

ASI Standards Revision 2020-2021 Terms of Reference

10 July 2020

Contact: consultations@aluminium-stewardship.org

1. About the ASI Certification program

The Aluminium Stewardship Initiative (ASI)¹ is a standards setting and certification organisation that recognises and fosters the responsible production, sourcing and stewardship of aluminium.

The ASI Certification program was launched in December 2017, and is defined in 6 key ASI Documents:

- ASI Performance Standard (*current version 2*)
- ASI Performance Standard Guidance (*current version 2*)
- ASI Chain of Custody Standard (*current version 1*)
- ASI Chain of Custody Standard Guidance (*current version 1*)
- ASI Assurance Manual (*current version 1*)
- ASI Claims Guide (*current version 1*)

ASI is a full member of the ISEAL Alliance, the global membership organisation for credible sustainability standards. ASI strives to continuously improve its systems and approaches in line with ISEAL's three Codes of Good Practice for Standards Setting, Assurance and Impacts.

2. About the ASI Standards Revision 2020-2021

During 2020-2021, ASI will be conducting a **Standards Revision** to review all of the above 6 ASI Documents. The revision will provide the opportunity to clarify and improve ASI's certification program based on:

- implementation experience and identified improvement areas,
- stakeholder feedback and evolving expectations, and
- good practice approaches in certification programs and data governance.

The revised ASI Documents are anticipated to be finalised by December 2021.

This Terms of Reference sets out a public summary and consultation plan for the ASI Standards Revision. Comments from all interested stakeholders are invited so as to inform the revision process itself.

3. Process and decision-making

The ASI Standards Setting Procedure¹ sets out the process that will apply to this revision. The diagram below summarises the ASI bodies involved in standards setting processes and their responsibilities²:

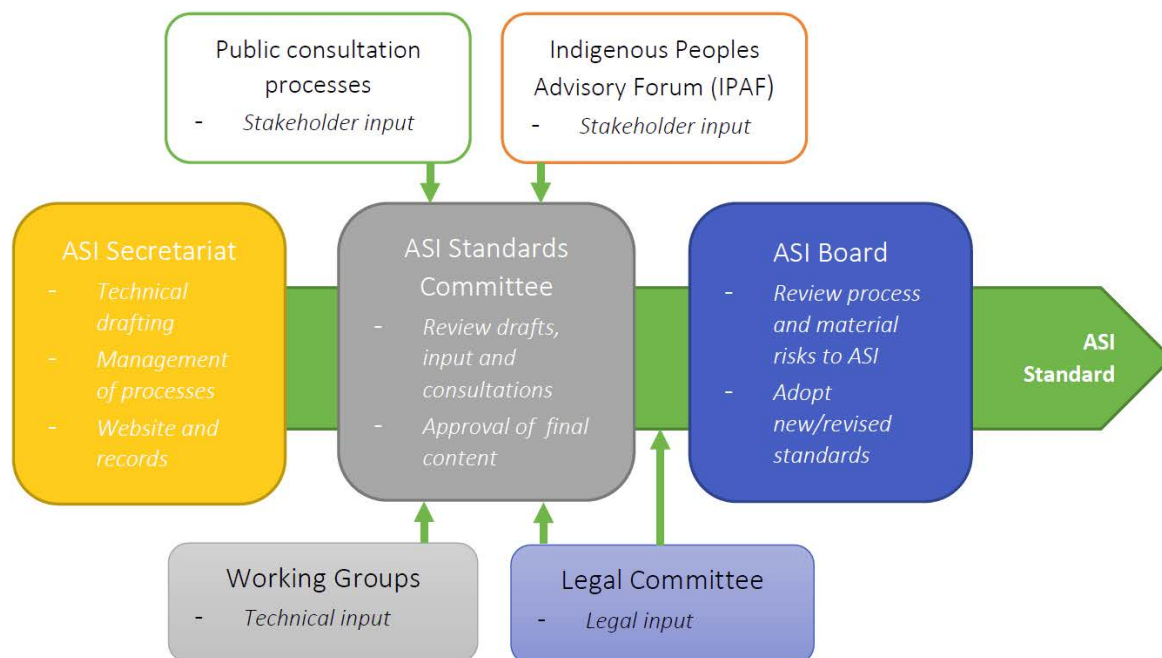


Figure 1 – ASI bodies engaged in standards decision-making

4. Planned timetable

The Standards Revision is planned to be conducted according to the following timetable:

| | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Development of the Terms of Reference | | | | | | | | |
| Terms of Reference Consultation | | 60 Days | | | | | | |
| Review of TOR Consultation Feedback | | | | | | | | |
| Revision Documents Preparations | | | | | | | | |
| Revision Documents Consultation Round 1 | | | | | 60 days | | | |
| Review of Consultation Round 1 Feedback | | | | | | | | |
| Revision Documents Consultation Round 2 | | | | | | | 30 days | |
| Review of Consultation Round 1 Feedback | | | | | | | | |
| Committee approval, Board Adoption | | | | | | | | Target |

Figure 2 – ASI Standards Revision – planned timetable

¹ <https://aluminium-stewardship.org/wp-content/uploads/2019/11/ASI-Standards-Setting-Procedure-V3.1-111019-1.pdf>

² See the ASI Governance Handbook: <https://aluminium-stewardship.org/wp-content/uploads/2019/09/ASI-Governance-Handbook-v2-September2019.pdf>

ASI will monitor how the process is impacted by the situation with COVID-19 globally and will adjust timelines as, and if, necessary.

5. Languages

ASI aims to prepare consultation drafts for some or all of the ASI Documents in English (ASI official language), French and Chinese.

6. How to Participate

Each consultation round will provide interested stakeholders with the opportunity to submit input and feedback to ASI. Instructions for how comments can be made will be provided in each case. For each consultation round, a summary of the received comments and ASI responses will be published on the ASI website.

To provide feedback on this Terms of Reference:

- Make a submission by email – for example by using the attached comment form or in a letter, formal submission or in the body of an email
- Make comments and ask questions during online webinars, and other presentations, workshops or meetings that may be scheduled
- Contact the ASI Secretariat to arrange a time to speak directly with one of our team members.

Two webinars to discuss this Term of Reference and the Standards revision process. Please register for the session that works best for you at the link below:

- April 16 23:00 GMT: <https://attendee.gotowebinar.com/register/4152977869986092046>
- April 17 13:00 GMT: <https://attendee.gotowebinar.com/register/2831444058258107148>

Comments are to be provided in English unless agreed in advance with ASI.

To be kept up to date on ASI's standards revision process, sign up to the ASI Newsletter at:

<https://aluminium-stewardship.org/stay-informed/>

To contact ASI with questions or feedback, email: consultations@aluminium-stewardship.org

Comments received will be reviewed and taken under consideration by the ASI Standards Committee. ASI will, if appropriate rationale is provided, keep responses anonymous. Responses to comments will be made public and will be shared to those who provided the comment via the ASI newsletter or via a direct email if the respondent does not receive the ASI newsletter.

7. Who should Participate

ASI welcomes input from the following stakeholder groups during the standards development process:

- ASI Members in every membership class (Production and Transformation, Industrial Users, Downstream Supporters, Civil Society, Associations and General Supporters)
- Indigenous Peoples, including through the Indigenous Peoples Advisory Forum
- Other users, producers and recyclers of aluminium
- Other civil society organisations, associations and technical experts

- Aluminium traders and market analysts
- Aluminium scrap collectors
- Small businesses
- Governments and regulators
- Other standards, schemes and initiatives with an interest in ASI Standards
- All other stakeholders with an interest in the aluminium value chain.

8. Scope and geographic application of ASI

The scope of the ASI Standards addresses governance, environmental and social issues in the production, sourcing and stewardship for application in the global aluminium supply chain.

The Performance Standard addresses governance, environmental and social issues at production facilities through the aluminium supply chain from bauxite mining through to end users. The Chain of Custody (CoC) Standard requires ASI CoC Material to be accounted for through the supply chain, subject to appropriate due diligence.

ASI Members operate globally and at March 2020, more than 70 ASI Certifications have been issued in more than 28 countries. Continued growth in ASI Certifications is anticipated during the revision period.

9. Focus areas for the Standards revision

The Standards revision is designed to address a range of improvement areas in an integrated way:

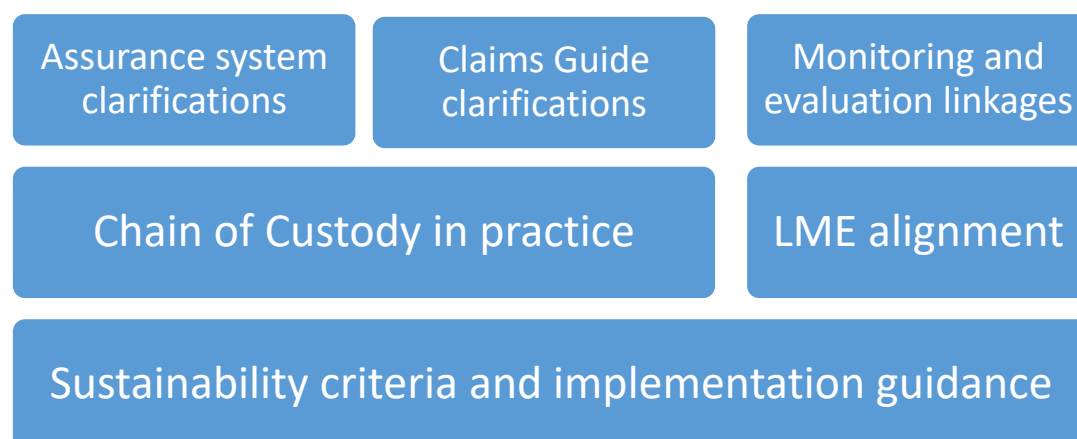


Figure 3 – Improvement areas noted for ASI Standards Revision 2020-2021

As the 6 ASI Documents supporting the ASI Certification program will be reviewed together, the ASI Secretariat, members and stakeholders will have the opportunity to create improvements across standards, assurance, claims and impacts-related systems. In general, these will include:

Performance driven: Ensure that ASI criteria define clear objectives with a focus on performance and outcomes, in addition to prescribing systems or practices.

Evidence based: Ensure that ASI criteria can support efficient data collection and analysis to enable monitoring and evaluation of progress, both at a Certificate level but also for ASI as a whole.

Clarity: Ensure that ASI Standards and Guidance are clear, concise, understandable and implementable by all relevant stakeholders.

The London Metal Exchange (LME) alignment specifically relates to the role ASI will play to support their Responsible Sourcing initiative which will apply to all aluminium brands listed for good delivery on the LME.³

10. Justification for ASI's work

ASI is the only standards and certification system specifically designed for the aluminium supply chain as a whole, and the increasing uptake and implementation demonstrates the need for, and value of, the ASI program. ASI has some distinctive elements that differentiate it from similar standards systems:

- Multi-stakeholder from inception
- Whole of value chain approach, from mine to downstream use sectors
- Additional focus beyond resource production to circular economy principles
- Full spectrum of ESG issues and not driven by a single issue or sector
- Flexible approaches to support participation growth
- Scope: whole company, or subset of facilities or products
- Chain-of-custody: mass balance and credits models
- Risk and maturity: tailoring intensity and frequency of audits
- Strong focus on innovation, including through digital investment.

ASI's Standards aim to drive improvements on sustainability in the aluminium value chain. Stakeholders within (and outside of) ASI are particularly active on the following material issues:

Climate change. Primary aluminium production processes are energy intensive by nature. The main source of energy consumption during production is the electricity used for the electrolysis process. Approximately 80% of all GHG emissions in the aluminium industry worldwide relate to the energy-intensive smelting process. The ASI Performance Standard currently includes two smelter-specific criteria and general requirements that were set before the COP 21 agreement. For the standards revision, an ASI GHG Working Group is actively working with GHG experts, members and stakeholders to develop new requirements that can be framed around the necessary GHG trajectories for the aluminium sector to fall within COP 21 targets.

Biodiversity. The vast majority of the world's bauxite comes from surface mines in tropical areas, where bauxite occurs in horizontal layers, normally beneath a few meters of overburden. Bauxite mining involves disturbance of relatively large land areas. Effective mitigation of biodiversity impacts from bauxite mining involves avoiding negative impacts to protected areas and areas with natural and critical habitats, as well as best practice rehabilitation of mined areas. ASI has committed to explore expansion of the ASI Performance Standard in the areas of ecosystem services and no-go areas as part of the standards revision process. A Biodiversity and Ecosystem Working Group is enabling input and engagement with biodiversity experts, members and stakeholders to be taken into account.

Human rights. The UN Guiding Principles on Business and Human Rights sets an important international framework for the corporate responsibility to respect human rights. Due diligence processes through this framework, and related to impact assessments and specific issues such as conflict minerals, are becoming increasingly important in mineral and metal supply chains. However implementation through complex global supply chains is still at a nascent stage. The ASI Standards address many points, but an ASI Human Rights Working Group is exploring improvements in structure, concepts and guidance for implementation. ASI's Indigenous Peoples Advisory Forum (IPAF) also play a valuable role in relation to ASI requirements on

³ <https://www.lme.com/en-GB/About/Responsibility/Responsible-sourcing>

matters such as Free Prior Informed Consent (FPIC), and sacred and cultural heritage for Indigenous Peoples.

Recycling and material stewardship. Aluminium is 100% recyclable and experiences no loss of properties or quality during the recycling process. Recycling aluminium also uses only 5% of the energy used to create new aluminium and emits only 5% of the greenhouse gases. Approximately 75% of the aluminium ever produced is still in use today. The majority of aluminium is used in products with very long use phases, for example transportation products that have a typical lifetime of 20 years or buildings with lifetimes of often exceeding 50 years. Recycling of post-consumer scrap and waste requires a number of conditions, including the availability of systems to collect and sort used materials, and the adequate design of products that enable classification and recycling, among others. The standards revision can increase the alignment of ASI's Standards with practical and effective strategies for circular economy transitions.

Waste management. Between two and four tonnes of bauxite are required to produce one tonne of alumina. Once the alumina is extracted from the bauxite, the remaining bauxite residue is stored in landfills. Disposal of the bauxite residue is a challenging aspect of alumina production. Aluminium smelters also generate significant quantities of solid waste. One of the main sources of waste production during the smelting process is 'spent pot lining' (SPL) from the periodic relining of pots. Leading practice is to minimise the generation of SPL by extending life times of the pots, and ensure proper handling of SPL waste through treatment or use by other industries, such as the cement industry. ASI's standards set good practice requirements for both types of wastes, and the standards revision is an opportunity to review and improve these.

These, and other sustainability issues addressed by ASI Standards, are not new and are also being tackled through a wide range of global efforts to create change. ASI Certification connects producers, users and value chain stakeholders of aluminium to focus on sector-specific issues and harness supply chain drivers through a global standards program. Certification is one tool that can be used to create change when supported by market interest and response, and the strong uptake to date of ASI Certification illustrates the potential to further scale. [ASI's Monitoring and Evaluation \(M&E\) program](#) will be increasingly sharing data on outcomes and impacts from ASI's work to both inform the standards revision and demonstrate the growing value of a whole-of-value-chain approach.

11. Related standards and initiatives

An individual program does not work in isolation, and ASI also recognises the value of harmonising with other external standards and schemes. The current list of Recognised External Standards and Schemes in the ASI Assurance Manual will be updated as part of the revision.

Growth in standards and initiatives on a range of topics continues to be active. There are a range of ISO standards that address general and specific environmental and health and safety issues. There are other initiatives addressing general mining practices, such as the International Council for Mining and Metals (ICMM) and the Initiative for Responsible Mining Assurance (IRMA), though not specific to bauxite mining. There are also a range of standards that address raw materials on a sector basis, such as green building certification programs, or supply chain due diligence, for suppliers generally or on specific risks such as conflict minerals. And there are emerging roles that ASI can play to support other programs, such as with the new Responsible Sourcing requirements for the London Metal Exchange (LME) and the Risk Readiness Assessment program of the Responsible Minerals Initiative (RMI).

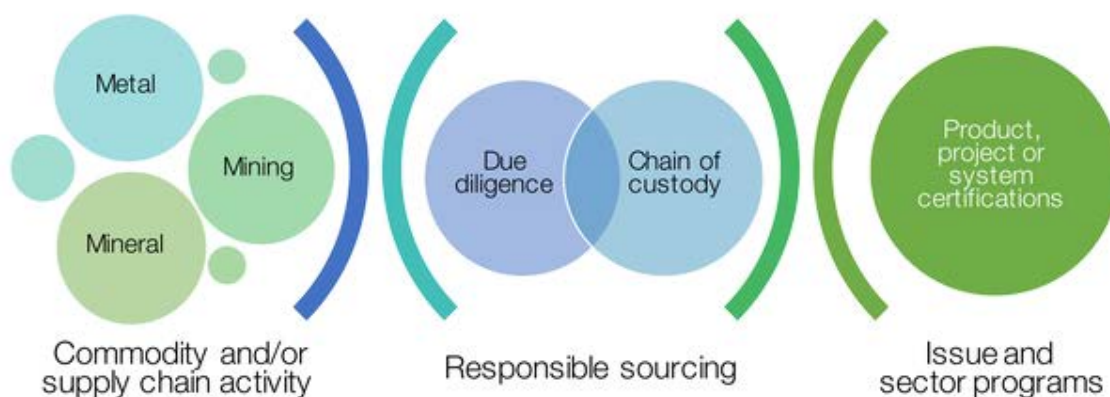


Figure 4 – Opportunities for harmonisation in mineral and metal initiatives, responsible sourcing approaches and downstream sector programs

Beyond specific harmonisation opportunities, these standards and schemes play a complementary role in the collective global efforts need to address key sustainability issues. ASI aims to embrace collaborative activities to address common issues and risks, where aligned with our annual work program and capacity. The overarching goal from ASI’s perspective is to help drive, strengthen or extend positive impact of ASI and our partners.

12. Outcomes

ASI’s program aims to support stakeholder action towards the UN Sustainable Development Goals (SDGs), which provide a broader context to the key sustainability issues of the aluminium value chain. The relevant SDGs are:

- Good health and well-being (SDG 3)
- Gender equality (SDG 5)
- Elimination of forced labour (SDG 8.7)
- Industry, innovation and infrastructure (SDG 9)
- Reduced inequality (SDG 10)
- Sustainable cities and communities (SDG 11)
- Responsible production and consumption (SDG 12)
- Climate action (SDG 13)
- Life on land (SDG 15)
- Peace, Justice and Strong Institutions (SDG 16)

ASI’s Theory of Change and Monitoring and Evaluation Plan (2019)⁴ identify the long-term goals and short-term and medium-term outcomes sought through implementation and uptake of ASI Certification:

⁴ <https://aluminium-stewardship.org/why-aluminium/asi-outcomes-impacts/>

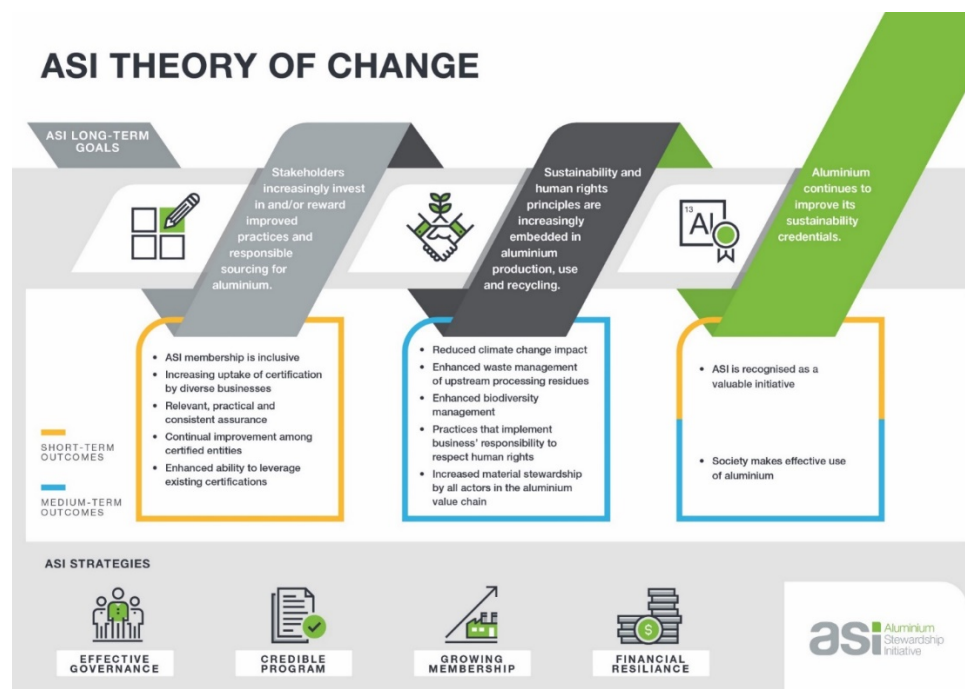


Figure 5 – ASI Theory of Change

13. Risk Assessment

ASI's Risk Assessment notes the following standards-related risks and mitigation strategies that may be relevant to the 2020-2021 standards revision:

| Risk | Mitigation strategies |
|---|--|
| Standards do not meet stakeholder expectations | <ul style="list-style-type: none"> Enable participation of all interested parties Ensure dialogue remains open and respectful Recognise that compromise is sometimes necessary, but there will be evolution of the standards over time |
| Difficulty engaging stakeholders in the standards-related processes (lack of interest, lack of resources) | <ul style="list-style-type: none"> Make effective use of web-based conferencing to support standards and engagement approaches to reduce barriers to access, particularly in the light of travel restrictions related to COVID-19 ASI Constitution provides for free membership and travel support to Civil Society members that serve on the Standards Committee and Working Groups |
| Conduct issues or conflicts of interest or duties in decision-making | <ul style="list-style-type: none"> New Code of Conduct developed as part of updated ASI Governance Handbook in September 2019 and rolled out to all decision-making groups |
| Wording of ASI standards leads to varying interpretations | <ul style="list-style-type: none"> Review Standards and Guidance on the basis of the collected log of improvement opportunities to enhance consistent implementation Identify <i>educationAI</i> training updates to address interpretation issues |
| Harmonisation work becomes thinly spread over many initiatives | <ul style="list-style-type: none"> Work with the ASI Standards Benchmarking and Harmonisation Working Group to prioritise the most relevant to ASI's strategic goals and commitments Allocate Secretariat resources to progress identified priorities |

| | |
|---|--|
| Insufficient uptake of ASI Certification beyond minimum requirement | <ul style="list-style-type: none"> Assurance model has been designed to add value and drive demand, and this appears to be effective so far Clear communications that share progress and encourage uptake |
| Desired impacts in Theory of Change from ASI Certification not achieved | <ul style="list-style-type: none"> ASI Board review of Theory of Change in 2020, as part of a dynamic approach to ensure strategies support ASI's long term goals Monitoring and Evaluation (M&E) program to include feedback systems for internal review and identification of operational strategies and actions |
| Unintended consequences of ASI Certification | <ul style="list-style-type: none"> Stakeholder feedback systems through Board, Committees, Working Groups and IPAF (see below) Annual Management Reviews and ASI Strategy development to identify relevant strategies and actions that can address these |

14. Unintended effects

Certification programs like ASI can have unintended effects, which may be positive or negative. Various discussions among the ASI Board, Committees and Working Groups, the Indigenous Peoples Advisory Forum (IPAF), key stakeholders and the Secretariat have identified the following as some of the more significant potential unintended effects from ASI:

- Increased supply chain transparency (positive)
- Stakeholder learning about the nature of the aluminium supply chain (positive)
- New communities of practice develop around thematic areas (positive)
- ASI as a catalyst for impact outside of the standards, for example through IPAF (positive)
- Higher standards on some topics discourage uptake and therefore progress on a broader range of issues (negative)
- Too low Standards could hinder the progress of already well performing companies (negative)
- Supply/demand for ASI Aluminium adversely disrupts supply chains or commodity markets (negative)
- Investments in certification are overly burdensome for some companies (negative)
- Expectations about commercial or other benefits of certification are not met (negative)

Contact ASI

Thank you for your engagement with ASI – please don't hesitate to be in touch with any questions or comments.

Aluminium Stewardship Initiative

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ASI Complaints Mechanism:

<https://aluminium-stewardship.org/asi-certification/asi-complaints-mechanism/>