

ASI Management Response

Analysis of Implementation of Key Governance and Social Criteria from ASI Certified Entities

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The research report can be found on ASI's website here: <https://aluminium-stewardship.org/wp-content/uploads/2021/10/Social-Governance-Report-PUBLIC-final.pdf>

Findings and Recommendations

The following recommendations are made to ASI with respect to the general improvement of data quality and reporting standards; with respect to conceptual issues relating to particular criteria; and with respect to training and capacity building.

General improvement of data quality and reporting standards:

- Consider improving data capture, analysis and comparison by introducing more specific reporting requirements based on specific key terms, activities and points to consider contained in the Guidance to the Performance Standard. Special focus should be placed on the elements, design and implementation of a responsible sourcing policy (criterion 2.4), of adequate complaint resolution mechanisms (criterion 3.4) and of policies and processes to respect the rights of Indigenous peoples (criteria 9.3 and 9.4).
- Consider developing reporting schemes that differentiate performance geographically and by supply chain activities in a broader Certification scope.

Conceptual issues for specific criteria:

- Criterion 2.4: Determine whether or not an effective responsible sourcing policy should include due diligence measures for suppliers beyond the first tier.
- Criterion 3.4: Clarify and explain the meaning of the principles for complaint resolution mechanisms, i.e. accessible, transparent, understandable, culturally sensitive, gender sensitive and adequate to address stakeholder complaints.
- Criterion 9.3: Reflect and confirm to what extent general CSR-measures building capacities for Indigenous peoples count for implementation of the criterion, if they are not directly linked to Certified operations of the Entity.
- Criterion 9.3: Determine ASI's stance towards the existence of Indigenous peoples in China.
- Criteria 9.3 and 9.4: Develop more detailed points to consider for determining how close Indigenous peoples must be situated to Entities' operations so that their concerns are to be considered for the fulfillment of the criteria.

Training and capacity-building

- Criterion 3.4: Train auditors with respect to the principles for an adequate complaint resolution process, including training on cultural and gender sensitivity.
- Criterion 9.4: Train auditors as to the particulars of FPIC processes, including methodological issues and procedural requirements.
- Criteria 9.3 and 9.4: Strengthen the capacity of IPAF to give advice on issues relating to Indigenous peoples and to network with Indigenous peoples' organizations in critical countries with oppressed Indigenous communities and national minorities.

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This study provides very useful insights into the implementation of key governance and social criteria of the ASI Performance Standard by 74 ASI Certified Entities. Certifications were issued from March 2018 to February 2021. In focus are key governance and social criteria relating to responsible sourcing and human rights due diligence, in accordance with UN Guiding Principles on Business and Human Rights (UNGPs). Moreover, the study examines reports on key criteria relating to complaint resolution mechanisms and corporate-community relations, with special emphasis on Indigenous peoples.

The study had the following objectives:

1. General overview of implementation and consistency (criteria 2.4, 2.7, 2.8 and 9.1)
2. Implementation of complaint resolution mechanisms (criterion 3.4)
3. UNGPs and Indigenous peoples (criteria 9.1, 9.3 and 9.4)
4. Implementation of Indigenous peoples and FPIC (criteria 9.3 and 9.4)

ASI welcomes the recommendations from the study and they directly informed the ASI Standards Revision 2020-2022 and ASI Performance Standard Principle 9, Human Rights, as well as criteria 2.4 (Responsible Sourcing), 2.7 (Mergers and Acquisitions) and 2.8 (Closure, Decommissioning and Divestment). The second draft documents went out for public consultation in January 2022. ASI's response to the specific findings and recommendations as described above, and how they have been addressed in the second draft documents, have been discussed with the Standards Committee during their 6 October 2021 meeting. The minutes of this meeting and details on ASI's response can be found on the ASI website, in particular on slides 34 – 39: <https://aluminium-stewardship.org/wp-content/uploads/2021/11/ASI-SC-Teleconference-Minutes-V2-06Oct21.pdf>