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.

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ASI Chain of Custody – Standards Guidance

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Introduction

1. Introducing Chain of Custody

The Aluminium Stewardship Initiative (ASI) has developed Chain of Custody (CoC) Certification to support Businesses in the Aluminium value chain that wish to provide their customers and stakeholders with independent assurance for responsible production and sourcing of Aluminium.

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

Certification of these systems provides recognisable assurance to customers, consumers and stakeholders against a known Standard. This can add value to a company’s products and help protect and enhance reputation.

Depending on the type of Business, ASI CoC Certification may provide value to Businesses in the Aluminium value chain to:

- Support responsible Bauxite Mining, Alumina Refining and Aluminium Smelting practices
- Support responsible recycling and stewardship of Aluminium
- Reduce Business liability costs
- Enhance reputation through responsible sourcing
- Carry out Due Diligence of the supply chain
- Access reliable data on sustainability metrics of Aluminium
- Respond to the requests of customers, both Business to Business and retail
- Expand markets and customers
- Meet or prepare for regulatory Compliance requirements.

Participating in a Chain of Custody program is an individual Business decision. The costs and benefits of introducing Chain of Custody systems within a Business are usually linked to:

- How it could be used to optimise Business Activities and supply chains
- How much it will cost to develop and implement new CoC systems
- How quickly benefits can be achieved to make the investment viable.

ASI CoC Certification is voluntary for ASI Members, though encouraged. While a commitment to ASI Certification against the Performance Standard is compulsory for Businesses which choose to join ASI in the Production and Transformation and Industrial Users membership classes, CoC Certification is optional for ASI Members because of ASI’s commitment to Compliance with anti-trust laws.

Over time, ASI’s overall objective with its CoC Standard is to increase the supply of, and demand for, ASI Aluminium through the global value chain so as to provide independent assurance of responsible production, sourcing and stewardship of Aluminium.
2. Key Principles for ASI Chain of Custody

The ASI Chain of Custody (CoC) Standard has been designed around the following key principles:

- CoC Certification can be sought at a Business or Facility level
- Both Primary Aluminium and Recycled Aluminium are specifically addressed
- The main focus is on the flow of CoC Material
  - Criteria for confirming eligible inputs are set out
- Non-CoC Material is subject to Due Diligence addressing key aspects of the ASI Performance Standard
- A Mass Balance System allows for CoC and Non-CoC Material to be mixed over a defined period, and at any stage in the supply chain
  - CoC Documents are used to transfer required and optional information about CoC Material to the next Entity
- A Market Credits System is provided as an alternative to the Mass Balance System where it is difficult for Post-Casthouse Businesses to build an unbroken chain of custody for physical material.
  - ASI Credits Certificates are used to allocate non-physical credits that are linked back to physical ASI Aluminium produced at a Casthouse.
- The overall aim is to recognise and reward uptake of the ASI Performance Standard through diverse Aluminium supply chains.

3. What is CoC Material?

CoC Material is a collective term for ASI Bauxite, ASI Alumina, ASI Liquid Metal, ASI Cold Metal and ASI Aluminium produced by ASI CoC Certified Entities in accordance with the CoC Standard.

Figure 1 – Types of CoC Material

At various points in the CoC Standard, the term ‘CoC Material’ may be used to mean any of these, or one of the specific terms above may be used instead. ASI Liquid Metal and ASI Cold Metal are specific forms of ASI Aluminium. Eligible Scrap is another kind of input but is not CoC Material until it is designated ASI Aluminium by the Aluminium Re-Melter Refiner, so is referred to separately.
4. CoC Systems in the ASI CoC Standard

Many sustainability Standards support multiple Chain of Custody systems, to provide a range of pathways for Businesses who seek to increase their responsible sourcing. The ASI CoC Standard supports a Mass Balance System two approaches:

- **Up to and including the Casthouse**: a Mass Balance System
- **Post-Casthouse**: a Mass Balance System OR a Market Credits System

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

The Market Credits system is the second option available only to Post-Casthouse Entities that cannot create an unbroken chain of CoC Certified entities. Entities between Casthouse Products and themselves. This situation is more likely to arise where supply chains become long and/or complex, given that it takes time to build participation through each step in the supply chain. The Market Credits system links a specific quantity of output CoC Material from the mid-point of aluminium supply chains and allows this to be allocated as ASI Credits to a downstream company via a certificate. This provides entry level access to downstream companies to support responsible production practices, and helps stimulate and recognise upstream efforts to supply CoC Material. These kinds of systems are used in a range of sectors, including renewable energy, biomaterials, palm oil, sugar and precious metals, to provide a cost-effective avenue for companies to begin responsible sourcing programs and/or to help drive industry investment in sustainability performance.

5. Key Stages for Material Flows in the Aluminium Value Chain

The ASI CoC Standard defines three key stages for the flow of CoC Material in supply chains. These stages involve quite different kinds of Entities responsible for handling raw materials, metal production, and further fabrication and manufacturing to final products:

- **Primary Aluminium**: Mine to Casthouse
- **Recycled Aluminium**: Scrap to Casthouse
- **Post-Casthouse**: Semi-Fabrication and manufacturing to final product.

*Figure 2 – Key stages for material flow, centred around the Casthouse*
a. The Casthouse

The defined stages above position the Aluminium Casthouse, where Liquid Metal is cast into standardised shapes and/or alloys, as a key ‘choke point’ in the Aluminium supply chain. Casthouses (for both primary and recycled production) represent the common starting point for Post-Casthouse Semi-Fabrication of Aluminium and subsequent downstream manufacturing.

Casthouse Products come in a variety of weights and alloy specifications, depending on customer or market requirements, and include:
- Foundry alloys
  - Foundry alloy ingots – for casting (sand, permanent and die casting), particularly in the automotive sector
  - Remelt ingots – non-alloyed metal used to supply foundry alloys
  - High purity ingots – used for manufacture of super purity and other products
- Wrought alloys
  - Rolling and sheet ingots, blocks and slabs – for production of plates, strip and foil
  - Extrusion billets – for extruded profiles
  - Wire rod – for high voltage cable and wire production
  - High purity in various shapes – for electronics and technical applications
  - Remelt ingots – non-alloyed metal
- In some cases, alloyed Liquid Metal that is shipped directly to a customer for Semi-Fabrication.

These Casthouse Products have unique identification or batch numbers stamped or printed on or associated with the Products, to ensure traceability for quality purposes, often relating to alloying composition, production dates and/or the producing Casthouse. Casthouse Products may be delivered direct to customers, or indirectly via third-party warehouses or Traders.

The sections below focus on the Entities in each of these stages which transform physical material through the Aluminium value chain.

b. Primary Aluminium

For Primary Aluminium, the CoC Standard aims to support the implementation of responsible Bauxite Mining, Alumina Refining and Aluminium Smelting practices as outlined in the ASI Performance Standard.

Primary Aluminium activities are globally distributed. In 2019, Bauxite Mining was concentrated in Australia, Brazil, China, Guinea, India, Jamaica and Indonesia which collectively accounted for more than 90% of global Bauxite production. The majority of Alumina Refining takes place in Australia, Brazil, India and China which in 2019 produced more than 80% of global Alumina production. Aluminium Smelting has become increasingly active in China, which alone accounted for approximately 58% of global Primary Aluminium in November 2020.

with smelters in North America, Western Europe, Eastern and Central Europe, the rest of Asia and the Gulf Countries producing a further 30%.³

The Bauxite Mining, Alumina Refining and Aluminium Smelting stages of the Aluminium value chain have relatively concentrated and vertically integrated ownership, with the top ten producer companies accounting for approximately 50% of global primary production in 2014.⁴

Usually, though not always, Casthouses are located near or alongside the Aluminium Smelter. It is important to note that Casthouses usually require a certain proportion of Cold Metal as an ingredient in the final casting process. For production reasons, this may come from other Aluminium Smelters or Re-melters/Refiners than those that provide the Liquid Metal input. Casthouses may also re-melt internally generated scrap, such as off-spec production or offcuts, and may add Liquid Metal internally recovered from Dross from the melting and holding furnaces.

This means that refineries, smelters and Casthouses each usually have multiple sources of supplies of their raw materials. It is worth noting, however, that Bauxites from different locations exhibit different properties, including silica levels, Bauxite grade, Alumina content and handling properties. Refiners are usually tailored to process Bauxite from a particular region so as to achieve the most efficient production of Alumina.

*Figure 3 – Primary Aluminium*

<table>
<thead>
<tr>
<th>Bauxite mines</th>
<th>Alumina refiners</th>
<th>Aluminium smelters</th>
<th>Aluminium Casthouses</th>
<th>Casthouse Products</th>
</tr>
</thead>
</table>

c.  Recycled Aluminium

For Recycled Aluminium, the **CoC Standard** aims to support the implementation of material stewardship and recycling initiatives as outlined in the **ASI Performance Standard**. Recycling inputs can be Pre-Consumer, such as from processing and manufacturing of Aluminium and Aluminium-containing products, and Post-Consumer, including from packaging (e.g. used beverage cans), automotive, building and construction and other consumer items.

Unlike primary production, the Recycled Aluminium chain is highly fragmented, with tens of thousands of entities, including large companies through to small to medium enterprises (SMEs) as well as municipal collection programs, involved at various stages. In developing countries and emerging economies, some scrap collection, sorting and recycling is done in the informal sector and may use poor environmental, health and safety practices.⁵

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³ [http://www.world-aluminium.org/statistics/primary-aluminium-production/] (November 2020 figures)
⁴ Calculated from [http://www.world-aluminium.org/statistics/primary-aluminium-production/] (2014 figures) and [http://www.aluminiumleader.com/economics/world_market/]
While some products (e.g. beverage cans) have short lifespans before being recycled, other products (e.g. cars, building windows) have much longer lifespans lasting in the tens of years. Overall, the global market demand for Aluminium is growing, so primary production is still needed since the available quantity of End of Life Aluminium falls considerably short of demand. Recycling of Aluminium brings considerable environmental benefits and Aluminium’s ready recyclability is one of its key benefits. Furthermore, as primary production shifts from Europe and North America to Asia, recycled production has become increasingly significant in meeting domestic demand in some markets. In North America, for example, approximately 40% of Aluminium supply is created through recycled production.

As for primary production, the Casthouses for recycled production usually require Cold Metal for the casting process, but often also to achieve certain alloying specifications. The Cold Metal is usually from primary production but may also be generated from internal or external Slag and Dross processing. Similarly, internally generated scrap is also usually re-used internally, either as an input to Re-Melting/Refining or directly to the Casthouse as ‘Cold Metal’. Casthouse products include ingots, slabs, bars, billets, wire rod or other speciality products, or Liquid Metal may be supplied to a customer or internally as part of an integrated operation for the next stage of Semi-Fabrication and/or further downstream processing and manufacturing of finished products.

*Figure 4 – Recycled Aluminium*

**d. Post-Casthouse**

In the Post-Casthouse part of the Aluminium value chain, there is a huge variety of downstream sectors and suppliers that process and use Aluminium.

Semi-Fabrication of Aluminium is usually the first step Post-Casthouse, in the form of extrusion, rolling and other speciality processes (for example, to produce powders, flakes and pastes) that can create a very wide range of products as inputs to subsequent manufacturing. As noted above, some facilities have integrated casting and rolling or extrusion operations. Foundries, forgers and material converters use Casthouse Products and/or semi-fabricated products as the inputs to their own processes, which in turn feed into the necessary downstream stages to create finished products.

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Sectors that use these products as inputs to their own material conversion, manufacturing, and further production, assembly, fabrication and/or construction include the following (with estimates of share of aluminium consumption in 2014):\(^8\)

**Figure 5 – Aluminium use sectors and share of 2014 consumption**

![Aluminium use sectors and share of 2014 consumption](image)

In this part of the value chain, there could be hundreds of thousands to millions of Businesses worldwide that use Aluminium in component or Product manufacturing in these sectors. These would include every size of Business from micro to multinationals, located in nearly every country in the world. While some downstream supply chains are short, simple and/or high volume, many rely on multiple and/or regularly changing suppliers to ensure continuity of supply or meet evolving price or quality specifications. Longer supply chains are also common, where there are multiple tiers of suppliers for complex components and Products.

Figure 6 illustrates the types of entities engaged in downstream manufacturing and processing through to final consumer or commercial Products, heavily simplifying the number and range.

**Figure 6 – Post-Casthouse**

![Post-Casthouse](image)

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\(^8\) [http://www.aluminiumleader.com/economics/world_market/](http://www.aluminiumleader.com/economics/world_market/)
6. What is Eligible to become ASI Aluminium?

The CoC Standard sets out the Management Systems required to confirm the eligible inputs of CoC Material (ASI Bauxite, ASI Alumina, ASI Liquid Metal and ASI Cold Metal) and Eligible Scrap to produce ASI Aluminium. Non-CoC Material and Non-Eligible Scrap is material that does not meet the requirements of the CoC Standard for inputs and/or outputs of CoC Material.

Under the Mass Balance System, these various inputs can be mixed at each stage, and the quantities of CoC Material output are controlled according to the requirements in Principle 8 of the CoC Standard. The screening and flow of these various inputs and outputs is illustrated in Figure 7 below, in this example, at a Facility level. Note that 'ASI Certified' means these Facilities must be within the Certification Scope of Entities that are certified against both the ASI Performance Standard and the ASI Chain of Custody Standard. These requirements are set out in Principles 3, 4, 5 and 6 of the CoC Standard.

Due Diligence applies to both Non-CoC Material and Recyclable Scrap Material inputs and the requirements are set out in Principle 7 of the CoC Standard. Entities need to establish appropriate Due Diligence systems, including a Policy, risk assessment and mitigation, and a Complaints Mechanism directed towards Aluminium supply chain risks. For the ASI CoC Standard, the key risk areas are linked to the ASI Performance Standard through the following Criteria:

- Anti-corruption
- Responsible Sourcing
- Human Rights Due Diligence
- Conflict-Affected and High-Risk Areas.

Criterion 4.2 of the CoC Standard refers to the Due Diligence requirements in Principle 7 for Post-Consumer Scrap, specifying the conditions under which it can be Eligible Scrap.

While Figure 7 illustrates flows at a Facility level, some Entities may include multiple Facilities within the one CoC Certification Scope. So Due Diligence could also or instead be applied at a whole of Entity level, directed to non-CoC Certified suppliers outside of the Entity itself.
7. Post-Casthouse Flows of ASI Aluminium and ASI Credits

Figure 8 below shows the flow of physical ASI Aluminium (through the Mass Balance System, where there is mixing of CoC and non-CoC Material at every stage) and non-physical ASI Credits (through the Market Credits System, which are decoupled from physical flows). Only CoC Certified Entities are shown for simplicity, though of course non-CoC Certified Entities will be common in the Post-Casthouse part of Aluminium supply chains. Green arrows indicate ASI Aluminium and dark blue arrows indicate Non-CoC Material (to which Due Diligence must always be applied). Green dashed arrows indicate ASI Credits on the non-physical side.
Figure 8 – Screening and flow of CoC Material and Eligible Scrap to ASI Aluminium – Primary and Recycled to Casthouse

- Non-CoC Material from Casthouses
- ASI Aluminium from CoC Certified Casthouses
- CoC Certified Semi-Fabricators
- Non-CoC Material from multiple sources
- Outsourcing Contractors in CoC Scope
- Outsourcing Contractors not in CoC Scope
- CoC Certified Downstream Manufacturing and Processing Entities
- CoC Certified Downstream Manufacturing and Processing Entities
- CoC Certified Downstream Manufacturing and Processing Entities
ASI Chain of Custody (CoC) Standards Guidance

About this Guidance

The ASI CoC Standard outlines the requirements for CoC Certification. This CoC Standards Guidance has been developed as a resource to assist ASI Members seeking CoC 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 establishing Chain-of-Custody systems and ASI’s Standards.

The ASI CoC Standard is structured into three sections, which set the necessary framework for managing robust Chain of Custody systems:

A. Principles 1-2. General CoC Management: Management System and Responsibilities; Outsourcing Contractors.

B. Principles 3-7. Confirming Eligible Inputs: Primary Aluminium; Recycled Aluminium; Casthouses; Post-Casthouse; Due Diligence.

C. Principles 8-11. CoC Accounting, Documentation and Claims: Mass Balance System; Issuing CoC Documents; Receiving CoC Documents; Market Credits System; Claims and Communications.

The CoC Standards 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 CoC Standard.

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

Summary of Applicability

In Table 1 below, the top row sets out relevant stages in the Aluminium supply chain and the left-hand column sets out the eleven Principles in the ASI CoC Standard. The shading highlights applicable requirements for each stage. Out of the eleven Principles, a subset are applicable to an individual supply chain activity, as highlighted in green and yellow (where relevant). An Entity may have more than one supply chain stage in their CoC Certification Scope.
### Table 1 – Applicability of Principles in the ASI CoC Standard to various stages in Aluminium supply chains

<table>
<thead>
<tr>
<th>Code:</th>
<th>Applicable</th>
<th>Applicable if relevant</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Activity</td>
<td>Bauxite Mining</td>
<td>Alumina Refining</td>
<td>Aluminium Smelting</td>
</tr>
<tr>
<td>1. Management System and Responsibilities</td>
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<tr>
<td>2. Outsourcing Contractors</td>
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<td>3. Primary Aluminium</td>
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<tr>
<td>4. Secondary Aluminium</td>
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<td>5. Casthouses</td>
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<td>6. Post-Casthouse</td>
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<td>7. Due Diligence</td>
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<td>8. Mass Balance System</td>
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<td>9. Issuing CoC Documents</td>
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<td>10. Receiving CoC Documents</td>
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<td>11. Market Credits System</td>
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<tr>
<td>12. Claims and Communications</td>
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</tbody>
</table>
A. CoC Management and Controls

1. Management System and Responsibilities

Principle 1 outlines the general elements of Management Systems an Entity needs to effectively implement the ASI CoC Standard. An Entity may consist of a single Facility or multiple Facilities but must be under the Control of an ASI Member to link to the ASI’s membership obligations and the ASI Complaints Mechanism. The Criteria in this Principle can usually be integrated into existing Management Systems relevant to managing sales, sourcing and inventory.

Applicability

Criteria 1.1-1.7 are applicable to all Entities seeking CoC Certification.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>Applicability of CoC Standard Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bauxite Mining</td>
<td>1.1 1.2 1.3 1.4 1.5 1.6 1.7</td>
</tr>
<tr>
<td>Alumina Refining</td>
<td></td>
</tr>
<tr>
<td>Aluminium Smelting</td>
<td></td>
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<tr>
<td>Aluminium Re-Melting/Refining</td>
<td></td>
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<tr>
<td>Casthouses</td>
<td></td>
</tr>
<tr>
<td>Post-Casthouse</td>
<td></td>
</tr>
</tbody>
</table>

Code:
Criteria shaded green are generally applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. Criteria shaded orange may be applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. For more information on defining your Entity’s CoC Certification Scope, see the ASI Assurance Manual.

Background

The ability for a Member/Entity to Conform with the ASI CoC Standard will typically require a Management System in place to address all applicable parts of the Standard.

A Management System is defined as ‘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.’

For a Management System to work effectively:
- People must be trained and competent to understand their responsibilities
- Processes must be established to define what tasks and work activities need to be carried out
- Appropriate data and records management is required to ensure consistent, measurable and traceable results.
In practice, the Management Systems that will be developed for the CoC Standard will take many different forms depending on a range of factors, such as:

- The nature of Business Activities
- The types of materials being handled
- The number, size and scale of relevant Facilities
- The level of integration with IT systems
- The degree of automation of processes.

Depending on these factors, an appropriate Management System for a given CoC Certification Scope might be:

- Implemented at a Facility level and/or at an Entity (whole of business) level
- Developed as a new Management System, or extended or adapted from existing Management System/s.

The Entity can consider how best to design its Management System to meet the CoC Standard, noting that it may evolve over time and with implementation experience.

Note that ASI is bound by its Anti-Trust Compliance Policy and Confidentiality Policy in dealing with commercially sensitive information. These Policies are available on the ASI website at https://aluminium-stewardship.org/about-asi/legal-finance-policies/.

**What is the ‘Entity’?**

The CoC Standard puts responsibilities 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 CoC Standard, the Entity seeks or holds CoC Certification and is responsible for implementation of the CoC Standard in the defined CoC Certification Scope.’

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.

The CoC Certification Scope needs to set the boundaries for the inputs and outputs of all CoC Material across the Entity (and any Outsourcing Contractors). The Entity defines what is in its CoC Certification Scope as part of the initial Self-Assessment process. For more information on how to do this, see the ASI Assurance Manual.

**Implementation**

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

1.1 ASI’s Membership

The Entity seeking CoC Certification shall be an ASI Member in good standing in the Production and Transformation or Industrial Users membership classes, or under the Control of such an ASI Member, thereby committing to comply with ASI’s membership obligations and the ASI Complaints Mechanism.

**Points to consider:**

- ASI Members in the Production and Transformation and Industrial Users membership classes are the only types of organisations eligible to seek ASI Certification
- ASI Membership covering the Entity seeking CoC Certification means that the Entity has committed to ASI’s membership obligations, which include:
  - Being bound by ASI’s Constitution
  - Agreeing to support ASI’s mission
  - Not being engaged in any activity which would be likely to bring ASI into disrepute
Agreeing that ASI membership and/or Certification may be terminated, withdrawn or suspended due to its actions or omissions, including as a result of the outcomes of any ASI Complaints Mechanism process.
- Agreeing to comply with the ASI Anti-Trust Compliance Policy
- Agreeing to comply with ASI's requirements regarding the use of ASI’s logo and ASI-related claims.

- Current ASI Members and their Certification Status are listed on the ASI website in their membership class at: http://aluminium-stewardship.org/about-asi/current-members/
- If there is any question as to whether the Entity falls within the Control of an ASI Member, contact the ASI Secretariat: info@aluminium-stewardship.org.

1.2 CoC Management System

The Entity shall have a Management System that addresses all applicable requirements of the CoC Standard, in all Facilities under the Control of the Entity that have Custody of CoC Material.

Points to consider:
- A Management System can take many different forms, however it should be effective across the defined CoC Certification Scope of the Entity seeking CoC Certification.
- The applicable requirements of the CoC Standard can often be integrated into existing Management Systems relevant to managing sales, sourcing, process flow and/or inventory.
- Whichever approach is taken to the design and scope of the Entity's Management System, in each case an ASI Accredited Auditor will look for Objective Evidence that it can fulfil the requirements of the CoC Standard.
- Adequate resources (financial, human, information technology, etc.) should be available to carry out the relevant tasks and activities.
- Supporting procedures for CoC Management Systems that are relevant to particular employees should reflect the scale and complexity of the operations to which they will apply and be available at the point of use.
- Note that for all Entities, the Entity's Management System must include a Material Accounting System (see Principle 8).
- More specific guidance on how Management Systems should address Principles 2-11 of the CoC Standard (as applicable) can be found in the subsequent sections in this CoC Standards Guidance.

1.3 CoC Management System Monitoring

The Entity shall ensure that the Management System for Criterion 1.2 is periodically reviewed and updated in light of implementation experience and to address potential areas of Non-Conformance.

Points to consider:
- Management Systems should be regularly reviewed: at least every three years is recommended though this may be more frequently as required.
- Personnel should be encouraged to identify potential improvements to CoC Management Systems.
- Revisions should strive for continuous improvement and take account of:
  - The company’s experience gained during implementation
  - The findings of internal reviews or audits
  - Recommendations from ASI Audits
  - The introduction of new or revised requirements in ASI Standards
  - The need for additional training and/or communications measures.
1.4 Management Representative

The Entity shall nominate at least one Management Representative as having overall responsibility and authority for the Entity’s Conformance with all applicable requirements of the CoC Standard.

Points to consider:
- Make sure there is a clear designation of a responsible manager with appropriate responsibility and authority for the CoC Standard.
- This should be someone who can effectively interface with all the relevant parts of the Business that will have responsibilities for Conformance with the CoC Standard.
- Consider how internal co-ordination can be enhanced, for example through an internal working group or committee, and/or by including it on the agenda of regular management meetings.

1.5 Communications and Training

The Entity shall establish and implement communications and training measures that make relevant personnel aware of and competent in their responsibilities under the CoC Standard.

Points to consider:
- Management Systems are only effective when people are trained and competent to understand their responsibilities.
- The responsible manager in 1.4, or their delegate, should oversee training and communications for relevant personnel.
- Keep records of training material, and a register of when training and/or communications were delivered, to which personnel.

1.6 Records Management

The Entity shall maintain up to date records covering all applicable requirements of the CoC Standard and shall retain them for a minimum of five years.

Points to consider:
- Record keeping is fundamental to any Business as a way of managing important data and information.
- Reliable record keeping enhances accountability and allows Businesses to measure progress over time.
- Records should be maintained for all applicable parts of the CoC Standard, as these are an important form of Objective Evidence for ASI Accredited Auditors.
- Records may be kept for longer than five years in accordance with regulatory requirements or the Entity’s internal Policy.

1.7 Reporting to ASI Secretariat

The Entity shall report the following information to the ASI Secretariat on the designated template in elementAI, within three months after the end of each calendar year, as applicable:

a. All Entities: Input and Output Quantities of CoC Material/s by supply chain activity over the calendar year.

b. All Entities: Input Percentage/s calculated for the calendar year.

c. All Entities: the maximum Positive Balance in the calendar year carried over to the subsequent Material Accounting Period, if any.

d. All Entities: Positive Balance carried over from the previous calendar year used in the calendar year, if any.

e. All Entities: the maximum Internal Overdraw within the calendar year, if any, and the percentage of Input Quantity of CoC Material this represents.

f. Entities engaged in Aluminium Re-melting/Refining to produce Recycled Aluminium: total Input Quantity of Eligible Scrap, excluding internally generated scrap, with a breakdown by Post-Consumer Scrap and Pre-Consumer Scrap that is designated as CoC Material supplied directly from a CoC Certified Entity, in the calendar year.
Points to consider:

- The ASI Secretariat requires reporting of this required information to enable oversight of CoC Standard implementation at a whole of value chain-level, to:
  - Detect potentially fraudulent or non-conformant behaviour through the identification of anomalies in aggregate inputs and outputs
  - Support ASI’s Monitoring and Evaluation program designed to assess ASI’s overall impacts and progress towards desired changes in the ASI Theory of Change.

- The individual data reported to the ASI Secretariat will be kept secure and confidential and will not be made publicly available. It will be used to support aggregate reporting where relevant.
  - Note that ASI is bound by its Anti-Trust Compliance Policy and Confidentiality Policy in dealing with commercially sensitive information. These Policies are available on the ASI website at https://aluminium-stewardship.org/about-asi/legal-finance-policies/

- An Entity is free to choose its own Material Accounting Period, however the ASI Secretariat requires reporting of the information in Criterion 1.7 on a calendar year basis. This may be a consideration for your choice of Material Accounting Period and/or the design of your Material Accounting System, to enable streamlining of reporting.

- Criteria 1.7(a) and (b) apply to all Entities. This information should be recorded and available from the Entity’s Material Accounting System, and if necessary, re-calculated for the calendar year where this is different from the Entity’s defined Material Accounting Period.

- Criterion 1.7(a) requires Entities to report input and output quantities of CoC Material by supply chain activity. This means reporting:
  - Bauxite input (from other certified mines imported into the Entities’ certified mine)
  - Bauxite output (from Bauxite Mine/s within the Certification Scope)
  - Bauxite input (to Alumina Refiner/s within the Certification Scope)
  - Alumina output (from Alumina Refiner/s within the Certification Scope)
  - Alumina input (to Aluminium Smelter/s within the Certification Scope)
  - Aluminium output (from Aluminium Smelter/s within the Certification Scope)
  - Pre-Consumer Scrap input (to Re-melter/Refiner within the Certification Scope)
  - Post-Consumer Scrap input (to Re-melter/Refiner), not including internally generated scrap
  - Aluminium input (to Casthouse/s within the Certification Scope)
  - Aluminium output (from Casthouse/s within the Certification Scope)
  - Aluminium input (to Post-Casthouse/s Facilities within the Certification Scope)
  - Aluminium output (from Post-Casthouse/s Facilities within the Certification Scope)

- Reporting will be through elementAI.

- Criterion 1.7(c) only applies to Entities that carry over a Positive Balance. The maximum amount that any Positive Balance of CoC Material reached in a calendar year should be reported to ASI (with the unit of measurement). If different types of CoC Material are handled (e.g. ASI Bauxite and ASI Alumina) Positive Balances for each should be reported separately.

- Criterion 1.7(d) only applies to Entities that carry over an Internal Overdraw. The maximum amount that any Internal Overdraw of CoC Material reached in a calendar year should be reported to the ASI Secretariat (with the unit of measurement), along with the percentage of Input CoC Material for the calendar year that this represents. As an Internal Overdraw can occur only under a force majeure situation, it should not be a common occurrence. The percentage information also provides the ASI Secretariat with oversight of Criterion 8.9 on Internal Overdraws.
• Criterion 1.7(e) only applies to Entities producing recycled (secondary) ASI Aluminium. It captures total Input Quantity of Eligible Scrap, with a breakdown by Post-Consumer Scrap and Pre-Consumer Scrap that is designated as CoC Material in the calendar year.
  o This data will be used for ASI impacts reports to communicate aggregate Pre-Consumer and Post-Consumer flows, alongside flows of primary ASI Aluminium. As Pre-Consumer Scrap must be CoC Material to be eligible, it will enable ASI to monitor the flows of ASI Aluminium back into recycling streams over time.
  o ASI collaborates with the International Aluminium Institute on methodologies for mass flow modelling.
  o Criteria 1.7(f) and (g) apply to Entities allocating or purchasing ASI Credits. The ASI Secretariat will oversee that the aggregate amount issued equals the aggregate amount purchased in a calendar year (ASI Credits have only one issuer and receiver and cannot be re-traded or on-sold).

• ASI will supply a template form for reporting these values to Entities early in each calendar year.
  Reporting must be done on the reporting form supplied.
• Entities should report against all Criteria that are applicable. For example, an Entity that included an Aluminium smelter, an Aluminium Re-melter and/or Refiner, and a Casthouse within its CoC Scope would report to the ASI Secretariat against 1.7(a), (b), and (e), as well as (c) and(d), (f) and (g) if applicable. An Entity that included only a Bauxite mine would report against 1.7 (a) and (b), plus (c) if applicable.
• For the first Certification Audit, the ASI Accredited Auditor would look at readiness of the Entity’s systems for future reporting to the ASI Secretariat at the end of the first calendar year.
  o Consider testing the Material Accounting System with test Input and Output Quantities, where these are not yet formally designated CoC Material (before CoC Certification is granted).
• From the Surveillance Audit onwards, the actual reporting to the ASI Secretariat would be checked by the Auditor. Absent or inadequate reporting of required information to the ASI Secretariat would mean a Non-Conformance was raised against this Criteria.

Getting started
Principle 1 focusses on the essential requirements of an effective Management System. Evaluate what resources are required to establish, implement, maintain, review and improve CoC Management Systems over time. This may include:
• Financial resources
• Human resources in a range of functional areas, including operations, sales, and accounting, and how these will be co-ordinated
• Updates to IT systems
• Training requirements for relevant personnel
• Communications and reporting, including to senior management, customers and suppliers, and to ASI
• Assurance costs.

Wherever possible, consider integrating the management requirements of the CoC Standard into existing business management and IT systems, as this will be more efficient and effective.

For example, Entities and/or Facilities are very likely to already have existing systems to track the flow of materials in the Aluminium value chain (or other materials), or to fulfil quality management requirements such as for ISO 9001. Often these or similar systems can be extended to cover the requirements of the ASI CoC Standard.
Review

- ASI membership and the ASI Performance Standard set the foundations for the CoC Standard, so as to support responsible production, sourcing and stewardship of Aluminium.
- Entities seeking CoC Certification must ensure an effective Management System is in place to meet each of the applicable requirements of the CoC Standard.
- How each Entity's Management System is designed and implemented will be different, depending on the nature of their Business.
- The applicable requirements of the CoC Standard can often be integrated into existing Management Systems relevant to managing sales, sourcing, process flow and/or inventory.
2. Outsourcing Contractors

Outsourcing Contractors are encouraged to become CoC Certified in their own right. However, it is recognised there are often challenges in uptake of CoC Certification in long or flexible supply chains, or by smaller Businesses. Principle 2 provides Entities seeking CoC Certification with the ability to outsource processing, treatment or manufacturing of CoC Material that they own or control to non-CoC Certified Outsourcing Contractors, by including them in their own CoC Certification Scope.

**Applicability**

Criteria 2.1-2.5 are applicable to all Entities that use Outsourcing Contractors to handle CoC Material that they own or control.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>Applicability of CoC Standard Criteria</th>
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<tbody>
<tr>
<td></td>
<td>2.1</td>
</tr>
<tr>
<td>Bauxite Mining</td>
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<tr>
<td>Alumina Refining</td>
<td></td>
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<tr>
<td>Aluminium Smelting</td>
<td></td>
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<tr>
<td>Aluminium Re-melting/Refining</td>
<td>2.3</td>
</tr>
<tr>
<td>Casthouses</td>
<td></td>
</tr>
<tr>
<td>Post-Casthouse</td>
<td></td>
</tr>
</tbody>
</table>

**Code:**

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

**Background**

Many Businesses, large and small, rely on Outsourcing Contractors. Outsourcing Contractors cover a wide range of Businesses, from small workshops or fabricators to large volume manufacturers.

Outsourcing Contractors that handle an Entity’s CoC Material are encouraged to become CoC Certified in their own right. However, there may be a range of reasons why this is not easily achieved. Thus Principle 2 of the CoC Standard allows for non-CoC Certified Outsourcing Contractors to be included in the Entity’s CoC Certification Scope for Audit purposes.

For the purposes of the CoC Standard, Outsourcing Contractors include companies that take custody of CoC Material – which is owned or controlled by the Entity seeking or holding CoC Certification – for the purpose of processing, treatment or manufacturing. An example of an Outsourcing Contractor is a heat treatment Business used to modify the physical characteristics of the Aluminium metal prior to downstream processing such as extrusion. The Entity retains ownership of the ASI Aluminium but needs to establish controls to ensure the quantities sent to the heat treatment Business match what is returned, and that the Outsourcing Contractor adequately identify the Entity’s ASI Aluminium from other metal it heat treats. Note that the Outsourcing Contractors Principle does not

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ASI – Aluminium Stewardship Initiative Ltd (ACN 606 661 125)

Chain of Custody (CoC) Standards V2 – Guidance Draft 1.0 for Consultation– March 2021

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apply to tolling arrangements or similar for Alumina Refining, Aluminium Smelting, Aluminium Re-Melting/Refining and/or Casthouses.

In essence, if using this Principle of the Standard, the CoC Certified Entity takes responsibility for the Outsourcing Contractor/s by including them in their own CoC Certification. The Standard thus requires a risk assessment and oversight by that Entity, because ultimately the contractor’s errors could jeopardise their own Certification. ASI Auditors would also have the ability to Audit the Contractor’s activities in accordance with identified risk/s. This aims to provide a way for controlled activities to be grouped under an ASI Member, ideally as part of a transition to the Contractors implementing ASI Standards in their own right.

Outsourcing Contractors do not include companies such as warehouses and transportation companies that:

- Maintain segregation on behalf of their clients as an essential part of their service, and
- Do not physically change the material they store and/or ship.

**Implementation**

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

<table>
<thead>
<tr>
<th>2.1 Certification Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any Outsourcing Contractor without CoC Certification that takes Custody of an Entity’s CoC Material for the purposes of further processing, treatment or manufacturing, shall be identified in the Entity’s CoC Certification Scope.</td>
</tr>
</tbody>
</table>

**Points to consider:**

- The reason for including Outsourcing Contractors in an Entity’s CoC Certification Scope (2.1) is to be able to continue a Chain of Custody for CoC Material which the Outsourcing Contractor will be handling.
  - Usually this relates to a desire to pass on a CoC claim to a subsequent customer of the Entity, or to extend an Entity’s own material accounting controls to cover the outsourced process/es.
  - If it’s a related or allied company that is already within the Control of the same ASI Member e.g. a group Entity, there is no need to consider it as an ‘Outsourcing Contractor’. Related companies under the same Control can already be included within the one CoC Certification Scope.
- The conditions in Criterion 2.2 need to be met before the Outsourcing Contractor can be included in the Entity’s CoC Certification Scope. Inclusion in the CoC Certification Scope will mean the Outsourcing Contractor is subject to Audit – more information is included in the ASI Assurance Manual.
- If the conditions in Criterion 2.2 are not met, then the material transferred to an Outsourcing Contractor is no longer considered ‘CoC Material’ – since there are no appropriate systems of accounting and control to support any subsequent claims.

<table>
<thead>
<tr>
<th>2.2 Control of CoC Material</th>
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</thead>
<tbody>
<tr>
<td>Entities which wish to include Outsourcing Contractors within their CoC Certification Scope shall ensure the following:</td>
</tr>
<tr>
<td>a. The Entity has legal ownership or Control of all CoC Material used by these Outsourcing Contractors.</td>
</tr>
<tr>
<td>b. Any Outsourcing Contractor included in an Entity’s Certification Scope shall not outsource any processing, treatment or manufacturing of CoC Material to any other contractor.</td>
</tr>
</tbody>
</table>
c. The Entity has assessed the risk of potential Non-Conformance with the CoC Standard resulting from the engagement of each Outsourcing Contractor, and determined, based on the risk assessment, that the risk is acceptable.

**Points to consider:**

- Criterion 2.2 contains the conditions under which Outsourcing Contractors may be added to an Entity’s CoC Certification Scope.
- 2.2(a) requires that ownership or Control of the CoC Materials being outsourced is retained by the Entity. ‘Control’ of CoC Material could be demonstrated through quality Management Systems, customer specifications and/or contractual agreements.
  - Control can be demonstrated by establishing documented processes to reconcile the processing, treatment or manufacturing services commissioned match with the end result. This includes reconciliation of the quantity of material on the dispatch dockets with quantities noted on the transport certificates when the material is returned.
  - Note that the Outsourcing Contractors Principle does not apply to tolling arrangements or similar for Alumina Refining, Aluminium Smelting, Aluminium Re-melting/Refining and/or Casthouses.
- 2.2(b) requires that there is no further outsourcing by the Outsourcing Contractor of processing, treatment or manufacturing of the CoC Material. Further outsourcing would not be controlled under the CoC Standard because the sub-Contractor is not covered by the Entity’s Management System and CoC Certification Scope.
  - If that sub-Contractor is to be included in the CoC Certification Scope of the Entity, they would need to meet the Criteria of 2.2.
- 2.2(c) requires that the risks of potential Non-Conformance with the CoC Standard resulting from the engagement of each Outsourcing Contractor have been assessed and determined acceptable. A finding of acceptable risk should be authorised by a responsible person and recorded.
  - The risk assessment should be based on a reasonable level of familiarity with each Outsourcing Contractor, which may require site visits.
  - The risk assessment should be updated at least every 12-18 months, in preparation for Certification and Surveillance Audits, or more frequently as required.
  - If the risks of one or more Outsourcing Contractors are determined to be not acceptable, the Entity can investigate options for mitigating the risks. These could include capacity building with the Outsourcing Contractor, investigating alternative suppliers, or taking a staged approach to building CoC supply chains.
- The addition of Outsourcing Contractors to an Entity’s CoC Certification Scope is addressed in the Assurance Manual. In general terms, all changes require notification to the Auditor and ASI Secretariat. Usually this would form part of the next assessment, but there could be provision for desk-based approval by the Auditor based on the Entity’s risk assessment of the Outsourcing Contractor. The ability to do this would be tied into the Overall Risk Maturity Rating for the Entity.

2.3 **Information on Output Quantity of CoC Material**

The Entity shall ensure that the Outsourcing Contractor provides information on Output Quantity of CoC Material to the Entity at the conclusion of the Entity’s Material Accounting Period (or more frequently as required by the Entity).

**Points to consider:**

- The Outsourcing Contractor must report back to the Entity the necessary material accounting information for the Entity’s systems under Principle 8 of the CoC Standard.
- This should be at the conclusion of the Entity’s own Material Accounting Period, or it can be more frequently if this is useful.
- Make sure these expectations are clearly communicated to the Outsourcing Contractor in advance, as they will need to record and report the requisite information.
• Consider providing the Outsourcing Contractor with a template and/or specific guidance on the nature and format of appropriate records and reporting back to the Entity.
• Note that the Outsourcing Contractor’s products do not have to come back to the Entity before delivery to the customer.
• See Principles 9 and 10 on CoC Documents – these requirements would apply to Outsourcing Contractors in your CoC Certification Scope for both the return of CoC Material to you and to a subsequent customer. Consider how you as the Entity will control CoC Documents issued by an Outsourcing Contractor to a subsequent customer on behalf of the Entity.

### 2.4 Consistency in Input and Output Quantity of CoC Material

The Entity shall have systems in place to verify that the Output Quantity of CoC Material is consistent with the Input Quantity of CoC Material provided to the Outsourcing Contractor and record it in its Material Accounting System.

**Points to consider:**
- The Entity should know the Input Quantity supplied to the Outsourcing Contractor (since it owns or controls the CoC Material).
- The Output Quantity is reported back to the Entity by the Outsourcing Contractor under 2.3.
- A reliable understanding of the inputs and outputs of the outsourced process will inform whether the Output Quantity is consistent with the Input Quantity, taking into account the expected material losses from processing.
- Knowledge of the Input Percentage (see Principle 8) would provide more accuracy, however this information may be commercial in confidence to the Outsourcing Contractor.
- The Input and Output Quantities handled by the Outsourcing Contractor need to be recorded in the Entity’s own Material Accounting System, since the Outsourcing Contractor falls within the Entity’s CoC Certification Scope.
- If there are unreasonable inconsistencies between the inputs and outputs of CoC Material, such as unexplained weight changes or inability to reconcile inputs and outputs or inconsistencies outside of the boundaries of normal production variables, then the Contractor’s systems are inadequate. In this case, the Material or Products can no longer be considered CoC Material.
  - The risk assessment in 2.2(c) should be updated accordingly and measures to address the situation put in place. This may include removing the Contractor from the CoC Certification Scope, or temporarily removing the Contractor from handling CoC Material until their systems have improved.

### 2.5 Error (Outsourcing Contractor)

If an error is discovered after CoC Material has been shipped, the Entity and the Outsourcing Contractor shall document the error and the agreed steps taken to correct it and implement actions to avoid a recurrence.

**Points to consider:**
- Occasionally, an error may be discovered after CoC Material has been shipped. In these situations, the Entity and the Outsourcing Contractor need to document the error, and the agreed steps taken to correct it.
- Where CoC Material has been shipped to a subsequent customer who has purchased it in good faith, the Entity may need to consider the overall balance of Input to Output material for the Material Accounting Period. For example, other CoC Material not affected by the error may need to be allocated through the Outsourcing Contractor to the customer, who has already received what they expected to be CoC Material.
- The cause of the error should be investigated and appropriate Corrective Actions identified and implemented. These should aim to address the root cause of the error/s in order to prevent future recurrences. Implementation of these Corrective Actions should also be reviewed for effectiveness.
• If there are frequent errors by the Outsourcing Contractor, then the Contractor’s systems are inadequate. The risk assessment under 2.2(c) should be updated accordingly, and the Outsourcing Contractor removed from handling CoC Material until remediation is undertaken.

Getting Started
Entities seeking CoC Certification to cover Outsourcing Contractors should:
• Identify Outsourcing Contractors who handle the Entity’s CoC Material that is to be later transferred with a CoC Document or accounted for under the Entity’s systems
• Make sure all the conditions in Criterion 2.2 are met for each Outsourcing Contractor that you want to include in your own CoC Certification Scope
• Ensure that Outsourcing Contractors understand what information on Output Quantity of CoC Material that they need to report back to you as the Entity, and when
• Have a reasonable understanding of expected Output Quantities so reported information can be assessed for reliability
• Decide if the identity of any Outsourcing Contractors are commercial in confidence so that the Auditors can advise ASI accordingly in their Audit Report.

Businesses with complex supply chains that work with multiple suppliers and sub-Contractors may need time to build a CoC approach. Factors to be assessed include the costs of changes to supply chain logistics, such as new approaches to financing and physical supply; relationships and influence with suppliers and Contractors; and the potential restriction of supply choices to those who can handle CoC Material. Depending on these factors, Businesses may decide to:
• Start with only a part of production as a trial
• Work with suppliers to build capacity over time
• For Post-Casthouse Entities, seek to source ASI Credits to help build supply, and work towards a Mass Balance System approach for when volumes and/or systems are ready. This supports upstream efforts for responsible production in the shorter term.

Review
• Entities may use non-CoC Certified Outsourcing Contractors for CoC Material they own or control.
• The risks of engaging the Outsourcing Contractor must be assessed and determined to be acceptable.
• Building a CoC approach with complex supply chains may take time, so a staged approach may be appropriate.
B. Confirming Eligible Inputs of CoC and Non-CoC Material

3. Primary Aluminium: Criteria for ASI Bauxite, ASI Alumina and ASI Liquid Metal

A Chain of Custody must have a starting point, and in the case of Aluminium this is either primary (mined) or recycled (secondary) materials. Principle 3 is focused on Primary Aluminium and requires that ASI Bauxite comes from Bauxite mines, and is further processed through Alumina Refiners and Aluminium Smelters, that are also Certified against the ASI Performance Standard (or equivalent).

**Applicability**
Criterion 3.1 is applicable to Entities engaged in production of ASI Bauxite.
Criterion 3.2 is applicable to Entities engaged in production of ASI Alumina.
Criterion 3.3 is applicable to Entities engaged in production of ASI Liquid Metal from Aluminium Smelters.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>Applicability of CoC Standard Criteria</th>
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<tr>
<td></td>
<td>3.1</td>
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<tr>
<td>Bauxite Mining</td>
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<tr>
<td>Alumina Refining</td>
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<tr>
<td>Aluminium Smelting</td>
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<tr>
<td>Aluminium Re-Melting/Refining</td>
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<tr>
<td>Casthouses</td>
<td></td>
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<tr>
<td>Post-Casthouse</td>
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</tbody>
</table>

**Code:**
Criteria shaded green are generally applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. Criteria shaded orange may be applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. For more information on defining your Entity’s CoC Certification Scope, see the ASI Assurance Manual.

**Background**
The ASI Performance Standard aims to promote responsible production of Aluminium, including Bauxite Mining, Alumina Refining and Aluminium Smelting at the start of the primary production supply chain. The Performance Standard covers a range of key issues for these supply chain activities including Greenhouse Gas emissions, management of Bauxite Residue, Dross and Spent Pot Lining (SPL), biodiversity and Ecosystem Services management, and Indigenous Peoples’ rights. In addition to ‘material stewardship’, these issues were considered by ASI to be the ‘hotspot issues’ in the Aluminium value chain when setting the ASI Performance Standard. The CoC Standard is thus designed to recognise and reward good practice in these areas.

Principle 3 of the CoC Standard supports the uptake of the ASI Performance Standard by specifying that CoC Material (in the form of ASI Bauxite, ASI Alumina and/or ASI Liquid Metal) comes from Facilities that are:
- Certified against the ASI Performance Standard (or a comparable Responsible Mining Standard, where this has been recognised by ASI), and
- Within an Entity’s CoC Certification Scope, or
- Those in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity, so as to accommodate joint venture situations.

Joint venture arrangements involving multiple shareholders are common in the upstream Aluminium industry, due to the significant capital investment required needed to establish new facilities. These facilities are often
operated on a tolling basis, whereby the shareholders are entitled to a percentage of the production in accordance with their financial investment.

Note that Principle 3 focuses on sourcing of CoC Material, to support a Chain of Custody for this material as it is transferred to successive Entities. However, unlike CoC Material, Non-CoC Material does not necessarily come with information about provenance, so is subject to Due Diligence requirements in Principle 7.

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

### 3.1 ASI Bauxite

An Entity engaged in Bauxite Mining shall have systems in place to ensure that ASI Bauxite is produced only from Bauxite mines that are:

a. Within the Entity’s CoC Certification Scope and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity.

b. Certified against the ASI Performance Standard or certified against a Responsible Mining Standard that has been formally recognised by ASI as comparable to the ASI Performance Standard.

c. Sourcing ASI Bauxite directly from another ASI CoC Certified Entity, or via a Trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

**Points to consider:**

- This Criterion is applicable to Entities engaged in Bauxite production within their CoC Certification Scope.

- For Bauxite to be designated ‘ASI Bauxite’, it needs to come from CoC Certified Facilities that are within an Entity’s own CoC Certification Scope and/or from another Entity’s CoC Certification in which they hold a legal interest.
  - Examples of the latter include joint venture arrangements in which a portion of production is owned by the Entity according to their investment.

- In addition, for Bauxite to be designated as ‘ASI Bauxite’, it needs to come from mines that are certified against the ASI Performance Standard or equivalent. This supports claims of ‘responsible production’.
  - 3.1(b) makes provision for the future recognition of other ‘Responsible Mining Standards’.
  - As at 2020, ASI has not yet recognised any other mining Standards as comparable to the ASI Performance Standard. However, this provides scope for ASI to conduct a formal process to do so in future, where there is applicability to Bauxite Mining and interest from ASI Members. Standards are reviewed through the ASI Standards Benchmarking and Harmonisation Working Group and published, as approved, in *elementAI* and, periodically, in the ASI Assurance Manual.

- In most cases, the ownership and physical location of mines means that the source of a particular Bauxite supply is known.
  - Where a Bauxite mine sells or transfers all of its production without mixing it with Non-CoC Material, CoC Certification should be very straightforward. In these cases, a CoC Certified mine can claim 100% of its production as ASI Bauxite.
  - However, for some mining operations, there may be points where production from multiple mines is mixed – for example through combining production from different mines for transportation, or processing of ore from other mines at the Entity’s on-site processing.
Facilities. In these situations, the amount of ASI Bauxite in a shipment may be less than the total shipment.

- In both cases, CoC Documents (Principles 9 and 10) will record the relevant amount of CoC Material being transferred.

- Some large producers of Bauxite, Alumina and/or Aluminium also trade in these materials without transforming them. In these instances they would be considered a Trader under a Standard.

### 3.2 ASI Alumina

An Entity engaged in Alumina Refining shall have systems in place to ensure that ASI Alumina is produced only from Alumina Refiners that are:

- Within the Entity’s CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity.
- Certified against the ASI Performance Standard.

Point to consider:

- This Criteria is applicable to Entities engaged in Alumina Refining within their CoC Certification Scope.
- For Alumina to be designed ‘ASI Alumina’, it needs to come from CoC Certified Facilities that are within an Entity’s own CoC Certification Scope and/or from another Entity’s CoC Certification in which they hold a legal interest.
- Examples of the latter include Joint Venture arrangements in which a portion of production is owned by the Entity according to their investment.
- In addition, for Alumina to be designated as ‘ASI Alumina’, it needs to come from Alumina Refiners that are certified against the ASI Performance Standard. This supports claims of ‘responsible production’.

### 3.3 ASI Liquid Metal

An Entity engaged in Aluminium Smelting shall have systems in place to ensure that ASI Liquid Metal is produced only from Aluminium Smelters that are:

- Within the Entity’s CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity.
- Certified against the ASI Performance Standard.

Point to consider:

- This Criteria is applicable to Entities engaged in Aluminium Smelting within their CoC Certification Scope and focuses on the direct output of the smelting process in the form of Liquid Metal (molten Aluminium) that is taken from the potroom to a Casthouse.
- For Aluminium to be designed ‘ASI Liquid Metal’, it needs to come from CoC Certified Facilities that are within an Entity’s own CoC Certification Scope and/or from another Entity’s CoC Certification in which they hold a legal interest.
- Examples of the latter include Joint Venture arrangements in which a portion of production is owned by the Entity as a Joint Venture partner.
- In addition, for Aluminium to be designated as ‘ASI Liquid Metal’, it needs to come from Aluminium Smelters that are certified against the ASI Performance Standard. This supports claims of ‘responsible production’.
Getting Started
Entities seeking CoC Certification should:

- Use the ASI website to confirm details of the relevant ASI Certifications covering CoC Material inputs.
- Include the relevant Facilities which seek to produce CoC Material in your CoC Certification Scope.

Review
- Bauxite mines, Alumina Refiners and Aluminium Smelters must be Certified against both the ASI Performance Standard and CoC Standard in order to produce CoC Material.
- ASI may also recognise other Responsible Mining Standards in future, where they are comparable with the ASI Performance Standard. Information on this will be maintained on the ASI website.
4. Recycled Aluminium: Criteria for Eligible Scrap and ASI Liquid Metal

Recycled Aluminium is the second potential starting point for Chain of Custody for ASI Aluminium. The CoC Standard anticipates that the first Entity in the Chain of Custody of recycled CoC Material will be an Aluminium Re-melter and/or Refiner (Aluminium Refining includes recovery and refining of Aluminium from Dross and Dross residues such as Slag). Principle 4 requires that ‘know your customer’ principles apply to suppliers of Recyclable Scrap Material (and the Due Diligence requirements of Principle 7 also apply). This Principle sets the ASI CoC Standard’s requirements for Entities producing Recycled Scrap Material and Recycled Aluminium.

**Applicability**
Criteria 4.1-4.3 are applicable to Entities operating Aluminium Re-Melters/Refiners that source Recyclable Scrap Material.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>Applicability of CoC Standard Criteria</th>
</tr>
</thead>
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<tr>
<td></td>
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<tr>
<td>Bauxite Mining</td>
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</tr>
<tr>
<td>Alumina Refining</td>
<td></td>
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<tr>
<td>Aluminium Smelting</td>
<td></td>
</tr>
<tr>
<td>Aluminium Re-Melting/Refining</td>
<td></td>
</tr>
<tr>
<td>Casthouses</td>
<td></td>
</tr>
<tr>
<td>Post-Casthouse</td>
<td></td>
</tr>
</tbody>
</table>

**Code:**
Criteria shaded green are generally applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. Criteria shaded orange may be applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. For more information on defining your Entity’s CoC Certification Scope, see the ASI Assurance Manual.

**Background**
Material stewardship is another critical part of the ASI Performance Standard which aims to enhance recycling and reuse of Aluminium. Recycled (secondary) Aluminium is generated from both Pre-Consumer and Post-Consumer Scrap and, for some Casthouse Products, may also have Primary Aluminium added in the form of ‘Cold Metal’ to achieve desired alloy specifications.

Recycling provides a significant contribution to the global supply of Aluminium. Although recycling forms a key part of ‘Circular Economy’ concepts, from a Chain of Custody point of view, the point of origin for Recyclable Scrap Material is considered to be the point at which they are recycled into a usable form.

The ASI CoC Standard identifies Aluminium Re-melters and/or Refiners as the most relevant type of Facility to seek CoC Certification, thus enabling them to start a Chain of Custody for what will become ASI Aluminium at the Casthouse. These Entities are also best placed to exert Due Diligence towards their suppliers to identify and manage any supply chain risks associated with Recyclable Scrap Material, an approach that is widely used in Audit and Certification programs in the metals sector. Aluminium Re-melters and/or Refiners may be dedicated Facilities for Recycled Aluminium production or may be part of a broader set of processes for Primary Production where they re-melt internally generated (or other) scrap.

There are a wide range of direct and indirect suppliers of Recyclable Scrap Material to an Aluminium Refiner and/or Re-melter. These could include:
- Municipal collection and sorting systems
- Informal collection and sorting systems, particularly in developing countries
- Scrap metal merchants, Traders and scrapyards
- Dismantlers and shredders
- Primary production facilities (e.g. refining Dross, Salt Slag)
- Salt Slag and Dross processors
- Internally generated scrap, including from rolling and extrusion mills
- Manufacturing facilities which generate Pre-Consumer Scrap during production processes
- More specifically, CoC Certified Entities which provide CoC Material in the form of Pre-Consumer Scrap.

Depending on the type and place of Business, there may be identifiable supply chain risks among suppliers of Recyclable Scrap Material. Due Diligence towards all suppliers of Recyclable Scrap Materials is required in Principle 7, which may ultimately exclude some suppliers from being providers of Eligible Scrap due to significant supply chain risks.

Under the Mass Balance System in the **ASI CoC Standard**, various inputs can be mixed and it is not required to segregate Eligible Scrap from other Recyclable Scrap Material. However, the Entity’s Material Accounting System in Principle 8 must properly account for the various types of inputs and outputs.

An important role of Entities producing Recycled Aluminium is to determine what can be accounted for as ‘Eligible Scrap’ among all the Recyclable Scrap Material that may be sourced. Eligible Scrap is part of the Input Percentage calculations of Principle 8, which is then used to determine how much ASI Liquid Metal is produced for the Casthouse. Criterion 4.2 defines Eligible Scrap as:

- **Post-Consumer Scrap** that is assessed by the Entity to be post-consumer in origin and subject to supplier Due Diligence and/or
- **Aluminium recovered from Dross and treated Dross residues** that is subject to supplier Due Diligence as per Principle 7 and/or Pre-Consumer Scrap that is designated as CoC Material supplied directly from a CoC Certified Entity: either another CoC Certified Entity or internally generated in your own operations and/or
- **Pre-Consumer Scrap** that is subject to supplier Due Diligence as per Principle 7 and is assessed as being designated CoC Material that can be traced through Closed-Loop Recycling from a Facility in the Entity’s Certification Scope through to an uncertified Facility and back to a Facility within the Entity’s Certification Scope.

These overlapping concepts are illustrated in the figure below.
### Implementation

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

#### 4.1 Recycled Aluminium

An Entity engaged in Aluminium Re-Melting/Refining to produce Recycled Aluminium shall have systems in place to ensure that ASI Liquid Metal is produced only from Facilities that are:

- Within the Entity’s CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity.
- Certified against the ASI Performance Standard.
- Sourcing ASI Aluminium directly from another ASI CoC Certified Entity, or via a Trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

### Points to consider:

- This Criterion is applicable to Entities engaged in Aluminium Re-Melting/Refining within their CoC Certification Scope and focuses on the direct output of the Re-Melting and/or Refining process in the form of Liquid Metal (molten Aluminium) that is taken to a Casthouse.
- For Aluminium to be designated ‘ASI Liquid Metal’, it needs to come from CoC Certified Facilities that are within an Entity’s own CoC Certification Scope and/or from another Entity’s CoC Certification in which they hold a legal interest (4.1a).
  - Examples of the latter include Joint Venture arrangements in which a portion of production is owned by the Entity according to their investment.
- In addition, for production to be designated as ‘ASI Liquid Metal’, it needs to come from Aluminium Remelters and/or Refiners that are certified against the ASI Performance Standard. This supports claims of ‘responsible production’ (4.1b).

#### 4.2 Eligible Scrap

An Entity engaged in Aluminium Re-Melting/Refining shall account for Eligible Scrap in their Material Accounting System as only:
a. Pre-Consumer Scrap that is designated as CoC Material supplied directly from a CoC Certified Entity or Aluminium recovered from Dross and treated Dross residues that is subject to supplier Due Diligence as per Principle 7.

a-b. And/or Pre-Consumer Scrap that is subject to supplier Due Diligence as per Principle 7 and is assessed as being designated CoC Material that can be traced through Closed-Loop Recycling from a Facility in the Entity’s Certification Scope through to an uncertified Facility and back to a Facility within the Entity’s Certification Scope.

b-c. And/or Post-Consumer Scrap that is subject to supplier Due Diligence as per Principle 7 and is assessed by the Entity to be post-consumer in origin.

Points to consider:

- The Entity’s Material Accounting System in Principle 8 needs to accurately record and account for volumes of Post-Consumer Scrap and Pre-Consumer Scrap that is designated as CoC Material (4.2).
- Current ASI Members and their Certification Status are listed on the ASI website in their membership class at: [http://aluminium-stewardship.org/about-asi/current-members/](http://aluminium-stewardship.org/about-asi/current-members/).
- Under 4.2(a), Pre-Consumer Scrap can only be CoC Material if:
  - The scrap is accompanied by a CoC Document from a CoC Certified Entity (for example, designated CoC scrap sheet from a CoC Certified automotive company) or
  - The scrap is internally generated from CoC Material and accounted for in the Entity’s Material Accounting System or
  - It is Aluminium from Dross and treated Dross residues. This material is included as Eligible Scrap in support of the ASI Performance Standard, which specifically seeks to maximise recycling of these materials using additional and often more complex processing to recover Aluminium. These inputs must be subject to supplier Due Diligence as per Principle 7 of the CoC Standard. Entities should not accept Aluminium from Dross and treated Dross residues as Eligible Scrap under the CoC Standard from suppliers that they determine to exceed a level of risk based on the Criteria in Principle 7. Note that Dross processors could also be CoC certified in their own right. Dross which is generated within the Certification Scope and remelted at an Aluminium Re-Melter/Refiner within the same Certification Scope can be considered 100% Eligible Scrap.
  - Note that 4.2(a) does not require that the Entity does not need to track internally processed Dross or Dross residue in its Material Accounting System unless the Aluminium from internally processed Dross or Dross residues is included as CoC Material, although the Entity may wish to do so regardless. An example is illustrated in Figure 10 below, which shows a Semi-Fabricator with Remelting/Refining processes (e.g. dross presses, rotary furnaces, induction furnaces, etc.) as well as a Casthouse to produce block ingot that is rolled into can stock and aluminium foil for sale. As indicated in Figure 10, only streams A, B and F would need to be included in the Entity’s Material Accounting System to conform to Criterion 4.2a of the ASI Chain of Custody Standard given a Certification Scope around the three parts of the operations. However, the Entity is free to also account for the other internal streams (such as C, D, E and G) for metal balance, inventory control and waste management purposes.
Figure 10 – Example of metal flows to be recorded in the Entity’s Material Accounting System for Criterion 4.2a

<table>
<thead>
<tr>
<th>Stream ID</th>
<th>Description</th>
<th>Included in Entity’s Material Accounting System?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A (Input Stream)</td>
<td>Pre-Consumer Scrap designated as CoC Material from a third party CoC Certified Entity to be processed by the Semi-Fabricator’s Remelting/Refining processes (e.g. Dross presses, rotary furnaces, induction furnaces, etc.).</td>
<td>Yes required by Criterion 4.2a and other relevant parts of Criterion 8</td>
</tr>
<tr>
<td>B (Input Stream)</td>
<td>Recovered Aluminium sourced from a non-CoC Entity (e.g. a supplier or Trader) eligible as CoC Material subject to the Entity conducting Due Diligence on the supplier in accordance with as per ASI CoC Standard Principle 7.</td>
<td>Yes required by Criterion 4.2a and other relevant parts of Criterion 8</td>
</tr>
<tr>
<td>C</td>
<td>Internal Aluminium metal from the Semi-Fabricator’s Remelting/Refining process to its Casthouse.</td>
<td>Not required by Criterion 4.2a</td>
</tr>
<tr>
<td>D</td>
<td>Metal from the Casthouse to the Semi-Fabricators rolling mill.</td>
<td>Not required by Criterion 4.2a</td>
</tr>
<tr>
<td>E</td>
<td>Internal processing Scrap (e.g. off spec Aluminium) and/or Dross (e.g from reverberatory/holding furnaces) for internal processing to recover Aluminium in the Entity’s Remelting/Refining Facilities.</td>
<td>Not required by Criterion 4.2a</td>
</tr>
<tr>
<td>F (Output Stream)</td>
<td>Rolled can stock and foil to be sold to customers as CoC Material.</td>
<td>Yes required by relevant parts of Criterion 8</td>
</tr>
<tr>
<td>G</td>
<td>Internal Scrap from the rolling mill for internal processing to recover Aluminium in the Entity’s Re-melting/Refining Facilities.</td>
<td>Not required by Criterion 4.2a</td>
</tr>
</tbody>
</table>

- **Under 4.2(b), to be considered Eligible Scrap, Pre-Consumer Scrap is subject to supplier Due Diligence as per Principle 7 of the CoC Standard and must be verified as resulting from a Closed-Loop Recycling Process.** For instance, as shown in Figure 11 a Certified Facility could sell 100 tonnes of CoC Material to an Uncertified Facility and receive 40 tonnes of Pre-Consumer Scrap back. This 40 tonnes of Pre-Consumer Scrap may be considered CoC Material by the Certified Facility so long as Due Diligence is conducted on the uncertified Facility. The uncertified Facility may not sell their output as CoC Material.
Under 4.2(c), to be considered Eligible Scrap, Post-Consumer Scrap is subject to supplier Due Diligence as per Principle 7 of the CoC Standard. Entities should not accept Post-Consumer Scrap as Eligible Scrap under the CoC Standard from suppliers that they determine to exceed a level of risk based on the Criteria in Principle 7.

Entities often receive scrap to their Facilities in a mixed form, where Pre-Consumer Scrap and Post-Consumer Scrap are not segregated and the relative mix cannot be determined with precision. Shipments of Post-Consumer Scrap and Pre-Consumer Scrap of unidentified origin may arrive mixed from scrap yards, scrap metal merchants or other suppliers. To assist with determination of the relative amounts of Pre-Consumer Scrap and Post-Consumer Scrap in shipments, one or more of the following should be implemented:

- Request suppliers to provide an approximate percentage breakdown of Pre-Consumer and Post-Consumer Scrap in shipments, based on their knowledge of the inputs. For example, the Institute for Scrap Recycling Industries (ISRI) publish annually a Scrap Specifications Circular which provides internationally accepted specifications for the nature of non-ferrous scrap in commercial transactions. These specifications could be used to infer whether the material can be considered Pre- or Post-Consumer Scrap under the ASI CoC Standard.
- Conduct a visual inspection of incoming shipments to generate a determination of the approximate percentage breakdown of Pre-Consumer and Post-Consumer Scrap.
- The minimum granularity for percentage estimates by visual inspection and/or supplier information should be at 25% intervals: in other words 0%, 25%, 50%, 75% or 100% Post-Consumer or Pre-Consumer Scrap. If more confidence in the estimate is possible, for example +/-5% or +/-10% instead of +/-25%, this should be implemented.
- Consider how this process can be integrated into existing quality control processes.

### 4.3 Records Management for Direct Suppliers of Recyclable Scrap Material

An Entity engaged in Aluminium Re-Melting/Refining to produce Recycled Aluminium shall have systems in place to record:

a. The identity, principals and place/s of operation of all direct suppliers of Recyclable Scrap Material.

b. All financial transactions with direct suppliers of Recyclable Scrap Material, ensuring that cash payments are within the lower of the relevant defined financial threshold under Applicable Law or US$10,000 (or equivalent), where the transaction is carried out in a single operation or in several operations that appear to be linked.
Points to consider:

- In addition to the general Due Diligence requirements in Principle 7, Criterion 4.3 requires basic ‘know your customer’ principles to be applied to suppliers of Recyclable Aluminium.
- Entities are to keep records of the identity, principals and places of operation of all suppliers of Recyclable Scrap Material (4.3a), and of the related financial transactions (4.2b).
- Scrap metal markets are commonly cash based, which can present risks of money laundering. Money laundering is the process by which the financial proceeds of crime are disguised to conceal their illegal origin.
- To combat illegitimate sources of scrap metal and money laundering practices that are present in some parts of the metals sector, the ASI CoC Standard sets limits on cash transactions.
- Most developed countries have strict regulations covering cash transactions, which may have associated reporting requirements for some types of Entities. These usually set a financial threshold or limit for cash-based transactions, which is either a hard limit and/or beyond which transactions must be reported to the relevant designated authority.
- Entities should be aware of the relevant thresholds in all jurisdictions where they operate. The ASI CoC Standard sets the cash limit at no greater than US$10,000 (or the approximate equivalent in local currency) or lower where Applicable Law sets a limit lower than US$10,000. The Entity may of course set its own cash limit even lower than these amounts.
- To facilitate awareness of these requirements, Entities should consider developing a Policy on cash payments and communicate it to suppliers of Recyclable Scrap Material.

‘Know Your Customer’

Know Your Customer (KYC) principles were established to combat money laundering and finance of terrorism. Collection and maintenance of supplier data is an ongoing process. If some information is missing, Auditors will take into account the extent and nature of any missing information, the reasons why it is missing, and whether it demonstrates weaknesses in the Entity’s Management System.

Getting Started

Entities handling Recyclable Scrap Material may have a few large suppliers or potentially hundreds of smaller suppliers, depending on the types and quantities of material they buy and what they are able to process in their own Facilities. Entities seeking CoC Certification should:

- Review their ‘know your customer’ systems for suppliers of Recyclable Scrap Material
- Adopt and communicate a Policy to avoid cash payments greater than the applicable limit
- Use the ASI website to confirm details of the relevant ASI Certifications covering inputs of CoC Material in the form of Pre-Consumer Scrap.

Review

- Aluminium Re-melters and/or Refiners must be Certified against both the ASI Performance Standard and ASI CoC Standard in order to produce CoC Material.
- ASI Liquid Metal is produced from Eligible Scrap, which consists of Post-Consumer Scrap and Pre-Consumer Scrap that comes from a CoC Certified Entity
- Basic ‘know your customer’ principles need to be applied to all suppliers of Recyclable Scrap Material.

9 $10,000 or equivalent is a common threshold for jurisdictions implementing the recommendations of the Financial Action Task Force on money laundering (FATF).
5. Casthouses: Criteria for ASI Aluminium

For both Primary and Recycled Aluminium, Casthouses are the ‘choke point’ between upstream and downstream supply chains. They are also the point at which Aluminium is formed into usable (or reusable) metal for subsequent Material Conversion and/or manufacturing. Principle 5 deals with the Certification requirements for Casthouses and both the Liquid Metal and Cold Metal inputs and outputs that are part of the casting process. It also specifies that Casthouses need to ensure their systems can provide traceability for stamped or printed ASI Aluminium Products and ASI Credits.

Applicability
Criteria 5.1-5.2 are applicable to Entities operating Casthouses and producing ASI Aluminium.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>Applicability of CoC Standard Criteria</th>
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<tbody>
<tr>
<td></td>
<td>5.1</td>
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<td>Bauxite Mining</td>
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<td>Alumina Refining</td>
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<tr>
<td>Aluminium Smelting</td>
<td></td>
</tr>
<tr>
<td>Aluminium Re-Melting/Refining</td>
<td></td>
</tr>
<tr>
<td>Casthouses</td>
<td></td>
</tr>
<tr>
<td>Post-Casthouse</td>
<td></td>
</tr>
</tbody>
</table>

Code:
Criteria shaded green are generally applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. Criteria shaded orange may be applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. For more information on defining your Entity’s CoC Certification Scope, see the ASI Assurance Manual.

Background
Casthouses are the ‘choke point’ between upstream and downstream supply chains and are the point at which Aluminium is formed into usable (or reusable) metal. In nearly all cases, this metal is stamped or identified in some way – either on or with the product – to enable traceability, usually for reasons of quality control. For Casthouses within an Entity’s CoC Certification Scope, this is the point where products are designated as ‘ASI Aluminium’ before entering the Post-Casthouse part of Aluminium supply chains.

Casthouses may be located on the site of an Aluminium smelter (primary), or an Aluminium Re-melter or Refiner (recycled). Alternatively, they may be a standalone Facility shared by a number of suppliers of Liquid Metal, or in some cases, operating as part of a downstream company that receives Liquid Metal directly, for example for casting directly into components.

Casthouses produce a wide range of Products, in a range of weights, sizes and alloy specifications catering to in-house, customer or market requirements. These may be used for further in-house Semi-Fabrication processes, delivered direct to external customers (including other Casthouses in the form of Cold Metal), or indirectly delivered to customers via Third Party warehouses, Traders or exchanges.

For nearly all Casthouses, Liquid Metal and Cold Metal inputs are part of the casting process. Note that Liquid Metal and Cold Metal may be either from Primary or Recycled production, and it is common for there to be a mix of both. Cold Metal for use in the casting process usually comes from another Casthouse, but may also be produced by the same Casthouse, for example in the form of re-melt ingots or scrap Casthouse Products (such
as off-specification production). ASI Cold Metal will be ASI Aluminium that has come from a CoC Certified Casthouse (either the Entity’s own or from another CoC Certified Entity with a CoC Document).

Figure 12 – Casthouse inputs and outputs

Casthouses play a critical role in the ASI CoC program as the Entity that first designates ‘ASI Aluminium’. Casthouses have systems for identification of Products, such as stamped or printed charge numbers and related records, for quality and customer reference purposes. These systems can usually easily be extended to accommodate relevant CoC information maintained by the Entity.

Implementation

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

5.1 ASI Aluminium

An Entity engaged in producing Casthouse Products from Primary Aluminium and/or Recycled Aluminium shall have systems in place to ensure that ASI Aluminium is produced only from Casthouses that are:

a. Within the Entity’s CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity.

b. Certified against the ASI Performance Standard.

c. Sourcing ASI Aluminium directly from another ASI CoC Certified Entity, or via a Trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

Points to consider:

• This Criteria is applicable to Casthouses and focuses on the direct output of the casting process in the form of ASI Aluminium.

• For Aluminium to be designated ‘ASI Aluminium’, it needs to come from CoC Certified Facilities that are within an Entity’s own CoC Certification Scope and/or from another Entity’s CoC Certification in which they hold a legal interest.

  o Examples of the latter include Joint Venture arrangements in which a portion of production is owned by the Entity as a joint venture partner.
• In addition, for Aluminium to be designated as ‘ASI Aluminium’, it needs to come from Casthouses that are certified against the ASI Performance Standard. This supports claims of ‘responsible production’.

5.2 Unique Identification

For traceability purposes, the Material Accounting System of an Entity engaged in producing Casthouse Products shall have systems in place to ensure that unique identification numbers, either physically stamped and/or printed on or with ASI Aluminium, can be linked to the Input Quantity of CoC Material for that Material Accounting Period.

Points to consider:

• Criterion 5.2 specifies that Casthouses need to have systems in place such that unique identification numbers physically stamped and/or printed on ASI Aluminium products or their packaging can be linked to the input CoC Material for that Material Accounting Production.
• This will mean that where Casthouse Products are identifiable by virtue of stamped and/or printed unique identification numbers, this can be tied directly to information about CoC Material inputs for that period.
  o This is a valuable body of information and data for traceability purposes at the Entity level (being able to reconcile the flow of incoming and outgoing CoC Material in an Entity) and also for oversight of the ASI CoC System as a whole and over time.
• Existing systems for identification of Casthouse products, such as stamped or printed charge numbers or batch numbers, can usually be easily used to link to relevant CoC information maintained by the Entity.

Getting Started

Entities seeking CoC Certification should:

• Use the ASI website to confirm details of the relevant ASI Certifications covering CoC Material inputs
• Work out how current systems for process flow, inventory and/or sales management can be extended to link with information about CoC Material inputs and/or the Entity’s Material Accounting System for the ASI CoC Standard.

Review

• Casthouses must be Certified against both the ASI Performance Standard and ASI CoC Standard in order to produce ASI Aluminium.
• The unique identification numbers on or with Casthouse Products need to be able to be linked back to the CoC Material inputs for the Material Accounting Period when they were produced.
6. Post-Casthouse: Criteria for ASI Aluminium

Casthouse Products are destined for a wide range of Semi-Fabrication pathways and subsequent Material Conversion, downstream manufacturing and use. Supply chains from the Casthouse onwards (‘Post-Casthouse’) are often highly diverse and/or fragmented. Principle 6 applies to Post-Casthouse Entities that source physical ASI Aluminium direct from Casthouses or via another downstream Entity, and use the CoC Standard to make claims about their own production of ASI Aluminium.

**Applicability**
Criterion 6.1 is applicable to Entities that source physical ASI Aluminium directly from a Casthouse or via another Post-Casthouse Entity and use the CoC Standard to make claims about their own production of ASI Aluminium.

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<tr>
<th>Supply chain activity</th>
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<td>Bauxite Mining</td>
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<td>Aluminium Re-Melting/Refining</td>
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<tr>
<td>Post-Casthouse</td>
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**Code:**
Criteria shaded green are generally applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. Criteria shaded orange may be applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. For more information on defining your Entity’s CoC Certification Scope, see the ASI Assurance Manual.

**Background**
Aluminium, once in the form of Casthouse Products, can be used in a very wide range of applications. The main downstream use sectors include:

- Transport
- Construction
- Foil and packaging
- Electrical engineering
- Machinery and equipment
- Consumer goods
- Other.

In the ASI CoC Standard, Entities positioned after the Casthouse are termed ‘Post-Casthouse Entities’, and they use Aluminium metal once it has been cast into a usable (or re-usable) form. Post-Casthouse supply chains can be highly diverse and/or fragmented. There are probably hundreds of thousands to millions of Businesses worldwide that use Aluminium in component or product manufacturing in these sectors. These would include every size of Business from micro to multinationals, located in nearly every country in the world. Some downstream supply chains are short, simple and/or high volume and these will be simpler to mobilise for a Chain of Custody approach. Other supply chains rely on multiple and/or regularly changing suppliers, themselves embedded in multiple tiers of suppliers for complex components and Products.
The **ASI Performance Standard** contains requirements for ‘Material Stewardship’ which are particularly targeted to companies in downstream use sectors. Principle 6 of the **CoC Standard** supports the uptake of the **ASI Performance Standard** by specifying that CoC Material (in the form of ASI Aluminium) comes from Facilities that are:

- Certified against the **ASI Performance Standard** within two years of joining ASI and
- Within an Entity’s CoC Certification Scope or
- Those in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity, so as to accommodate Joint Venture situations.

Post-Casthouse Entities and/or Facilities are given a more flexible timeframe for achieving ASI Certification against the applicable parts of the **Performance Standard**, than Entities up to and including the Casthouse which must be Certified against the **Performance Standard** before or at the same time as their CoC Certification. This is because the majority of Post-Casthouse Entities in the longer term are likely to only have the ‘Material Stewardship’ Principles of the **Performance Standard** applying to them. As these Criteria in the **Performance Standard** support longer-term impacts of ASI and – unlike many of the upstream sustainability issues – are not a critical pre-requisite for the credibility of CoC Material, this longer timeframe recognises that downstream companies may be initially drawn to ASI for the opportunities to source ASI Aluminium. (Note that additional parts of the **Performance Standard** beyond the Material Stewardship Criteria may apply to Post-Casthouse Entities depending on the supply chain activities included in their Certification Scope).

Thus the **ASI CoC Standard** is positioned to be a driver for uptake and implementation of the **Performance Standard** by downstream users of Aluminium, and in the shorter term, stimulate early demand for ASI Aluminium.

Note that sourcing ASI Aluminium as a physical metal does require an unbroken chain of CoC Certified Entities to supply it, in accordance with the requirements of the **CoC Standard**. This may not be easily achievable in some types of supply chains, or at the very least, will take time to build through multiple tiers of supply. For this reason, the **ASI CoC Standard** also offers an alternative to sourcing physical Aluminium for Post-Casthouse Entities in the form of the Market Credits System (see section 11).

## Implementation

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

### 6.1 Post-Casthouse ASI Aluminium

A Post-Casthouse Entity that sources ASI Aluminium shall have systems in place to ensure that it is itself producing ASI Aluminium only from a Facility/ies:

- **a.** Within the Entity’s CoC Certification Scope, and/or in which the Entity holds a legal interest and are within the CoC Certification Scope of another CoC Certified Entity;
- **b.** Will be certified against the **ASI Performance Standard** within two years of joining ASI.
- **c.** Sourcing ASI Aluminium directly from another ASI CoC Certified Entity, or via a Trader or warehouse where the ASI CoC Certified Entity can supply or verify the associated CoC Document containing Supplementary Information sufficient to identify the corresponding shipment.

**Points to consider:**
- This Criteria is applicable to Post-Casthouse Entities and focuses on any output or associated claims relating to physical ASI Aluminium.
• For Aluminium output to be designed ‘ASI Aluminium’, it needs to come from CoC Certified Facilities that are within an Entity’s own CoC Certification Scope and/or from another Entity’s CoC Certification in which they hold a legal interest.
  o Examples of the latter include Joint Venture arrangements in which a portion of production is owned by the Entity as a Joint Venture partner.
• Post-Casthouse Entities that produce ‘ASI Aluminium’ must also be committed to achieving Certification against the **ASI Performance Standard**. A longer timeframe (i.e. it does not need to be achieved before CoC Certification) is given for this Certification to be achieved than for Entities up to and including the Casthouse, given that the initial focus for Post-Casthouse Entities may be on responsible sourcing.
• The Entity’s input of ASI Aluminium must come either:
  o Directly from another CoC Certified Entity. Current ASI Members and their Certification Status are listed on the ASI website in their membership class at: [http://aluminium-stewardship.org/about-asi/current-members/](http://aluminium-stewardship.org/about-asi/current-members/)
  o Or it can be indirectly sourced via a metals Trader or warehouse, as long as the ASI CoC Certified Entity which produced the ASI Aluminium can supply or verify a CoC Document for that material. The CoC Document should contain Supplementary Information to enable identification of the corresponding shipment, for example, Casthouse Product identification or reference numbers.
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• **Note that the Market Credits System (section 11) cannot be used to source or produce ‘ASI Aluminium’ as a physical metal.**

**Getting Started**

Post-Casthouse Entities seeking CoC Certification should:

• Consider their short and long term approach to responsible sourcing of Aluminium
• Use the ASI website to confirm details of the relevant ASI Certifications covering ASI Aluminium inputs
• Work towards achieving Certification against applicable parts of the **ASI Performance Standard** to fulfil their commitments as an ASI Member.

**Review**

• Post-Casthouse Entities must be Certified against the **CoC Standard** in order to produce ASI Aluminium.
• They must also work towards Certification against the **ASI Performance Standard** within their deadline.
• ASI Aluminium outputs can only be produced from physical ASI Aluminium inputs received directly from another CoC Certified Entity (or via a Trader or warehouse with a verifiable CoC Document from that Entity).
• **ASI Aluminium cannot be produced or claimed from ASI Market Credits (see section 11).**
7. **Due Diligence for Non-CoC Material, CoC Material Acquired through a Trader and Recyclable Scrap Material**

**Principle 7** requires Entities to conduct Due Diligence of suppliers of Non-CoC Material, CoC Material acquired through a Trader and Recyclable Scrap Material for potential environmental, social or governance risks, and take reasonable action to prevent or mitigate risks. This aligns with ASI’s mission to promote responsible sourcing. It does not preclude Entities sourcing from non-ASI suppliers.

### Applicability

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### Background

Due Diligence in minerals and metals supply chains is becoming an important expectation from stakeholders and is increasingly subject to regulation. Legislation on ‘conflict minerals’ in both the United States and the European Union, while initially covering tin, tungsten, tantalum and gold, is expected to cover a wider range of metals in future years. The OECD has developed *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* and the third edition (April 2016) recommends its application to all mineral resources, not just ‘conflict minerals’.¹⁰ The London Metal Exchange (LME) requires application of the OECD Due Diligence Guidance by its Listed Brands, including aluminium, as part of its Responsible Sourcing requirements.¹¹

Due Diligence is understood as 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. For ASI, the risks

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that are typically addressed through supply chain Due Diligence have also been addressed in the ASI Performance Standard through the following Criteria:

- Anti-corruption
- Responsible Sourcing
- Human Rights Due Diligence
- Conflict-Affected and High-Risk Areas

Some parts of the supply chain may have specific or higher risks of adverse environmental, social and Human Rights risks due to their location, activities, or working environment. Understanding these risks and impacts will help inform decisions organisations make regarding responsible sourcing of Aluminium.

Principle 7 of the CoC Standard requires all Entities seeking CoC Certification to establish appropriate Due Diligence systems for suppliers of Non-CoC Material and Recyclable Scrap Material. These systems include Policies, risk assessment and mitigation, and Complaints Mechanisms directed towards Aluminium supply chain risks.

While the focus of the CoC Standard is primarily on CoC Material, which evidences and supports implementation of the ASI Performance Standard, the Due Diligence Criteria in Principle 7 help to enhance the credibility of broader Aluminium supply chains for all CoC Certified Entities. Note that Non-CoC Certified suppliers do not become ASI certified or otherwise recognised by ASI after an Entity’s Due Diligence process.

For more information on establishing Due Diligence systems, see the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. While this Guidance (and two sector specific supplements) were originally drafted specifically for the context of ‘conflict minerals’ in and around the Democratic Republic of Congo, they are increasingly a general reference point for mining, minerals and metals supply chains. In a nutshell, the Due Diligence Guidance advocates a risk-based Due Diligence approach. For downstream companies that already implement Due Diligence for ‘conflict minerals’, consider integrating the requirements of the ASI CoC Standard into these existing approaches.

Small Business and Due Diligence

The UN Guiding Principles on Business and Human Rights - Principle 14 provides insight about how Businesses can respect Human Rights. All Businesses, regardless of their size, have a responsibility to respect Human Rights. The approach to this responsibility may vary according to their size, sector, operational context and structure, as well as the risks of creating adverse Human Rights impacts. Smaller Businesses often have more informal processes and management structures than larger companies, so their Policies and processes for respecting Human Rights can usually be more informal.

Implementation

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

7.1 Responsible Sourcing Policy

The Entity shall adopt and communicate to suppliers of Non-CoC Material, Recyclable Scrap Material and traders supplying CoC Material supplied through a Trader a responsible sourcing policy.

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12 Note that all ASI members are bound by the ASI Anti-Trust Compliance Policy, available at https://aluminium-stewardship.org/about-asi/legal-finance-policies/
Policy covering Aluminium, which as a minimum takes account of the following Criteria in the **ASI Performance Standard**:

a. 1.2 (Anti-corruption).
b. 2.4 (Responsible Sourcing).
c. 9.1 (Human Rights Due Diligence).
d. 9.8 (Conflict-Affected and High-Risk Areas).

**Points to consider:**

- This Criteria applies to any Entity that is sourcing Non-CoC Material, Recyclable Scrap Material and/or CoC Material through a Trader.
  - While Bauxite mines normally produce rather than source ASI Bauxite, there may still be applicable requirements for these risks under the **ASI Performance Standard**.
- The Entity needs to develop or extend a responsible sourcing Policy so that it addresses or includes Aluminium within its scope. It will be useful to specify what forms of material are relevant, for example:
  - For Bauxite miners, any Bauxite supply from other mines
  - For Alumina refiners, Bauxite supply
  - For Aluminium smelters, Alumina supply, and where applicable, Cold Metal supply
  - For Aluminium Re-melters and/or Refiners, Recyclable Scrap Material and/or Cold Metal supply
  - For Casthouses, Liquid Metal and Cold Metal supply
  - For Post-Casthouse Entities, Aluminium supply.
- For Entities, that have more than one of the above activities, consider how to best frame the Policy taking into account the level of vertical integration of the company and/or joint venture partners.
- The Policy should as a minimum address relevant Criteria in the **ASI Performance Standard**, including those addressing responsible sourcing, anti-corruption, Human Rights, and Conflict-Affected and High-Risk Areas.
  - ASI Members in the Production and Transformation membership class will already be addressing these issues under their Certification for the **ASI Performance Standard**.
  - While ASI Members in the Industrial Users membership class may not necessarily have these requirements as applicable to them under the **ASI Performance Standard**, they need to consider these risks for suppliers of Non-CoC and Recyclable Scrap Material under the **ASI CoC Standard**.
  - Further guidance on implementation for these risk issues can be found in the **ASI Performance Standards Guidance**.
- The Policy can of course consider other specific risk areas such as regulatory Compliance, labour and working conditions or health and safety performance, or the suppliers’ environmental track record. An understanding of materiality of issues to different supply chain stages will help inform the development of your Policy and the assessment of risks of Non-Conformance with it. Entities may also wish to consider additional issues above the minimum specified, such as:
  - Biodiversity management, in relation to Bauxite Mining and/or Alumina Refining
  - Bauxite Residue management in relation to Alumina Refining
  - GHG emissions in relation to Casthouse Products
  - Health and safety in relation to scrap collection and sorting
  - Environmental management generally
  - Specific risks associated with scrap collection, sorting and/or recycling in the informal sector in developing countries and emerging economies.13
- Entities should also take into account the Applicable Law related to responsible sourcing in their areas of operation.

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For example, the UK Modern Slavery Act 2015 requires transparency on supply chain Due Diligence undertaken, with global reach; the California Transparency in Supply Chains Act (2012) requires mid-sized to large companies to report on their specific actions to eradicate slavery and Human Trafficking in their supply chain; and France’s 2017 ‘corporate duty of vigilance’ law requires large French companies to publish annual, public vigilance plans on how they assess and address the adverse impacts of their activities on people and the planet.

- Purchasing practices can be a significant risk factor for adverse environmental, social and rights impacts. For example, unplanned or last-minute changes to requirements on suppliers can impact the way the suppliers deliver your needs such as breach labour, safety or environmental standards. Consideration should be given to how the Policy commitents are stated so as to avoid these possible adverse impacts.
- The Policy should be communicated to all relevant suppliers, irrespective of CoC status.
- An effective Policy may be quite simple and high level, or highly detailed, as suits the organisation and the nature of its supply chains.
- The Resource Mineral Initiative has developed a resource sourcing and Due Diligence toolkit. Additionally, European Aluminium has developed a resource sourcing toolkit which is available to ASI Members and can be found in elementAI, in the Downloads tab.

### 7.2 Risk Assessment and Mitigation

The Entity shall assess the risks of non-compliance with its responsible sourcing Policy by its suppliers of Non-CoC Material, Recyclable Scrap Material, and CoC Material supplied through a Trader, document the findings, and undertake measurable risk mitigation where risks of adverse impacts are identified.

#### Points to consider:

- Criterion 7.2 requires Entities to assess the risks of non-compliance with the Entity’s responsible sourcing Policy by its suppliers of Non-CoC Material and Recyclable Scrap Material. A list of links which may assist Entities in assessing the risks is given in Appendix 1.
- One tool which Entities may use in assessing the risks of non-compliance is a supplier’s checklist. Appendix 1 provides a list of potential questions which an Entity may consider using if developing a supplier’s checklist. It should be noted that each supply chain has specific risks and that there is no ‘one size fits all’ checklist to supply chain Due Diligence. Entities should develop their assessment tools specific to the risks in their supply chain.
- The Policy shall be applied to direct (tier 1) suppliers.
  - Companies may also consider assessing and/or mitigating risks beyond tier 1 through a Due Diligence process, or by requesting suppliers to in turn assess their own suppliers.
  - Due Diligence should be scaled to the size and significance of the supplier.
- Informal or very small scrap dealers may present particular challenges for Due Diligence. This can involve both identifying and mitigating ‘worst practices’, where present, but there is also a potentially valuable role that Entities can play in supporting the formalisation and improvement of this sector.¹⁴

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¹⁴ ISO IWA 19 Guidance Principles for the Sustainable Management of Secondary Metals:
Worst practices identified in the ISO IWA 19 Guidance include illegal shipments, dangerous manual dismantling practices, dangerous metallurgical processing, uncontrolled incineration and uncontrolled disposal.

In some contexts, there may be risks of forced or Child Labour, or health and safety risks in addition to those above.

Benefits of engagement with informal or small scrap dealers can include improved safe and healthy working conditions, improved environmental protection, improved local Community outcomes and improved recovery of scrap resources.

- Many Businesses have existing processes for risk assessment of their Business partners, and the requirements of Criterion 7.2 can be integrated or expanded as needed. These may include pre-qualification requirements and risk weighting of suppliers, for example, which will be directly relevant to the requirement of 7.2.
- Make sure you document the findings from the risk assessment, (i.e. how you assessed the risks and what you found), plus any subsequent risk management or mitigation processes.
- Where available, existing certification and audit programs may help support risk mitigation efforts.
  - For example, for scrap recycling companies, the RIOS Certification program covers key attributes of environmental management, quality and Occupational Health and Safety applicable to this sector.
- Where risks of adverse impacts are identified, measurable action needs to be taken to prevent or mitigate the identified risks.
  - The OECD Due Diligence Guidance advises companies to devise a strategy for risk management by either (i) continuing trade throughout the course of measurable risk mitigation efforts; (ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation; or (iii) disengaging with a supplier after failed attempts at mitigation or where a company deems risk mitigation not feasible or unacceptable.
  - The OECD Due Diligence Guidance aims to promote significant and measurable improvement within six months of the adopted risk management plan. It is acknowledged that some situations have higher degrees of complexity than others.
  - The risk assessment and opportunity to mitigate the risks will depend on the Entity’s sphere of influence. For example, when sourcing Aluminium from Traders, it may not be possible to directly trace the provenance of the Aluminium. In these cases, the risk mitigation measures may be limited to communication of the Entity’s responsible sourcing Policy to its Traders, and where adverse risks are identified, that these are communicated to the Entity.
- Due Diligence may be a new activity for your Business, or it may be an extension of current practices or indeed a fundamental risk practice already in place. However, Auditors should understand that this is an area of evolving practice in supply chains.

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**Risks for Recyclable Scrap Material**

Risks relating to origin and suppliers of Recyclable Scrap Material can vary significantly. A risk assessment could consider the following factors:

- The origin of the material
- The supplier
- The type of material
- The value of the transaction
- Unusual circumstances

For Recyclable Scrap Material, the origin is considered to be the country in which scrap is generated, or are first given up to be recycled, e.g. Post-Consumer Scrap. Supplier information is collected under Principle 5 of the CoC Standard.
If an Entity is not conducting any Due Diligence for non-CoC inputs or Recyclable Scrap Material, then this would be a major Non-Conformance against the CoC Standard and would prevent the Entity from being CoC Certified.

- If an Entity is conducting some form of Due Diligence for these inputs, but there is room for improvement, then this would be subject to a Corrective Action Plan but would not prevent CoC Certification.
- NomoGaia has built a Human Rights Due Diligence screening process.

## 7.3 Complaints Mechanism

The Entity shall establish a Complaints Mechanism as per Criterion 3.4 in the ASI Performance Standard, that is appropriate to the nature, scale and impact of the Business and that allows interested parties to voice concerns about non-compliance with its responsible sourcing Policy in its Aluminium supply chain.

### Points to consider:

- This Criteria focuses on establishing a Complaints Mechanism to handle concerns that may be raised by interested parties and stakeholders about non-compliance with the Entity’s responsible sourcing Policy in its Aluminium supply chain.
- The OECD Due Diligence Guidance recommends companies establish a company-level, or industry-wide, grievance mechanism as an early-warning risk-awareness system. ASI’s Complaints Mechanism does not replace the need for the Entity to have its own separate mechanism under the CoC Standard.
- The Entity’s Complaints Mechanism should be documented and information about it should be publicly available, so that interested parties can be aware that a formal mechanism is in place.
- The document should describe the types of complaints that are admissible and are not admissible, and the procedures followed in investigating and addressing complaints.
  - For Entities that already have a Complaints Mechanism established for their own operations under the ASI Performance Standard (Production and Transformation Members), consider how this can be extended or adapted to cover supply chain concerns regarding the Entity’s responsible sourcing Policy.
- Smaller Businesses probably only need a simple procedure documented.
- For Entities without a relevant company website, or that are not consumer-facing, a contact point for the Complaints Mechanism could be included in CoC Document, to enable customers and suppliers to raise concerns. Other interested parties could access information about the Complaints Mechanism on request.
- Note that concerns raised about any CoC Material must also be drawn to the attention of ASI so they can be investigated by the ASI Complaints Mechanism.

## Getting Started

Entities seeking CoC Certification should:

- Develop or expand a responsible sourcing Policy for Aluminium that is appropriate to the Business’ circumstances
- Communicate the Policy to suppliers and consider making it available on a website
- Assess the risks of non-compliance with your responsible sourcing Policy by suppliers of Non-CoC Material
- Develop or expand a Complaints Mechanism that can address stakeholder concerns on the issues in your Policy.
Review

- Due Diligence practices for minerals and metals supply chains are becoming an increasing expectation of stakeholders and regulators.
- Due Diligence towards Non-CoC Material enhances the broader credibility of CoC Certification.
- The CoC Standard requires all Entities to establish appropriate Due Diligence systems, including a Policy, risk assessment and mitigation, and a Complaints Mechanism.
- The CoC Standard does not require ASI Members or Entities to source only from other ASI Members or Entities, or at all.
C. CoC Material Accounting and Documentation


The Mass Balance System requires each successive Entity handling CoC Material to be CoC Certified to create an unbroken Chain of Custody. It allows for CoC Materials to be mixed with Non-CoC Material over a defined period, at any stage in the value chain. The Entity’s Material Accounting System is used to record and calculate the percentage-based input and output of CoC Materials. Note that the CoC Standard stipulates that the output of CoC Material cannot be allocated as ‘partially CoC’ – so if 20% of output is ‘CoC’, that 20% is 100% CoC (and not all output is “20% CoC”).

Applicability of CoC Standard Criteria

Criteria 8.1-8.10 are applicable to Entities with inputs and/or outputs of CoC Material, as noted.

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Background

A Chain of Custody is managed through an Entity’s internal control of the material it sources and/or supplies. Mass Balance Chain of Custody approaches are systems for administratively accounting for the inputs and outputs of CoC Material throughout the supply chain. Most Businesses handle both CoC and Non-CoC Material. ASI’s approach allows for mixing of CoC and non-CoC Material over a defined period, and/or at any stage in the supply chain, provided that the outputs of CoC Material do not proportionally exceed the inputs of CoC Material.

Under a Mass Balance system, the key internal controls involve:

- Determining which inputs and/or outputs are eligible to be CoC Material (Principles 3, 4, 5 and 6)
- Performing the relevant accounting and reconciliation over the defined period, to determine Input Percentages of CoC Material and how these can be allocated to outputs (Principle 8)
- Collecting and passing on relevant data for CoC Documents and related claims (Principles 9, 10 and 11)

A critical component for administering a mass balance model is for each Entity to have a Material Accounting System. This is the part of the Entity’s Management System (Principle 1) used for controlling and accounting for the inputs and outputs of CoC Material. They may be stand-alone systems or integrated with purchasing, process flow, inventory, accounting, or other systems.
Most Businesses in the Aluminium value chain already have ‘Material Accounting’ Systems in place that record most or all of the relevant information for inputs to and/or outputs of production. These systems are used to facilitate effective inventory management and workflow, create traceability systems for quality control purposes, and support the Business’s financial accounting system. In many cases, such inventory and quality systems can be readily adapted for a CoC Material Accounting System.

The simplest situation for a Business is to source and/or supply only CoC Material. This would be the case for most mines, for example, where CoC Certified mines could sell all of their production as ASI Bauxite. These types of Entities will require relatively simple records of Input and Output Quantities that will not require percentage-based calculations, since the percentage in and/or out will be fixed at 100%. However, the vast majority of Businesses have multiple suppliers and more complex supply chains, sourcing and/or supplying a mix of CoC and non-CoC Materials.

Principle 8 sets out the material accounting controls to record and calculate the percentage-based input and output of CoC Materials. These are provided in some detail so as to support consistency of approach across all Entities handling CoC Material. Members and Auditors should define appropriate tolerances by taking into account, for example:

- Accuracy of scales, for example calibration to the nearest 1 tonne, or 1kg
- Requirements of customers (internal or external)
- Normal industry practice.

Other metals contained in alloys, platings, coatings, laminates or product components, and other materials such as plastics, glass, paints and agricultural products, that may be found in combination with CoC Material or Eligible Scrap at one or more stages of the value chain, are outside the scope of the ASI CoC Standard and are treated as neutral materials.

Note that the Mass Balance System approach requires each successive Entity handling CoC Material to be CoC Certified. For circumstances where this is difficult to achieve for downstream users of aluminium, the ‘Market Credits System’ approach has been designed as an alternative (see section Principle 11) and can be a pathway towards building up a Mass Balance approach.

Implementation

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

8.1 Material Accounting System

The Entity’s Management System shall include a Material Accounting System that records Input Quantity and Output Quantity of CoC Material and Non-CoC Material, by mass.

Points to consider:

- The Material Accounting System forms part of the Entity’s Management System in Principle 1. It can sit at a Facility level and/or at a group or Business level, as appropriate.
- The Material Accounting System records Input Quantity and Output Quantity of CoC Material and non-CoC Material.
  - Input Quantity and Output Quantity are the sums of all inputs and outputs over the Material Accounting Period. These will be reliably determined by recording information contained in each incoming and outgoing CoC Document.
  - Record quantities in an appropriate form of measurement for the material, e.g. mass in tonnes.
Points to consider:

- If Input (e.g. a Bauxite Mine) or Output (e.g. a final customer) is zero, this should be recorded.
- Up to and including the Casthouse, inputs and outputs are different kinds of CoC Material, and these should be identified. For example, the input to a refiner is Bauxite, and the output is Alumina.
- Similarly, where ASI Aluminium is sourced and/or produced in multiple forms by the Entity, the different forms should be differentiated (for example, casting ingot and alloy wheels; sheet and stamped parts).
- **Note** that calculation of Input Percentages will require common units of measurement for inputs and outputs of CoC Material — in most cases this will be mass.
  - Where output mass needs to be determined, net mass of CoC Material contained in products (not including packaging material or other non-Aluminium materials) may need to be calculated. Record assumptions used in any such calculations.
  - Post-Casthouse Entities may be sourcing multiple forms of input ASI Aluminium. For example, an automotive company may source engine blocks, radiator tubing, alloy wheels, and sheet. The input quantities of each would be separately recorded. Under the Mass Balance System, mixing can occur and this could include re-allocation of ‘CoC Material’ status from one kind of input to a different kind of output. Criteria 8.8 will apply overall.
  - When the mass of a product is variable (for example, as may be the case in can production) an average weight of the product may be used for the CoC documentation.
- Consider how existing purchasing, process flow, inventory, accounting, or other systems could be adapted to act as, or be linked to, the Material Accounting System for the CoC Standard.
- Specifically consider how to link and capture input and output data that is included in CoC Documents (Principle 9) and Credits Certificates (section 10). The systems need to be able to ensure that:
  - Incoming shipments of CoC Material are consistent with accounting data for purchased materials
  - Outgoing shipments of CoC Material are consistent with accounting data for sold materials
  - This data can support mass balance reconciliations as per Criterion 8.8.
- **Note** that for the purposes of material accounting, alloys and coatings are considered neutral materials which contain >90% aluminium and <10% other elements are accounted as 100% CoC Material, even if the percentage of aluminium contained in that Material is only, for example, 90% of the total metal. This is because the other alloying elements and coatings are not within the scope of the CoC Standard and are considered neutral materials. Thus, any necessary mass calculations do not need to take into account the variable purity of CoC Material inputs or outputs (but as noted above, must be net mass of Aluminium, not counting packaging or other materials). The majority of Aluminium alloys have an alloy composition which is immaterial and is in almost all cases less than 10% of the total product by mass. In a few instances the Aluminium alloy has an Aluminium content greater than 10%; these alloys are used almost exclusively in the automotive industry.

## 8.2 Recyclable Scrap Material Accounting

An Entity engaged in Aluminium Re-Melting/Refining to produce Recycled Aluminium shall also record the following breakdown of Recyclable Scrap Material in their Material Accounting System:

- **a.** Input Quantity of Post-Consumer Scrap.
- **b.** Input Quantity of Pre-Consumer Scrap (total).
- **c.** Input Quantity of Pre-Consumer Scrap that is Eligible Scrap, where it is supplied directly from a CoC Certified Entity (where applicable).

**Points to consider:**

- This Criterion is only applicable to Entities engaged in Aluminium Re-Melting/Refining to produce Recycled Aluminium.
- In addition to the information in Criteria 8.1, the Material Accounting System needs to record breakdowns of the Input Quantity of Recyclable Scrap Material into:
8.3 Material Accounting Period
The Entity’s Material Accounting System shall specify a Material Accounting Period, which shall not be longer than 12 months.

Points to consider:
• A Material Accounting Period is a period of time during which CoC Material and/or Eligible Scrap and/or ASI Credits inputs and outputs are accounted for and reconciled.
• The Material Accounting System needs to set this parameter to allow Input Percentages to be averaged over a given period (e.g. monthly, quarterly or annually).
• The Entity can decide how long to set their Material Accounting Period, which can be up to a maximum of twelve months. When establishing the Material Accounting Period, the Entity should consider:
  o The variability of CoC Material vs Non-CoC Material supply, and what timeframes may work best to plan for and manage potential demand for CoC Material output and/or claims
  o The implications of Criterion 8.10 which allows positive balances to be carried over for just one Material Accounting Period
  o CoC Criterion 1.7 which requires annual reporting to ASI for the calendar year.
• An Entity is free to choose its own Material Accounting Period, however ASI requires reporting of some information on a calendar year basis in Criterion 1.7. This may be a consideration for your choice of Material Accounting Period and/or the design of your Material Accounting System to enable aggregation to a calendar year and streamlining of reporting.

8.4 Input Percentage
The Entity shall calculate and record the Input Percentage for a given Material Accounting Period using the following formula (except where 8.5 is applicable):

\[
\text{Input Percentage} = \frac{(\text{Input Quantity of CoC Material} + \text{Input Quantity of Eligible Scrap}) \times 100}{(\text{Input Quantity of CoC Material} + \text{Input Quantity of Recyclable Scrap Material} + \text{Input Quantity of Non-CoC Material})}
\]

The units used in the numerator and the denominator must be the same. The Input Quantity of Eligible Scrap and Recyclable Scrap Material shall be based on an assessment of Aluminium content.

Points to consider:
• The Input Percentage applies for a given Material Accounting Period. Calculating it requires knowing the Input Quantity of CoC Material and Eligible Scrap as well as the total Recyclable Scrap Material (from Criterion 8.2) and Non-CoC Material (from Criterion 8.1) and using these in the above formula.
  o Depending on the types of CoC Material handled by the Entity and their desired approach, this could be an overall input/output, or types of CoC Material could be differentiated. For example, Post-Casthouse Entities involved in various types of Semi-Fabrication may wish to implement a more detailed level of accounting. The same principles apply at the detailed level or at an aggregate level.
• Note the need for consistent units in the numerator and denominator.
• While the Material Accounting System needs to define a final Input Percentage for a Material Accounting Period, regular tracking during the Period will be useful for managing a variable supply and demand of CoC Material during this time.

• Bauxite Mines that are eligible to sell all of their production (output) as ASI Bauxite are considered to have an Input Percentage of 100%. Where their production is mixed with other production before shipment, the other sources should be categorised into either ‘Input Quantity of CoC Material’ or ‘Input Quantity of Non-CoC Material’ as appropriate, in order to calculate the applicable Input Percentage.

8.5 Aluminium Re-Melting/Refining Input Percentage. An Entity engaged in Aluminium Re-Melting/Refining shall calculate and record the Input Percentage for a given Material Accounting Period using the following formula:

\[
\text{Input Percentage} = \frac{(\text{Input Quantity of Eligible Scrap}) \times 100}{(\text{Input Quantity of Recyclable Scrap Material})}
\]

The units used in the numerator and the denominator must be the same. The Input Quantity of Eligible Scrap and Recyclable Scrap Material shall be based on an assessment of aluminium content.

Points to consider:

• This Criteria is only applicable to Entities engaged in Aluminium Re-Melting/Refining to produce Recycled Aluminium.

• The Input Percentage applies for a given Material Accounting Period. Calculating it requires knowing the Input Quantity of Eligible Scrap and total Recyclable Scrap Material (captured under 8.2) and using these in the above formula.

• Note the need for consistent units in the numerator and denominator – this will nearly always be mass for this type of Entity (e.g. tonnes).

• Incoming scrap material may come in a variety of forms and levels of purity, and in some cases may be mixed with other metals and non-metals. The Input Quantities for both Eligible Scrap and Recyclable Scrap Material used in the formula should be determined based on a reasonable assessment of the Aluminium content of the incoming scrap materials.
  o This could be based on knowledge of the materials where it is a consistent quality (usually the case for Pre-Consumer Scrap, and sometimes for Post-Consumer e.g. used beverage cans).
  o Alternatively, it may need to be calculated after further processing, or after melting and assaying.
  o Note that as noted under Criterion 8.1 above, Aluminium purity does not need to be considered, but Aluminium content vs other non-Aluminium materials does. In other words, Aluminium alloys can be considered all Aluminium from an ‘Aluminium content’ perspective for this Criterion.

• While the Material Accounting System needs to define a final Input Percentage for a Material Accounting Period, regular tracking during the Period will be useful for managing a variable supply Eligible Scrap during this time.

8.6.5 Output Quantity of CoC Material

The Entity shall use the Input Percentage for the given Material Accounting Period to determine the Output Quantity of CoC Material, by mass.

Points to consider:

• The Output Quantity is determined using the Input Percentage calculated in 8.4. As the system is based on a mass balance approach, the Input Percentage is the same as the output percentage. So if 30% of the total input is CoC Material, then 30% of the total output can be designated as CoC Material.
• As for Criterion 8.1, the Output Quantity can be recorded in an appropriate form of measurement for the material – in most cases this will be mass.
  o Where output mass needs to be determined, net mass of CoC Material contained in Products (not including packaging material or other non-Aluminium materials) may need to be calculated. Record assumptions used in any such calculations.
• Using a percentage-based approach automatically takes into account material losses during processing.

**8.7.6 Indivisibility of CoC Material**

The Output Quantity of CoC Material, which may be a subset of total production, shall be designated as 100% CoC Material.

**Points to consider:**

• The Output Quantity of CoC Material is designated as all CoC Material (i.e. 100%) and not partially so.
• In other words, the percentage based model cannot be used to claim that all production is “part-ASI”, for example “all our billets are 50% ASI”.
• This concept is illustrated below in Figure 13.

**Figure 13 – How to designate CoC Material outputs**

- **Yes:**
  - 6 units of CoC Material
  - 6 units of non-CoC

- **No:**
  - 12 units of “50% CoC Material”

• Where Output Quantity is counted by item rather than mass, partial amounts should be rounded down to a whole item.

**8.8.7 Output Quantity of Eligible Scrap**

If the Entity produces Pre-Consumer Scrap from its processing and wishes to designate the relevant proportion as Eligible Scrap, the Entity shall use the Input Percentage for the given Material Accounting Period to determine the Output Quantity of Eligible Scrap.

**Points to consider:**

• This Criterion is only applicable to Entities that produce Pre-Consumer Scrap from their processing and want to designate it as Eligible Scrap as an input to an Aluminium Re-Melting/Refining process (either their own or another CoC Certified Entity’s).
  o Where transferred to another Entity, it would be accompanied by a CoC Document (see Principle 9).
• Determining the amount of Eligible Scrap uses the same Input Percentage calculated in 8.4, and applies it to the total amount of Pre-Consumer Scrap produced by the Entity.
• In other words, when calculating the proportion of CoC Material for input, outputs and scrap generated, the same percentage is used for each (the Input Percentage).
• This concept is illustrated below in Figure 14.
Eligible Scrap is then used as an input to an Aluminium Re-Melting/Refining process. Smelters that re-melt internally generated scrap can account for the relevant amount of Eligible Scrap as an input CoC Material under Criterion 8.4. This is illustrated with the example scenario shown below in Figure 15.

The example above illustrates that internal scrap can be generated at the Refining/Re-Melting stage or at the Casthouse stage. The Input Percentage is used to calculate the amount of scrap that is CoC (marked as CS) and Non-CoC (marked as NS).

The calculations are as follows:
Input Percentage of CoC Scrap to the Refiner/Re-melter is \( \frac{X}{X+Y} \times 100 \). This can be used to calculate the amount designated as CoC Scrap (CS1) generated from the Re-Melting/Refining process.

Input Percentage of ASI Liquid Metal to the Casthouse = \( \frac{A}{A+B} \times 100 \). This can be used to calculate the amount designated as CoC Scrap (CS2) from the Casthouse process.

Depending on the nature of the scrap material, these may be fed back into the Refiner/Re-melter or Casthouse as appropriate, however the amounts determined to be CoC Material (CS1+CS2) have been determined by the relevant Input Percentages.

- A more detailed example of mass flow containing both sources of CoC Material and Non-CoC Material, as well as mixed flows between a Refiner, a Casthouse and a Post Casthouse rolling mill is shown below in Figure 16. In this scenario, in each batch (or as per the defined Material Accounting System):
  - The Refiner sources 25 tonnes of Pre-Consumer Scrap which is CoC Material (stream A), 25 tonnes of Post-Consumer Scrap (stream B) which is CoC Material and 20 tonnes of Pre-Consumer scrap (stream C) which is Non-CoC Material to produce 71 tonnes of Liquid Aluminium (stream F, containing CoC and Non-CoC Material based on the calculated Input Percentages). It also uses and generates Recyclable Aluminium Scrap (streams D and E, each containing CoC and Non-CoC Material).
  - The Casthouse uses the Liquid Aluminium from the refiner (stream F) and adds 10 tonnes of cold Non-CoC Aluminium (stream G) to produce cast block (stream J, containing CoC and Non-CoC Material), which is sent to the rolling mill. It also generates scrap (stream H) and recycles scrap generated by the rolling mill (stream I).
  - The rolling mill produces 80 tonnes of coil of which 50 tonnes is ASI Aluminium.

**Figure 16 – Example of metal flows containing both Pre- and Post-consumer Scrap**
Notes to table and diagram:
Note 1: Green arrows represent CoC flows, blue arrows represent non-CoC flows.
Note 2: The breakdown between CoC and Non-CoC Material is required for A, B, C and G.
Note 3: % ASI Liquid Metal = 71.3%.
Note 4: % ASI Aluminium = 62.5%.
Note 5: Italicised numbers have been calculated and/or derived from known inputs as illustrated in the figure.

8.98.8 Consistency Between Input Percentage and Total Output
The Entity’s Material Accounting System shall ensure that the total output of CoC Material and/or Eligible Scrap does not proportionally exceed the Input Percentage as applied to total input of CoC Material and/or Eligible Scrap over the Material Accounting Period.

Points to consider:
• One of the main principles of the Mass Balance System is that outputs of CoC Material and/or Eligible Scrap must be proportional to the inputs of CoC Material and/or Eligible Scrap.
• The Material Accounting System plays a critical role in recording and tracking this.
• It is an essential control responsibility for the Entity that the outputs of CoC Material must be calculated using the Input Percentage and must not proportionally exceed inputs of CoC Material.
• Undertaking regular reconciliations of inputs and outputs will help keep the Entity on track over the Material Accounting Period.

8.108.9 Internal Overdraw
Where CoC Material is under contract for delivery to an Entity within a given Material Accounting Period, but is subject to a force majeure situation, the Entity’s Material Accounting System may carry over an Internal Overdraw to the subsequent Material Accounting Period.

a. The Internal Overdraw shall not exceed 20% of total Input Quantity of CoC Material for the Material Accounting Period.

b. The Internal Overdraw shall not exceed the amount of CoC Material affected by the force majeure situation.

c. The Internal Overdraw shall be made up within the subsequent Material Accounting Period.

Points to consider:
• An Internal Overdraw is where the Entity’s Material Accounting System allows the Output Quantity to temporarily exceed the Input Quantity in a Material Accounting Period.
• An Internal Overdraw is only permitted when CoC Material has been contracted to be delivered to the Entity, but a force majeure situation has prevented timely delivery.
  o A force majeure situation is one that is out of the Entity’s control and could include closure of the supplier, or delay in an anticipated delivery through accident, strike, adverse weather, pandemics or similar.
• Additionally, the Internal Overdraw concept is only relevant where the force majeure situation means that previously contracted delivery to a subsequent customer of CoC Material to be produced by the Entity cannot now be supplied.
  • The Internal Overdraw Criteria is not intended for use as a way to manage unanticipated demand during a Material Accounting Period.
• An Internal Overdraw, if used, must be able to be made up in the subsequent Material Accounting Period, and in terms of size, must not be more than 20% of total Input Quantity of CoC Material for the current Material Accounting Period.
  o This limit is to prevent a situation where Internal Overdraws cannot be subsequently made up.
8.118.10 Positive Balance

Where an Entity has a Positive Balance of output CoC Material at the end of a Material Accounting Period, this may be carried over to the subsequent Material Accounting Period.

a. The Entity’s Material Accounting System must clearly identify any carry over of a Positive Balance.

b. A Positive Balance generated in one Material Accounting Period and carried over to the subsequent Material Accounting Period shall expire at the end of that Period if not drawn down.

Points to consider:

- A Positive Balance is the net difference, where an Entity’s total CoC Material and/or Eligible Scrap inputs are higher than the Entity’s total CoC Material and/or ASI Credits transferred to another Entity at the end of a Material Accounting Period.
  
  o This situation could arise where there are insufficient customers for CoC Material produced by the Entity in that period. In other words, supply is higher than demand.

- A Positive Balance of CoC Material can be carried over to the subsequent Material Accounting Period.
  
  For Casthouses, a Positive Balance of CoC Material could be carried over for allocation to ASI Credits in the subsequent Material Accounting Period.
  
  o ASI Credits must be issued and allocated within a Material Accounting Period and not carried over. See more on ASI Credits in section 11.

- Positive Balances of CoC Material can be carried over to the subsequent Material Accounting Period, if not drawn down during that time.

- The Material Accounting System must document the draw down and/or expiry of a Positive Balance that is carried over.

Getting started

Businesses should review the relevant IT and data Management Systems they already have in place to measure, track and reconcile material in their Custody and see how these could be extended or adapted to serve as their Material Accounting System for the CoC Standard.

Effective training of employees about internal systems and controls to support Conformance with the CoC Standard will be important, particularly where there are significant adaptations of existing systems.

It should be noted that for smaller Businesses, internal control systems do not need to involve expensive or sophisticated systems. Smaller Businesses using simple systems (e.g. an Excel spreadsheet) can readily conform to the CoC Standard. Nevertheless, systems that make extensive use of manual data entry are much more prone to error. They should be minimised or used only as part of a transition, where they are inefficient or not in proportion to the scale of the Business.

Review

- The CoC Standard uses a Mass Balance System, where Output Quantity must not exceed Input Quantity on a percentage basis.

- Material Accounting Systems must record and be able to reconcile the inputs and outputs of CoC Material over time.

- The Output Quantity of CoC Material must be designated as ‘100%’ CoC Material, such that the CoC Material is allocated to an appropriate portion of production, not spread across all of it.

- Most Businesses should already have the basic requirements for material accounting in place, but they may need some adjustments to meet the CoC Standard.
9. Issuing CoC Documents

The Mass Balance System is supported by accurate CoC information accompanying shipments of CoC Material. In the CoC Standard, the set of required CoC information is referred to as CoC Documents (a template is in Appendix 2 of the CoC Standard). Entities often integrate CoC information into their usual shipment processes, such as sales invoices or shipping documentation. Additional data and information may also be included in CoC Documents at the Business’ discretion but must be accurate and verifiable.

**Applicability**
Criteria 9.1-9.6 are applicable to all Entities that ship CoC Material to another Entity.

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<th>Supply chain activity</th>
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**Code:**
Criteria shaded **green** are generally applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. Criteria shaded **orange** may be applicable to those supply chain activities, where in the CoC Certification Scope of the Entity. For more information on defining your Entity’s CoC Certification Scope, see the ASI Assurance Manual.

**Background**
As physical Aluminium is shipped from one Entity to another, a mechanism is needed to initiate or continue a Chain of Custody. A CoC Document is used to record relevant information about a shipment of CoC Material and the sequence of Custody as it is transferred along the supply chain, to thus create the Chain of Custody.

The information contained in CoC Documents must be supported by the Entity’s Material Accounting Systems in Principle 8 of the CoC Standard. Under the Mass Balance System, a calculated percentage of output over a given Material Accounting Period can be designated as ‘CoC Material’. The relevant information about this CoC Material needs to be passed on to the next customer in the value chain.

Businesses may also wish to pass on additional data and/or information that is relevant to their customers. The CoC Standard categorises these into two types: Sustainability Data and Supplementary Information.

CoC Documents are aimed at business-to-business transfers of CoC Material, including to and from Outsourcing Contractors. **They cannot be used for Market Credits** (see section Principle 11). For more general marketing and communication, including to consumers, see Principle 11 of the Standard.
Implementation

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

9.1 CoC Document

The Entity shall ensure that a CoC Document accompanies each shipment or transfer of CoC Material dispatched to other CoC Certified Entities or Outsourcing Contractors.

Points to consider:

- Where a Chain of Custody is to be maintained between different Businesses, a CoC Document needs to be issued. This can be a stand-alone document (a template is contained in Appendix 2 of the CoC Standard Guidance), or alternatively the required information can be integrated into the Entity’s normal invoice or shipping documentation.
- Ideally the CoC Document should physically accompany each shipment or transfer of CoC Material.
- Where this is not possible, the CoC Document must be supplied separately (e.g. by email or secure website download) and relevant information to enable the receiving Entity to link the CoC Document with the relevant CoC Material will need to be included in the CoC Document.
  - For example, the CoC Document could note specific reference numbers attached to the shipment itself or contained in accompanying shipping documentation.
- If an Entity is just interested in sourcing CoC Material but does not intend to pass on any claims to subsequent Entities, then a CoC Document is not required to be issued as there is no further trail of CoC Material beyond them.
- A CoC Document is optional for an internal transfer within an Entity, providing the relevant Facilities are within the same CoC Certification Scope.
  - Depending on the nature of the Entity’s internal systems, issuing a CoC Document for internal transfers may help to support the requirements for proper record-keeping and accounting, or it may be redundant.
- Where an Outsourcing Contractor ships CoC Material onwards to another customer, the Entity will need to ensure that the required procedures for CoC Documents are clearly understood and followed by the Outsourcing Contractor.
  - As the Outsourcing Contractor is within the Entity’s CoC Certification Scope, the Entity is responsible for their Conformance.

9.2 CoC Document Content

The Entity shall ensure that CoC Documents include at least the following information:

a. Date of issue of the CoC Document.
b. Reference number for the CoC Document, which is linked to the Entity’s Material Accounting System for verification purposes.
c. The identity, address and CoC Certification number of the Entity issuing the CoC Document.
d. The identity and address of the customer receiving the CoC Material, and if it is another CoC Certified Entity, their CoC Certification number.
e. The responsible employee of the Entity who can verify information in the CoC Document.
f. A statement confirming that “The information provided in the CoC Document is in Conformance with the ASI CoC Standard.”
g. Type of CoC Material in the shipment.
h. Mass of CoC Material in the shipment.
i. Mass of total Material in the shipment.
Points to consider:

- Criterion 9.2 identifies the information required in all CoC Documents – whether they are stand-alone or integrated into other documentation.
- An Entity may use its own format rather than the template in Appendix 1 of the CoC Standard, providing it includes all of the required elements. An example of a completed template is below.
- The Entity’s Material Accounting System needs to record an internal reference number for all CoC Documents issued (9.2b). This is for traceability purposes.
  - There may be a range of already existing reference numbers that can be used, and an Entity should decide which works best for them. For example, production tracking numbers, order numbers, or sales document/invoice numbers could be relevant. The key is to choose a reference that can help to control and account for volumes to ensure that you are not claiming more CoC Material than you are entitled to.
- Where different forms of CoC Material are being shipped in the same shipment (e.g. different types of Casthouse Products), the various forms should be noted. This will enable the receiver to check the shipment against the CoC Document/s.
- Where products are made from multiple materials, the mass of Aluminium (9.2h and 9.2i) will be a subset of the total mass of the shipment. Consider including information in your Material Accounting System on the mass of Aluminium per kg/tonne for standard Products to help automate the calculation for individual shipments, based on the total mass of the shipment/product x number of items. The mass of CoC Material is then determined by what you want to allocate to different shipments/customers, out of your balance in your Material Accounting System.
- Where batch or mass invoices/documents are used, it is acceptable to have a mass/batch CoC Document sent to the customer so long as there is a clear link between the shipments and the batch CoC Document.
- An employee responsible for the Entity needs to be nominated. They have the responsibility to oversee the issue of CoC Documents, and to be the point of contact for requests for verification.
  - Some Entities may wish to include additional authorisation information in CoC Documents, e.g. a signature or e-signature, however this is not compulsory.
- Current ASI Members and their Certification Status are listed on the ASI website in their membership class at: http://aluminium-stewardship.org/about-asi/current-members/

9.3 Sustainability Data (optional)

The Entity may also include the applicable Sustainability Data in the CoC Document for that CoC Material:

- 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 CO₂ – eq per metric tonne ASI Aluminium, from the production of ASI Aluminium, which includes emissions from the Casthouse, produced in the Material Accounting Period.
- Post-Casthouse Entities: where available, the average intensity of GHG emissions (scope 1 and 2) in tonnes CO₂ – eq per metric tonne ASI Aluminium, based on the information provided in 9.3a in received CoC Document/s.
  - The average (preferably cradle-to-gate) carbon footprint of the CoC Material in tonnes CO₂ – eq per metric tonne ASI Aluminium, including methodology.
  - Information to support the origin of aluminium as per ASI Performance Standard Criterion 9.8.

Where engaged in Post-Casthouse activities:

- Post-Casthouse Entities: ASI Certification Status for the ASI Performance Standard for the Entity and/or Facility issuing the CoC Document.
Points to consider:

- In addition to information about the respective parties and the CoC Material, an important feature of the ASI CoC Standard is its ability to provide relevant sustainability data, where available. The ASI CoC Standard focuses on GHG intensity and Post-Casthouse Certifications in its first iteration.

- Where an Entity engaged in Aluminium Smelting, and/or Aluminium Re-Melting/Refining, and/or operates a Casthouse, issues a CoC Document then it could include the data for 9.3(a). In most circumstances it will be the Entity’s Casthouse (usually in the same CoC Certification Scope) which issues a CoC Document for ASI Aluminium.

  o The methodology to be used to calculate GHG intensity is the guidance and calculation tools developed by the International Aluminium Institute (IAI) and the GHG Protocol:
    ▪ 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.
    ▪ The IAI methodologies for determining CO\textsubscript{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.
    ▪ 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.
    ▪ [Note: IAI are currently developing further guidance on data and calculations for Scope 2 emissions, which will be referenced once available].

  o If there are multiple Aluminium Smelting and/or Aluminium Re-Melting/Refining Facilities within the one Certification Scope, then averaging of GHG intensity across these Facilities would be required to align with the use of a mass balance model across the multiple Facilities. Where averaging is used:
    ▪ The average must be based on total combined quantity of GHG emissions and total combined production from these Facilities, not just the ASI Aluminium component.
    ▪ The CoC Document information must note that the figure is an average that has been calculated: for example, in Figure 17 below, it would say “5.7 (average across 2 smelters)”.  

  o For Aluminium Re-Melting/Refining, the data would relate to their own processes only. It does not relate to GHG data from the previous production of the scrap material that they process.

- Where a Post-Casthouse Entity can pass on GHG information received about ASI Aluminium to the next Entity in the supply chain, then it could include that data under 9.3(b). Note that care must be taken when dealing with multiple sources of ASI Aluminium with varying GHG intensity – averages cannot be simply averaged.

  o The GHG intensity of a mix of ASI Aluminium from multiple sources (e.g. a mix of Liquid Metal and Cold Metal, or a mix of ASI Aluminium from different suppliers) shall be calculated as the average value in proportion to each input quantity included in the mix. This average intensity must be calculated by dividing the total quantity of GHG emissions from each source by the total quantity of Aluminium in the mix.

  o For the first Material Accounting Period, where GHG emissions of ASI Aluminium inputs may vary over time, consider how reliable the data will be over the whole period. It may be that...
this information could be provided in future as lag data, using an overall figure calculated for the previous Material Accounting Period.

- Post Casthouse Entities should also include either a link to their ASI Certification information for the **Performance Standard** (where already certified), or the date of their applicable deadline for this Certification. The latter is within two years of joining ASI.

### 9.4 Supplementary Information

If the CoC Document includes Supplementary Information about the Entity or CoC Material, the Entity shall ensure that the Supplementary Information can be supported by Objective Evidence.

**Points to consider:**

- Supplementary Information can be included in a CoC Document at the Entity’s discretion. Generally, such information would be relevant to ASI Standards.
- All Supplementary information needs to be supported by Objective Evidence that is communicated in the CoC Document and/or retained by the Entity and made available to an ASI Accredited Auditor when requested.
- Examples of Supplementary Information include:
  - Where the CoC Document does not physically accompany the shipment (for example in 6.1(c)), the Supplementary Information could be shipping identification or Casthouse marks and/or reference numbers so that the receiving Entity can connect the CoC Document with the relevant CoC Material when received
  - Any additional certifications or accreditations (beyond ASI Certification) to a recognised national or international Standard and applying to the CoC Material or Entity. The applicable Standard should be identified and the Entity will need to record Objective Evidence of such Conformance, e.g. the applicable Certification documentation. For example, ISO Certifications or similar could be relevant to some customers
  - Additional claims about origin, source or practices in the supply chain. Note such claims will be audited by ASI Accredited Auditors so must be truthful and supported by clear and unambiguous Objective Evidence. Examples could include country of origin of CoC Material, approaches to material stewardship of Aluminium, use of carbon offsets etc.
  - Any other relevant information to the recipient of the CoC Document, for example website links to the Entity’s responsible sourcing Policy, contact information for the Entity’s complaint mechanism where this not made available via a website (Criterion 7.3), publicly available reports (e.g. sustainability reports), or general information about the Business.
- Misleading or deceptive claims pose a Significant Risk to company reputation and may raise legal Compliance issues under Applicable Laws that prohibit false and deceptive advertising or reporting. Any issues with Supplementary Information identified by third parties should be brought to the attention of ASI. See the ASI Claims Guide for general principles on claims.

### 9.5 Verification of Information

The Entity shall have systems in place to enable it to respond to reasonable requests for verification of information in CoC Documents issued by the Entity.

**Points to consider:**

- The responsible employee identified in the CoC Document will often be the first point of contact for an inquiry.
- Consider preparing a procedure in advance for how requests for verification of CoC Documents will be handled.
- Note that the Entity may need to supply a copy of a CoC Document, or verify information that it contains, particularly where it has not physically accompanied a shipment.
- Where a customer seeks additional copies of CoC Documents because of poor internal record keeping, this may indicate a problem with their systems. Where such requests become unreasonable, the Entity...
is not obliged to respond in each case. These types of situations should be brought to the attention of ASI.

9.6 Error (Shipping)
If an error is discovered after CoC Material has been shipped, the Entity and the receiving party shall document the error and the agreed steps taken to correct it and implement actions to avoid a recurrence.

Points to consider:

- Occasionally an error may be discovered by the Entity or by the receiving party after CoC Material has been shipped.
- Any errors found by the supplier should be promptly reported to the receiving Business and remedied by both parties agreeing to the steps taken to correct it.
- Options include:
  - A return of the shipment and voiding of the CoC Document
  - Retaining the shipment and voiding the CoC Document
  - A voiding of the initial document and replacement by a corrected CoC Document.
- A complete set of records covering any errors and the agreed correction must be maintained by both parties for future Audit purposes.
- The cause of the error should be investigated and appropriate Corrective Actions identified and implemented. These should aim to address the root cause of the error/s in order to prevent future recurrences. Implementation of these Corrective Actions should also be reviewed for effectiveness.
- Below are some examples of the required and optional information in a CoC Document.

Figure 16 – Example of a CoC Document for a fictional Alumina Refiner

<table>
<thead>
<tr>
<th>ASI CoC Document</th>
<th>The information provided in this CoC Document is in conformance with the ASI CoC Standard.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of issue:</td>
<td>11 July 2020</td>
</tr>
<tr>
<td>Reference number:</td>
<td>5840390</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issuing Entity</th>
<th>Receiving Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of company:</td>
<td>Acme Alumina</td>
</tr>
<tr>
<td>Address:</td>
<td>1000 Element Rd, Peel WA, Australia</td>
</tr>
<tr>
<td>ASI CoC Certification number:</td>
<td>C00015</td>
</tr>
<tr>
<td>Responsible person:</td>
<td>Jan Rogers, VP Sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CoC Material – Type (check which applies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASI Bauxite</td>
</tr>
<tr>
<td>X</td>
</tr>
<tr>
<td>ASI Alumina</td>
</tr>
<tr>
<td>ASI Liquid Metal</td>
</tr>
<tr>
<td>ASI Cold Metal</td>
</tr>
<tr>
<td>ASI Aluminium</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CoC Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form of Material</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Alumina</td>
</tr>
</tbody>
</table>

**Sustainability Data (optional)**
- Average carbon footprint for the CoC Material, including methodology (tonnes CO₂–eq per tonne Al)
- Information to support the origin of ASI Aluminium
- Post-Casthouse – ASI Certification status (for ASI Performance Standard)
- Post Casthouse – recycled content, including methodology regarding Pre-Consumer and Post-Consumer Scrap, of the CoC Material

**Supplementary information (optional)**
Acme Alumina has achieved ISO14001 certification. Our responsible sourcing policy is available at: www.acmenalumina.com/responsiblesourcing/

---

**Figure 17 – Example of a CoC Document for a fictional Casthouse associated with a Smelter**

**ASI CoC Document**
The information provided in this CoC Document is in conformance with the ASI CoC Standard.

<table>
<thead>
<tr>
<th>Date of issue:</th>
<th>29 July 2020</th>
<th>Reference number:</th>
<th>98904280</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuing Entity</td>
<td>Receiving Customer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of company:</td>
<td>The 1886 Smelting Company</td>
<td>Name of company:</td>
<td>Rollers United</td>
</tr>
<tr>
<td>Address:</td>
<td>2 Hall-Heroult Avenue, Crystal Falls, Quebec, Canada</td>
<td>Address:</td>
<td>Lot 1100, Metals Park, Dearborn, MI, USA</td>
</tr>
<tr>
<td>ASI CoC Certification number:</td>
<td>C00037</td>
<td>ASI CoC Certification number (if applicable):</td>
<td>C00059</td>
</tr>
<tr>
<td>Responsible person:</td>
<td>Pierre Thiebault, Receiving Department</td>
<td>Responsible person:</td>
<td>Matthew Johnson</td>
</tr>
</tbody>
</table>

**CoC Material – Type** *(check which applies)*
- ASI Bauxite
- ASI Alumina
- ASI Liquid Metal
- ASI Cold Metal
- X ASI Aluminium
Form of Material: Rolling Slab
Mass of CoC Material in shipment: 2000
Mass of total shipment: 2000
Unit of measurement: Tonnes

Sustainability Data (optional)
Average carbon footprint for the CoC Material, including methodology (tonnes CO₂–eq per tonne Al): 5.7

Information to support the origin of ASI Aluminium
Post-Casthouse – ASI Certification status (for ASI Performance Standard)
Post Casthouse – recycled content, including methodology regarding Pre-Consumer and Post-Consumer Scrap, of the CoC Material

Supplementary information (optional)
Our responsible sourcing policy is available at: www.1886smelting.com/responsiblesourcing/.

Getting Started
To prepare to issue CoC Transfer Documents, Businesses should:
- Review existing internal systems and see if they can be adapted to integrate or streamline the generation of CoC Documents
-Nominate the responsible person who will oversee and authorise CoC Documents.

Review
- CoC Material transferred to another Business must be accompanied by a CoC Document for the Material, in order to retain its CoC status.
- The CoC Document provides critical information to the recipient, who will rely on it when making their own CoC representation to subsequent Entities in the supply chain.
- A CoC Document template is available for easy use as a standalone document, or alternatively Entities can integrate the required information and processes into their own internal systems.
- CoC Documents can be issued for internal transfers within different parts of an Entity’s Business, if this is useful for Material Accounting Systems, but is optional.
10. Receiving CoC Documents

Entities that receive CoC Material will also receive the accompanying CoC Document (Principle 9) issued by their suppliers. Checking and recording this information supports the accuracy and reliability of the Mass Balance System.

**Applicability**

Criteria 10.1-10.4 are applicable to Entities that receive CoC Material.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>10.1</th>
<th>10.2</th>
<th>10.3</th>
<th>10.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bauxite Mining</td>
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</tr>
<tr>
<td>Alumina Refining</td>
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<tr>
<td>Aluminium Smelting</td>
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<td></td>
</tr>
<tr>
<td>Aluminium Re-Melting/Refining</td>
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<td></td>
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<tr>
<td>Casthouses</td>
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<td></td>
</tr>
<tr>
<td>Post-Casthouse</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Code:**

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

**Background**

CoC Documents issued by CoC Certified Entities (Principle 9) are then received by customers with the shipped CoC Material.

In order to continue a Chain of Custody for that material, the receiving Entity needs to check and record relevant information in the CoC Documents. Checking and recording relevant information supports the accuracy and reliability of the Entity’s material accounting for CoC Material. The following types of checks need to be carried out when receiving CoC Documents:

- Completeness
- Consistency
- Verification.

It is important to keep records of all received CoC Documents. Missing documents could be retrieved from the Entity that issued the document, but that Entity would have to be satisfied with the reasons why a copy was needed and would not be obligated to provide a copy in all situations. During an Audit, evidence of missing documentation for CoC Material, or persistent losses and requests for copies of previously issued documents, could provide evidence of a Major Non-Conformance and loss of Certification.

**Implementation**

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.
### 10.1 Verification of CoC Documents

The Entity shall verify that all required information in received CoC Documents, as set out in criteria 9.2 and 9.3, has been included.

**Points to consider:**
- Criterion 10.1 is a completeness check: is all the required information in Criteria 9.2 and 9.3 contained in the CoC Document?
- Knowing the type of supplier will help you assess if required information in 9.3 is included. If you are unsure, you can ask the supplier.

### 10.2 Verification of Consistency Between CoC Documents and CoC Material

The Entity shall verify the consistency of received CoC Documents with the accompanying CoC Material or Eligible Scrap before recording information in their Material Accounting System.

**Points to consider:**
- Criterion 10.2 is a consistency check: is the information in the CoC Document consistent with the supplied material or products e.g. type of material, mass?
- Once the consistency and completeness checks are complete, then the Entity should record this information in their own Material Accounting System as an input of CoC Material.
- In the case of a physical swap during transit of CoC Material where the delivery is not consistent with the order, then Criterion 10.4 applies.

### 10.3 Verification of Supplier’s ASI CoC Certification

The Entity shall check the ASI website on a regular basis to verify the validity and scope of the supplier’s ASI CoC Certification for any changes that might affect the status of the supplied CoC Material or Eligible Scrap.

**Points to consider:**
- Criterion 10.3 is a verification check to ensure that the supplier’s ASI CoC Certification status is valid.
- Verify that the supplier’s ASI Certification is up to date and that the scope covers the type of material and/or supplying Facility.
- Current ASI Members and their Certification Status are listed on the ASI website in their membership class at: [http://aluminium-stewardship.org/about-asi/current-members/](http://aluminium-stewardship.org/about-asi/current-members/)
- The Entity’s internal procedures could specify a mandatory check for the first shipment, and then periodically (for example, every nth shipment, or quarterly), as well as around the time of the expected renewal of the Certification.
- In some situations, a supplier’s Certification (Performance Standard and/or CoC) may be suspended or discontinued. The date of effect for this change of Certification Status is the date of suspension, or end of the relevant Certification Period (whichever is applicable). The impact of this on the ability of the Entity to supply CoC Material will be communicated on the ASI website.
  - CoC Materials supplied prior to the date of effect are not affected by this change in the Entity’s Certification Status, as the Certification was still valid at the time in which that CoC Material was supplied. Subsequent Entities in the supply chain are not expected to retrospectively ‘deduct’ this prior CoC Material from their Material Accounting Systems.
  - However, material supplied by the Entity from that date onwards is not supported by ASI Certification until such time as the relevant Certification/s are renewed.

### 10.4 Error (Reception)

If an error is discovered after CoC Material or Eligible Scrap has been received, the Entity and the supplying party shall document the error and the agreed steps taken to correct it and implement actions to avoid a recurrence.

**Points to consider:**
- Criterion 10.4 for receiving parties mirrors Criterion 9.6 for issuing parties.
• Here it addresses situations where checks by the receiving party identify errors. This may include inconsistent information, omission of information, changes to the supplier’s Certification, or physical swaps in transit, that affects the status of supplied CoC Material.
• Any errors found by the receiver should be promptly reported to the supplying Business and remedied by both parties agreeing to the steps taken to correct it. The potential for Double Counting of CoC Material must be avoided (this particularly applies to physical swaps).
• Options include:
  o A return of the shipment and voiding of the CoC Document
  o Retaining the shipment and voiding the CoC Document
  o A voiding of the initial document and replacement by a corrected CoC Document.
• A complete set of records covering any errors and the agreed correction must be maintained by both parties for future Audit purposes.
• The cause of the error should be investigated and appropriate Corrective Actions identified and implemented. These should aim to address the root cause of the error/s in order to prevent future recurrences. Implementation of these Corrective Actions should also be reviewed for effectiveness.
• If potentially fraudulent behaviour is identified, this must be reported immediately to ASI.

Getting Started
To prepare to receive CoC Documents, Businesses should:
• Review existing internal systems and where possible integrate the receiving and recording of CoC Document information
• Identify the responsible person/s who will oversee incoming CoC Documents and carry out the necessary checks
• Consider developing an internal procedure for how any identified errors would be addressed, so that this can be readily implemented if the situation arises.

Review
• CoC Material received from another Business must be accompanied by a CoC Document for the Material, in order to retain its CoC status.
• Procedures should be in place for the verification and recording of all required information when receiving and accepting shipments of CoC Material.
• The ASI website will maintain up to date information on the Certification status of all Entities. The status of those supplying CoC Material should be regularly reviewed.
• Changes in Certification Status will not be retrospectively applied.
• Report fraudulent behaviour to ASI immediately.
## Market Credits System: ASI Credits

**11.** Some types of Post-Casthouse businesses may find it challenging, at least initially, to build an unbroken chain of CoC Certified Entities up to and including their direct suppliers, thus limiting their access to the Mass Balance System. The Market Credits System allows ASI Aluminium from a CoC Certified Casthouse, which is not directly transferred to another CoC Certified Entity or Facility as CoC Material, to be allocated to a CoC Certified Post-Casthouse Entity as ‘ASI Credits’. ASI Credits are decoupled from the physical material and thus cannot be allocated back to products or otherwise claimed as ‘ASI Aluminium’. Appendix 2 of the CoC Standard contains a template for ASI Credit Certificates.

### Applicability

Criteria 11.1–11.3 are applicable to Casthouses and Post-Casthouse Entities using the Market Credits System.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>Applicability of CoC Standard Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.1</td>
</tr>
<tr>
<td>Bauxite Mining</td>
<td></td>
</tr>
<tr>
<td>Alumina Refining</td>
<td></td>
</tr>
<tr>
<td>Aluminium Smelting</td>
<td></td>
</tr>
<tr>
<td>Aluminium Re-Melting/Refining</td>
<td></td>
</tr>
<tr>
<td>Casthouses</td>
<td></td>
</tr>
<tr>
<td>Post-Casthouse</td>
<td></td>
</tr>
</tbody>
</table>

**Code:**
- Criteria shaded green are generally applicable to those supply chain activities, where in the CoC Certification Scope of the Entity.
- Criteria shaded orange may be applicable to those supply chain activities, where in the CoC Certification Scope of the Entity.

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

### Background

The Market Credits System recognises that some types of Post-Casthouse businesses may find it challenging, at least initially, to build an unbroken chain of CoC Certified Entities up to and including their direct suppliers. However, they may nevertheless have a desire to support the efforts of upstream companies towards ASI Certification and signal their commitment to responsible sourcing of Aluminium. This is to be encouraged as part of a progressive approach.

The Market Credits System is thus included in the ASI CoC Standard as an alternative option to the Mass Balance System for these circumstances. It builds on the Mass Balance System which is the only approach that is applicable for Primary and Recycled Aluminium up to and including the Casthouse. Both systems are administrative Chain of Custody systems which do not require physical segregation of material flows. The Market Credits System is designed as a transition pathway into future application of the Mass Balance model as the maturity of implementation develops.
Many certification schemes offer multiple approaches to Chain of Custody. They do so recognising, like ASI, that efforts to mainstream responsible sourcing in complex supply chains takes time. There often needs to be a range of approaches to building demand for Certification through supply chains, so that it is both accessible and effective in creating change and long-term impact.

Essentially, ASI’s Market Credits System provides an ability for ASI Aluminium from a Casthouse, which is not directly transferred to another CoC Certified Entity or Facility, to be sold to a Post-Casthouse Entity as ‘ASI Credits’. As ASI Credits are not connected to physical acquisition of the corresponding material, they cannot be claimed or sold by the receiving Entity as ‘ASI Aluminium’. In other words, ASI Credits cannot be associated with specific products or used as a form of input to the Mass Balance System in section Principle 8.

ASI’s Market Credits System can thus provide value in two ways:
- To provide a market for Casthouses to convert excess production of ASI Aluminium into ASI Credits, where it has not been purchased or transferred directly to another CoC Certified Entity.
- To provide a market for Post-Casthouse Entities to buy ASI Credits, where they cannot physically buy ASI Aluminium directly from another CoC Certified Entity in the form they need for their own processes.

Both of the above can serve to stimulate supply of, and demand for, ASI Aluminium, thereby incentivising implementation of the ASI Performance Standard both for Primary Aluminium and Recycled Aluminium, and among Post-Casthouse Entities. Credit systems such as these are credibly used in a range of markets, including certification schemes for agricultural products such as biomaterials, palm oil and sugar, where they have driven industry investment in responsible practices and help support participation of smaller businesses who may not have direct lines of supply to producers.

**Implementation**

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

### 11.1 Casthouses ASI Credits Systems

An Entity engaged in producing Casthouse Products can allocate excess ASI Aluminium to ASI Credits, where they have systems in place to ensure that:

- The amount of ASI Aluminium allocated to ASI Credits is accounted for in the Entity’s Material Accounting System.
- The Entity’s Material Accounting System can link unique identification numbers for the Casthouse Products from which ASI Aluminium has been allocated to ASI Credits.
- ASI Credits allocated from ASI Aluminium are not Double Counted.
- ASI Credits are allocated and issued within a Material Accounting Period. A Positive Balance of ASI Credits shall not be carried over to a subsequent Material Accounting Period.

**Points to consider:**

- ASI Credits can be issued under the Market Credits System. This is done by a Casthouse allocating an amount of physical ASI Aluminium to non-physical ASI Credits.
- ASI Credits are decoupled from the flow of physical material. They are transferred via an ASI Credits Certificate and are not considered to be CoC Material.
- Building on the requirement of Criterion 5.2, ASI Credits can be allocated from these types of products which have unique batch or reference numbers.
This means that ASI Aluminium allocated to ASI Credits is identifiable by virtue of the product identification numbers.

- It also provides control over the allocation process for traceability purposes at the Entity level and also for oversight of the ASI CoC System as a whole and over time.

- Note that an integrated Entity with Casthouse operations integrated with other Post-Casthouse facilities (such as rolling mills or extrusion plants) can sell ASI Credits as the Casthouse is eligible as per this Criterion. An example of this is illustrated in Figure 18 below, which shows a Semi-Fabricator with Remelting/Refining processes that refines both CoC Material and Non-CoC Material. A Casthouse that produces block ingot that is then rolled into can stock and aluminium foil for sale. As indicated in Figure 18, all facilities are within the same Certification Scope and the inputs and outputs of CoC Material and Non-CoC Material are reconciled in the Entity’s Material Accounting System. The example shows that based on the sourced input materials, the Entity is able to sell up to 50 tonnes of its products (can stock and foil) as eligible CoC Material. However, as indicated in the figure, the Entity has allocated and sold 20 tonnes of its Casthouse output as ASI Credits, which is therefore no longer available to sell as CoC Material. This means that the Entity has only 30 tonnes of final product (can stock and foil) available for sale as CoC Material.

Figure 18 – Example of how an integrated Semi-Fabricator with a Casthouse issues ASI Credits for Criterion 11.1

- The conversion of ASI Aluminium to ASI Credits needs to be recorded in the Entity’s Material Accounting System. This would include recording the relevant product reference numbers.
- Double counting of ASI Aluminium and ASI Credits is not allowed.
- Double Counted is a situation, inclusive of double selling, double issuance, and double claiming, where ASI Aluminium is sold or transferred as both physical ASI Aluminium and as
ASI Credits, resulting in the underlying CoC Material being counted, recorded, or claimed more than once.

- ASI Credits need to be allocated and issued within a Material Accounting Period.
  - Note that 8.11 on Positive Balances allows for CoC Material to be carried over to the subsequent Material Accounting Period, for later allocation to ASI Credits.

### 11.2 ASI Credits Certificates

Transactions of ASI Credits shall be recorded in ASI Credit Certificates shared electronically between the supplying and purchasing Entities. The Entity that issues ASI Credit Certificates shall include the following information:

- Date of issue of the ASI Credit Certificate.
- Reference number for the ASI Credit Certificate, which is linked to the Entity’s Material Accounting System for verification purposes.
- The identity, address, contact email address and CoC Certification number of the Entity issuing the ASI Credit Certificate.
- The identity, address, contact email address and CoC Certification number of the Entity receiving the ASI Credit Certificate.
- A statement confirming that “The information provided in the ASI Credits Certificate is in Conformance with the ASI CoC Standard.”
- A statement that “ASI Credits may not be re-traded. ASI Credits may not be allocated to physical products or otherwise claimed as ASI Aluminium.”
- Quantity of ASI Credits.

#### Points to consider:

- ASI Credit Certificates are the means of transferring ASI Credits to another Entity (and a template is in Appendix 2 of the CoC Standard). Do not use CoC Documents.
- An Entity may use its own format rather than the template in Appendix 2 of the CoC Standard, providing it includes all of the required elements. An example of a completed template is below.
  - Some Entities may wish to include additional authorisation information in ASI Credit Certificates, e.g., a signature or e-signature, however this is not compulsory.
- The Entity’s Material Accounting System needs to record an internal reference number for all ASI Credit Certificates issued.
- The receiving Entity must be CoC Certified, as they also have material accounting responsibilities.
- Current ASI Members and their Certification Status are listed on the ASI website in their membership class at: [http://aluminium-stewardship.org/about-asi/current-members/](http://aluminium-stewardship.org/about-asi/current-members/)
- The Quantity of ASI Credits is the amount, in metric tonnes or similar, of ASI Aluminium that has been converted to ASI Credits in the Entity’s Material Accounting System.
- Note that unlike for a CoC Document, Sustainability Data is not included with an ASI Credit Certificate because the Credits have been decoupled from physical Aluminium.
**ASI-Credits Certificate**

The information provided in this Certificate is in conformance with the ASI CoC Standard. ASI Credits may not be re-traded. ASI Credits may not be allocated to physical products or otherwise claimed as ASI Aluminium.

<table>
<thead>
<tr>
<th>Date of issue</th>
<th>30 July 2016</th>
<th>Reference number</th>
<th>38905840</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Issuing Entity</th>
<th>Name of company:</th>
<th>The 1886 Smelting Company</th>
<th>Receiving Customer</th>
<th>Name of company:</th>
<th>Earhart Aircraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>2 Hall-Hercoul Avenue, Crystal Falls, QC, Canada</td>
<td>Address:</td>
<td>Lot 21, Amelia Rd, Jacksonville, FA, USA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASI CoC Certification number:</th>
<th>C00037</th>
<th>ASI CoC Certification number:</th>
<th>C000107</th>
</tr>
</thead>
</table>

| Contact email: | asicredits@1186smelting.com | Contact email: | purchasing@earhart-aircraft.com |

| Quantity of ASI Credits | 2500 tonnes |

---

**Figure 19** – Example of an ASI Credits Certificate for a fictional Casthouse associated with a smelter

### 11.3 Post-Casthouse ASI Credits Systems

A Post-Casthouse Entity purchasing ASI Credits shall have systems in place to ensure that:

- **a.** ASI Credits are purchased by an Entity or Facility within the purchasing Entity's CoC Certification Scope.
- **b.** ASI Credits purchased by the Entity are accurately accounted for in the purchasing Entity’s Material Accounting System and verifiable records kept of all ASI Credit Certificates.
- **c.** ASI Credits purchased within a Material Accounting Period expire at the end of that Period. A Positive Balance of purchased ASI Credits shall not be carried over to a subsequent Material Accounting Period.
- **d.** ASI Credits are not re-traded.
- **e.** ASI Credits are not allocated to physical products or otherwise claimed as ASI Aluminium.
- **f.** The validity and scope of the supplier’s ASI CoC Certification is regularly verified on the ASI website for any changes that might affect its ability to issue ASI Credits.
- **g.** ASI Credits are purchased by an Entity for a maximum period of five years from their first purchase.

**Points to consider:**

- Only Post-Casthouse Entities are eligible to purchase ASI Credits. They need to be CoC Certified to do so, as there are applicable requirements for an appropriate Material Accounting System.
The receiving Entity’s Material Accounting System needs to keep records of all purchased ASI Credit Certificates and account for the associated ASI Credits in each Material Accounting Period.

- Purchased ASI Credits expire at the end of a Material Accounting Period, and cannot be carried over. The Positive Balance concept in Criteria 8.11 does not apply to purchased ASI Credits.
  - Entities should thus consider how they set an appropriate Material Accounting Period for their business (the maximum is 12 months).
- ASI Credits only have one issuer and one purchaser, and are transferred in a single transaction.
  - ASI Credits cannot be re-traded by the purchaser.
  - They are not designed to become a tradeable instrument.
  - Their purpose is to support the responsible sourcing endeavours of Entities that cannot yet access the Mass Balance System under the CoC Standard.
- ASI Credits have been decoupled from physical Aluminium. As a result, they cannot be allocated to physical products (for example, this would not be permitted: “Our 5000kg of ASI Credits has been used in our beverage cans for Shaky Creek Ale”).
  - ASI Credits are only to be reported at the Entity level as an input, and not associated with an output of products or referred to as ‘ASI Aluminium’.
  - Section 12 of the CoC Standard will apply to any public claims and representations about purchased ASI Credits.
- Verify that the supplier’s ASI Certification is up to date and that the scope covers the supplying facility (i.e. a Casthouse). Current ASI Members and their Certification Status are listed on the ASI website in their membership class at: http://aluminium-stewardship.org/about-asi/current-members/
  - The Entity’s internal procedures could specify a mandatory check initially, and then periodically (for example, every nth ASI Credits Certificate, or quarterly), as well as around the time of the expected renewal of the Certification.
- ASI intends for Market Credits to be a transitional mechanism to support uptake of ASI Standards. For this reason, use of the Market Credits model by a purchasing Entity is restricted to a five-year period from the date of their first purchase of ASI Credits.
  - For example, if the first year of purchase of ASI Credits was 2018, then the Entity would be eligible to also purchase ASI Credits in 2019, 2020, 2021 and 2022 only.
  - The expectation is that during this period, the Entity should be working in parallel towards use of the Mass Balance model.

**Getting Started**

To issue or receive ASI Credits, Entities should:

- Make sure their Material Accounting Systems are designed to record and account for ASI Credits.
- Put in place controls for allocation and/or expiry of ASI Credits.
- For Entities that purchase ASI Credits, ensure that the ASI Claims Guide is reviewed before making any claims or representations.
13. **Review:**

14. The Market Credits System is an alternative to the Mass Balance System where it is difficult for Post-Casthouse businesses to build an unbroken chain of custody for physical material.

15. ASI Aluminium from a Casthouse can be allocated to ASI Credits. The original material must have product reference numbers to avoid it being double counted.

16. ASI Credits are decoupled from the physical material and thus cannot be allocated back to products or otherwise claimed as ‘ASI Aluminium’ by the purchaser.

ASI Credits are not designed as a tradeable instrument, and have only one issuer and one purchaser.

17. **Claims and Communications**

CoC Certified Entities are encouraged to communicate with their customers and consumers about their support for responsible supply chains. All marketing and communications claims or representations, beyond what is contained in CoC Documents or ASI Credits Certificates, are to be consistent with the assurance provided by the relevant ASI Standards and with the ASI Claims Guide.

### Applicability

Criteria 11.1 is applicable to all Entities making claims or representations about CoC Material outside of CoC Documents and/or ASI Credits Certificates.

<table>
<thead>
<tr>
<th>Supply chain activity</th>
<th>Applicability of CoC Standard Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bauxite Mining</td>
<td>11.1</td>
</tr>
<tr>
<td>Alumina Refining</td>
<td></td>
</tr>
<tr>
<td>Aluminium Smelting</td>
<td></td>
</tr>
<tr>
<td>Aluminium Re-Melting/Refining</td>
<td></td>
</tr>
<tr>
<td>Casthouses</td>
<td></td>
</tr>
<tr>
<td>Post-Casthouse</td>
<td></td>
</tr>
</tbody>
</table>

**Code:**

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

### Background

CoC Certification supports claims to customers, consumers and stakeholders about the Standards and assurance behind CoC Material and associated Products. Beyond CoC Documents and ASI Credits Certificates, which are designed to be Business to Business (B2B) tools, CoC Certified Entities are encouraged to communicate more broadly about their efforts towards responsible supply chains. For some Entities, this may include claims or communications to consumers where this is relevant and appropriate to their Business.

Claims and representations, whether public/consumer-facing or B2B, usually relate to one or more of:

- The intent or mission of the Standards system
- Participation in a Standards system
• Compliance with a Standard
• The impacts of the system
• General marketing or promotional claims. 17

Logos are the most recognisable forms of sustainability claims. For the purposes of ASI, a ‘claim or representation’ is documented and consists of one or more of:
• Use of an ASI logo
• Use of an ASI Certification number
• A text claim relating to ASI, which may be inside and/or alongside the logo, or standalone
• Access to further information to support the claim, such as a website link.

As claims are frequently relied upon by Business partners and ultimately consumers, it is essential that they not be inaccurate or misleading. In some jurisdictions, certain terms and concepts like ‘sustainable’ and ‘recycled’ have legal restrictions associated with them when used in marketing. Claims that appear absolute or imply performance levels beyond what is actually required or assured in a Standard may be accused as ‘greenwash’.

ASI has a clear responsibility to control all relevant ASI-related claims to ensure they are both credible and accurate. ASI requires that all communications and marketing claims are consistent with the assurance provided by the relevant ASI Standards and with the ASI Claims Guide.

Principle 11 focuses on claims or representations made by the Entity about CoC Material outside of the pre-defined format and content requirements of CoC Documents and ASI Credits Certificates.

**Implementation**

The ‘Implementation’ section provides general guidance for implementing each of the Criteria in the CoC Standard. The guidance is not normative and should be seen as a starting point for information and support where required.

**11.1 Claims**

Where the Entity makes claims and/or representations about CoC Material outside of CoC Documents, or about ASI Credits outside of ASI Credits Certificates, the Entity shall have systems in place to ensure that:

a. These are made in a manner and form consistent with the ASI Claims Guide.

b. There is verifiable evidence to support the claims and/or representations made.

c. Appropriate training is provided for relevant employees to properly understand and communicate the claims and/or representations.

**Points to consider:**

• The first step is for Entities to confirm if and where they are making additional claims or representations about CoC Material (apart from issued CoC Documents) or about ASI Credits (apart from issued ASI Credits Certificates).

• Advertising, marketing and other sales-related documentation should be reviewed to determine this.

• Examples of relevant claims or representations could include:
  o Claims about products for sale making a link to ASI Certification e.g. through written reference, use of ASI logo/s
  o Claims about specific sources of products e.g. country of origin, mines of origin, recycled material

• Claims about specific practices for products e.g. responsible sourcing, low carbon smelting, closed loop systems

• Examples of claims and representations that are not within scope for Principle 11 are:
  o CoC Documents (these are covered by Principle 9 of the CoC Standard)
  o ASI Credits Certificates (these are covered by section 11 of the CoC Standard)
  o Claims about the place of assembly or manufacture of a product e.g. ‘component made in the USA’
  o Claims about technical specifications or quality e.g. alloy specifications, reliability
  o General corporation communications, marketing themes and imagery applied at the level of an Entity or Facility that do not specifically relate to, or are not documented in direct association with, products or materials offered for sale.

• In some cases, judgement may need to be applied to determine whether a claim or representation falls within the scope of Principle 11, such as through the use of suggestive imagery or written descriptions that are implied but not explicit.
  o This should be determined on the basis of whether the claim would reasonably be interpreted by the purchaser as applying to the physical products, their sources and/or practices.
  o In this case, Principle 11 would be applicable to such claims.

• Criterion 11.1(a) requires such claims to be made in a manner and form consistent with the ASI Claims Guide.
  o Conformance with this requirement will be checked in Surveillance and Re-Certification Audits, and Non-Conformances could result in loss of CoC Certification or other sanctions.
  o Make sure relevant staff have a copy of the ASI Claims Guide and follow its procedures.
  o Consider how to integrate this into internal Management Systems to ensure appropriate review and approval of new claims and representations about CoC Material.

• Criterion 11.1(b) requires that there is verifiable evidence to support the claims and/or representations made.
  o It is very important that the claim does not state or imply information about products, their sources and/or practices that cannot be verified through documented evidence maintained by the Entity.
  o Where relevant claims rely on specific information or assurance outside of ASI Certification requirements for the Performance Standard or CoC Standard, this must be made available to the Auditor for verification.
  o When considering potential claims, ensure that the verifiability of these claims over time and in changing circumstances is taken into account.
  o Make sure internal control systems involve appropriately knowledgeable people who can review draft claims against the supporting evidence to make sure they align.

• Criterion 11.1(c) requires that appropriate training is provided for relevant employees to properly understand and communicate the claims and/or representations.
  o Consider which employees have roles that may include making claims or representations about CoC Material or ASI Certification more generally.
  o Develop internal training so that these employees are aware of the requirements of the ASI Claims Guide and are kept updated on any internal changes to the Entity’s Certification Status (e.g. adding new Facilities to the Entity’s Certification Scope, or suspensions).

Getting Started
Make sure that you have a copy of the ASI Claims Guide! Where the Entity makes claims or representations about CoC Material beyond CoC Documents, then start with the following:

• Review claims and/or representations about CoC Material to make sure they do (or will) conform to the ASI Claims Guide. Ensure these are backed up by documented and verifiable evidence.
Consider how the requirements for Principle 11 can be integrated into existing internal systems for control of marketing and communications

- Nominate a responsible person for the approval of written claims or representations about ASI Certification and CoC Material
- Develop training for relevant employees, such as sales associates, communications staff, etc.

**Review**

- Entities that make claims or representations about CoC Material or ASI Credits (outside of CoC Documents and ASI Credits Certificates) need to make sure these comply with the ASI Claims Guide.
- Relevant claims and representations would include those about Products, their sources and/or practices, which have an express or implied link with ASI Certification.

**Appendix 1 — Example Policy for Responsible Sourcing of Aluminium / Due Diligence**

*The following can be modified or adapted to suit individual businesses.*

[INSERT ENTITY NAME] is a [BRIEF DESCRIPTION OF THE COMPANY].

[ENTITY NAME] is a Member of the Aluminium Stewardship Initiative (ASI). ASI is a standards-setting and certification organisation that recognises and fosters the responsible production, sourcing and stewardship of aluminium.

As an ASI Certified Member/ASI Member seeking Certification, we commit to and have/are seeking independent third-party verification that we:

- Source aluminium responsibly
- Work against corruption in all its forms
- Respect Human Rights in line with the UN Guiding Principles on Business and Human Rights
- Not contribute to armed conflict or Human Rights abuses in Conflict-Affected or High Risk Areas
- Establish processes through which stakeholders can raise concerns about the aluminium supply chain

This policy articulates our commitment to due diligence towards our suppliers in the aluminium value chain, to use our influence to prevent abuses being committed by others. We will not deal with, and will discontinue engagement with, direct suppliers where we identify a reasonable risk that they are committing, are sourcing from, or are linked to any party committing:

- Human rights abuses, including torture, cruel, inhuman or degrading treatment; forced or compulsory labour; the worst forms of child labour; war crimes; violations of international humanitarian law, crimes against humanity or genocide
- Bribery or corruption, including offering, promising, giving or demanding bribes, particularly in relation to payments to politically exposed persons for the purposes of facilitating undue advantage for extracting, trade, transport and/or export of bauxite, alumina or aluminium
- Direct or indirect support to any non-state armed groups who illegally control mine sites or transportation routes, or illegally tax or extort money at extraction, transport, trading or export of bauxite, alumina or aluminium
[The Entity could include a description of how it will consider the risks of non-compliance by its suppliers with its supply chain policy, and how it could take action to prevent or mitigate the risks.

[Also include information about the Entity’s complaints mechanism for interested parties to voice concerns about sourcing/supply chain.]
Appendix 1 – Supply Chain Assessment Tools

Please note that this appendix supplies a list of potential tools and questions that may be used by an Entity. The Entity must determine which what the risks are in their unique supply chain and, if using a supplier checklist, tailor the questions accordingly. The intent of the ‘Potential Questions to Ask a Supplier’ list is that the Entity would use those most appropriate to the risks in their supply chain and the context of their suppliers (size of organization, geographical location, business activities etc). It is not expected that an Entity would use all the questions in the list. Entities are encouraged to adapt questions to their context.

<table>
<thead>
<tr>
<th>Risk/Condition/Situation</th>
<th>Assessment Tools</th>
<th>Potential Questions to Ask a Supplier</th>
</tr>
</thead>
</table>
| General                  | https://www.mvoriscochecker.nl/en/start-check | o  Does the firm have a valid certification of compliance with ASI Performance Standard?  
  o  Does the firm have any certifications (ISO 45001, 14001 etc)?  
  o  Does the firm maintain any relevant Association memberships (for example, Institute of Recycling Associations etc)?  
  o  Does the firm maintain a grievance procedure for its relevant stakeholders (Workers, Indigenous Peoples, local community etc)? |
| Anti-Corruption          | https://www.transparency.org/en/ | o  Does the firm have an anti-Corruption commitment?  
  o  Does the firm have a record of payments to governments?  
  o  Does the firm train its personnel on Corruption?  
  o  Does the firm do business with only legitimate Business with legitimate financial sources?  
  o  Has the firm been or is it being involved in legal proceedings in relation with Corruption? |
<table>
<thead>
<tr>
<th>Risk/Condition/ Situation</th>
<th>Assessment Tools</th>
<th>Potential Questions to Ask a Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>o Does the firm maintain records on potential conflicts of interest?</td>
</tr>
<tr>
<td>Bribery</td>
<td></td>
<td>o Has the firm been or is it being involved in legal proceedings in relation with Corruption/Bribery or money laundering?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Does the firm have a limit on gifts, entertainment and sponsoring?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Has the firm been or is it being involved in legal proceedings in relation with Bribery?</td>
</tr>
<tr>
<td>Money Laundering</td>
<td></td>
<td>o Has the country in which you are located established laws designed to prevent money laundering?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Has the firm been or is it being involved in legal proceedings in relation with money laundering?</td>
</tr>
<tr>
<td>Responsible Sourcing</td>
<td></td>
<td>o Does the firm maintain a responsible sourcing Policy? Is it publicly available?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Does the firm set targets for responsible procurement?</td>
</tr>
<tr>
<td>Human Rights</td>
<td><a href="http://www.politicalterrorscale.org">http://www.politicalterrorscale.org</a></td>
<td>o Does the firm have a Policy or other similar document(s) towards respect for Human Rights?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Are all staffed trained on the Human Rights Policy?</td>
</tr>
<tr>
<td>Modern Slavery</td>
<td><a href="https://wwwglobalslaveryindex.org/2018/data/maps/#prevalence">https://wwwglobalslaveryindex.org/2018/data/maps/#prevalence</a></td>
<td>o Does the firm have an anti-slavery commitment?</td>
</tr>
<tr>
<td></td>
<td><a href="https://www.ilo.org/global/topics/forced-labour/policy-areas/statistics/lang--en/index.htm">https://www.ilo.org/global/topics/forced-labour/policy-areas/statistics/lang--en/index.htm</a></td>
<td>o Can it be affirmed that the firm does not practice Forced Labour including:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o work of slaves,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o work of hostage,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o work based on Debt Bondage,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Human Trafficking</td>
</tr>
<tr>
<td>Risk/Condition/ Situation</td>
<td>Assessment Tools</td>
<td>Potential Questions to Ask a Supplier</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>Local Communities and Indigenous Peoples</td>
<td><a href="https://www.iwgia.org/en/resources/indigenous-world">https://www.iwgia.org/en/resources/indigenous-world</a></td>
<td>o Does the company respect rights of Local Communities and Indigenous Peoples?</td>
</tr>
</tbody>
</table>
| Labour Rights | http://labour-rights-indicators.la.psu.edu/about http://hdr.undp.org/en/content/table-5-gender-inequality-index-gii | o Does the firm have an anti-Discrimination policy?  
  o Can it be affirmed that the firm does not discriminate people based on sex, gender, age, religion, disability, marital status, nationality, caste, union affiliation, social or ethnic origin, or any other characteristic?  
  o Have any instances of potential discrimination been raised against the firm in the last 5 years?  
  o Does the firm maintain a labour rights policy?  
  o Are all staff trained on the labour rights policy?  
  o Has the firm received any labor violations in the last five years?  
  o Under what conditions are wages deducted (e.g. for PPE, for poor performance, for unmet quotas, for taxes)?  
  o Does the firm maintain a Policy regarding wages? |
| Freedom of Association | http://labour-rights-indicators.la.psu.edu/ | o Does the firm maintain a Policy regarding Freedom of Association/Collective Bargaining?  
  o Is the facility unionized?  
  o Do workers have the right to choose, form, belong or not belong to a union or similar representative organization?  
  o Can workers bargain collectively without fear of |
<table>
<thead>
<tr>
<th><strong>Risk/Condition/Situation</strong></th>
<th><strong>Assessment Tools</strong></th>
<th><strong>Potential Questions to Ask a Supplier</strong></th>
</tr>
</thead>
</table>
| **Conflict Affected and High Risk Areas**  
Areas which are conflict affected or at high risk of being conflict affected | https://hiik.de/konfliktbarometer/ | ○ Are any materials being sourced from regions which may be conflict-affected? If yes, do you have a system in place to assess the risks of the supplier contributing to conflict or adverse Human Rights abuses? |
### Appendix 2 – ASI CoC Document – Template

This can be used as a template for stand-alone CoC Documents under the ASI Standard. Alternatively, Entities may integrate the required information into their own preferred format.

<table>
<thead>
<tr>
<th><strong>ASI CoC Document</strong></th>
<th>The information provided in this CoC Document is in conformance with the ASI CoC Standard.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of issue:</strong></td>
<td><strong>Reference number:</strong></td>
</tr>
<tr>
<td><strong>Issuing Entity</strong></td>
<td><strong>Receiving Customer</strong></td>
</tr>
<tr>
<td>Name of company:</td>
<td>Name of company:</td>
</tr>
<tr>
<td>Address:</td>
<td>Address:</td>
</tr>
<tr>
<td>ASI CoC Certification number:</td>
<td>ASI CoC Certification number <em>(if applicable)</em>:</td>
</tr>
<tr>
<td>Responsible person:</td>
<td>Responsible person:</td>
</tr>
</tbody>
</table>

### CoC Material – Type *(check which applies)*

- ASI Bauxite
- ASI Alumina
- ASI Liquid Metal
- ASI Cold Metal
- ASI Aluminium

<table>
<thead>
<tr>
<th><strong>CoC Material</strong></th>
<th><strong>Form of Material</strong></th>
<th><strong>Mass of CoC Material in shipment:</strong></th>
<th><strong>Mass of total shipment:</strong></th>
<th><strong>Unit of measurement</strong></th>
</tr>
</thead>
</table>

### Sustainability Data (optional)

- Average carbon footprint fo the CoC Material, including methodology *(tonnes CO\textsubscript{2}–eq per tonne Al)*
- Information to support the origin of ASI Aluminium
- Post-Casthouse – ASI Certification status *(for ASI Performance Standard)*
- Post Casthouse – recycled content, including methodology regarding Pre-Consumer and Post-Consumer Scrap, of the CoC Material

### Supplementary information (optional)
Glossary

The Glossary has been moved to the ASI Glossary global document.