

# ASI Standards Committee

Teleconference Minutes

13 January 2021

# Antitrust Compliance Policy

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*Attendees are kindly reminded that ASI is committed to complying with all relevant antitrust and competition laws and regulations and, to that end, has adopted a Competition Policy, compliance with which is a condition of continued ASI participation.*

*Failure to abide by these laws can have extremely serious consequences for ASI and its participants, including heavy fines and, in some jurisdictions, imprisonment for individuals.*

*You are therefore asked to have due regard to this Policy today and in respect of all other ASI activities.*



# Acknowledgement of Indigenous People

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*ASI acknowledges Indigenous Peoples and their connections to their traditional lands where we and our members operate. We aim to respect cultural heritage, customs and beliefs of all Indigenous people and we pay our respects to elders past, present and emerging.*



# ASI Ways of Working

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*ASI is a multi- stakeholder organisation. Dialogue is at the heart of everything we do. It is critical to ensure that the organisation delivers on its mission. We welcome all participants and value the diversity of backgrounds, views and opinions represented in this meeting. We recognise that we have different opinions; that is the heart of healthy debate and leads to better outcomes. To ensure our meetings are successful, we need to express our views and hear the views of others in a respectful and professional way, protecting the dignity and safety of all participants and enabling full participation from all attendees.*

# Agenda

	Topic		Lead
1	<ul style="list-style-type: none"> <li>a. Welcome</li> <li>b. Introduction &amp; Apologies</li> <li>c. Objectives</li> <li>d. Documents Circulated</li> </ul>	<ul style="list-style-type: none"> <li>e. Previous Minutes</li> <li>f. Conflicts of Interest/Duty</li> <li>g. Log of Actions</li> <li>h. Progress/Status Update</li> </ul>	Chair
2	Definition for End of Life		ASI
3	Principle 10 Guidance		
4	Assurance Manual: Force Majeure		
5	CoC Criterion 9.3: Sustainability Reporting		
6	Principle 5		
7	Market Credits		ASI
8	<ul style="list-style-type: none"> <li>a. Agreed upon actions for Committee members</li> </ul>	<ul style="list-style-type: none"> <li>b. Agreed upon actions for the Secretariat</li> <li>c. Close</li> </ul>	Chair

# 1a,b Welcome, Introduction & Apologies

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a) Welcome

b) **Chair:** Kendyl Salcito (Nomogaia)

**Attendees:** Abdoul Khalighi Diallo (AGEDD - Association Guinéenne d'Eveil au Développement Durable), Alexander Leutwiler (Nespresso), Annemarie Goedmakers (Chimbo), Anthony Tufour (Arconic), Catherine Athenes (Constellium), Gesa Jauck (Trimet), Guilia Carbone (IUCN), Hugo Rainey (WCS), Jessica Sanderson (Novellis), Justus Kammüller (WWF), Jostein Søreide (Hydro), Marcel Pfitzer (Daimler), Rafael Hammer (Ronal Group), Stefan Rohrmus (Schueco), Steinunn Steinsson (Nordural), Tina Bjornestal (Tetrapak).

**ASI:** Cameron Jones, Camille Le Dornat, Kamal Ahmed, Krista West, Marieke van der Mijn

**Apologies:** Abu Karimu (Settle Ghana), Gina Castelain (IPAF), Louis Biswane (KLIM), Neill Wilkins (IHRB), Nicholas Barla (IPAF), Rosa Garcia Pineiro (Alcoa), Samir Whitaker (FFI).

**Alternatives:**

**Proxies:** Kendyl Salcito (Nomogaia) for Neill Wilkins (IHRB), Jostein Søreide (Hydro) for Rosa Garcia Pineiro (Alcoa).

# 1a,b Welcome, Introduction & Apologies

Welcome to our new members!

Rafael Hammer – Ronal Group	Anthony Tufour - Arconic
<ul style="list-style-type: none"><li>• 4 years in the automotive sector<ul style="list-style-type: none"><li>• Senior Manager Group SCM Procurement<ul style="list-style-type: none"><li>• Purchasing Strategy</li><li>• OPEX, CAPEX</li><li>• Matrix Organisation</li></ul></li><li>• Category Manager for Aluminium<ul style="list-style-type: none"><li>• Category Strategy</li><li>• Market Analysis</li></ul></li><li>• Supply Chain Logistics</li></ul></li><li>• 12 years in the logistics sector (Swiss Post)<ul style="list-style-type: none"><li>• Head of Production (Distribution)</li><li>• Teamleader Support</li><li>• Trainee</li></ul></li></ul>	<p>Anthony Tufour has a BS in Biobehavioral Health and MS in Civil Engineering and has worked in for Alcoa Inc/Arconic Inc (current Arconic Corporation) since 2013. He has progressive experience in all facets of environmental issues and compliance with the aluminium value chain. He assumed the current Corporate Environmental Engineer role in 2018 and has recently included work in Sustainability, with development of internal metrics, setting internal targets and pathway to attain those metrics, and implementation of ASI at various operating locations.</p>

# 1c,d Objectives & Documents Circulated

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## c) Objectives

1. Adopt minutes of the previous meeting
2. Review and approved definition for End of Life.
3. Review and approve Performance Standard Guidance for Principles 10 – Labour Rights
4. Review and approve Force Majeure addition to Assurance Manual
5. Review and approve Criteria for Principle 5 - GHG
6. Discussion on Market Credits

## d) Documents Circulated

1. ASI SC Teleconference 16Jan21
2. ASI SC Teleconference Minutes 16Dec20
3. SC Disclosed Conflicts of Interest
4. PS Guidance for Consultation
5. Glossary for Consultation
6. [ASI Interim Policy regarding Audits, Audit-Related Travel and Coronavirus](#)
7. ASI - SCMemberApptProxyForm 13Jan21
8. ASI –SCMemberAlternateForm 13Jan21
9. PS Standard for Consultation – for information
10. CoC Standard for Consultation – for information



# 1e,f Previous Minutes & Conflicts of Interest/Duty

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- e) Approval of Previous meeting minutes draft: 16 December 2020
- Minutes will be published on the ASI website.
  - Resolved to accept the 16 December 2020 meeting minutes.

f) Conflicts of Interest/Duty

*Disclosure sent with meeting package*

# 1g Log of Actions

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## g) Log of Meeting Actions open or closed since last meeting:

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|--|----------|
| 1. The Secretariat to add introductory section on “publicly disclose” to the Performance Standard Guidance | Complete |
| 2. Add more clarity in 10.8 Guidance on workers who need to work more than 7 days in a row (+ example)     | Complete |
| 3. The Secretariat to include a modern slavery statement template in the Guidance.                         | Complete |
| 4. The Secretariat to add guidance on vulnerable groups to Criterion 10.1.                                 | Complete |
| 5. Review Guidance re. references to national law and check for consistency throughout                     | Complete |
| 6. Incorporate changes to criteria and Guidance for Principle 9 as agreed in 1 December SC meeting         | Complete |

## To be completed post-consultation:

- For Criterion 2.5:
  - Add more language on how New Projects and Major Changes work for SMEs.
  - Look at relevant legislation such as the Loi de Vigilance where relevant. (from 15May20)
- For Criterion 3.1: Incorporate a definition/guidance on what is meant by government in the heading, as this criteria relates to more than just payments to Governments, and also incorporates political contributions etc. (from 06April20)

# 1g Progress/Status Update

	PS 1	PS 2	PS 3	PS 4	PS 5	PS 6	PS 7	PS 8	PS 9	PS 10	PS 11	COC	MS	AM	Claims	Final Review
Standard	✓	✓	✓	✓	T	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Guidance	✓	✓	✓	✓	-	✓	✓	✓	✓	T	✓	✓				

Upcoming Meetings:

- 13 January: PS 5 and CoC Market Credits. All decisions made by this date.
- 21 January: **Final Review and All documents Approved for Consultation**
- February: Review of consultation documents and planning for SC process for post consultation
- March: Benchmarking/Indicators/Verifiers Discussion

Consultation documents with all agreed changes shared in advance of this meeting. Please review as soon as possible and let Krista know:

- Do you feel that there any changes that are not reflected as agreed and should be discussed at the 21 January meeting?
- Any typos you see.
- Any inconsistencies that resulted from the culmative changes that we should discuss post-consultation.

## 2 End of Life Definition

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### Already agreed to by Standard Committee:

#### 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 effectiveness of the recycling strategy shall be evaluated regularly, and where required, identify and implement improvements.
- c. 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.

### Definition recommended by RMSWG:

End of Life – The point where a product has ended its intended use for which it was designed and manufactured for. This can include returned material from the supply chain.

### For discussion:

- Criterion 4.4 is already agreed to.
- It was agreed at the 01Oct20 SC Meeting to include a definition for End of Life.
- For decision today is the definition above.

## 2 Discussion

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- A participant raised a scenario of a building with aluminium windows where the windows are still in good condition but the building is being demolished and replaced. In this case, the definition would be a problem as the window is still functioning and its intended use has not ended.
- The Secretariat and a participant disagreed and replied that this does not change the fact that the window has reached its end of life.
- A participant raised a concern about measuring the effectiveness of the recycling strategy as very few companies do recycling on their own and rely on common initiatives and engagements, which form their recycling strategy. This means they do not have control over the effectiveness, which therefore it is unclear as to how the auditor shall evaluate the measurement of effectiveness.
- It was said that this Criterion has already been agreed to and that the discussion is for the definition only.

## 2 Discussion

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- What “returned material” covered was discussed. It was said that what “end of life” means needs to be very clear and it does not include pre-consumer scrap but only products that have not been fully used and have a defect for example. It was thus suggested to replace “returned material” by “rejected products” to clarify. This was agreed to.
- It was said that it would be helpful to provide examples in the Guidance.
- **The definition was approved with the above changes, reflected below:**

End of Life – The point where a product has ended its intended use for which it was designed and manufactured for. This can include ~~returned material~~ **rejected Products returned** from the supply chain.

# 3 Principle 10 Guidance

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Comments received and revised version sent in advance with following changes:

- Definition for Modern Slavery Statement added to Glossary
- Criteria language for Criteria 10.1 and 10.2 updated to reflect agreed changes
- Debt bondage was listed twice in the definitions for the Guidance for P10 – one was removed.

**Agree to Guidance for Principle 10**

# 3 Discussion

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- The Guidance was approved.



# 4 Force Majeure

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Recommendation to include the ASI Interim Policy regarding Audits, Audits-Related Travel and Coronavirus as part of the Assurance Manual for force majeure situations.

- It has already been agreed to include the Audit off-site guidelines from the Policy.
- The policy will have to be adapted to be force majeure-generic and not Covid specific

## 4 Discussion

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- It was asked what a Force Majeure situation is, whether it is strictly regulated or whether it could allow some loopholes, and who decides whether this is one or not. The Secretariat replied that this is a situation outside of the company's control (environmental, social, biological... disaster) that limits their ability to meet their obligations, but that it had not been defined yet.
- It was said that this is not that straightforward and the Guidance should specify what triggers this.
- A participant raised that it should not be a Company that decides but ASI Board following an advice from the SC for example. This was supported, saying that it is important that in a non-Covid situation, a third party looks at the situation to decide whether this is a Force Majeure because it is not always that obvious.
- It was raised that it is also important to not go completely with remote auditing, even with force majeure situations.
- A participant suggested to not include it in the Standard as this should stay exceptional.

## 4 Discussion

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- It was clarified that this does not go into the Standard but in the Assurance Manual for Auditors. The Secretariat said that it took a long time to write the policy and the aim is to not have to redo it for a future situation.
- A participant said they wanted to see the text to agree on it.
- A participant who identified as a lawyer explained that a pandemic as such is not a force majeure. But for example travel restrictions, prohibited production or too many ill employees could be a force majeure. So it is not that easy to determine whether a situation is a force majeure or not. For example, currently in Germany, travel is not restricted so there is no force majeure situation and it is a company's decision to not have on-site audit/s.
- The Secretariat suggested to leave the decision to the Board, who has access to the legal committee. This was supported by a participant.
- A participant raised that since this is a legal term for a legal document perhaps we should not call it force majeure.

## 4 Discussion

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- It was suggested to obtain a legal definition combined with experience of other initiatives on how decisions are made.
- It was raised that the Audit Covid Policy would have to be updated to be more general, and it was asked whether this was also going out for consultation. The Secretariat replied that yes and said it was not difficult to make it not Covid-specific. It was added that ASI was 'ahead of the curve' in developing a response to Covid so there probably are not many similar policies out there but the Secretariat will check.
- A participant raised one downside for including it in the Assurance Manual, it could be seen as an alternative to on-site audit. This was supported by another participant. It was added that as currently written you can be audited on Principles 1 through 5 without on-site components.
- The Secretariat clarified that Provisional Certification is the only certification that can be obtained without the on-site component. Full certification can be obtained only when the on-site component has been completed.

## 4 Discussion

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- A participant replied that the on-site component is left to the decision of the auditor, depending on the online evidence they have reviewed. It was responded to that that the only Criteria that can be addressed off-site are Criteria that are assessed essentially from documentation only. The policy is adapted to the Standard.
- It was raised that if we say in the policy that Covid is considered as a force majeure situation, this becomes a definition, while the outcome could have been different depending on countries.
- The Secretariat suggested to include in the Assurance Manual that the Board will determine what is a force majeure situation and what ASI response will be. This was approved.
- It was approved to include in the Assurance Manual a reference to the *ASI Interim Policy regarding Audits, Audits-Related Travel and Coronavirus* and to mention that the ASI Board determines what is a force majeure situation and what ASI response is.

# 5 Criterion 9.3 a/c/d

It was agreed last meeting to add recycled content to Criterion 9.3 and corresponding Guidance

~~9.3 Where the Entity is engaged in one or more of the following activities, it may also include the applicable Sustainability Data in the CoC Document for that CoC Material:~~

- ~~a. Entities engaged in Aluminium Smelting, and/or Aluminium Re-Melting/Refining, and/or operating a Casthouse: the average intensity of GHG emissions (scope 1 and scope 2) in tonnes CO<sub>2</sub>-eq per metric tonne ASI Aluminium, from the production of ASI Aluminium, which includes emissions from the Casthouse, produced in the Material Accounting Period.~~
- ~~b. Post-Casthouse Entities: where available, the average intensity of GHG emissions (scope 1 and 2) in tonnes CO<sub>2</sub>-eq per metric tonne ASI Aluminium, based on the information provided in 9.3a in received CoC Document/s.~~

- a. The average (preferably cradle-to-gate) carbon footprint of the CoC Material in tonnes CO<sub>2</sub>-eq per metric tonne ASI Aluminium.
- b. Information to support the origin of aluminium as per ASI Performance Standard Criterion 9.8.
- c. Post-Casthouse Entities: ASI Certification status for the ASI Performance Standard for the Entity and/or Facility issuing the CoC Document.
- d. Post-Casthouse Entities: Recycled content of the CoC Material.

**A was recommended by the GHGWG**

**B was already approved by the SC**

**C/D was recommended by the CoCWG**

## 9.3 Guidance

- Recycled content should be calculated based on a documented methodology. The methodology and any assumption should be publicly disclosed, or made available upon request.

# 5 Discussion

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- A participant asked why the wording was “The Entity may...” The Secretariat replied this is because it is not required to disclose these information, and the participant asked why include it in this case, as it will make a difference between a company having a good performance and including it and a company with a poor performance who will not mention it. The Secretariat said that the advantage is that if it is included it will be verified by the Auditor.
- It was said that some customers are requesting this information anyway, and if more companies start reporting it will be interesting to see the overall performance.
- About a), a participant said that there are different methodologies to determine the cradle to gate carbon footprints and when providing those numbers, companies should include the methodology they used. This should be clarified in the Guidance. About d), for recycled content, pre- and post-consumer scrap should be separated in the reporting, especially if the LCA is based on these numbers.
- Another participant added that there are huge debates in the aluminium industry on those methodologies and the best way to overcome those is to be as transparent as possible. This was supported by another participant.

# 5 Discussion

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- It was thus suggested to add wording in d) to include the methodology in separating pre- and post-consumer scrap. The addition “including methodology regarding Pre-Consumer Scrap and Post-Consumer Scrap” was agreed to.
- It was said that the key for transparency is to share post-consumer scrap information.
- The different methodologies for a) were discussed. It was said that we should require to disclose this information only if it can be used, otherwise if it is misleading we shouldn't ask to disclose it. Since we changed the wording from Scope 1 and 2 to cradle-to-gate (LCA), we need to be clear on what is coming from external sources (i.e. Scope 3 emissions).
- One participant said that if a) is open to too many interpretations compared to the former text, we could change the wording back to Scopes 1, 2 and 3. Another participant clarified that Scopes 1, 2 and 3 are organizational boundary terms and not LCA.
- **The Criterion was approved with the above change, reflected on the next slide.**



# 5 Discussion

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- ~~9.3 Where the Entity is engaged in one or more of the following activities, it may also include the applicable Sustainability Data in the CoC Document for that CoC Material:~~
  - a. ~~Entities engaged in Aluminium Smelting, and/or Aluminium Re-Melting/Refining, and/or operating a Casthouse: the average intensity of GHG emissions (scope 1 and scope 2) in tonnes CO<sub>2</sub>-eq per metric tonne ASI Aluminium, from the production of ASI Aluminium, which includes emissions from the Casthouse, produced in the Material Accounting Period.~~
  - b. ~~Post-Casthouse Entities: where available, the average intensity of GHG emissions (scope 1 and 2) in tonnes CO<sub>2</sub>-eq per metric tonne ASI Aluminium, based on the information provided in 9.3a in received CoC Document/s.~~
    - a. The average (preferably cradle-to-gate) carbon footprint of the CoC Material in tonnes CO<sub>2</sub>-eq per metric tonne ASI Aluminium, including methodology.
    - b. Information to support the origin of aluminium as per ASI Performance Standard Criterion 9.8.
  - c. Post-Casthouse Entities: ASI Certification status for the ASI Performance Standard for the Entity and/or Facility issuing the CoC Document.
  - d. Post-Casthouse Entities: Recycled content, including methodology regarding Pre-Consumer Scrap and Post-Consumer Scrap, of the CoC Material.

## 6 Criterion 5.1

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### **5.1 Disclosure of GHG emissions and energy use.** The Entity shall:

- a. Account for and publicly disclose material GHG emissions and energy use by source on an annual basis.
- b. Ensure that all publicly disclosed GHG emissions data are independently verified.

## 6 Criterion 5.2

### 5.2 Aluminium Smelting.

a) Where an Entity is engaged in Aluminium Smelting and where the Aluminium Smelter is in production up to and including 2020, the Entity shall demonstrate that Mine to Metal Emissions from the production of Aluminium:

- i. Are at a level below 12 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium. Or
- ii. If at a level above 12 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium, demonstrate a minimum 10% reduction of Mine to Metal Emissions over the previous three year period.

Scope 1, 2 and 3 Greenhouse Gas emissions associated with a Facility.

b) Where an Entity is engaged in Aluminium Smelting and where the Aluminium Smelter started production after 2020, the Entity shall demonstrate that all Mine to Metal Emissions from the production of Aluminium are at a level below 12 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium.

*Mine to Metal Emissions: Scope 1, 2 and 3 Greenhouse Gas emissions associated with a Facility.*

# 6 Discussion

## 5.3 GHG emissions reductions

a) ~~Where an Entity is with~~ is engaged with Aluminium Smelters and where the Smelter has Mine to Metal Emissions from the production of Aluminium are above 12 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium, establish GHG emissions reduction targets that ensures Mine to Metal Emissions are at a level below 16 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium by end 2025 and below 12 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium by end 2030.

All Entities shall:

b) ~~All Entities shall~~ Establish a GHG emissions reduction plan using ASI endorsed methodologies that ensures a reduction pathway consistent with a below 1.5 degree warming scenario.

c) ~~The Entity's~~ Ensure that the reduction pathway must includes an intermediate reduction target covering a period no greater than five years. The target must:

- i. ~~This targets shall~~ Address all emissions from mine to “saleable pProduct”.
- ii. ~~This targets shall~~ Be developed using a science-based approach, if available\*.
- iii. ~~This targets shall~~ Be publicly disclosed.

d) ~~iv. Publicly disclose p~~ Progress against these target shall be publicly disclosed annually.

*Red text/strikethroughs are proposed changes to align with format of the rest of the Standard.*

## 6 Criterion 5.4

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**5.3 Aluminium Smelting.** An Entity engaged in Aluminium Smelting shall: Demonstrate that they have put in place the necessary Management System, evaluation procedures, and operating controls to limit the Direct GHG emissions.

**5.4 GHG Emissions Management.** The Entity shall demonstrate implementation of the necessary Management System, evaluation procedures, and operating controls to achieve performance aligned to the targets developed in 5.3 (a) and (b).

# 6 Discussion

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- A participant raised the value of the work done and time spent to come to this conclusion and accepted the language proposed by the GHG sub-committee.
- On 5.3: A participant said that for companies that are not integrated, it is difficult to get data on mine to metal emissions for the supplied bauxite and alumina. It was suggested to include in the guidance the option to rely on data from IAI or EA or other sources in such cases, as companies wouldn't be able to get these data by themselves.
- Another participant agreed and added that IAI numbers vary a lot though and averages do not reflect reality. Hence companies should push suppliers more to get these data, which is important to improve the carbon footprint, but database data should be allowed.
- The Secretariat noted this and this can be added to the guidance that will be developed by the GHGWG during the consultation period.
- A participant said this could allow some companies to compromise the system while benefitting from financial advantages as they could use a global average number while buying from the highest emitters, potentially at a lower price than from the lowest emitters.

# 6 Discussion

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- A participant raised an inconsistency with the “if available”. “If available” was added after “using ASI endorsed methodologies”.
- A participant said it was either “a below 2 degree scenario” or “a 1.5 degree scenario” but here it was written “a below 1.5 degree scenario” and said having a problem with that. Another participant also said it was fine to take it out.
- It was asked how the 1.5 degree scenario aligns with the 2.5t for smelters from IAI. It was replied that we used to refer to the 2.5t figure, but this number was based on a 2 degree scenario and IAI has not finished their calculations for the 1.5 degree scenario. They are working on updating these numbers, so the 2.5t figure will be lowered. It was added that it is similar for the 1.5t figure for semis.

# 6 Discussion

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- On 5.2, it was said that for independent smelters buying alumina from traders, it is not possible to get those data and this is due to the current state of the alumina market. Another participant said that his company requests traders to inform them about the power source of the country of origin, so they can estimate the smelting electricity and they use the global average for the rest.
- It was said that there are databases and statistics available so even if not everyone will get the perfect number right away, it is possible to provide good estimates.
- **The Criteria were approved, with changes mentioned above for 5.3, reflected on the next slide.**



# 6 Discussion

## 5.3 GHG emissions reductions

a) ~~Where an Entity is with~~ is engaged with Aluminium Smelters and where the Smelter has Mine to Metal Emissions from the production of Aluminium are above 12 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium, establish GHG emissions reduction targets that ensures Mine to Metal Emissions are at a level below 16 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium by end 2025 and below 12 tonnes CO<sub>2</sub>-eq per metric tonne Aluminium by end 2030.

All Entities shall:

b) ~~All Entities shall~~ Establish a GHG emissions reduction plan using ASI endorsed methodologies, if available, that ensures a reduction pathway consistent with a below 1.5 degree warming scenario.

c) ~~The Entity's~~ Ensure that the reduction pathway must includes an intermediate reduction target covering a period no greater than five years. The target must:

- i. ~~This targets shall~~ Address all emissions from mine to “saleable pProduct”.
- ii. ~~This targets shall~~ Be developed using a science-based approach, if available\*.
- iii. ~~This targets shall~~ Be publicly disclosed.

d) ~~iv. Publicly disclose p~~ Progress against these target shall be publicly disclosed annually.

*Red text/strikethroughs are proposed changes to align with format of the rest of the Standard. Orange text/strikethrough are changes made by the SC during this meeting.*

# 7 Market Credits

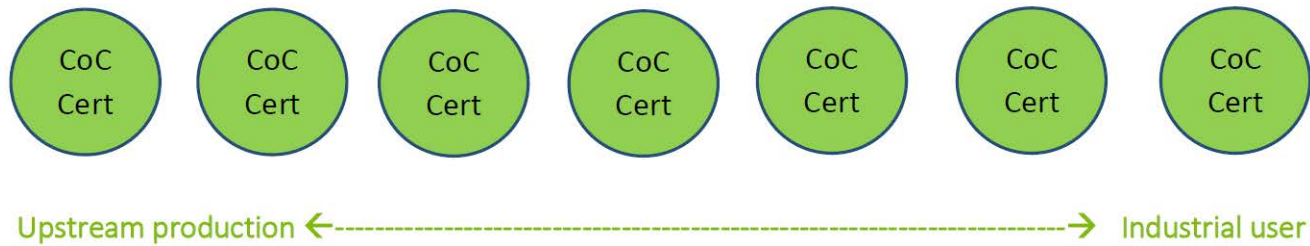
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CoC Criteria 11.1 An Entity engaged in producing Casthouse Products can allocate excess ASI Aluminium to ASI Credits,...

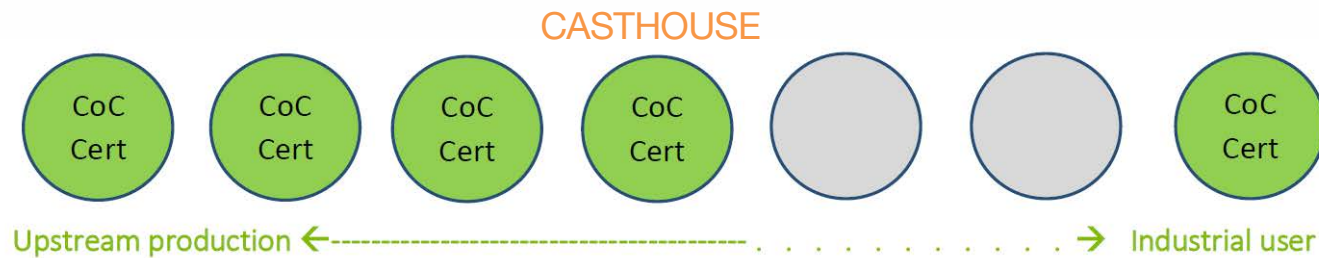
- There has been limited uptake in Market Credits 1 certs/20 certs.
- There has been some feedback that Market Credits are of limited value as they cannot be used on-product and they can not be transferred between entities post-casthouse (i.e. they cannot be re-sold).
  - ISEAL Guidance for CoC does not permit on-product 'content' type claims, where the physical flow has been decoupled. A forthcoming ISO standard will be similar. The ASI Credits system follows this practice. Recommend keeping the status quo or eliminating the use of market credits.
  - ASI does not want to create a non-physical market for ASI credits and any associated speculation through trading

# 7 Market Credits

## Mass Balance



## Market Credit



# 7 Market Credits

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- Market credits may only be transferred from a casthouse to a downstream entity (Criteria 11.1)
- Market credits are transferred via a digital certificate between the entities (Criteria 11.2)
- Market credits may only be transferred once (no re-selling) (Criteria 11.3d)
- Entities receiving market credits must use them within the Material Accounting Period in which they are received (Criteria 11.3c)
- A company receiving market credits may only receive them for a period of five years from the date of the first market credit purchase (Criteria 11.3g)
- On product claims can not be made with market credits that are purchased (Claims Guide Section 6, page 13)

# 7 Market Credits

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Discussion from the CoCWG on Market Credits:

1. There was a question whether ASI is aware of any Market Credits being purchased. Looking at the current CoC certifications, no company can use them. This was seen as a strong indication that they were no longer needed.
2. It was said that Market Credits are only a temporary solution so maybe they should be dropped. Also, if Market Credits were developed as a first step in a young system like ASI, but none of the certified Members have used them, there is perhaps no future need for such a system.
3. Another Working Group member said that he had no strong feelings to keep them, however you can argue that Market Credits can be an easy entry for companies to the system. So far, mainly the early ASI adaptors are certified, and they were not looking for an easy entry so therefore did not opt for Market Credits. However other companies might, so perhaps they will be used more in the future. It could be a temporary incentive system.
4. It was explained that in the existing CoC Standard, Market Credits can only be used for 5 years.
5. No downside was identified by the CoCWG for keeping Market Credits in.
6. **Following this discussion, it was agreed to keep Market Credits for now and it could be reviewed again in the next Standards Revision cycle when the system is more mature.**

# 7 Discussion

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- A participant asked what was decided regarding how long this system would exist when this was first discussed for the first version of the Standard. The Secretariat replied it was decided to review it within 5 years but there was no commitment as to when it would be removed. It was noted that the reviewing timeline concurred with the current timing of revision.
- A participant noted 2 downsides of keeping the Market Credits System:
  - This gives the idea that the upstream performance is more important than downstream's. With this revision round we have made sure Criteria are as much as possible applicable to downstream activities so it is strange to draw a line at the Sasthouse, which creates a fundamental difference between upstream and downstream in the system.
  - The longer we keep it, the more chances there are that companies will use it and it would be difficult to tell them they have to stop.
- The Secretariat replied that the reason for breaking down at the casthouse is that it is a chokepoint in the value chain, and it is not about importance. Additionally, it is written in the Standard that companies can only use market credits for 5 years, so it is unlikely that companies have a long term plans to use them.

# 7 Discussion

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- Another participant supported to leave it out.
- A participant voted to keep it in, explaining that the construction industry still struggles with having an ASI supply chain, and this system could be helpful for ASI uptake in the future.
- Another participant said that there is value in increasing ASI visibility through these temporary channels to draw in more members and attention. It was added that it does not seem like this is a loophole and the participant did not support the concerns.
- It was said that another risk with keeping it in is that it can make it more difficult to reconcile the dots between bauxite, alumina, smelters and the rest of the chain if some smelters use market credits. It was added that if there is no uptake, it is maybe because we don't need to have this system in.
- The Secretariat said that the only feedback received was about making the system more useable (with claims, etc.)

# 7 Discussion

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- A participant suggested to keep it in only for 5 years and to end it at the next revision. The Secretariat said it was not possible to make a decision now for a future Standards Committee.
- There was a vote on keeping or removing from the Standard the Market Credits System and a majority of participants voted to remove it.
- It was approved to remove Principle 11 from the CoC Standard.



## 8 Agreed Upon Actions & Close

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- a. Agree any final post-meeting actions and timeframes by Committee members
- b. Agree actions by Secretariat
- c. Chairs and Secretariat thanks to all participants and close of meeting

### Next Meetings:

- **21 January:** Final Review and All documents Approved for Consultation
- **February:** Review of consultation documents and planning for SC process for post consultation
- **March:** Benchmarking/Indicators/Verifiers Discussion

Thank you

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