

ASI Climate Working Group – Call 3

03 July 2025 0700–0830 BST

Attendance

• Muhammad Salman Afzal	Qatalum
• Mohammed Al Ahmari	Ma'aden
• Eiman Ahmad Al Obaidli	EGA
• Chris Bayliss	ASI
• Marlen Bertram	International Aluminium
• Patrick Brading	Hydro
• Fynn Clive	CarbonChain
• Alexander Dampmann	GF Casting Solutions
• Regina Ganther	Trimet
• Ge Qing	CNIA
• Marghanita Johnson	Australian Aluminium Council
• Olivier Néel	Constellium
• Thomas Payer	Speira
• Chelsea Reinhardt	ASI
• Lisa Scharinger	AMAG
• Gangaa C Sharma	Cetizion Verifica
• Sabine Sigle	Nemak
• Alexey Spirin	UC RUSAL
• Panagiotis Tserolas	Elval
• Piet Wit	Chimbo
• Mikko Samuli Vaija	Chanel
• Lyndsey Vipond	Novelis

Agenda points:

- WELCOME & CALL 2 ACTIONS (10 mins)
- Emissions Reduction Performance (45 mins)
 - v3 requirements, limitations & recap of Exemption Process
 - Implications of Method choice
 - Possible options for v4 requirements
 - Discussion of options & alternatives
- Adaptation (25 mins):
 - Other schemes' approaches
 - Possible areas of focus for requirements
 - Discussion of options and potential LEADING practice
- ACTIONS & NEXT STEPS (10 mins)

Discussion Notes:

1. Welcome and Overview

- ASI provided an update on actions since the previous Working Group call and introduced the agenda for today's meeting
- ASI explained the distinction between leading and minimum expectations in the new structure for the PS v4 draft
- One participant asked about leading practice distinction, as they have not seen this as clearly in other Working Groups. ASI explained that the structure will be similar under all content areas, but some drafts are more mature than others and the initial focus will be on agreeing minimum expectations

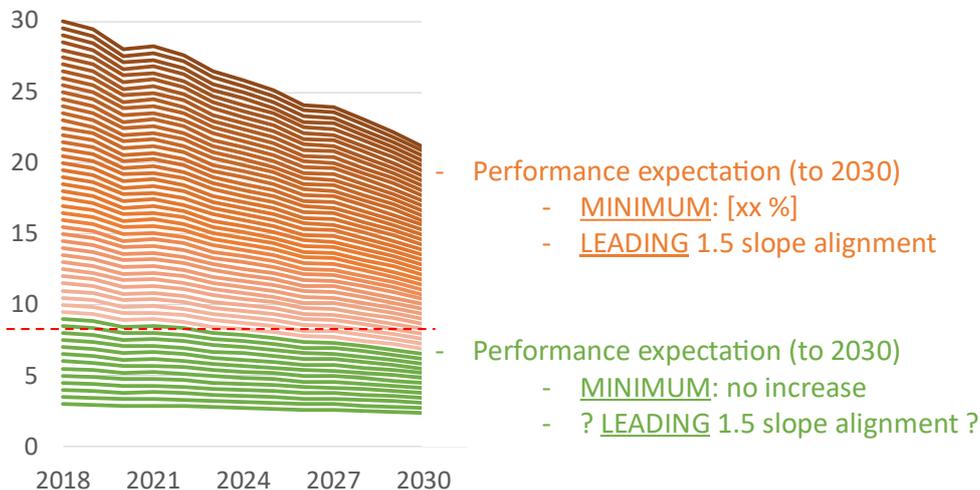
2. Performance expectations:

- ASI explained the current method for GHG Pathways performance:
 - Emissions intensity alignment with an Entity specific 1.5 degree pathway (averaged out over prior 3 year period)
 - If the Entity is not in alignment with the pathway, they receive a major Non-conformance.
 - Due to structural limitations (e.g. smelter access to decarbonising grid power), many Entities are not able to achieve full conformance
 - Thus, ASI has developed an Exemption process
 - Entity needs to show 'some progress' but still receives a non-conformance; however, the open NC does not count towards loss of certification
- Objective for this Working Group – with the V4 revision we need to agree on a path that maintains 1.5-degree ambition but establishes a better way to manage the issues of structural non-conformance
- ASI explained as a follow up from the previous call, the team also explored alternative methods – e.g. looking at a carbon budget approach rather than an intensity alignment approach
 - However, even with these alternate methods, there will be similar conformance issues over the next 5-10 years if we go for an approach that requires aligning with the budget or being on track to meet the target
- The Working Group discussed the options set out by ASI and raised the following questions and points:
 - Corporate targets are often multi-national, corporate level. But if ASI certified at a facility level, how do these match up? ASI explained:
 - Current ASI Pathways method allows a lot of flexibility – the Pathway can be at Entity certification scope level, incorporate multiple Entities (as in a corporate target), be at sub-Entity level and include non-ASI assets – as long as no part of an Entity is outside of a Pathway scope – see p22 of <https://aluminium-stewardship.org/wp-content/uploads/2024/02/ASI-Entity-GHG-Pathways-Method.pdf>)

- Such an approach is harder for Entities handling multiple metals as ASI Method only includes aluminium-related emissions inventories and Entities would have to allocate out to aluminium (this is where there is more push for an SBTI or similar approach that aligns with corporate targets)
- Clarification on current Exemption process in fossil powered regions?
 - Requirement is for all Entities to map the pathways and set their targets. But if an Entity is in a region where there is no ability to connect to low carbon grid power, then yes the Exemption process could be triggered (but this is not the only context – e.g. might also apply to hydro-powered smelters where their slope is more gradual, but they don't yet have access at scale to required technology e.g. inert anodes)
 - Many coal fired smelters are already excluded from certification due to 5.2 criterion in the current Performance Standard
- Some Entities might meet this pathway alignment at corporate level, but not necessarily for specific sites.
 - ASI response: even if a specific site cannot meet a narrowly scoped pathway, the fact that it is part of a corporate pathway that fully includes the site means that the ASI Method has been followed – the purpose of the pathway is to articulate and drive performance across the sector, regardless of whether the scope is an ASI certifying Entity or not.
- If Entities cannot meet the pathway, why can we not consider offsets. ASI clarified this will be discussed at the next call, but that credits will likely need to be combined with decarbonization pathways, not as a way to offset misaligned performance
- Is leakage of carbon or sustainability credentials due to flexible entity scope a concern? ASI response: this is a broader discussion, but in terms of climate, we have 1.2 billion tonnes of CO₂ emitted by the sector, ideally we would engage as much of that as possible.
- ASI introduced a set of potential options for performance expectations, including an example of differentiated performance. Under this approach (Option 3) you could retain a performance reduction expectation with two tiers:
 1. For Entities above a given threshold value (those responsible for the majority of emissions) – minimum = show at least some improvement in emissions reduction; leading level = demonstrate 1.5 degree aligned
 2. Low emitters – minimum = needs to show they are not increasing; leading = following 1.5 degree slope

- Working group was given time to review these options and raise further implications

What might a differentiated performance expectation look like [with a 2023 primary “cut off” at 8 t CO₂e/t Al]?



Option	Implications
1. Retain current framework, including Exemption process	<ul style="list-style-type: none"> Lots of repeated NC Complexity Credibility of ASI potentially undermined
2. Focus short term performance expectations on higher emitting Entities, e.g. <ul style="list-style-type: none"> Below a given cutoff baseline intensity... <u>OR</u> Low sectoral materiality emissions sources (e.g. downstream scopes 1 & 2)... ...do not require performance to be demonstrated [before 2030]	<ul style="list-style-type: none"> Higher emitters need to cut faster and further Fewer near-term options for lower emitters Would differentiate expectations
3. Use differentiated levels to categorise performance, e.g. <ul style="list-style-type: none"> LEADING: alignment with intermediate target MINIMUM: real reduction in emissions [intensity of x% over a period] NC: no real reduction in emissions [intensity over a period] 	<ul style="list-style-type: none"> Could be complexed with (2), with differentiated expectations for higher baseline emitters {see following slide for example} Removes need for Exemption Retains ambition (and opportunity to meet that ambition through LEADING practice) Could be seen as a step down from v3
4. Do not include performance as a requirement; limit to target setting, Pathway/Plan articulation and disclosure of performance, as per (current) SBTi	<ul style="list-style-type: none"> Could be seen as a step down from v3
5. Other...	

- Working group was asked to confirm if we should maintain 1.5 degree ambition (as top level/ leading practice).
 - Important point, and this is why we might favour of Option 2 rather than Option 3 – actions taken in the shorter term (pre-2030) are needed to enable the longer term
 - Aim should be to enable those large scale improvements that allow more major changes at scale
 - This ties in with the notion of investment which came up during the previous call – this is about enacting change; this could be incorporated as a leading practice level

- **ACTION** – ASI to work on some drafting that will include the investment/ R&D element as an additional pillar under performance, both for high emitters and in readiness for the required post-2030 actions of “lower emitters”

- Current criterion 5.2 says essentially new coal fired smelters are not eligible to certify. This will be discussed at the next WG call; one option is to look at setting different thresholds based on power source, for primary production – looking at availability of power in the world, it is about setting a threshold that is realistic but ambitious.
- Given the limited availability of low carbon (and quality scrap), a share of low carbon in the input mix could be a requirement for the downstream – can an Entity demonstrate that they are increasing the share of low-carbon/ recycled input (this feels most relevant and easy to audit in the short/ medium term)
 - [First Movers Coalition](#) – companies are looking at how we can increase the availability of low carbon metal (chicken and egg issue)
- Does the ASI Method require a procurement slope for downstream? Yes, it does, cradle to gate approach up to semis, procurement post-semis.
- Question about scope 3 emissions – how are different smelters tracking this? ASI – pathways method refers to the [IAI guidance](#), which takes a cradle to gate approach, total intensity of all smelters
 - **Summary of discussion:**
 - Options 2/3 preferred. Emissions reduction not the only indicator – investment that enables post 2-30 reduction needs to be further explored
 - Differentiated expectations – high/ low emitters – yes pursue
 - Consider potentially different downstream expectation with more focus on sourcing (e.g. mix of low carbon/ recycled content)
 - ASI to work on drafting up a combination of Option 2 and 3 considering these points made by the working group

3. Climate adaptation

- ASI summarized some research on how other schemes (mainly agricultural) are managing climate adaptation
- Consider key elements – risk assessment/ risk control (measures) and implementation of measures.
- WG discussed the proposals:
 - very important to align with existing frameworks e.g. IFRS standard (fairly high-level) under TCFD recommendation
 - ASI is about certifying aluminum products in the value chain (also facilities). Other processes exist already that already capture adaptation risk – perhaps ASI approach should be more about checking where this is already covered

- Important to send a signal that adaptation is important, so including something on this is appropriate, but what would be the value add of ASI requirements – would these drive change or should the focus be more on abatement
- Not all companies are in Europe and will be covered under IFRS/ CSRD.
- Minimum level might be to ask for climate risk assessment? (but even the light touch still needs to be audited and checked)
 - ASI to look further into equivalency or recognition
 - What is the cost/ benefit compared to all the other things
- **ACTION** – WG members to help share ideas on other frameworks or standards that already require climate risk assessments/ adaptation plans
- **ACTION** – ASI to work up further approach on adaptation

4. Next steps

- The next Working Group call will be held on 30 July 2025 at two time zones (700 AM BEST and 1500 BST); this will cover removals and avoided emissions + 5.2 threshold which excludes new coal fired smelters