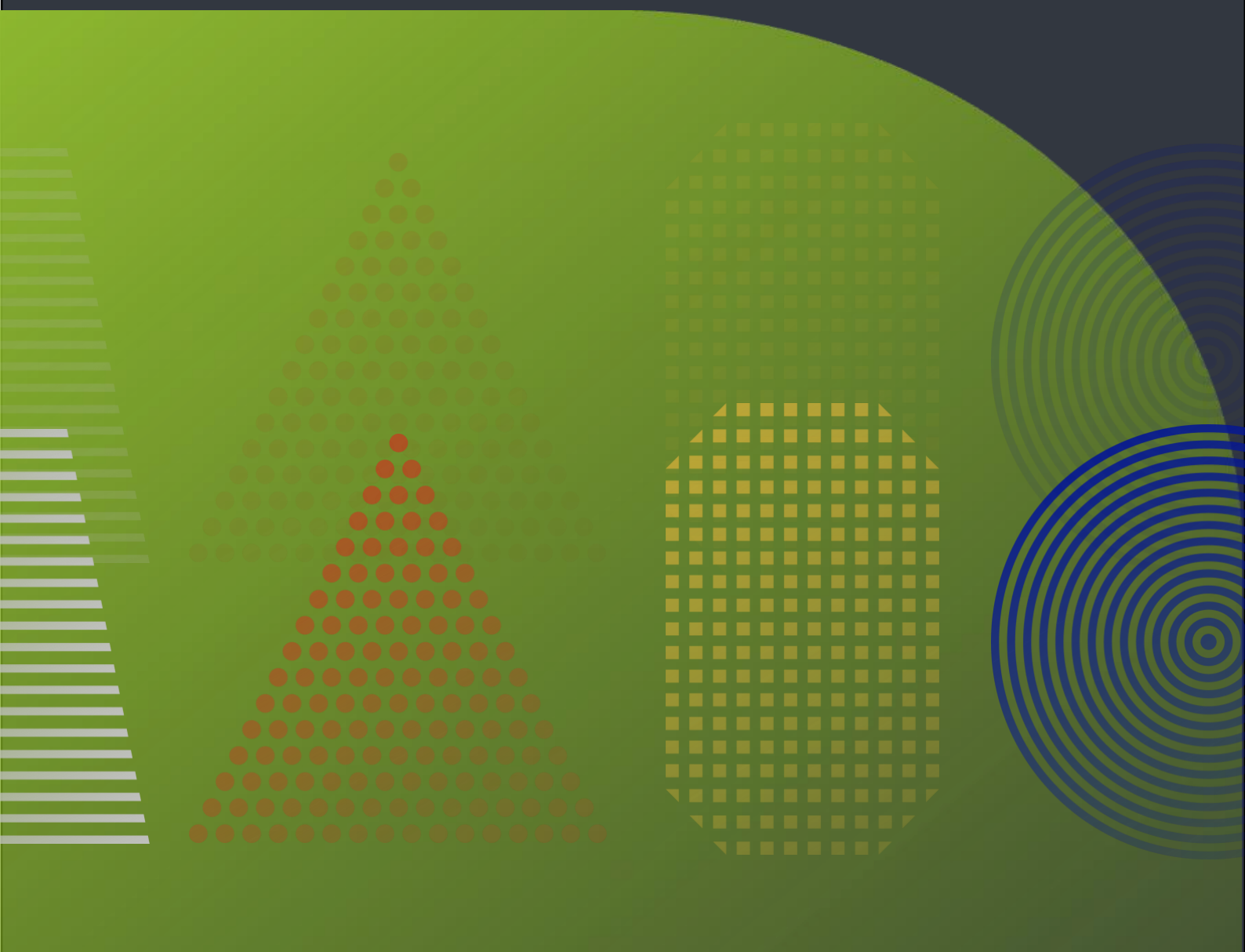


Criteria 5.3a & 5.4 Exemption Process

Conditions and Procedure for Exemption of GHG
Emissions performance-related Non-Conformances
from Provisional/Loss of Certification Rules

December 2024



Executive Summary

Criterion 5.3 of the ASI Performance Standard requires certifying Entities to:

- Develop a GHG Emissions Reduction Plan and 1.5°C aligned Pathway, using the ASI Method ('articulation'),
- Demonstrate emissions reductions over time in line with this Pathway ('performance')

ASI remains committed to a 1.5°C aligned aluminium sector. Its [GHG Pathways Method](#), published in 2024 and built on a sectoral 1.5°C scenario broadly aligned with the IEA Net Zero Emissions scenario, remains fundamentally unchanged.

However, the aluminium sector (as all sectors) is not reducing emissions in line with a 1.5°C scenario, mainly due to structural barriers to change. For most Entities these barriers are unlikely to be overcome within the next 3–5 years.

Hence, ASI is likely to see repeated Non-Conformances related to 1.5°C Pathways alignment. ASI estimates that up to 90% of ASI Certified primary producers would be affected within the next 5 years, leading to a potential loss of Certification under the current Assurance framework. This could lead to reduced impact as these Entities would no longer be committed through their ASI Certification to work towards improvements in Environment, Social and Governance processes and performance.

To recognise this and to continue driving change at the sector level, while being transparent about these areas of Non-Conformance, ASI has designed specific flexibility around emissions reduction performance-related elements of Criterion 5.3 and Criterion 5.4. Exemption aims to maintain the integrity of the ASI Performance Standard and Assurance process while allowing for flexibility under certain circumstances.

This flexibility gives non-conformant Entities more time to address structural causes of Non-Conformance without risk of losing Certification due to these factors alone.

This document outlines new rules for such flexibility (Exemption) within the ASI Assurance framework, specific to these Criteria, that will recognise where there are structural barriers to conformance and allow non-Conformant Entities to maintain ASI Performance Standard Certification in specific circumstances.

Major Non-Conformance against Criterion 5.3a or performance related elements of 5.4 will not count towards the maximum three (3) Major Non-Conformances leading to Provisional Certification nor 3+ leading to non-issuance or revocation of a Certificate.

At the same time, Exempted Entities are required to develop Corrective Action Plans and to demonstrate progress over time, while continuing to meet the other (articulation and disclosure-related) aspects of the GHG-related Criteria.

Entities are encouraged to explore all Conformance avenues before relying on Exemption and Auditors directed to interrogate this action prior to granting Exemption.

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1. Background

ASI Performance Standard v3 Criterion 5.3 requires Entities to

- develop a GHG Emissions Reduction Plan, and
- demonstrate GHG emissions reductions in line with a 1.5°C aligned Pathway, developed using the ASI Method.

While ASI recognises the need for rapid and deep decarbonisation, many Entities are currently prevented from fully reducing emissions intensity in line with a 1.5°C Pathway by structural limitations outside their control. For example, dependence on purchased electricity from grids yet to transition to low carbon power sources.

These limitations mean such Entities are unable to conform with ASI Performance Standard requirements and would be unlikely to close such Non-Conformances in the short- to medium-term (or longer).

For these cases and for the duration of the applicability of v3, ASI is introducing an Exemption process that allows Entities more time to address these Non-Conformances, without automatically triggering a Provisional Certification or eventual loss of ASI Certification.

2. Purpose of this Document

- a. To outline the conditions under which ASI Auditors may exclude Major Non-Conformances against specific GHG emissions-related (sub-)criteria of the Performance Standard from *Certification Outcomes and Member Obligations* articulated in the Assurance Manual (**Exemption**), while ensuring transparency, accountability, and adherence to sustainability goals.
- b. To articulate the process for Exemption, providing these conditions are met, as part of the ASI Assurance Process.

3. Definition of Exemption

Major Non-Conformances related to GHG emissions reduction (Criteria 5.3 and 5.4) which meet the Exemption conditions defined herein will be excluded from the *Certification Outcomes and Member Obligations* outlined in Table 15 of the [ASI Assurance Manual V2.1 Section 6.4](#) (i.e. not counting towards Provisional Certification triggers nor a loss of Certification).

4. Scope

This process applies to all ASI Audits carried out against v3 of the ASI Performance Standard, from 1 January 2025.

The conditions for Exemption ONLY apply to the emissions-reduction performance aspects of Criterion 5.3 (sub-Criterion 5.3a) and Criterion 5.4. All other sub-Criteria, including the GHG Emissions Plan and Pathway establishment and review, public disclosure and Intermediate Target setting requirements of Criterion 5.3, are out of scope of the Exemption process.

[ASI Performance Standard Version 3.1](#)

Sub-Criterion 5.3a: “The Entity shall establish a GHG Emissions Reduction Plan and ensure a GHG Emissions Reduction Pathway consistent with a 1.5°C warming scenario using an ASI endorsed methodology when available”.

Criterion 5.4: “The Entity shall implement the necessary Management System, evaluation procedures, and operating controls to achieve performance aligned to the GHG Emissions Reduction Plan and targets developed in criterion 5.3”.

5. Exemption Procedure

5.1 Triggers for Exemption

An Entity may be granted a Major Non-Conformance against GHG emissions performance related elements of Criterion 5.3a* and Criterion 5.4 when it is unable:

1. to “ensure a GHG Emissions Reduction Pathway consistent with a 1.5°C warming scenario” – Criterion 5.3a
2. to demonstrate emissions intensity reductions in line with the Entity’s GHG Emissions Reduction pathway (“achieve performance aligned to the GHG Emissions Reduction Plan and targets developed in criterion 5.3”) – Criterion 5.4

These Non-Conformances are triggers for the Exemption process – the Auditor must then assess if the Entity has met the conditions for Exemption.



Only Major Non-Conformances granted in the above cases are triggers for Exemption.

All other Non-Conformances, including those related to other aspects of 5.3a and 5.4, SHALL count towards totals for Provisional Certification or non-Certification as per the Certification Outcomes and Member Obligations outlined in Table 15 of the Assurance Manual (summarised in Appendix 2).

5.2 Conditions for Exemption

For the Auditor to grant an Exemption, the Non-Conformant Entity should provide (as part of the ASI Audit and to the satisfaction of the Auditor), evidence that the Entity:

1. Is (currently) structurally limited in its ability to reduce emissions intensity in line with a GHG Emissions Reduction Pathway consistent with a 1.5°C warming scenario;
2. Has identified non-structurally limited emissions reduction strategies and is taking action to realise these, delivering actual emissions intensity improvements;
3. Commits to disclose both (1) and (2) in its GHG Emissions Reduction Plan, which should continue to align with the GHG Emissions Reduction Pathway, but also articulates the difference between the ideal 1.5°C Pathway-aligned scenario and the realistic actions being undertaken in the short- to medium- term.

Evidence of (1) could include:

- Documentary evidence that the power grid from which the Entity purchases its electricity has yet to transition to an [IEA Net Zero Emissions Scenario \(NZE\)](#) aligned pathway and that such a transition is likely to be non-linear (scope 2 – all processes, but in particular Smelting);
- Documentary evidence that the Entity has tried but failed to source decarbonised or decarbonising aluminium, due to supply constraints (scope 3, category 1 – Casthouse, Semi-fabrication and Material Conversion);
- Documentary evidence that the technology does not yet exist, is not yet implementable or is currently cost-prohibitive to affect a step change in process emissions (scope 1 all processes);

Evidence of (2) could include:

- Internal energy efficiency audits;
- That provided in support of an ISO management system standard audit (including ISO 9001, ISO 14001, ISO 22000, ISO 22301, ISO 27001, ISO 45001, and ISO 50001), following the [February 2024 amendment](#) that integrates climate action (sub-clauses 4.1 and 4.2) into these standards.
- Scope 1 and 2 disclosures under [CDP Full Corporate Questionnaire](#) section 7.1 (Environmental performance – Climate Change) requirements (see box text below) and/or similar for scope 3 cat. 1 procurement actions.

(3) essentially becomes part of the Corrective Action Plan (see section 5.3).

7.10

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Investors and data users are interested in understanding whether companies are successfully reducing their emissions year over year.

Select one option

Tags (19)

Change From Last Year

No change (2023 C7.9)

7.10.1

Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

When investigating how year-on-year gross global emissions (Scope 1 + 2 combined) have changed, CDP and its investors are interested in changes at a granular level; thus allowing CDP's data users to gain an insight into factors than have contributed to these changes.

Reason	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption, Other emissions reduction activities, Divestment, Acquisitions, Mergers, Change in output, Change in methodology, Change in boundary, Change in physical operating conditions, Unidentified, Other	1234.999	<ul style="list-style-type: none">IncreasedDecreasedNo change	1234.9999	Write your answer here...

5.3 Exemption Process

If the Auditor is satisfied that the Entity has fulfilled the conditions above, they should recommend an Exemption from the Certification Outcomes and Member Obligations of Table 15 of the Assurance Manual (summarised in Appendix 2) against the specified Criteria.

Major Non-Conformance against Criterion 5.3a or performance related elements of 5.4 would thus **NOT COUNT TOWARDS**:

- The maximum three Major Non-Conformances leading to Provisional Certification, nor
- More than three Major Non-Conformances leading to non-issuance or revocation of a Certificate.

The Corrective Action Plan for these elements, while having a longer timeframe than the Surveillance Audit horizon usually applied, and not requiring closure of the Non-Conformance within the duration of the Certification Period, should include (at a minimum) the following elements:

1. Longer term commitment to address root (structural) causes of Non-Conformance and disclosure in the GHG Emissions Plan;
2. Short term achievable actions as outlined in section 5.2 (2);
3. Articulation of the gaps between the realistic short term action plan and the (1.5 degree aligned) GHG Emissions Reduction Plan and the required conditions for filling these gaps, including an estimated timeline for resolution (e.g. grid transition to x% renewables within 10-15 years);
4. Clear articulation of responsibilities (what) and responsible individuals (who);
5. Plan for monitoring the situation;
6. A renewed commitment to public disclosure of emissions performance, as per Criterion 5.1 and Criterion 5.3e (iii).
7. Commitment to report progress to ASI via Surveillance Audits

The Audit Report, including the Corrective Action Plan should be submitted for Oversight to the ASI Secretariat, following the usual Assurance processes.

5.4 Certificate Issuance

Following discussions between and agreement of both the Lead Auditor and ASI Secretariat, ASI Secretariat issues the Certificate (Provisional or Full), highlighting the Exemption alongside the Conformance Rating, with reference to this document.

Initial and subsequent Certificates with Exemptions shall include the following text in the Overview and relevant Public Headline Statement(s):

Overview:

<p>GHG Emissions Performance Exemption</p>	<p>The Entity was unable to demonstrate GHG emissions reductions in line with its GHG Emissions Pathway, receiving Non-Conformance ratings for Criterion 5.3a and 5.4.</p> <p>The Auditor judges these Non-Conformances to be due to structural limitations, beyond the Entity's control, and thus qualifying for Exemption from ASI Provisional/Loss of Certification rules as per www.aluminium-stewardship.org/GHG-performance-exemption.</p> <p>The Auditor judges that the Entity has met the requirements for Exemption and that the Non-Conformances against 5.3a and 5.4 should not count towards Provisional or loss of certification thresholds for the duration of the Certification Period.</p>
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Public Headline Statement:

"The Entity has not been able to demonstrate that its GHG emissions intensity reduction performance is in line with its ASI Method-derived GHG Emissions Reduction Pathway and as such is non-conformant with Criteria 5.3 (a) and 5.4. This is the [ordinal] Certification Period across which the Entity has been above its GHG Pathway-required emissions reduction slope.

As per [www.aluminium-stewardship.org/GHG-performance-exemption] these Non-Conformances are exempt from the Certification Outcomes and Member Obligations Resulting from Non-Conformance outlined in the ASI Assurance Manual.

However, the expectation is that the Entity will continue to be required to publicly disclose its performance and to meet the other requirements of the GHG Emissions related Criteria and to reduce its emissions intensity (all a condition of Exemption).

At subsequent Audits, the Entity's ability to meet the conditions of Exemption will be reviewed, should the Non-Conformance(s) remain."

5.5 Regular monitoring and reporting

The Entity should continue to disclose emissions intensity performance publicly on an annual basis (even if not in line with the Pathway), as per Criterion 5.1 and Criterion 5.3e (iii) and the revisions/additions to the GHG Emissions Reduction Plan outlined in section 5.2 (3) above.

Surveillance Audits should include monitoring of progress against the Entity's longer-timescale Corrective Action Plan, even if close out of Non-Conformances is not required within the Certification Period.

5.6 Validity of Exemptions

Exemptions remain valid for the duration of the current Certification Period.

6. Responsibilities

ASI Certifying/Certified Entity

- Providing to the Auditor Objective Evidence that it meets each of the conditions for Exemption (section 5.3).
- Developing (long-term) Corrective Action Plans for the applicable Non-Conformances.
- Continuing to disclose GHG emissions performance publicly and annually (even if such performance is not in line with the Pathway), as per Criterion 5.1 and 5.3e (iii).

Lead Auditor

- Determining a Conformance Rating against the normative requirements of the Standard that could trigger Exemption (e.g. non-conformance for unaligned Pathway performance resulting in an Exemption NOT an Exemption from non-conformance).
- Interrogating Objective Evidence that the Entity meets the criterion for Exemption.
- Applying an Exemption, if appropriate.

ASI Secretariat

- Defining Exemption conditions and process and ensuring these are followed during Audits (via elementAL and the Assurance Oversight Process).
- Providing technical oversight to ensure consistency in Audit outcomes and Exemption application.
- Issuing Certificates accordingly.
- Communicating clearly to stakeholders (at the issuance of all Certificates and subsequent re-Issue) that an Exemption has been applied.

Appendix 1: Criterion 5.3 & Criterion 5.4

5.3 GHG Emissions Reduction Plan. The Entity shall:

- a. Establish a GHG Emissions Reduction Plan and ensure a GHG Emissions Reduction Pathway consistent with a 1.5oC warming scenario, using an ASI endorsed methodology when available.
- b. Ensure that the GHG Emissions Reduction Pathway includes an Intermediate Target covering a period no greater than five years, which:
 - i. Addresses all Direct and Indirect GHG emissions.
 - ii. Is developed using a Science-Based Approach endorsed by ASI, if available.
 - iii. Is publicly disclosed.
- c. Review the GHG Emissions Reduction Plan annually.
- d. Review the GHG Emissions Pathway on any changes to the Business that alter baselines or targets.
- e. Publicly disclose:
 - i. The latest version of the GHG Emissions Reduction Pathway
 - ii. The latest version of the GHG Emissions Reduction Plan.
 - iii. Progress against the GHG Emissions Reduction Plan on an annual basis.

5.4 GHG Emissions Management. The Entity shall implement the necessary Management System, evaluation procedures, and operating controls to achieve performance aligned to the GHG Emissions Reduction Plan and targets developed in criterion 5.3.

Appendix 2: Assurance Manual Table 15 (truncated)

Conformance Rating	Certification Outcomes and Member Obligations	Follow-up Action for Auditors
[...]	[...]	[...]
Major Non-Conformance	<p>Provisional Certification</p> <p>If up to or including three Major Non-Conformances are identified during an Audit, the Entity will be granted Provisional Certification which is valid for one (1) year. However, this is only possible if all Major Non-Conformances have been adequately addressed in a Corrective Action Plan approved by the Lead Auditor</p> <p>If more than three Major Non-Conformances are found during any Audit, Certification will not be issued (Certification and/or Re-Certification Audits) or will be revoked (Surveillance Audits).</p> <p>Corrective Actions for Major Non-Conformances Deadline</p> <p>Corrective Actions for Major Non-Conformances should aim to be completed within six (6) to twelve (12) months from the Audit date. The Corrective Action Plan must be submitted to the Lead Auditor for approval within one (1) month of the on-site portion of the Audit. The Audit Report cannot be submitted for Oversight until the Corrective Action Plan is approved.</p> <p>If Major Non-Conformances are found during a Surveillance Audit, the Entity's Certification will be reduced to a one (1) year Provisional Certification</p> <p>Provisional Certification transitioning to full Certification</p> <p>All Provisional Certifications are expected to transition to a full Certification as soon as practicable (for the remaining duration of the original three (3) year period) with only two consecutive Provisional Certification Periods permitted. If Major Non-Conformances are found in the third consecutive Audit (excluding Surveillance Audits), then Certification will be suspended until the Entity can address the Non-Conformances through Corrective Actions.</p>	<p>In addition to follow-up actions for Minor Non-Conformances, the Lead Auditor must approve the Corrective Action Plan and record the approval in the ASI Audit Report.</p>
[...]	[...]	[...]