pregnancy/maternity.
- Provide diversity and anti-discrimination training, particularly in areas where discrimination is most likely to occur such as hiring and promotion practices.
- For more guidance on addressing discrimination risks, consult available references including the Verité Fair Hiring Toolkit and Help Wanted: A Fair Hiring Framework for Responsible Business, the International Finance Corporation (IFC) Performance Standard 2 – Guidance Note and the IFC Good Practice Note:  Non-Discrimination and Equal Opportunity (2006).

| 10.5 | Communication and engagement |
|---|---|
| | The Entity shall ensure open communication and direct engagement with Workers and their representatives regarding working conditions and resolution of workplace and compensation issues, without threat of reprisal, intimidation or harassment. |

*Points to consider:*

- Consider how to establish and use communication channels that ensure open communication with workers and their representatives (such as freely elected unions, delegates or spokespeople or others as nominated, where they exist), relating to working conditions, and any workplace and compensation issues. See also:
    - o  10.1 on Freedom of Association and Right to Collective Bargaining
    - o  11.3 on Employee Engagement on Health and Safety.
- Ensure that these channels operate without threat of reprisal, intimidation or harassment for participation or identification of issues.
- In larger organisations, formal grievance or complaints resolution procedures can allow workers to raise complaints, and should aim to handle disputes and appeals in a timely, effective and culturally appropriate process.

| 10.6 | Disciplinary practices |
|---|---|
| | The Entity shall neither engage in nor tolerate the use of corporal punishment, mental or physical coercion, harassment, and gender-based violence including sexual harassment, or verbal abuse of Workers. |

*Points to consider:*

- Discipline in the workplace should be viewed as a way to correct problem behaviours or performance issues. It should never be a form of punishment to an employee.
- Unfortunately in some workplaces, discipline can take an extreme form. Examples of unreasonable practices that have been documented in workplaces include: being forced to do push-ups, run laps, or stand in the sun for extended periods, being beaten or hit over the head, threats of violence, sexual or racial harassment, and withholding of wages, food or services.
- Supervisors and contractors, such as security forces, should be trained in how to appropriate manage any disciplinary issues.
    - o  Security guards and the military should not be allowed to take part in disciplining the workforce. Their role must be clearly limited to safeguarding the premises and the personnel and product located in the premises.
- Disciplinary procedures should provide a fair and humane way for dealing with workers who fail to meet the company's standards of conduct and performance at work.
- Grievance procedures and complaints resolution mechanisms are a means for employees to then raise concerns about management practices or decisions relating to disciplinary measures, and to have these investigated and resolved. They should permit workers to report unfair treatment to someone other than their supervisor. See also 10.5 on Communication and engagement.
- Conduct a risk assessment appropriate to the business' circumstances to assess where there may be a risk of disciplinary practices that violate basic human dignity and human rights. Issues to assess may include practices or patterns in certain countries, industry sectors, or in particular occupations, or on particular issues such as security forces or management responses to strike actions.

| 10.7 | Remuneration |
|---|---|
| | The Entity shall: |

ASI – Aluminium Stewardship Initiative Ltd (ACN 606 661 125)      95
ASI Performance Standard V2 – Guidance – December 2017
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> a. Respect the rights of Workers to a living wage and ensure that wages paid for a normal working week shall always meet at least a legal or industry minimum standard and shall be sufficient to meet the basic needs of Workers and to provide some discretionary income.
>
> b. Make wage payments that are timely, in legal tender and fully documented.

*Points to consider:*

- Wage-related benefits vary by country, but often include items such as holiday, overtime pay, sick pay, health benefits, incentives and bonuses, limited family leave benefits with pay and savings plans. In some cases, non-wage benefits may be provided to workers such as health care, accommodation, employee education, and basic services such as water and electricity.

- More than 90% of countries have legislation for minimum wage fixing. Ideally this wage is determined to cover the minimum needs of the worker and his/her family, in light of the country's prevailing economic and social conditions (a 'living wage'). However this is not always the case in labour-intensive industries, which can lead to a cycle of employees taking on excessive working hours and/or overtime in order to make ends meet. Wages calculated on a performance-related or piece-rate basis must not be less than legally mandated minimum wage.

- Make sure that the company understands the applicable law related to remuneration and statutory benefits in all countries of operation. The relevant minimum wage rate will vary according to the region, type of operation, skill level of the worker and/or category such as probationary, temporary and apprentice workers.

- Where a legal minimum wage is in place, the company shall respect it. Where no minimum wage is defined through the regulatory system, the company should define a minimum wage for its workers, based on common industry practices in the region or country where it operates. Wages shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.
    - A living wage is defined as the wage that can meet the basic needs to maintain a safe, decent standard of living within the community. Where there is a perceived gap between the minimum wage and a living wage, consider how to address this. Additional guidance and methodologies can be found in SA8000's work on living wage, and the Global Living Wage Coalition.

- Typically, workers receive higher pay for working beyond the required normal hours (overtime), on public holidays, weekly rest days and at night. The rate for these hours may be set by the government or by collective agreement (whichever is higher applies). Different rates may apply for regular overtime, and for overtime worked at night, on public holidays, and on weekly rest days.

- Ensure that workers receive their payments regularly as stipulated in their contracts, and in legal tender in a manner and location convenient to them, whether bank transfer, cash or cheque, or by money order where permitted by law. Payment in the form of vouchers, coupons or promissory notes is not permitted.
    - Pay the correct rate for regular and overtime hours worked at night, on weekly rest days and on public holidays.
    - Inform workers about their wages and how they are calculated in a language they understand.

- Wage payments need to be made regularly and directly to workers, in accordance with national law, and shall not be delayed, deferred or withheld.
    - Wages should be paid directly to the worker in legal tender, or by cheque or money order where permitted by law, collective agreement or with the consent of the worker. Payment in the form of vouchers, coupons or promissory notes is prohibited
    - Only deductions, advances and loans authorized by national law are permitted and, if made or provided, actions shall only be taken with the full consent and understanding of workers.
    - Clear and transparent information needs to be provided to workers about hours worked, rates of pay, and the calculation of legal deductions, so that they retain full oversight over their earnings.

- Under certain circumstances ILO Convention No.95 allows for the partial payments in kind of wages particularly when such form of payment is permissible by Applicable Law or as per a collective bargaining agreement, customary, appropriate for the personal use and benefit of workers and their families, and the value of such allowances is fair and reasonable.
    - Payment in kind is non-cash remuneration received by an employee for work performed. This can include: food, drink, fuel, clothing, footwear, free or subsidized housing or transport, electricity, car parking, nurseries or crèches, low or zero-interest loans or subsidized mortgages.
    - Payment in kind in the form of goods or services shall not be used to create a state of dependency of the worker on the employer. Payment in kind should only be partial to ensure that the worker is not totally deprived of cash remuneration.
    - Payment in kind can make up only part of workers' wages, and the benefits provided must be fairly valued and meet the personal and family needs of the worker.
- Any amounts deducted from wages must be determined by due process.  Legitimate deductions include income taxes, pension contributions and union memberships, for example.  Deductions should not be made as a disciplinary measure for employee behaviour, except where explicitly provided for in employee contracts or collective bargaining agreements.  Workers should be informed of conditions and extent of any deductions made in their regular payslip or similar documentation.
- Forced savings schemes are not part of legitimate deductions where they are Entity-owned or -managed and used as a pretext to withhold wages from workers. These schemes benefit the Entity at the expense of workers but may also prevent workers to freely move to other positions or employers as workers forced to participate in these schemes frequently have trouble receiving all monies due from these schemes at the end of their period of employment.
- Workers must not be forced to buy provisions or services from their employer or workplace.  This can be a risk indicator of forced labour.  Where there is a company store, or similar, goods need to be sold at fair and reasonable prices, and not inflated to increase profit, nor with the intention to indebt workers.
- Loans and wage advances should not exceed legal limits, and workers should be informed of related terms and conditions, including any interest rates and repayment terms.

| 10.8 | Working Time |
|---|---|
| | The Entity shall comply with Applicable Law and industry standards on Working Time (including Overtime working hours), public holidays and paid annual leave. |

*Points to consider:*
- Working hours are a fundamental component of safe and humane working conditions.  Excessive working hours in manufacturing and extractive industries remains one of the most regularly raised issues by civil society and labour unions.
- All hours worked beyond the legislated or agreed working week is considered overtime.  Overtime should be voluntary and not compulsory.  Limiting working hours can promote better work-life balance and reduce workers' stress-related occupation conditions and accident rates.
- Make sure that the company understands the applicable law related to working hours and leave in all countries of operation.  Any collective agreements with labour unions or other workers organisations should deal with working hours, overtime, breaks and leave.
    - There needs to be processes in place to ensure workers are not be forced to work in excess of the number of hours permitted in Applicable Law.  In the absence of these laws, ILO Convention 1 sets out 8 hours for a work day and 48 hours in a week (with exceptions for some industrial environments or emergency / force majeure situations).
    - Overtime needs to be voluntary, unless part of a legally recognized collective bargaining agreement. Workers must not be made to work overtime under the threat of penalty, dismissal or denunciation to authorities. While the ILO does not set the maximum number of

overtime hours, a common benchmark is 12 hours additional per week for max of 60 normal and overtime hours.

- o The ILO encourages multi-national enterprises to progressively reduce from 48 hours to 40 hours in the week, without reduction of wages.
- Develop an effective system for recording the amount of hours worked by each worker, and tracking overtime and leave entitlements. Make sure that managers and workers understand the systems so that they can easily record hours and any changes to regular working hours.
- Where relevant, conduct a risk assessment appropriate to the business' circumstances to assess where there is a risk of maximum working hours being exceeded or leave entitlements being breached.

Review:
- Do you allow workers to associate freely in the organisations or unions of their choice?
- Have you assessed the risks of using or supporting child labour?
- Have you assessed the risks of engaging in or supporting forced labour or human trafficking?
- Have you assessed the risks of engaging in or supporting discrimination?
- Do you have channels for open communication and direct engagement with workers?
- Have you assessed the risks of unacceptable disciplinary practices?
- Do you provide appropriate remuneration to workers?
- Do you comply with applicable law and industry standards on working time?

## 11. Occupational Health and Safety

| Supply chain activity | Applicability of Performance Standard Criteria | | | |
| --- | --- | --- | --- | --- |
| | 11.1 | 11.2 | 11.3 | 11.4 |
| Bauxite Mining | | | | |
| Alumina Refining | | | | |
| Aluminium Smelting | | | | |
| Aluminium Re-melting/Refining | | | | |
| Casthouses | | | | |
| Semi-Fabrication | | | | |
| Material Conversion *(Production and Transformation)* | | | | |
| Material Conversion *(Industrial Users)* | | | | |
| Other manufacturing or sale of products containing Aluminium | | | | |

**Code:**
*Criteria shaded* green *are generally applicable to those supply chain activities, where they are within the Certification Scope of the Entity.*
*For more information on defining your Entity's Certification Scope, see the ASI Assurance Manual.*

## Background

It is a fundamental responsibility of business to ensure that workers are not harmed as a result of their work. Health and safety management systems and programs are usually designed to cover direct employees, any contract or agency workers, and members of the public such as visitors and local communities who may be impacted by a company's operations.

A health and safety culture that drives prevention and promotes good health and safety can deliver substantial benefits. These include improvements in staff performance and motivation, and reductions in injuries, illnesses and sick days, insurance claims, premiums and regulatory fines. Poor management of health and safety directly increases the risk of workplace injuries, illnesses and fatalities, and has the potential to undermine commercial performance and reputation, thereby negatively impacting organizational sustainability.

Traditionally health and safety programs focused primarily on the prevention of workplace-related injuries and diseases, including work-related stress, fatigue and work-life balance. Increasingly businesses are developing programs for the general health and wellbeing of workers, by addressing broader aspects of health such as psychological health and safety, stress, fatigue, fitness for work, obesity, substance addiction and work-life balance. While the intent of these programs is to further enhance workplace health and safety, due regard to issues of privacy needs to be given, with protections for workers who may seek help with health or personal problems.

## Key Concepts

**International Labour Organisation (ILO)** – The ILO has more than 80 Conventions and Recommendations dealing with health and safety issues.  These cover specific industries, risks that affect a variety of sectors, and preventative or protective measures.  While these recommendations are sometimes addressed in government regulation, they may be referred to by companies for additional guidance.  (Adapted from International Labour Organisation – Safety and health at work)

**ILO Convention 155 (1981) and Convention 187 (2006)** – Lay out standards and recommendations regarding identification of hazards, education and training, and provision of clothing and personal protective equipment.

**ILO Convention 176 (1995)** – Deals with health and safety in mines.  Part III provides general recommendations on issues such as handling of chemicals, emergency preparedness, and the right of employees to report accidents to local authorities.  Article 88 requires the preparation of an emergency response plan specific to each mine (ILO Recommendation 183 provides more detail on what these plans should contain).

**Occupational Health and Safety (OH&S)** - Concerned with protecting the safety, health and welfare of people engaged in work or employment. (Safe at Work)

**Workers** – Includes employees (individuals who have entered into or works under a contract of employment or a contract of service or apprenticeship, whether express or implied and whether oral or in writing, or as defined by Applicable Law); and contractors (an individual, company or other legal entity that carries out work or performs services pursuant to a contract for services). (Adapted from Responsible Jewellery Council Code of Practices 2013)

**Visitors** – A person visiting an Entity's Facility or operation or location under the Entity's Control who is not a Worker at the Facility or operation or location.

## Implementation

*The 'Implementation' section provides general guidance for implementing each of the criteria in the Performance Standard.  The guidance is not normative and should be seen as a starting point for information and support where required.*

| 11.1 | Occupational Health and Safety (OH&S) Policy. |
|---|---|
| | The Entity shall: |
| | a. Implement, communicate and regularly review an Occupational Health and Safety Policy that senior management has endorsed and supports through provision of resources. |
| | b. Apply the Policy to all Workers and Visitors present in any area or activities under the Entity's control. |
| | c. Include in the Policy a commitment to comply with Applicable Law on Workers' health and safety, international standards, and ILO Conventions on Occupational Health and Safety including where relevant ILO Conventions 155 and 176. |
| | d. Include in the Policy that Workers have the right to understand the hazards and safe practices for their work, and the authority to refuse or stop unsafe work. |

*Points to consider:*

- Have a written policy on health and safety that is implemented and communicated to all Workers.
    - The development, implementation and maintenance of the policy may be stand alone or integrated into the Entity's policies required in criterion 2.1 for governance, environmental and social aspects of the ASI Performance Standard.
    - See Guidance for Criterion 2.1 for additional information to support the implementation and maintenance of the policy.
- Consider how to address the following issues for all types of workers and all workplaces, including office environments:

- o Establishing a collaborative safety culture
- o Respect for workers' health and safety rights
- o Compliance with regulatory requirements and other relevant international standards including ILO Conventions
- o Safe and healthy ways of managing and working
- o Safe and healthy workplaces
- o Materials, equipment, tools and machinery in safe condition
- o Safe and hygienic facilities, including toilets, eating areas and first aid
- o Complete hazard information, training and supervision to all workers including knowledge and awareness about hazards of their work and how to carry out work activities and operate equipment safely
- o The responsibility and authority to refuse or shut down unsafe work without fear of reprisals and the obligation to immediately report these situations to those at imminent risk and to management
- o Processes for identifying hazards, assessing risks, and controlling risks in consultation with workers (see 11.2)
- o Processes for consultation with workers on matters that affect their health and safety in an inclusive and  meaningful participatory mechanism such as a  joint health and safety committee (Workers or their representatives and management) in all aspects of health and safety policies, programmes and procedures – from planning through risk assessment to implementation, including inspections, audits, accident and incident investigations. (see 11.3)
- o Regular review of the policy and supporting systems and their implementation (see 11.4)

| 11.2 | OH&S Management System. |
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| | The Entity shall have a documented Occupational Health and Safety Management System that is conformant with applicable national and international standards. |

*Points to consider:*

- Develop, adopt and implement documented systems occupational health and safety management systems to manage the Entity's occupational health and safety risks.
  - o Documentation that is fit for purpose and consistent is usually the foundation of a functional management system, and thus may be quite simple for smaller businesses.
  - o See Guidance for criterion 2.3 for additional information.
- International standards such as OHSAS 18001 offer management system models that may be relevant for some businesses.
  - o Note:  ISO is currently developing a new standard, *ISO 45001, Occupational health and safety management systems - Requirements*, which will be referenced here once available.
- Nominate senior manager/s with responsibility for the health and safety management system (See criterion 2.2).
- Ensure that the identification and assessment of health and safety risks and the establishment of actions and controls are documented and that this process is conducted in a joint effort with Workers (or their representatives) and management.
  - o The nature and extent of the management system should reflect the Entity's size, location and other factors. Simple procedures may be sufficient and effective for small companies with low risks.
- Consider the following types of workplace hazards, where relevant:
  - o Use of machinery and mobile equipment including guarding, training of operators and maintainers, procedures for shutdown to a zero energy state, and lockout and tag-out procedures
  - o Inventory, hazard information, storage and handling of materials (including hot metal) and chemicals

- o Exposure to hazardous materials in various states, whether solid, liquid, gas, mist, dust and fumes, airborne particles, noise and temperature levels. Consideration to be applied based on the nature of the hazard (corrosive, toxic, carcinogenic, mutagenic, teratogenic, asphyxiant, sensitizer) the pathways of entry to and elimination from the body, the nature of possible effects on target cells/organs/systems, and appropriate control measures
  - o Psychological factors and mental wellbeing
  - o Working alone
  - o Working at height,
  - o Confined spaces
  - o Energised systems (pressure, temperature, electrical, etc.)
  - o Inadequate lighting and/or ventilation
  - o Ergonomic hazards, and the potential for repetitive strain activities
  - o Ensuring that workplaces are safe for all workers, including younger workers (for example under 18 years of age) older workers, pregnant workers, and workers with disabilities
  - o General industrial hygiene
  - o Housekeeping issues.
- A common approach is to identify improvement opportunities in the following order of priority:
  - o *Eliminate/Substitution* the hazard by removing or modifying the activity from the work process. Examples include substitution with less hazardous chemicals, or using different manufacturing processes;
  - o *Control* the hazard at the point where it starts or if this is impossible as close to the source as possible. Examples include local exhaust ventilation, isolation rooms, machine guarding, or acoustic insulating and noise control;
  - o *Minimise* the hazard through design of safe work systems and administrative or institutional measures. Examples include provision of information such as Safety Data Sheets, job rotation, education and training on safe work procedures, workplace monitoring, or as a last line of defence limiting exposure or work duration and/or the use of personal protective equipment (PPE).
- As per criterion 2.6, establish emergency procedures and evacuation plans for all reasonably foreseeable emergencies, and test them regularly. Potential emergencies may include fire, explosion, medical emergency, incidents with high temperature materials or hazardous chemicals, bomb threats, armed confrontations and natural disasters.
- Ensure there are adequate first aid provisions and sufficient trained first-aid providers for the workplace, even in low-risk environments that are close to a health clinic or a hospital.
- Consider implementing a standardised approach, such as OHSAS 18001 Occupational Health and Safety Management System or ILO-OSH 2001 Guidance on Occupational Safety and Health Management Systems. Typically these cover the following elements:
  - o Have a written policy/policy manual on health and safety (see criterion 11.1).
  - o Processes to address issues for all types of workers and all workplaces, including office environments.
  - o Establishing a health and safety culture including workplace psychological health and safety.
  - o Respect for workers' health and safety rights.
  - o Identifying and complying with Occupational Health and Safety Applicable Law.
  - o Safe and healthy ways of working.
  - o Healthy and Safe workplaces.
  - o Equipment, tools and machinery in safe and healthy condition.
  - o Safe and healthy hygienic facilities, including toilets, eating areas and first aid
  - o Information, training and supervision to all workers.
  - o Processes for identifying hazards, assessing risks, and controlling risks (see criterion 11.2)

- o Processes for consultation with workers on matters that affect their health and safety (see criterion 11.3)
- o Regular review of the policy and supporting systems and their implementation (see criterion 11.4)"
- Note: ISO is currently developing a new standard, *ISO 45001, Occupational health and safety management systems - Requirements*, which will be referenced here once available.

| 11.3 | Employee engagement on health and safety. |
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The Entity shall provide Workers with a mechanism, such as a joint health and safety committee, by which they can raise, discuss and participate in the resolution of Occupational Health and Safety issues with management.

*Points to consider:*

- Workers should be able to freely choose their representatives in the process (such as on a committee), for example through a union or workforce nominations/elections.
    - o While on-site contractors may not be eligible to participate on a committee in some situation, the committee or similar should still function as a mechanism by which they can raise health and safety issues.
- The mechanism should allow for discussion to be held on a regular basis and in response to incidents. It can also be used to address both short and long-term health trends identified by employees, contractors and management.
    - o Workers should be able to raise health and safety issues without fear of criticism or reprisal.
    - o A record of meetings should be maintained, including matters discussed and actions undertaken with clear timeframes and responsibilities.
- Consider additional informal processes, such as suggestion boxes or team meetings, for consulting workers about health and safety issues or improvements.
    - o Think about how to take gender, language and levels of education into account.
- This criteria can be implemented in conjunction with criteria 10.5 on Communication and Engagement of workers.

| 11.4 | OH&S Performance |
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The Entity shall evaluate its Occupational Health and Safety performance using lagging and leading indicators, compare this with peers and best practices where available, and strive to continuously improve.

*Points to consider:*

- Identify relevant health and safety leading and lagging indicators, according to specific industry guidance, and monitor performance relating to these indicators on a regular basis.
    - o Lagging indicators are the traditional safety metrics used to measure the reactive nature of safety performance. Lagging indicators include injury frequency and severity, lost time and workers compensation costs. Leading indicators in safety provide a means to predict performance and used to drive activities that identify hazards, and prevent or control the severity of injuries. Leading indicators include number of safety audits, number or Workers trained reduction in risk profiles or Worker survey results. Both leading and lagging indicators can help Entities measure and improve its occupational health and safety performance.
    - o Larger workplaces or organisations often monitor progress against targets and it is noted that smaller business may not always be able to compare its performance with peers.
- Performance indicators should be jointly agreed with management and workers (or their representatives).
- Regularly review industry best practices of peers comparable in size and/or geographic location and benchmark your own practices and performance to identify opportunities for improvement.

- Investigate health and safety incidents and feed the results into reviews of the controls of the related hazards, to identify opportunities for improvement.
  - Include near-miss situations, where the direct consequences were inconsequential but the possible consequences could have been serious.
  - Ensure the implementation of corrective actions are tracked, and once in place, determine the effectiveness of these actions at preventing a recurrence.
  - Investigation teams and should include a mix of management and workers (or their representatives).
- Learnings and actions from incidents should be shared with all affected personnel.
- Records of workplace incidents and/or performance may be required under local regulations.  Where there is the potential for long latency diseases, such as noise induced hearing loss or occupational cancers, occupational health data may need to be kept for at least 30 years.

**Review:**
- Do you have a written and implemented health and safety policy developed jointly with workers that has been endorsed by senior management?
- Has the policy and supporting systems been communicated to workers and visitors, including via regular training?
- Are workers' health and safety rights respected:  to know, to participate, and to refuse or shut down unsafe work?
- Have you assessed the risks of workplace hazards and implemented management systems and controls to minimise the risks and has this been done jointly with management and workers (or their representatives)?
- Is there a mechanism such as a joint health and safety committee in place for workers to raise, discuss and participate in the resolution of health and safety issues with management?
- Do you regularly evaluate your OH&S performance and identify opportunities for improvement?

# Glossary

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| Accreditation | Recognition of an Auditor's competence to carry out audits and evaluate conformance against an ASI Standard. |
| Alien Species | A species, subspecies or lower taxon, introduced outside its natural past or present distribution; includes any part, gametes, seeds, eggs, or propagules of such species that might survive and subsequently reproduce. (Secretariat of the Convention on Biological Diversity, 2002) |
| Alumina | Aluminium oxide, which is refined from bauxite ores as an input to Aluminium Smelting. |
| Alumina Refining | The process of extracting Alumina from bauxite ore, generally by the Bayer process. |
| Aluminium | Aluminium is a chemical element with symbol Al and atomic number 13. It is a silvery-white, soft, nonmagnetic, ductile metal.  Aluminium is the third most abundant element, and the most abundant metal in the Earth's crust.  It can be pure or alloyed with other metals (Mg, Si, Mn, Cu, Zn, Fe, Cr and others). In ASI documents, the raw materials used to produce the metal (bauxite ore and alumina) as well as Aluminium alloys may be referred to as Aluminium in its generic meaning.  ASI covers metallic Aluminium and not other forms of chemical compounds that may contain aluminium. |
| Aluminium Process Scrap | Material containing Aluminium that is diverted from the waste stream from a manufacturing process or similar.  (Adapted from ISO14021:2016) Note that the material may not necessarily be regulatory waste in any location that it is produced.  Note that Aluminium Process Scrap can be considered Pre-Consumer Scrap under the ASI Chain of Custody Standard if the material has not been intentionally produced, is unfit for end-use and is not capable of being re-used in the same process that generated it. |
| Aluminium Re-Melting/Refining | Processes for recycling aluminium process scrap and used aluminium products, which may include processes to improve the quality of secondary aluminium by removing unwanted elements or impurities. |
| Aluminium Smelting | The process of extracting aluminium from its oxide, alumina, generally by the Hall-Héroult process. |
| Applicable Law | The relevant international and/or national and/or state and/or local laws of the country or countries where the Entity operates.  This may include, but is not restricted to, acts, regulations and statutory policies.  Where a conflict arises between Applicable Law and the requirements of the ASI Performance Standard, the Entity should comply with the higher standard except where this would result in a violation of Applicable Law. (Adapted from Responsible Jewellery Council – Code of Practices 2013) |
| Area of Influence | Encompasses, as appropriate, areas likely to be affected by: (a) an Entity's activities and facilities, and/or impacts from unplanned but predictable developments that may occur later or at a different location, and/or indirect project impacts on biodiversity or on ecosystem services upon which affected communities' livelihoods are dependent; |

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| | (b) associated facilities, which are facilities not controlled by the Entity but that would not have otherwise been constructed or expanded and without which the Entity's activities would not be viable; and

(c) cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the Entity's activities, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

Examples for (a) include the project's sites, the immediate airshed and watershed, or transport corridors, and indirect impacts include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).

For (b), examples of associated facilities may include ports, dams, railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.

For (c), cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from affected communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.  (Adapted from International Finance Corporation (IFC) Performance Standard 1 – Guidance Notes)

Notes:
- 'Area of Influence' is referenced in 7.1 (Water Stewardship), 8.1 (Biodiversity) and 9.5 (Cultural and Sacred Heritage), in relation to the Entity assessing impacts and managing risks in these areas for a given Certification Scope.
- Some activities and related impacts/risks in an Area of Influence may not be under the Control of the Entity.  However where required by these criteria, these impacts and risks shall still be assessed by the Entity and, wherever practicable, mitigation measures and/or controls should be put in place.
- Associated facilities which are part of an Entity's Area of Influence but not under the Entity's Control are not part of the Certification Scope. In other words, the *activities and related impacts/risks* of associated facilities which are not under the Entity's Control are not factored into determining the Entity's conformance. |
| Areas of high biodiversity value | Areas that are recognized as being important for biodiversity features by a number of governmental and non-governmental organizations. They are typically sites that contribute significantly to the global persistence of biodiversity, in lands, in water or on the seas, and include habitats that are a priority for conservation (often defined in National Biodiversity Strategies and Action Plans prepared under the UN 'Convention on Biological Diversity'). The following are examples of internationally recognised approaches and standards that identify areas of high biodiversity value: Key Biodiversity Areas and High Conservation Value Areas. |
| ASI | Aluminium Stewardship Initiative Ltd |

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| ASI Accredited Auditor | An independent third party person or organisation meeting ASI's objective selection criteria and accredited to carry out ASI Audits. |
| ASI Complaints Mechanism | Aims to ensure the fair, timely and objective resolution of complaints relating to ASI's standards setting processes, certification program, auditor conduct and ASI policies and procedures.  Available at: http://aluminium-stewardship.org/asi-complaints-mechanism/ |
| ASI Member | An entity or group of entities that is a current member of one of ASI's six membership classes: <br>• Production and Transformation (eligible for ASI Certification) <br>• Industrial Users (eligible for ASI Certification) <br>• Civil Society <br>• Downstream Supporters <br>• Associations <br>• General Supporters <br>The use of the term 'Member' in the Performance Standard means an ASI Member in the 'Production and Transformation' or 'Industrial Users' classes. |
| ASI Standards | Includes the ASI Performance Standard and the ASI Chain of Custody (CoC) Standard. |
| Audit | Assessment carried out by an independent third party ASI Accredited Auditor for the purposes of confirming conformance of an ASI Member with the ASI Standard/s.  Audit types include Certification Audits, Surveillance Audits and Re-Certification Audits. |
| Auditor | An independent, third party person or organisation meeting the ASI's objective selection criteria and accredited to carry out ASI Audits. |
| Bauxite Mining | Extraction of Bauxite from the earth for commercial purposes. |
| Bauxite Residue | A residual waste generated in the Bayer process for Alumina Refining from bauxite ore.  It is mainly composed of iron oxides, titanium oxide, silicon oxide and undissolved alumina, together with a wide range of other oxides which will vary according to the country of origin of the bauxite.  (Adapted from Bauxite Residue Management:  Best Practice, IAI/EA, 2015) |
| Biodiversity Action Plan | A plan to conserve or enhance biodiversity. (Earthwatch, 2000) |
| Biodiversity Mitigation Hierarchy | A tool which aims to help manage biodiversity risk, and is commonly applied in Environmental Impact Assessments (EIAs).  It includes a hierarchy of steps: Avoidance, Minimisation, Rehabilitation, Restoration and Offset. (Adapted from Business Biodiversity and Offsets Programme (BBOP) & United Nations Environment Programme (UNEP) Finance Initiative, 2010) |
| Bribery | The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.). (Adapted from Transparency International Anti-Corruption Glossary) |
| Casthouse | Where molten aluminium in furnaces, usually sourced as Liquid Metal, Cold Metal and/or other alloying metals, is cast into specific Casthouse Products to meet customer specifications or supplied to a customer as Liquid Metal. **Casthouse Products** are defined in the ASI Chain of Custody Standard as Aluminium or its alloys in forms that include ingots, slabs, bars, billets, wire rod or other speciality products and which have a physical stamp or marking on or with the product that identifies the producing Casthouse and a unique identification number. |

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| Certification | An attestation issued by ASI, based on the results of a Certification Audit by an ASI Accredited Auditor, that the required level of Conformance has been achieved against the applicable ASI Standard and for the documented Certification Scope. |
| Certification Scope | The Certification Scope is defined by the Member and sets out what parts of a business, Facilities and/or Business Activities are covered by an ASI Certification.  There are three types of approaches to Certification Scope:<br>▪ Business Level:  covers a whole Member company, a subsidiary of a Member or a business unit of a Member.<br>▪ Facility Level:  covers a single Facility or group of Facilities which are a subset of a Member's total operations.<br>▪ Product/Program Level:  covers a single identifiable Product/Program or group of Products/Programs. |
| Child Labour | Work that deprives children of their childhood, their potential and their dignity, and that is harmful to their social, physical and mental development.  It refers to work that is mentally, physically, socially or morally dangerous and harmful to children, and interferes with their school by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to attempt to combine school attendance with excessively long and heavy work.  (Adapted from International Labour Organisation – What is Child Labour)<br>**Hazardous Child Labour** is work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children (ILO Convention 182).  ILO Recommendation 190 notes the following should be considered when determining whether work is Hazardous Child Labour:<br>(f)  Work which exposes children to physical, psychological or sexual abuse;<br>(g)  Work underground, under water, at dangerous heights or in confined spaces;<br>(h)  Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads;<br>(i)  Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health;<br>(j)  Work under particularly difficult conditions such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer.<br>**Worst Forms of Child Labour** is defined under ILO Convention 182 as:<br>(e)  All forms of slavery – including the trafficking of children, debt bondage, forced and compulsory labour, and the use of children in armed conflict.<br>(f)  The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic purposes.<br>(g)  The use, procuring or offering of a child for illicit activities, in particular the production and trafficking of drugs.<br>(h)  Work which is likely to harm the health, safety or morals of the child as a consequence of its nature or the circumstances under which it is carried out. |
| Code of Conduct | Statement of principles and values that establishes a set of expectations and standards for how an organisation will behave, including minimal levels of |

| | compliance and disciplinary actions for the organisation, its staff and other personnel. (Adapted from Transparency International Anti-Corruption Glossary) |
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| Collective Bargaining | A process through which employers (or their organisations) and workers' associations (or in their absence, freely designated workers' representatives) negotiate terms and conditions of work. (Adapted from ILO/IFC Better Work – Guidance Sheet – Freedom of Association) |
| Community | A term generally applied to any people or communities located in an operation's or project's near geographical proximity, particularly those subject to actual or potential direct project-related risks and/or adverse impacts on their physical environment, health or livelihoods. It often refers to a group of people or families who live in a particular locality, sometimes share a common interest (water users associations, fishers, herders, grazers, and the like), often have common cultural and historical heritage and have different degrees of cohesiveness. (Adapted from IFC Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts – Guidance Note) |
| Complaints Resolution Mechanism | A formal process that can be used by individuals, Workers, Communities and/or civil society organisations to raise concerns about business activities and operations as a means of access to remedy. (Adapted from Human Rights and Grievance Mechanisms) |
| Compliance (with Applicable Law) | Refers to the procedures, systems or departments within organisations that ensure all legal, operational and financial activities are in conformity with current laws, rules, norms, regulations, standards and public expectations. (Adapted from Transparency International Anti-Corruption Glossary) |
| Conflict-Affected and High-Risk Areas | Areas identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, or civil wars. *High-risk areas* are those where there is a high risk of conflict or of widespread or serious abuses as defined in paragraph 1 of Annex II of the OECD Due Diligence Guidance. These are: any forms of torture, cruel, inhuman and degrading treatment; any forms of forced or compulsory labour; the worst forms of Child Labour; other gross Human Rights violations and abuses such as widespread sexual violence; or war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide. Such areas are often characterised by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law. (Adapted from OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, 3rd ed 2016). |
| Control | Control by an Entity consists of:<br>1. Direct or indirect majority ownership or Control (alone or pursuant to an agreement with other entities) of 50% or more of the voting rights (or equivalent) of the Controlled business or Facility; and/or<br>2. Direct or indirect (including pursuant to an agreement with other entities) power to remove, nominate or appoint at least half of the members of the Board of the directors or management (or equivalent of the Controlled business or Facility); and/or |

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| | 3. Day-to-day executive management of the Controlled business or Facility such as by setting workplace standards and enforcing their application; or<br><br>4. Any legally recognised concept of 'Control' analogous to those described in (1) to (2) above in a relevant jurisdiction.<br><br>Although the above defines 'Control' in a corporate context, the same principles will apply by analogy to other organisational arrangements, including franchisees, licensees and Control by an individual or a family, where applicable. |
| Corruption | The abuse of entrusted power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs. (Adapted from Transparency International Anti-Corruption Glossary) |
| CO₂ equivalent (CO₂-eq) | GHG emissions can be expressed either in physical units (such as tonnes) or in terms of $CO_2$ equivalent (tonnes $CO_2$ equivalent). The conversion factor from physical units to $CO_2$ equivalent is the global warming potential (from the latest published IPCC report) of the corresponding GHG. (Adapted from UNFCCC) |
| Direct GHG Emissions | Emissions from sources that are owned or controlled by the Entity. (Adapted from The Greenhouse Gas Protocol)<br><br>See also **Indirect GHG Emissions**. |
| Discharges to Water | Water effluents discharged to subsurface waters, surface waters, sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, and ground water either through:<br><br>• A defined discharge point (point source discharge)<br>• Over land in a dispersed or undefined manner (non-point source discharge)<br>• Wastewater removed from the organization via truck.<br><br>Discharge of collected rainwater and domestic sewage is not regarded as water discharge. (Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p253) |
| Discrimination | Where people are treated differently because of certain characteristics – such as race, ethnicity, caste, national origin, disability, gender, sexual orientation, union membership, political affiliation, marital status, pregnancy status, physical appearance, HIV status or age or any other applicable prohibited basis – which results in the impairment of equality of opportunity and treatment. (Adapted from ILO/IFC Better Work – Guidance Sheet – Discrimination) |
| Dross | A layer of intimately mixed Aluminium, Aluminium oxides and gases on the surface of molten aluminium which is generated in furnaces for Aluminium Re-melting/Refining and Casthouses. Also known as skimmings, it must be removed from the surface before the metal is cast. It is also recovered from the bottom and walls of liquid metal containers, e.g. furnaces or transport ladles or transfer channels. (Adapted from Aluminium Recycling in Europe, European Aluminium) |
| Due Diligence | An ongoing, proactive and reactive process through which companies can identify and assess risks, and design and implement a strategy to respond to identified risks. (Adapted from OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas)<br><br>See also **Human Rights Due Diligence.** |
| Emissions to Air | Air emissions that are regulated under international conventions and/or national laws or regulations, including those listed on environmental permits |

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| | for the Entity's operations. (Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p252) |
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| Entity | A business or similar which is under the ownership or Control of an ASI Member. An Entity can constitute part or whole of an ASI Member. In relation to the application of the Performance Standard, the Entity seeks or holds ASI Certification and is responsible for implementation of the Performance Standard in the defined Certification Scope. |
| Extortion | Act of utilising, either directly or indirectly, one's access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats. (Adapted from Transparency International Anti-Corruption Glossary) |
| Facility | A Facility is a site or premises that is:<br>▪ Under the Control of a Member;<br>For the purposes of ASI Certification, within the documented Certification Scope. |
| Facilitation Payments | A small bribe, also called a 'facilitating', 'speed' or 'grease' payment; made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. (Adapted from Transparency International Anti-Corruption Glossary) |
| Forced labour | All work or service which is exacted from any person under the menace of any penalty and for which the said person had not offered himself voluntarily. This includes any work or service that is demanded as a means of repayment of debt. (Adapted from ILO/IFC Better Work – Guidance Sheet – Forced Labour) |
| Free Prior and Informed Consent (FPIC) | Given the diversity of indigenous peoples' histories and contemporary realities, as well as their broad range of institutions and decision-making practices, a one-size-fits-all formulation of FPIC is not possible. As has been elaborated on by UN bodies addressing Indigenous peoples' rights, there are a number of overarching principles which are embodied in the four component parts of the requirement for FPIC.<br>● "Free" implies consent is sought in the absence of any actual or perceived coercion, intimidation or manipulation and indigenous peoples can determine the format of the consultations. Free also reflects the fact that participating in consultations aimed at obtaining their FPIC is a self-determination right of indigenous peoples, rather than an obligation which they must meet.<br>● "Prior" implies consent is sought sufficiently in advance of any decisions or actions which may impact on indigenous peoples' enjoyment of their rights and that indigenous peoples have the time they need to make their decisions in accordance with their own processes and through their own freely chosen representatives and institutions;<br>● "Informed" implies that there is full disclosure of all the information indigenous peoples need in order to meaningfully assess the potential risks and benefits of the project (including its location, duration, scope, impacts, benefits and/or partnership models). This information has to be provided in a format understandable to, and through a process agreed by, the concerned indigenous peoples. This may involve participation in, or indigenous conduct of, impact assessments, access to funding for independent technical and legal advice, and negotiations in relation to benefits. |

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| | ● "Consent" implies respect by all parties, irrespective of the outcome, for the freely taken informed autonomous decision of indigenous peoples. This decision should be the outcome of good faith rights-based consultations and cooperation with the concerned indigenous peoples. It should be taken by them in accordance with procedures and timeframes of their own choosing and be premised on indigenous rights based principles of self-determination, inclusivity, consensus, harmony and intergenerational well-being. <br> (Adapted from Mining, the Aluminium Industry and Indigenous Peoples, 2015 – developed through the ASI Indigenous Peoples Advisory Forum). |
| Freedom of Association | The right of all workers, without distinction whatsoever, to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation. (Adapted from ILO Better Work – Guidance Sheet – Freedom of Association) |
| Greenhouse Gases (GHG) | Gaseous compounds in the atmosphere that are capable of absorbing infrared radiation, thereby trapping and holding heat in the atmosphere.  By increasing the heat in the atmosphere, greenhouse gases are responsible for the greenhouse effect, which ultimately leads to global warming.  Six GHG covered by the UNFCCC are: carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride ($SF_6$).  (Adapted from UNFCCC) |
| Hazardous Waste | Waste defined as such by national legislation at the point of generation, and treated waste deemed hazardous under the terms of the Basel Convention. (Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p123) <br> See also **Non-Hazardous Waste.** |
| Human Rights | Universal rights and freedoms regarding as belonging to all people without Discrimination based on internationally recognised standards.  At a minimum, these include rights articulated in the International Bill of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work and Applicable Law. (Adapted from UN Office of the High Commissioner on Human Rights) |
| Human Rights Due Diligence | An ongoing management process that a reasonable and prudent enterprise needs to undertake, in the lights of its circumstances (including sector, operating context, size and similar factors) to meet its responsibility to respect Human Rights.  (Adapted from The Corporate Responsibility to Respect Human Rights: An Interpretive Guide (UN, 2012)) <br> See also **Due Diligence.** |
| Human trafficking | The recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Human trafficking can lead to Forced Labour.  Human trafficking is also known as 'modern slavery'.  (Adapted from UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, 2000) |
| IFC | International Finance Corporation.  The IFC is a member of the World Bank Group and the largest global development institution focused on the private sector in developing countries.  (Adapted from International Finance Corporation) |
| ILO Conventions | **ILO Convention C29** – on Forced Labour (1930) |

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| | ILO Convention C87 – on Freedom of Association and Protection of the Right to Organise (1948)<br>ILO Convention C95 – on Protection of Wages Convention (1949)<br>ILO Convention C98 – on the Right to Organisation and Collective Bargaining (1949)<br>ILO Convention C100 – on Equal Remuneration (1951)<br>ILO Convention C105 – on Abolition of Forced Labour (1957)<br>ILO Convention C111 – on Discrimination (Employment and Occupation) (1958)<br>ILO Convention C138 – on Minimum Age (1973)<br>ILO Convention C182 – on Worst Forms of Child Labour (1999)<br>Together these 8 conventions are known as ILO 'core conventions', and these issues (Forced Labour, Child Labour, Freedom of Association and Non-Discrimination) are also addressed in the ILO 1998 Declaration of Fundamental Principles and Rights at Work.<br>ILO Convention 155 (1981) and Convention 187 (2006) – Lay out standards and recommendations regarding identification of hazards, education and training, and provision of clothing and personal protective equipment.<br>ILO Convention 176 (1995) – Deals with health and safety in mines.  Part III provides general recommendations on issues such as handling of chemicals, emergency preparedness, and the right of employees to report accidents to local authorities.  Article 88 requires the preparation of an emergency response plan specific to each mine (ILO Recommendation 183 provides more detail on what these plans should contain).<br>See also **International Labour Organisation (ILO)**. |
| **Impact Assessment** | The process of identifying, predicting, evaluating and mitigating the biophysical, social and other relevant effects of development proposals prior to major decisions being taken and commitments made.  (Adapted from International Association of Impact Assessment)  They are also used to assess the risks of major incidents, such as Spills and Leakages. |
| **Indigenous Peoples** | Considering the diversity of indigenous peoples, an official definition of "indigenous" has not been adopted by any UN-system body. Instead the UN system has developed a modern understanding of this term based on the following:<br><ul><li>Self- identification as indigenous peoples at the individual level and accepted by the community as their member.</li><li>Historical continuity with pre-colonial and/or pre-settler societies</li><li>Strong link to territories and surrounding natural resources</li><li>Distinct social, economic or political systems</li><li>Distinct language, culture and beliefs</li><li>From non-dominant groups of society</li><li>Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.</li></ul>(Adapted from the UN Permanent Forum on Indigenous Issues) |
| **Indirect GHG Emissions** | Emissions that are a consequence of the activities of the Entity, but occur at sources owned or controlled by another entity.  (Adapted from The Greenhouse Gas Protocol)<br>See also **Direct GHG Emissions.** |
| **International Labour Organisation (ILO)** | A tripartite UN agency, established in 1919, that brings together governments, employers and workers representatives of 187 member States, to set labour |

| | standards, develop policies and devise programmes promoting decent work for all women and men.  (Adapted from the International Labour Organisation) See also **ILO Conventions.** |
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| Industrial Users | An ASI membership class that is open to organisations that manufacture consumer or commercial goods containing aluminium in the:  aerospace, automotive, construction, consumer durables, engineering, IT, and similar sectors; and organisations in the beverage, food, pharmaceutical and similar sectors that use aluminium in packaging for their products. |
| ISEAL | ISEAL represents the global movement of sustainability standards.  (ISEAL Alliance) |
| Labour Union | A voluntary association of Workers organised for occupational purposes with the aim of furthering and defending the interests of Workers.  May also be called a trade union, or workers organisation. (Adapted from SA8000:2014) |
| Life Cycle Assessment (LCA) | LCA is a systematic set of procedures for compiling and examining the inputs and outputs of materials and energy and the associated environmental impacts directly attributable to the functioning of a product or service system throughout its life cycle (ISO 14040: 2006). |
| Life Cycle Inventory (LCI) | An inventory of data that quantifies the energy and raw material inputs and environmental releases to air, land and water associated with each stage of production (ISO 14040: 2006). |
| Liquid Metal | Aluminium in a molten form. |
| Management Representative | A member of senior management personnel nominated by the company to ensure that the requirements of the standard are met.  (Adapted from Social Accountability International, SA8000: 2008, pg 5) |
| Management System | Management processes and documentation that collectively prove a systematic framework for ensuring that tasks are performed correctly, consistently and effectively to achieve the desired outcomes, and to drive continual improvement in performance.  (Adapted from Responsible Jewellery Council Code of Practices 2013) |
| Material Conversion | Further processing (for example cutting, stamping, bending, joining, forging, product casting, packaging production etc) of Casthouse Products or semi-fabricated aluminium products, into products or components that are used in or sold for final assembly or filling and sale to end consumers. |
| Migrant Worker | A person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national. (Adapted from the UN Convention on the Rights of Migrants) |
| Mine Rehabilitation | The return of disturbed land to a stable and production condition. (International Council on Mining and Metals) |
| Non-Hazardous Waste | All other forms of solid or liquid waste, excluding wastewater, that are not considered Hazardous Waste.  (Adapted from Global Reporting Initiative – GFI G4 Implementation Manual, 2013, p123) See also **Hazardous Waste.** |
| Occupational Health and Safety (OH&S) | Concerned with protecting the safety, health and welfare of people engaged in work or employment. (Safe at Work) |
| Overtime | The hours worked in addition to those in the normal work week and which should be voluntary.  (Adapted from Responsible Jewellery Council Code of Practices 2013) |
| Policy | A statement of principles and intentions.  (Adapted from Responsible Jewellery Council Code of Practices 2013) |

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| Production and Transformation | An ASI membership class that is open to organisations with activities in one or more of: Bauxite Mining, Alumina Refining, Aluminium Smelting, Aluminium Re-melting/Refining, Semi-Fabrication and/or Material Conversion. |
| Remuneration | Amounts paid by employers to Workers. It includes wages or salaries and any other benefits in cash or in kind. (Adapted from ILO/IFC Better Work – Guidance Sheet – Compensation) |
| Resettlement Action Plan | A plan that is developed to cover, at minimum, the applicable requirements of IFC Performance Standard 5, regardless of the number of people affected and including compensation at full replacement cost for land and other assets lost. The Plan is designed to mitigate the negative impacts of displacement; identify development opportunities; develop a resettlement budget and schedule; and establish the entitlements of all categories of affected persons. Particular attention is paid to the needs of the poor and the vulnerable. (Adapted from IFC Performance Standard 5 – Land Acquisition and Involuntary Resettlement (2012)) |
| Salt slag | Residue generated after remelting of Aluminium scrap with fluxing salt, consisting of salt in which metallic and non-metallic particles are entrapped in amounts that exhaust their fluxing properties. Also known as 'salt cake'. (Adapted from Aluminium Recycling in Europe, European Aluminium) |
| Scope 1 | All direct GHG emissions. (The Greenhouse Gas Protocol) |
| Scope 2 | Indirect GHG emissions from consumption of purchased electricity, heat or steam. (The Greenhouse Gas Protocol) |
| Scope 3 | Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the Entity, electricity-related activities (e.g. transmission and distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc. (The Greenhouse Gas Protocol) |
| Semi-Fabrication | Rolling or extrusion of Casthouse Products, as an intermediate processing stage for subsequent Material Conversion and/or further downstream processing and manufacturing of finished products. Examples of semi-fabricated products include sheet, foil, and can stock; extruded rod, bar, shapes, pipe and tube; and other mill products such as drawing stock, wire, powder and paste. |
| Spent Pot Lining (SPL) | A by-product of the Aluminium Smelting process generated from the relining of pots. SPL is considered a Hazardous Waste because of its fluoride, cyanide and reactive metal content. Also known as Spent Pot Liner or Spent Cell Liner. (Adapted from Aluminium Stewardship Initiative)<br>See also **Untreated SPL.** |
| Spills and Leakage | Accidental release of a hazardous substance that can affect human health, land, vegetation, water bodies, and ground water. (Adapted from Global Reporting Initiative – GRI G4 Implementation Manual, 2013, p252). |
| Standard | In this document, it refers to the ASI Performance Standard. |
| Sustainability Reporting | Reports published by a company or organisation about the economic, environmental and social impacts caused by its everyday activities. (Adapted from the Global Reporting Initiative) |
| Untreated Spent Pot Lining (Untreated SPL) | SPL that has not been treated, either fully or partially, to alter its reactive properties and to eliminate its hazardous properties. (Aluminium Stewardship Initiative) |
| Visitor | A person visiting an Entity's Facility or operation or location under the Entity's Control who is not a Worker at the Facility or operation or location. (Aluminium Stewardship Initiative) |

| Waste | Hazardous Waste and Non-Hazardous Waste |
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| Waste Mitigation Hierarchy | The Waste Mitigation Hierarchy can be summarised as a set of process options from most favourable to least favourable to protect human health and the environment from impacts associated with the generation, storage, handling, treatment, transportation and disposal of Wastes.  The hierarchy aims to maximise the benefits from raw materials and process operations, so as to minimise the generation of Waste. It incorporates the concepts of reuse, recycling and recovery as follows (in order of preferred to least preferred options):<br>1. *Avoidance*, including action to prevent or reduce the amount of waste generated by households, industry and all levels of government<br>2. *Resource recovery*, including re-use, recycling, reprocessing and energy recovery, consistent with the most efficient use of the recovered resources<br>3. *Disposal,* including management of all disposal options in the most environmentally responsible manner.<br>(Adapted from Environmental Protection Authority NSW and the European Union Waste Framework Directive) |
| Watershed | An area of land that drains all the streams and rainfall to a common outlet such as the outflow of a reservoir, mouth of a bay, or any point along a stream channel. The word watershed is sometimes used interchangeably with drainage basin or catchment. (Adapted from United States Geological Survey (USGS)) |
| Working Time | The time in which the persons employed are at the disposal of the employer. (Adapted from ILO/IFC Better Work – Guidance Sheet – Working Time)<br>See also **Overtime.** |
| World Heritage properties | Sites established under the UNESCO World Heritage Convention of 1972.  ASI's criteria aligns with the International Council on Mining and Metals (ICMM) 2003 Position Statement on Mining and Protected Areas.  (International Council on Mining and Metals, 2003) |
| Workers | Includes employees (individuals who have entered into or works under a contract of employment or a contract of service or apprenticeship, whether express or implied and whether oral or in writing, or as defined by Applicable Law); and contractors (an individual, company or other legal entity that carries out work or performs services pursuant to a contract for services). For the avoidance of doubt, Workers include Migrant Workers.  (Adapted from Responsible Jewellery Council Code of Practices 2013) |