

ASI Climate Working Group – Call 1

21 May 2025 0800 BST

Attendance

• Mohammed Al Ahmari	Ma'aden
• Eiman Ahmad Al Obaidli	EGA
• Chris Bayliss	ASI
• Marlen Bertram	International Aluminium
• Fynn Clive	CarbonChain
• Alexander Dampmann	GF Casting Solutions
• Regina Ganther	Trimet
• Ge Qing	CNIA
• Buddhika Hettiarachchi	Alumex
• Marghanita Johnson	Australian Aluminium Council
• Olivier Néel	Constellium
• Chelsea Reinhardt	ASI
• Lisa Scharinger	AMAG
• Gangaa C Sharma	Cetizion Verifica
• Sabine Sigle	Nemak
• Jostein Søreide	Hydro
• Alexey Spirin	UC RUSAL
• Sandro Starita	European Aluminium
• Panagiotis Tserolas	Elval
• Mikko Samuli Vaija	Chanel
• Vasiliki Vasileiadou	Metlen
• Andy Vernon	Rio Tinto
• Lyndsey Vipond	Novelis
• Wang Pei	CNIA

Agenda points:

- **Welcome and Overview**
- **Context:** Baseline understanding of current Principle 5 Criteria and areas of tension, inc Q&A:
- **Evolving Criteria:** High level structure, including recent Standards Committee direction to help to resolve the above
- **Discussion:** Help shape the direction and focus of subsequent WG call
- **Next Steps**

Discussion Notes:

1. Welcome and Overview

- ASI presented an overview of the [working group procedures](#) and [standards revision timeline](#).
- ASI introduced initial proposed changes in the Performance Standard structure and content, including:
 - New approach for differentiation (defining minimum vs leading practice) within thematic areas
 - Greater emphasis on materiality and relevance
 - Incorporation of outcome-based criteria, in addition to management/process based approaches

The Working Group discussed and raised the following:

- Are background materials available for the working group?
 - ASI to share [background](#) on the standard review/case for revision [ASI ACTION – complete].
 - ASI will share the early draft of climate-related criteria with the WG by the end of May [ASI ACTION – 30 May 2025].
- Auditability of the standard will be important, especially if differentiation is introduced, potentially leading to more confusion; currently auditors interpret criteria differently.
 - This is a good point and ASI will be bringing specific auditor reviews during the revision process.
 - For the Working Groups to keep in mind as they provide feedback on draft criteria.
- How does ASI account for the different legislative contexts?
 - Changing regulation was one driver behind launching the revision (e.g. with changes in due diligence and green claims legislation).
 - However, ASI is a global standard and context varies widely – so the voluntary ‘performance bar’ set by ASI may be higher than regulation in some countries and lower in others.
 - Important to note ASI’s main role is to drive positive change in the sector.
 - In the chat one participant drew attention to existing carbon-related certification standards of various countries, such as the certification of green power aluminum, offering to share the regional indicators standard and requesting the same of others. [WG MEMBER ACTION – 30 May 2025].

2. Current Context

- ASI provided a summary of current [V3 Performance Standard Principle 5](#) (GHG Emissions) requirements , particularly Criterion 5.3 (1.5-degree pathway alignment) and Criterion 5.2 (emissions threshold for smelters)
- ASI discussed conformance challenges with 5.3
 - Estimated 90% of certified Entities with smelters in scope may not reduce emission in line with their pathways over the next 5 years.
 - ASI has introduced an [exemption process](#) for the short term to manage this – allowing Entities with repeated non-conformances to remain certified, but with action plans developed and transparency.
- For the upcoming revision, the aim is to avoid such exemption processes, while maintaining the ambition of 1.5-degree sectoral alignment (i.e. to remain within the 17 Gt CO₂e absolute emissions budget allocated to the aluminium industry).
- ASI explained that there is some misalignment between current criterion 5.2 (smelter threshold) and criterion 5.3 (1.5 degree aligned pathways approach) -
 - 5.2 threshold means currently more than 50% of primary production is not eligible for ASI certification, which includes >80% of emissions in the sector
 - This will be something for the Working Group to consider in the revision process

The WG discussed the current context, noting:

- ASI 1.5-degree pathway method is science based (derived from from [IEA NZE](#) (whole of global economy) and [IAI \(sectoral\) 1.5DS](#) data);
- ASI is working closely with SBTi, which has a representative on our [Standards Committee](#) (and ASI participates in a [SBTi Corporate Net Zero Standard v2.0 Expert Working Group](#)). The two organisations have shared objectives to reduce absolute emissions in line with 1.5 degree ambition;
- Does ASI require a corporate or product level emissions disclosure for current criteria 5.1 and 5.3 ?
 - Clarified that 5.1 is corporate disclosure
 - 5.3 is lifecycle level (cradle to gate) but across the corporate scope of aluminium specific processes, e.g
 - For primary this would include all smelters for a multi-site Entity and all upstream processes.
 - For downstream this would include the (product level) procurement of the aluminum purchased (i.e. Scope 3 category 1 emissions)
 - Use of the [IAI Carbon Footprint Guidance](#) is referenced

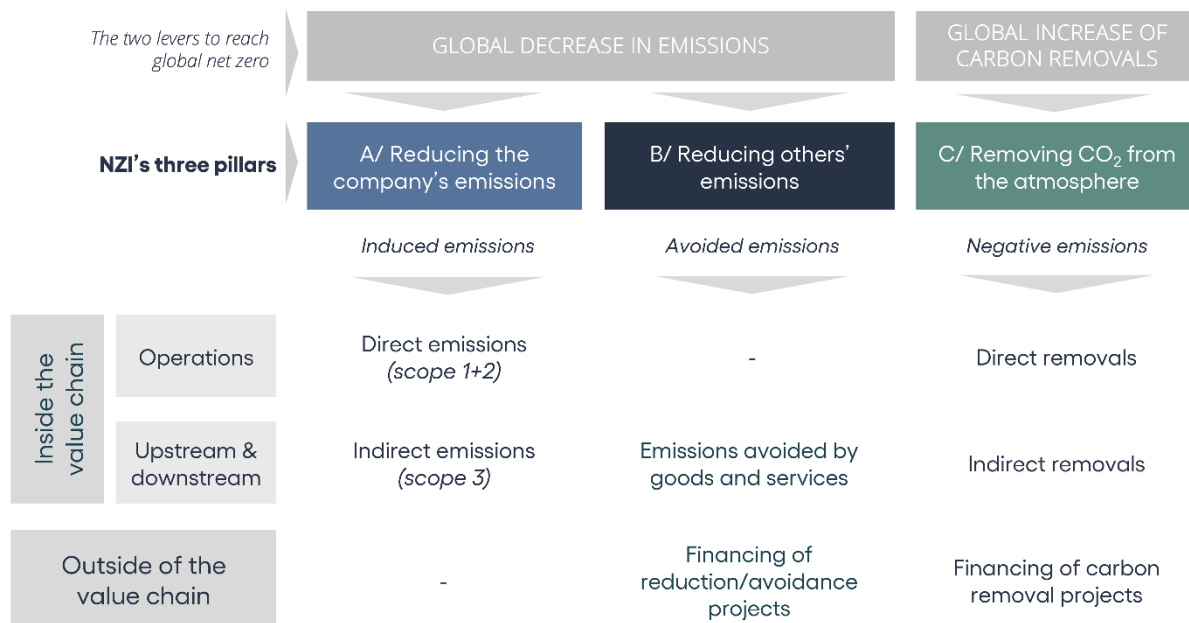
- Are there examples from other sectors we can learn from?
 - In general aluminium has far more detailed data on emissions across the value chain; others such as copper have much less visibility on the scale of change needed.
 - At the same time, aluminium generates 1 billion tonnes of GHG emissions annually, which is more than all other non-ferrous metals combined, so there is visibility on the sector for a reason
- It was noted that some companies are making carbon footprint related claims without much understanding of the uncertainty; while others are more hesitant and asking for more standardization on methods.
 - The [CoC and Claims WG](#) is exploring opportunities for ASI in this space

3. Evolving Criteria

- ASI presented an overview of proposed revised requirements, comprising criteria related to:
 - disclosure,
 - net zero alignment (abatement, removals and potentially avoided emissions)
 - adaptation

The Working Group discussed the proposal:

- Clarifying if offsets are off the table?
 - Use of carbon credits (reductions or removals) to reduce emissions in line with global net zero alignment is within scope (the additional “removals” pillar), but not to offset Entity emissions that also require reduction along a 1.5 degree aligned pathway (abatement); the pathway that is already articulated in v3 criterion 5.3
 - Removals are needed in addition to abatement
 - ASI will want to avoid use of ‘offset’ language, but removals as a concept will be part of the discussion/ criterion
- It was discussed that removals commitments could take different forms depending on an Entity’s position in the value chain:
 - E.g. mine operators with land use change potential could demonstrate additional nature based solutions in Entity scope; Entities downstream of mines could to fund/enable in value chain activities by their suppliers; distant Entities could use [beyond value chain mitigation](#) approaches:
 - A framework for this could follow the example of the Net Zero Initiative’s Pillar C: <https://www.net-zero-initiative.com/en>



- One participant cautioned that any approach should avoid double-counting; double-counting already exists within emissions accounting concepts (e.g. one company's scope 1 emissions is another's scope 3) – the overarching aim is net zero alignment across the sector (and ultimately global emissions – which is where a discussion on avoided emissions will also prove complex).
- ASI noted that we may be able to look to examples from other sectors (e.g. forestry, agriculture) in terms of in value chain removals
- There was some support for ASI to pursue introducing new criteria around adaptation. Even if these first drafts are not perfect, they may show leadership in the area. State agencies may provide some useful input into expectations for adaptation
 - It was clarified that ASI's primary focus will remain on sustainability impact – e.g. not the risks to businesses related to adaptation
- One participant asked about the scope of the standard across the value chain and allocation of carbon emissions to scrap.
 - ASI clarified that the sectoral scope to semi-fab is cradle to gate (includes remelting of scrap), within which allocation is not an issue (as all emissions are included). Issues occur when different allocation approaches are applied within the same supply chain (risking "loss" of emissions from the accounting system).
 - The majority of emissions are upstream (>90% of sectoral emissions occurring in primary production).
 - The current ASI approach allows flexibility for Entities to decide how to allocate emissions associated with scrap INPUT to remelt processes.
 - ASI explained that discussions on allocation approaches may be covered also under the Chain of Custody/ Claims Working Group, with respect to product carbon footprint.

- One participant noted they would like to see one allocation rule for all as variability makes a big difference in claims; this will be challenging to realise.
 - Another participant noted that different allocations from upstream suppliers makes comparability very difficult, e.g. output of Tier 2 looks different based on allocation methods used
- It was suggested that having more visibility into supply chains upstream is important for net zero approach; ASI explained this was discussed recently with the Standards committee in the context of due diligence and ASI will be looking at proposals to require Entities to pass information downstream on supply chain mapping and origin (smelter) locations. Note this would be on the level of supply chain mapping (*potential* origins) – not tied to specific shipments of product – and is within the programme of the Chain of Custody/ Claims Working Group
- One participant cautioned that any approach should avoid double-counting; double-counting already exists within emissions accounting concepts (e.g. one company's scope 1 emissions is another's scope 3) – the overarching aim is net zero alignment across the sector (and ultimately global emissions – which is where a discussion on avoided emissions will also prove complex).

4. Next steps

- The next Working Group call will be held on 10 June
- Drafts or pre-reads will be shared ahead of the call (30 May) to allow participants to have time to review and provide feedback