

ASI Climate Working Group – Call 2

10 June 2025 13:00 BST

Attendance

| | |
|------------------------|----------------------------------|
| • Chris Bayliss | ASI |
| • Marlen Bertram | International Aluminium |
| • Fynn Clive | CarbonChain |
| • Michael Danielson | Science Based Targets Initiative |
| • Fatma Ahli | EGA |
| • Morgan McConnell | Alvance British Aluminium |
| • Chris Moore | Alcoa |
| • Nadia Morais | Aluminérie Alouette |
| • Olivier Néel | Constellium |
| • Thomas Payer | Speira |
| • Chelsea Reinhardt | ASI |
| • Lisa Scharinger | AMAG |
| • Gangaa C Sharma | Cetizion Verifica |
| • Jostein Søreide | Hydro |
| • Alexey Spirin | UC RUSAL |
| • Sandro Starita | European Aluminium |
| • Jason Switzer | Equitable Origin |
| • Panagiotis Tserolas | Elval |
| • Lia Vacheret | ASI |
| • Mikko Samuli Vaija | Chanel |
| • Vasiliki Vasileiadou | Metlen |
| • Lyndsey Vipond | Novelis |
| • Wang Pei | CNIA |

Agenda points:

1. WELCOME & CALL 1 ACTIONS (5 mins)
2. SBTi/ASI Method Targets:
 - Alignments & potential options (15 mins)
 - Breakout groups (20 mins)
 - Share back & plenary discussion (15 mins)
3. Climate Transition Plans:
 - Breakout groups (15 mins)
 - Share back & plenary discussion (15 mins)
4. “Leading” Practice Homework, Next Steps, Actions & Housekeeping (5 mins)

Discussion Notes:

1. Welcome and Overview

- ASI reviewed actions from the previous WG call on 21 May:
 - ASI to share background on the standard review/case for revision:
<https://aluminium-stewardship.org/wp-content/uploads/2025/02/ASI-Standard-Revision-2025-27-Terms-of-Reference-02.25.pdf>
 - ASI ACTION – complete
 - ASI to share early draft of climate-related criteria by the end of May: [Climate WG](#)
 - ASI ACTION – complete
 - Share regional indicators/metrics/ standards
 - WG MEMBER ACTION – 30 May 2025

2. SBTi/ASI Method Targets

- ASI explained the focus for the Working Group discussion, which will explore how ASI should expand or evolve the current approach to emissions reduction targets. This will cover the following:
 1. Maintaining existing ASI 1.5 degree aligned sector-specific pathways method (ASI method)
 2. Adding alignment with SBTi targets
 3. Defining minimum expectations for an emissions reduction plan
- ASI explained that currently the only method Entities can use to demonstrate 1.5 degree alignment (under 5.3 in the Performance Standard) is the ASI Method, which describes reduction slopes for aluminium emissions intensity from cradle to gate.
- When v3 of the Performance Standard was developed, the discussion was mostly amongst upstream and midstream industrial members, who were not using SBTi, and wanted a science-based approach for the aluminium sector. Now, as more Entities certify, many downstream companies are setting SBTi targets (multi-material, aluminium is only part of their portfolio), and there is more interest in expanding our approach to recognize SBTi targets
- ASI presented an overview of some of the areas of convergence and divergence between ASI method and SBTi
 - Both have a 1.5 degree ambition
 - Both are science based, using same global economy database
 - SBTi includes all sectors, while ASI method is specific to aluminium
 - Some divergence in timelines for targets (SBTi 5-10 years), ASI method shorter term targets

| Category | ASI GHG Pathways Method | SBTi Targets | Aligned? | Options/Discussions by WG |
|--------------------------|---|--|--|---|
| Purpose | Guide 1.5°C aligned GHG reduction pathways for the aluminium sector | Ensure corporate GHG targets align with climate science (1.5°C pathway) | Yes | No change: SC continued commitment to 1.5°C ambition |
| Sector Focus | Aluminium sector only | All sectors, including aluminium | Yes | No change |
| Science Alignment | Based on IEA Net Zero Scenario by 2050; sector-specific IAI/MPP 1.5DS | Based on IPCC and IEA scenarios; targets must align with 1.5°C or well-below 2°C | ASI appears higher bar, although SBTi validated targets post 2022 are 1.5°C aligned | No change, though ASI will need to consider how to deal with IEA NZE slope changes |
| Target Type | Intensity based GHG pathways by Entity Supply Chain Activity | Absolute and/or intensity targets depending on sector | <ul style="list-style-type: none"> • Yes intensity-based • No absolute-based | Non-exhaustive options: <ul style="list-style-type: none"> • ASI could endorse: <ul style="list-style-type: none"> • SBTi targets for any Entity • SBTi targets for non-primary Entities • Possibility of SBTi to recognise the ASI Method as an SBTi SDA (and all ASI targets to be "SBTi aligned") |
| Target Disclosure | Public disclosure of targets, GHG Pathway and Plan to achieve | SBTi Dashboard for validated targets | Yes | Feedback from some Entities is that public disclosure of 1.5°C pathway targets which will be impossible to achieve is not useful – how to reconcile? |
| Scope 1 & 2 | Required for all non-Material Conversion ASI-certified entities | Mandatory reduction targets | ASI requirement is lower (for post-semis) | ASI could require: <ul style="list-style-type: none"> • SBTi aligned targets for post-semis S1&2 • SBTi validated targets for post-semis S1&2 |
| Scope 3 | Required for all (Primary – cradle to gate; downstream – cat.1 aluminium procurement) | Required if ≥40% of total emissions | On paper appears ASI more strict (upstream Scope 3), but most ASI Members downstream will have ≥40% of total (aluminium-related) emissions as Scope 3 cat.1; essentially aligned | ??? |
| Target Horizon | Near-term (<5 year) Intermediate Targets and vision toward 2050 | Near-term (5–10 years) and long-term (net-zero by 2050) | No | ASI Intermediate Target horizon relaxed to align with SBTi Near Term (5-10 years) |
| Methodology | Sector-specific technical SDA; intensity based | Standardized methodologies (e.g., SDA, absolute contraction) | Methodology is aligned, but ASI method not recognised by SBTi and SBTi not endorsed by ASI | See "Target Type" above |
| Verification | Verified during ASI Audits and Oversight | Reviewed and approved by SBTi | Broadly, but ASI verification depends on Auditor knowledge and repeatability | See "Target Type" above |
| Reporting | Annual GHG disclosures under ASI Performance Standard Criterion 5.1 | Annual public reporting (e.g., CDP, sustainability reports) | Yes | ??? |

- Scope of ASI Method: Currently under ASI method (1.5 degree sectoral pathway) the scope ends at the output for semi-fabrication (cradle to gate). Output from semis becomes an input for procurement number for all further downstream Entities (procurement slope)
 - ASI Method does not currently include Scope 1 and 2 data for downstream Entities (noting that most of their emissions are in scope 3). But many of these ASI Members are already setting scope 1 and 2 targets – breakout group 3 to discuss whether this is something we want to consider including in future
 - The Working Group raised the following questions/ discussion points:
 - Importance of stating that a science based target is not necessarily linked to SBTi, the current ASI method is science based. ASI explained that it is correct science-based targets are not limited to SBTi, but we are finding that more ASI members increasingly are using SBTi to set targets
 - Important to discuss the concept of a carbon budget due to the fact that reduction plans are not going to be linear. ASI noted this and some discussion took place in breakouts and plenary:
 - No known method for this from other sectors; would need to be developed internally, presenting similar challenges as identified by Group 1 on credibility and visibility
 - How to audit? Couldn't feasibly have a 15 year horizon, so likely needs "bins" of short term budget allocations per Entity (potentially hitting the same issues as the intensity-based method – i.e. action is likely delayed)
 - How to allocate an already fixed budget to new entrants (intensity avoids this, although it has this as an underlying issue, given the intensity is based on a fixed sectoral budget)?
- ACTION: ASI to explore a budget allocation Method as a possible additional (to ASI Method and possibly SBTi) science-based target setting mechanism.**

Share backs from breakouts:

Group 1 (ASI Method Retention)

<https://www.canva.com/design/DAGpY6jYVRA/hThPAFlg4BHhdGfpJfH1IA/edit?ui=eyJEljp7IIQiOnsiQSI6IIBCMTzRHZ0MzYyd01RRGgifX19>

- Group recognised that there are positives about the current ASI pathways method, but needs to be communicated differently. Exemption process could be seen as a negative, will need to be reconsidered if we retain the ASI method.
 - If buyers or regulators don't see the ASI method as credible, it may have less value. But although SBTi is recognised as credible, in some sectors customers are still asking for different approaches, e.g. automotive sector
 - ASI method is 1.5 degree-aligned and it is widely accepted and seen as credible by the upstream primary producers, which is where a lot of the impacts are
 - But, still can improve on our communication/ marketing
 - To comply with the method (emissions reduction in line with the method) is a separate challenge – are there alternative methods that need to be considered?

Group 2 (SBTi Recognition)

<https://www.canva.com/design/DAGpY6jYVRA/hThPAFlg4BHhdGfpJfH1IA/edit?ui=eyJEljp7IIQiOnsiQSI6IIBCbXhrWXE0c0RHN3MzTXMifX19>

- Opportunities:
 - SBTi has a significant history, acceptance, and external validation of its methods
 - Downstream players find it easier to incorporate the objectives/achievements of their suppliers in their own targets/strategies
 - Having SBTi at both ends of the chain for downstream members would reduce overhead costs for reporting and data collection
- Challenges:
 - Comparable absolute scope 3 targets require an aligned accounting methodology (for allocation of emissions to pre-consumer scrap); there is significant divergence in approach between players
 - Issues related to scopes wider than aluminium Entity level (although the ASI Method can be applied to non-ASI – albeit aluminium – assets)
 - SBTi allows for exclusion of scope 3 below a 40% threshold – which could lead to inconsistency
 - A generic approach may not consider all the specificities of the aluminium value chain, including technological readiness and timing of deployment.
 - ASI would not have control over timing and versioning of SBTi approaches.

Group 3 (SBTi Requirement for downstream scope 1&2)

<https://www.canva.com/design/DAGpY6jYVRA/hThPAFlg4BHhdGfpJfH1IA/edit?ui=eyJEljp7IIQiOnsiQSI6IIBCd0dWMIo3SFd4VDJnRHkifX19>

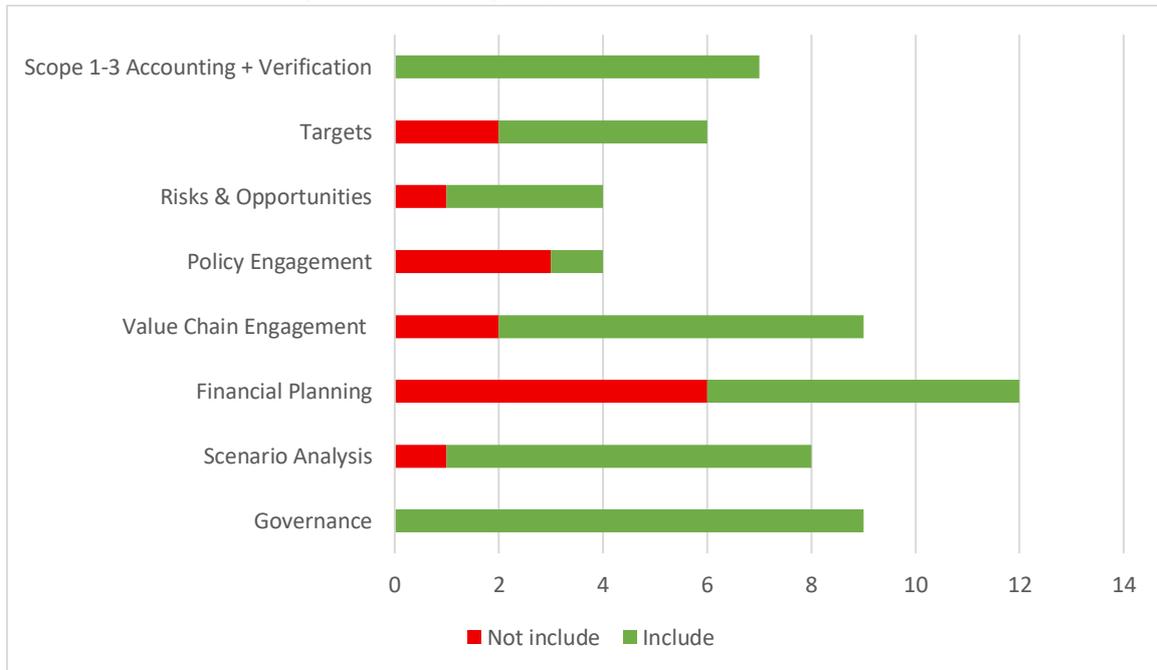
- Opportunities:
 - Building on the credibility associated with SBTi the proposal expands responsibility for climate action to the full value chain - demonstrating the industry is serious on the topic
 - Allows the majority of ASI members to set targets for sources under their control and while applicable to post-semis, could expand to other supply chain activities
 - As per Group 2, encourages alignment between sectors (smelter, semi etc) - better data sharing and strategies.
- Challenges:
 - Potential for complexity, with multiple approaches (potentially even within the same Entity) – could lead to confusion with Auditors and Entities
 - The emissions from this part of the value chain do not contribute significantly to the sector’s total inventory
 - Possibility for misalignment if standards evolution diverges

➤ **ACTION: ASI to draft proposal for integration of SBTi targets into Guidance (Q4 2025)**

3. Climate Transition Plans

Groups explored the minimum requirements for transition plans, using the CDP reporting elements as a guide.

The cumulative scoring of the three groups is shown below



Red elements:

- Value Chain Engagement:
 - Does it matter which lever is pulled to reduce emissions
 - How would a revenue-based metric work for ASI Entities?
- Policy engagement:
 - This is an internal strategic option
 - Possibility to include commitment not to lobby against climate initiatives
- Risks and Opportunities
 - Other organizations are looking at financial risks
- Scope Accounting
 - Annual verified scope 3 is not realistic
- Financial planning
 - The meeting expressed a range of views, with some seeing financial planning as an internal mechanism and others seeing this element as the key minimum requirement, given that all other elements are likely reported on elsewhere and a financial commitment being critical to achievement of targets.

Missing elements highlighted:

- Stakeholder consultation as a pre-requisite to developing plans
- Require transition plans to be accessible in local languages
- Prioritization of efforts

Broad comments:

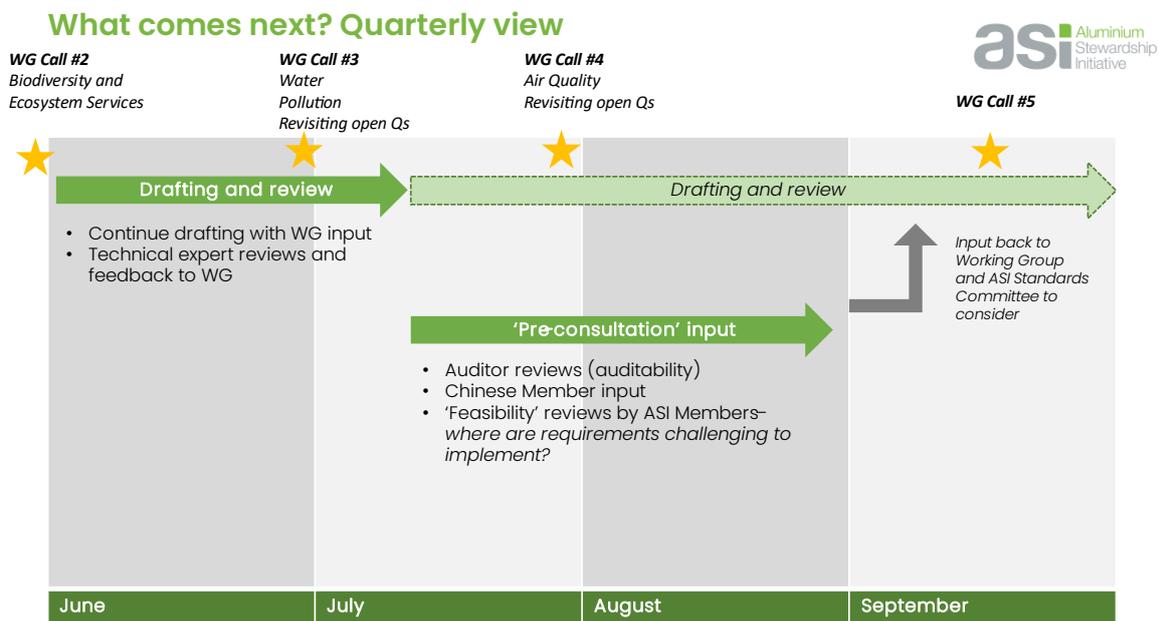
- CDP elements and descriptions are quite academic and difficult to audit – require more detailed descriptions that are aluminium-specific

➤ **ACTION: ASI to draft proposal for minimum requirements for Plans for inclusion in Guidance (Q4 2025)**

4. “Leading” Practice Homework, Next Steps, Actions & Housekeeping (5 mins)

Participants were encouraged before 30 June to include comments on what might constitute leading practice for emissions reduction related requirements:

<https://www.canva.com/design/DAGpY6jYVRA/hThPAFlg4BHhdGfpJfH1IA/edit?ui=eyJEljp7lIQiOnsiQSI6lIBCjYVZWEZxUk0wbDBNbnkifX19>



All documents related to the Working Group (including draft criteria, on which representatives are encouraged to add comments and edit in track changes) can be accessed on the [Group's SharePoint Site](#).

Next call: 3rd July 0700–0830 BST, focused on ADAPTATION – materials to be circulated in advance.