

ASI Climate Working Group – Call 4

03 September 7:00 – 8:30 BST

Attendance

- Salman Abdulla Emirates Global Aluminium (am)
- Mariam Al Maazmi Emirates Global Aluminium (am)
- Al-Maha Al-Majid Qatalum (am)
- Steve Bater Emirates Global Aluminium (am)
- Chris Bayliss ASI (am/pm)
- Marlen Bertram International Aluminium (am)
- Claudia Bérubé Alcoa (am)
- Fynn Clive CarbonChain (pm)
- Tarrah d’Arenzo Alcoa (am)
- Anik Dubuc Aluminium Association of Canada (am)
- John Hannagan UC Rusal (am)
- Gesa Jauck Trimet (pm)
- Marghanita Johnson Australian Aluminium Council (am)
- Arnaud Liege Alcoa (am)
- Muzi Manzi Aluminium Federation of South Africa (am)
- Kathy Martin Alcoa (am)
- Faizan Mehmood Qatalum (pm)
- Chris Moore Alcoa (am)
- Olivier Néel Constellium (am)
- Thomas Payer Speira (am)
- Fred Picard Rio Tinto (pm)
- Miles Prosser International Aluminium (am)
- Chelsea Reinhardt ASI (am/pm)
- Lisa Scharinger AMAG (am)
- Peter Schuldenzucker AMAG (am)
- Gangaa C Sharma Cetizion Verifica (pm)
- Jostein Soreide Hydro (am)
- Alexey Spirin UC RUSAL (am)
- Mikko Samuli Vaija Chanel (pm)
- Lyndsey Vipond Novelis (am)

Agenda points:

- WELCOME & CALL 4 ACTIONS (10 mins)
- Removals (30 mins):
 - Discussion of options for MINIMUM/LEADING practice
- High-level public consultation questions (45 mins)
 - Disclosure
 - Smelter thresholds
 - Net zero alignment
 - Climate transition plans
 - Near term performance
 - Financing
 - Avoidance (products & investments)
 - [Sequestration, removals and beyond value chain mitigation]
 - Climate risk management (adaptation)
- ACTIONS & NEXT STEPS (5 mins)

Discussion Notes:

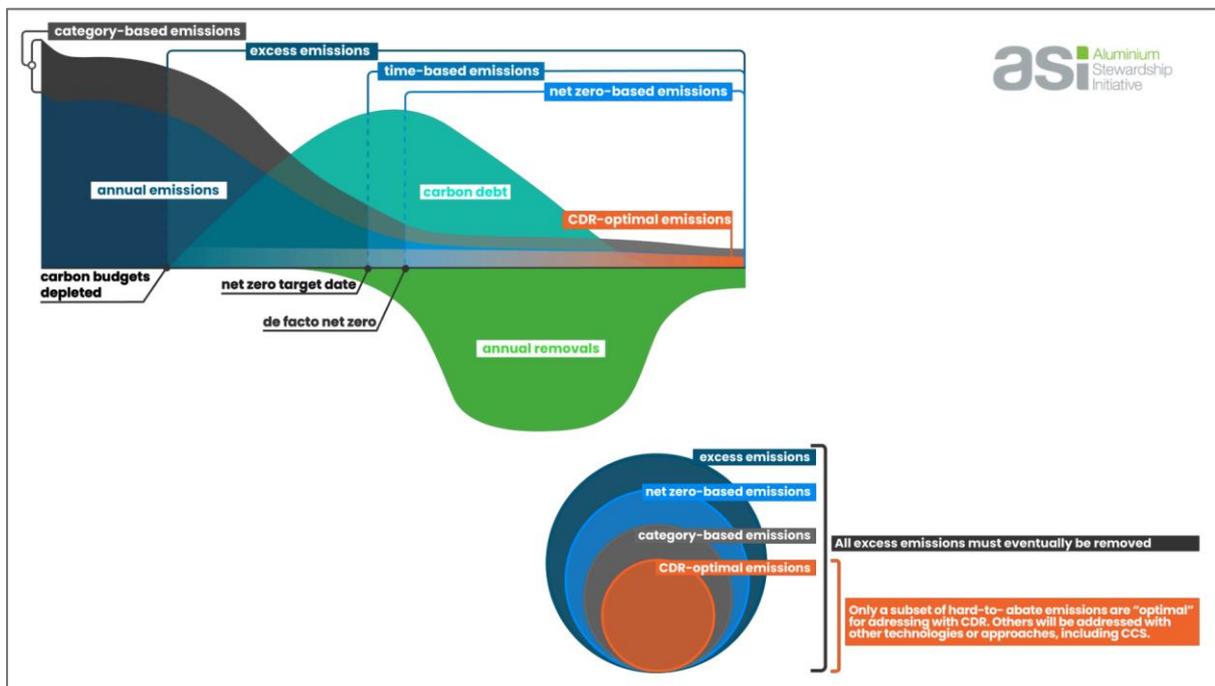
1. Welcome and Overview

- ASI provided an update on actions since the previous Working Group call and introduced the agenda for today's meeting
- ASI explained that the morning session is being run as a hybrid with members of the IAI climate group also invited to join (via in-person meeting in London)

2. Removals

- ASI introduced some context for the discussion on including removals in V4 of the Performance Standard:
 - a. Offsets (i.e. the use of carbon credits to count towards in-value chain mitigation targets) are out of scope:
 - b. Recognising that the aluminium sector 1.5 degree budget is likely to be exceeded in the next 5 to 10 years:
 - i. In- and ex-value chain activity/investment in emissions reduction is a necessary and important addition to the ASI Standard, over and above abatement (emissions reduction or investment) targets (as measured via the ASI Method or other recognised approach);
 - ii. There is a need to define/provide guidance on what constitutes meaningful removals activity (likely with reference to existing standard/guidance):
 - c. There is a need to define the Entity-level responsibility as part of a sectoral requirement to pay down the "carbon debt"
- ASI explained that as increasing removals will be needed leading up to 2050, *financing* these removals in the short term is important

- a. ASI Climate Working Group has been discussing feasibility of also assigning a removals budget at Entity level, but this would raise many questions (e.g. when does the clock start?)
- b. Today's focus is on minimum requirements, which might look like setting a target for removals but perhaps not requiring demonstrated performance (to be discussed)
- c. SBTI approach at the moment on removals is quite soft; focuses on setting targets and monitoring removals progress
- d. Carbone 4 has a more rigid approach which includes measuring the actual annual removals (as well as setting targets and monitoring progress)



- ASI explained progress of the Climate Working Group so far, including:
 1. Their interest in exploring **absolute budget approaches** (in addition to the current intensity-based ASI Method)
 2. A focus on **(short-term) investments** towards mid- and long-term emissions reduction action (complementary or as an alternative to short-term reduction targets) would be valuable

Together these could allow removals or in-/ex- value chain investments to be integrated into a singular "ASI Net Zero Method"

3. Discussion and input from Climate Working Group/ IAI Climate Meeting:

- The group discussed the proposal to include removals within the ASI standard, and raised the following questions and considerations:

- To what degree will organizational maturity be reflected in ASI's approach?
 - a. ASI explained that with the next Standard Revision, the aim is to put more emphasis on the action today that is required to support future improvements – both in emissions reductions and (potentially) removals. However this will be more challenging to audit.
 - What about industries that take our waste material and that material reduces their emissions e.g. SPL?
 - a. Could be built into the avoided emissions criteria though likely to be less material
 - We will need to be very clear about the quality of removals and nature-based solutions. Carbone 4 approach clarifies that if an Entity already owns a forest or other nature-based initiative, there is already responsibility on the Entity to manage that – but there is potential for customers to get credit for supporting this within the value chain (although this gets complicated)
 - a. Given the ASI method uses a sectoral boundary, for anything outside the sectoral boundary we will need to be very clear about what is in and out
 - Do we need rules to ensure that for supply chain projects, there is no risk of double counting? (e.g. a smelter invests in a project upstream at bauxite mine, is there a risk of double counting?)
 - a. ASI clarified that 1) we are not looking at offsets, and 2) there will be double-counting – this already exists within GHG approach, e.g. one Entity's scope 1 is another Entity's scope 3. Most important to ensure that within the sectoral approach we don't have double counting within the sector.
 - b. Using carbon credits towards removals would be valid, but applying these credits towards offsets (applying towards reductions) would not be aligned with the ASI approach
 - Need to consider the risk of greenwashing. One way to prevent this might be to ensure that at least every company knows they have a carbon debt and they have to deal with that in the long run
 - a. ASI – sees value in this approach, but one important question is when to set a baseline year for that debt.
 - b. Even internal disclosure is important, maybe public disclosure
 - c. Understanding what the carbon debt looks like for each company would be a useful exercise to do
 - d. Awareness around removals is probably most important at this stage
 - Aluminium needs to compete with other commodities, e.g. steel. How is this taken into account?
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- a. ASI – Certification can be part of the value proposition; this is part of the multi-stakeholder approach. ASI standard is driven by and created by the sector, so continued uptake depends on this continuing to deliver value to the sector.
 - We have a tool to calculate the decarbonizing pathway, many certified companies won't meet the current 1.5 degree pathway requirements. ASI has an Exemption process. But in some cases it will be impossible for Entities to close non-conformities due to technical or financial restrictions
 - a. ASI – In the ASI Standard (draft) V4, we aim to move away from the Exemptions process. Entities would still need to set a 1.5 degree reduction target, but demonstrating performance along the pathway would move to leading practice
 - Has this been decided already? No – only current thinking influenced by input from the Climate Working Group so far in the revision process, still many cycles of consultation to come
 - a. ASI explained that intensity reductions (minimum) are somewhere between 0-4 %/ year based on the sectoral budget
 - b. Clarified – we are not looking to replace completely the ASI pathways method and will continue to focus on intensity-based measures
 - c. Downstream, multi-material companies are the bigger challenge as they are already setting SBTi or other science-based targets; they are less interested in an aluminium specific method
 - Question about whether a carbon debt public disclosure requirement already exists? (not that we've seen)
 - Reducing emission is a huge endeavor, adding the complexity of removals on top of that is a big challenge. Need to think more about how this should be included in the ASI standard and how it would benefit companies
 - Will there be pressure to disclose internal discussions around removals if this becomes part of the standard?
 - ASI – alternative is that we may choose not to include removals at all
 - Comment from within the room: Inconsistent reporting requirements can make it very difficult for companies, auditing is required. Credible removals would require a broad global structure with a common measurement system that companies can trust – right now, we don't have the confidence to invest a lot of money in this
 - **This is not about weakening the standard, this is about refocusing the standard – language will be important**, e.g term 'debt'. Thinking about auditability especially at facility level will be complicated – how will auditors interpret this at site level.
 - Entities are putting real resources around intensity-based approach, ASI standard and pathway has helped drive change – **primary industry will not want to see ASI continuing to change the goal posts.**
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- Auditability is a challenge – having companies commit to something is one thing, having it audited in a credible way is another thing. Primary production does the heavy lifting at managing and reporting emissions compared to downstream
 - ASI clarified that under current standard, every certified Entity, including downstream, needs to have a 1.5-degree pathway

4. GHG and Energy related disclosures:

- ASI introduced key questions for the Working Group to feed into, which include:
 - Product Portfolio Footprints & Corporate Inventories
 - *Would a requirement to ensure no “loss” of emissions between product carbon footprint and corporate inventory data be a valuable addition?*
 - *Would you be able to evidence/audit this?*
 - *Would implementation of the requirement meet the objectives/intent of the criterion? If not, suggestions to improve*
 - Energy & Emissions data
 - *Is disclosure of granular data (per process/source) appropriate as LEADING PRACTICE?*
 - *Is unique disclosure of Entity data (not rolled into broader corporate dataset) appropriate as LEADING PRACTICE?*
- ASI noted the important linkage between GHG Scope 2 guidance and public disclosures. One Working Group member offered to share a white paper on this to interested WG members - <https://www.carbonchain.com/forms/unlocking-green-aluminium-premiums>
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5. Smelter Emissions Threshold

- ASI summarized the latest discussions around inclusion of a Smelter emissions threshold (which is already part of the current ASI PS V3)
 - So far, the Working Group has supported continuing to have some type of threshold, but this could be distinguished between minimum requirements (likely to remain around 11 tonnes/ tonne) and leading practice (e.g. 5-6 t/t range)
 - Key questions for public consultation is to get further input on this proposal and what happens for the current 11 tonnes/ tonne threshold.
 - If the 11 t/t threshold increases to 15 tonnes/ tonne, ASI could open up to another 5% of the sector, but would have to increase significantly more to capture a bigger share of the current (uncertified) smelters. So far the Working Group has shown more in maintaining the minimum at 11 t/t (as measured cradle to gate)

- Question – would ASI be introducing a label for the leading practice smelter threshold, e.g. low (lower) carbon? No – the aim is not to have a label or differentiator; this is only a smelter level threshold.
- Is an alternative approach possible e.g. sliding scale threshold based on casthouse recycled share? E.g. Responsible Steel approach
 - *Some interest in this approach from midstream members*
- Very important to make clear definitions, in the past ASI had a definition of casthouse, but it did not consider the difference between pure primary casthouses and casthouses with scrap input
 - ASI response – we would either need to measure at the input to the casthouse (output of electrolysis) or we need to take casthouse into account and then we do need very technical definitions (which stakeholders will need to understand)
- Concern raised that disclosure on financing can be confidential and could reveal company secrets. Prefer to keep this between Entities and auditors. Auditability may be a challenge, but can consult more on auditor guidance later in development process
- On **Climate Risk Management** – softer approach likely, some draft language is included in the draft already

6. Next Steps:

ASI explained next steps in the Standard Revision:

- Input today and from the Working Group is part of 'pre-consultation' feedback which is helping to shape the initial drafts.
- Two rounds of public consultation are planned for 2026, with the first round kicking off in Q1 2026