

Draft ASI Chain of Custody Standard V3 (CoC V3)

1st Consultation Draft

February 2026

Table of contents

INTRODUCTION	2
PART A: BACKGROUND CONTEXT ON THE CURRENT CHAIN OF CUSTODY	3
PART B: THREE OPTIONS TO EVOLVE ASI'S CURRENT COC STANDARD	6
PART C: DRAFT COC V3 REQUIREMENTS	9
1. Scope of chain of custody	9
2. Management	9
3. Sourcing ASI material	9
4. Supplier due diligence	10
5. Material accounting system	10
6. ASI material identification data	11
7. Outsourcing contractors	11
8. Claims	11
GLOSSARY FOR COCV3 CONSULTATION DRAFT	12
ANNEX 1: IMPACTS ON ANNUAL REPORTING UNDER MASS BALANCE OPTIONS	14
ANNEX 2: IMPACT OF A MINIMUM SOURCING REQUIREMENT (OPTION 2) ON ENTITIES CURRENTLY CERTIFIED TO COC V2	15
ANNEX 3: COMPARISON OF MASS BALANCE OPTIONS (SEE PART B)	17
ANNEX 4: OVERVIEW OF CHANGES FROM COC V2 TO COC V3 REQUIREMENTS	19

Introduction

This consultation draft of the revised ASI Chain of Custody Standard V3 (CoC V3) is being released for a first public consultation period from **17 February – 20 April 2026**. It has been developed by the ASI Secretariat with significant input from industry, civil society (including the Indigenous Peoples Advisory Forum), and technical experts through their individual input and feedback and broader [Working Group](#) and Standards Committee discussions.

The [Terms of Reference](#) for the revision provides more detail on the background for the revision, the objectives and the decision-making process. The proposals in the Consultation should be read in conjunction with the ASI Antitrust Compliance Policy (in particular the section relating to the collection of statistics) and ASI's Confidentiality & IT policies.

ASI's consultation processes follow the [ASI Standard Setting and Revision Procedure](#), which is aligned with the ISEAL Standard-Setting Code.

All stakeholders are encouraged to provide input and recommendations to further develop and improve this draft. The revised draft will undergo another 60-day public consultation period, likely in late 2026 or early 2027, before an anticipated release date in 2027.

Further information on the revision process and timeline is available on the [ASI website revision hub](#).

This document includes three main sections:

- Part A: Background context on the current Chain of Custody V2 Standard (CoC V2)
- Part B: Three options to evolve ASI's current CoC standard – *for stakeholder feedback*
- Part C: Draft CoC V3 Requirements (to support the Options in Part B) – *for stakeholder feedback*

Part A: Background context on the current Chain of Custody

Purpose of the ASI CoC Standard and current (V2) approach

ASI Chain of Custody Standard (CoC) certification is available as a voluntary option for Entities that are already certified against the ASI Performance Standard (PS).

The CoC Standard underpins a system to link Entities certified against the PS for responsible sourcing and production of aluminium along supply chains. This link is established (beyond the tier 1 supplier) by the flow of ASI material (known as ‘CoC material’ in V2) in an unbroken chain through CoC certified Entities, from bauxite mining or post-consumer scrap sources to a receiving customer.

What benefits does CoC certification provide for ASI members?

- It supports responsible sourcing across the value chain, by providing a linkage across PS-certified Entities, beyond solely tier 1 suppliers.
- It enables companies to make claims, including on-product claims, about sourcing ASI material through a consistent and verified mass-balance chain of custody model.



Figure 1: ASI Responsible Aluminium Sourcing On-Product logos

What is the added benefit of sourcing ASI material to the sector and its stakeholders?

When a company commits to sourcing ASI material, it is creating the demand for an equivalent amount of material from an ASI PS certified bauxite mine, and/or sourced from recycled scrap somewhere in the world during the relevant material accounting period.

Demand for ASI material supports the ongoing investment that upstream and mid-stream companies are making to demonstrate improved sustainability practices via ASI certification. This return on investment supports the whole value chain to transform to responsible production and sourcing practices. This includes, under current PS V3, implementation of the OECD Due Diligence Guidance for Conflict-Affected and High-Risk Areas.

Sourcing ASI material also allows Entities to:

- Make verified claims and to use the ASI Responsible Aluminium Sourcing On-Product logo on products – building recognition for sustainability investments (see ASI Claims Guide)
- Communicate publicly about sourcing of ASI material, as part of their overarching sustainability strategy or targets.

Why does the ASI CoC model not provide traceability back to a bauxite mine?

Mass balance chain of custody models do not deliver guarantees of physical relationships (e.g. guaranteed mine source data), although within the spectrum of mass balance approaches, some offer a greater level of “physical connectivity” than others. Refer to the

[ISEAL Chain of Custody Models and Definitions Document v2 \(2025\)](#) for more information on CoC models and the degree to which they provide physical connectivity of material.

As part of multi-stakeholder discussions within the [ASI CoC and Claims Working Group](#), the potential application of alternative models (including physical segregation) was explored. However, the working group determined that **non-mixing chain of custody models (such as Identify Preservation) are not currently feasible to implement at scale for the aluminium value chain**. This is due to the continuous nature of upstream (in particular digestion and electrolysis) production processes, the high degree of mixing throughout the value chain, and the structure of aluminium, alumina and bauxite markets.

What is the current ASI CoC V2 mass balance model?

The current CoC V2 is based on a *mass balance approach*, under which each successive Entity handling ASI material must be certified, to create an unbroken chain of custody. It allows for ASI material to be mixed with non-ASI material at any stage in the value chain over a defined period (the *material accounting period*).

A mass balance model works like an inventory system. If an Entity purchases (or produces) 100 tonnes of ASI material in a given year, they can apply 'ASI material' status to an equal or lesser volume of material they ship over the same time period. The Entity's *material accounting system* is used to verify that sales do not exceed purchases within the material accounting period. It is the appropriateness and functioning of this accounting system that the core requirements of the CoC seek to benchmark.

Under any mass balance system, there is no guarantee of physical linkage between certified inputs to and outputs from an Entity's *certification scope*. Sales volumes are not constrained by the physical flow of ASI material between facilities or *sites* within an Entity's certification scope, so a given shipment of ASI material may not contain any ASI material physically purchased by the Entity.

The Entity can allocate ASI material to sales from any of the facilities within the certification scope, as long as an equivalent mass was received by the Entity (somewhere within the certification scope within the same material accounting period).

This model used in CoC V2 is an *Entity-level mass balance approach*, "Entity" being ASI's unit of certification and the scope across which purchases and sales of ASI material are reconciled by the material accounting system. ASI's purpose in offering mass balance is not to create a physical chain at the *material/product* level, but to support a chain at the *Entity* level. This enhances the ability to *scale* the flow of certified material in a cost-effective way, incentivising increased application of responsible practices and common supply chain due diligence approaches. It is recognised that some members, while acknowledging ASI's purpose, may also wish to be able to make claims or gain assurance against supply chain due diligence approaches at the *material/product* level.

How can ASI's Performance Standard and mass balance CoC Standard still support companies with due diligence?

All Entities certified to the current Performance Standard (ASI PS V3) are required to carry out the five step due diligence approach set out in the *OECD Due Diligence Guidance on Conflict-Affected and High-Risk Areas*. As part of this approach, alumina refineries and aluminium smelters should seek information on countries of origin and transit for bauxite and/or alumina, while Entities downstream of primary aluminium production should use best efforts to identify the *aluminium smelters* in their supply chain.

The [PS V4 consultation draft](#) maintains this approach but proposes to group all responsible sourcing and due diligence requirements from both PS and CoC in one section, to avoid duplication. A new proposed requirement in the PS V4 consultation draft seeks to strengthen the sharing of (OECD-relevant) supply chain information with customers (see Criterion 3.4.1 in the PS V4 consultation draft). While not traceable at a batch level, this transparency may still highlight sourcing regions (back to smelters) and related risks – essential for due diligence.

Sourcing of ASI material through CoC certification provides a link across these PS certified Entities, which helps downstream companies drive uptake of due diligence and risk mitigation through their own supply chains and across the value chain more broadly.

Part B: Three options to evolve ASI’s current CoC standard

All Options – Streamlining and maintaining a mass balance approach

As outlined above, ASI’s multi-stakeholder *CoC and Claims Working Group* has established that a mass balance model is still the most appropriate for the aluminium sector for now.

While a mass balance approach cannot deliver guarantees of sources at a physical level, there is room within such system to tighten controls (where this makes a material difference to outcomes at a given tolerable¹ cost).

Recognising a strongly articulated direction by some (predominantly downstream) ASI members for ‘increased connection’ between the sourcing and shipping of ASI material, we have been exploring site-level mass balance approaches, the value offered by such and the barriers to their implementation (at company, sector and ASI-levels).

As with all mass balance models there is no guarantee of physical presence of ASI material in any given batch. Under both Entity-level and site-level mass balance models, the quality or status of ASI material conferred on a shipment of bauxite, alumina or aluminium is designated through an accounting and allocation process.

Three possible options have been developed to evolve the current mass balance approach, with input from the *CoC and Claims Working Group*. All options include significant streamlining compared with CoC V2 and focus on essential material accounting requirements.

- *Option 1:* Maintain current Entity-level mass balance
- *Option 2:* Maintain Entity-level mass balance, but introduce minimum sourcing requirements for each site
- *Option 3:* Gradual transition to site-level mass balance

These options are presented for feedback during this consultation, with the aim that one will be prioritised for further development, based on stakeholder input (and under oversight of the *ASI Standards Committee*). See [Annex 3](#) for a comparison of the options.

OPTION 1: Maintain current Entity-level mass balance

The current Entity-level mass balance model would continue, with streamlined requirements. This is the most flexible approach, designed to continue to increase uptake and thus implementation of the ASI Performance Standard (PS), which is required for CoC certification.

It allows Entities to continue to implement their current or preferred material accounting systems across numerous sites in multiple geographies. Some CoC Entities are already implementing mass balance at the site level (where the certification scope is a single site), which can continue under this option.

¹ Tolerable for both the Entity implementing and/or its customers.

OPTION 2: Maintain Entity-level mass balance as above, but with minimum sourcing requirements for sites within the certification scope

This allows flexibility as per option 1, but with an additional requirement that all sites shipping ASI material source a minimum mass of ASI material in the same material accounting period. This would mean that sites serving customer markets with ASI material are also driving some level of sourcing from within the same country/region. This aligns with the purpose of ASI's mass balance approach, which is to scale uptake of responsible production and sourcing practices.

To ensure this minimum sourcing requirement is met, each site within the Entity certification scope would need to maintain a site-level accounting system if ASI material is being sourced. However, the overall material accounting (mass balance) should also still be implemented at Entity level, as in Option 1.

Feedback is being sought on the level at which such minimum requirement could be set – please refer to the CoC section of the [Consultation Survey](#). With reference to other schemes (e.g. [Forest Stewardship Council Chain of Custody Certification FSC-STD-40-004 V3-1EN](#), See Requirement 11.3), an input of 10% of shipped output is a possible, relatively low, threshold. Some downstream ASI members have proposed a minimum level of 100% of output – to ensure no ASI material (in a given material accounting period) is shipped that has not entered a given site. It is not clear how this differs from Option 3, however, under which all sites would have a 100% minimum input requirement by default (given that reconciliation would only be applied at site level, in time).

What is a site?

Physically co-located processes or activities. A site may comprise several activities in different locations in the same geographic area and under the same management control. Integrated sites will generally be treated as one site. *[definition adapted from [The Copper Mark Chain of Custody Standard' ver. 2 – 9 September 2025 – DRAFT FOR CONSULTATION](#)].*

OPTION 3: Transition to site-level mass balance

Under this option, Entities would have a defined period to transition from the current Entity-level mass balance model to a site-level mass balance model. For example, this transition could be over a gradual, five-year timeframe.

By the end of the transition period, each site shipping ASI material would also be required to source or produce *at that site* an equal or greater volume of ASI material. A site level mass balance model would thus create a narrower 'CoC system boundary' for ASI material input and output allocation. However, as it is still a mass balance system there is still mixing and no guaranteed physical relationship with ASI material.

To maintain the differentiated status of 'site-based mass balance', a site level model would need to be implemented across the full supply chain. Option 3 would mandate such an

approach, but would give Entities a period of time to transition from Entity-level to site-level Implementation.

Moving to a site level mass balance model would not necessarily impact the existing CoC certification scopes or audit process. For example, an Entity could continue to have a CoC certification scope covering multiple sites in different regions and have this audited as one CoC certificate. All sites in the CoC Certified Entity would also still apply the PS. However, each site would need to reconcile masses (through material accounting) of ASI material, and this would be checked during the audit (e.g. for a sample of sites).

DRAFT

Part C: Draft CoC V3 Requirements

This section sets out draft requirements for CoC V3 that would support the options in Part B. Where requirements might differ based on the mass balance option chosen, this is identified in the text

1. SCOPE OF CHAIN OF CUSTODY

- 1.1 Every facility within the certification scope shall be certified to the ASI Performance Standard or be included within an eligible ASI Performance Standard certification scope.

*If **Option 1** or **Option 2** are chosen as the ASI approach, 1.2 reads:*

- 1.2 The Entity shall implement an Entity-level mass balance reconciliation of ASI material across all sites within the certification scope.

*If **Option 3** is chosen as the ASI approach, 1.2 reads:*

- 1.2 The Entity shall implement site-level mass balance for all sites within the certification scope. Entities having already implemented Entity-level mass balance reconciliation shall transition to implementation of site level mass balance within the certification scope by any Audit carried out in or after 2032.

2. MANAGEMENT

- 2.1 The Entity shall designate an individual or individuals responsible for implementation of the requirements under the ASI Chain of Custody Standard.
- 2.2 The Entity shall retain material accounting system data for at least five (5) years following the end of a material accounting period.
- 2.3 The Entity shall submit required ASI material reconciliation data to ASI on an annual basis.

3. SOURCING ASI MATERIAL

- 3.1 The Entity shall ensure that all ASI material recorded as entering the certification scope:
- 3.1.1 Is sourced from an ASI Chain of Custody certified Entity, AND/OR
 - 3.1.2 Is sourced via a trader, where the CoC Entity that output the ASI material from its certification scope can be identified and can provide verified documentation, AND/OR
 - 3.1.3 Is produced by bauxite mining activities within the Entity's certification scope, AND/OR
 - 3.1.4 Is produced by remelting/recycling activities within the Entity's certification scope from eligible scrap, AND/OR
 - 3.1.5 Is produced by recycling activities within and/or outside the Entity's certification scope from eligible waste material.
- 3.2 The Entity shall not designate as ASI material the recovered mass of aluminium from pre-consumer scrap that does not meet the definition of eligible pre-consumer scrap.

*Addition for **Option 2**: Entity mass balance with minimum sourcing requirement*

- 3.3 The Entity shall ensure that, within each material accounting period, the mass of ASI material input constitutes at least [10%]² of the total mass of ASI material output from each site within the certification scope.

Explanatory notes: If received via trader, the Entity that is the source of the ASI material must be identified and needs to provide documentation verifying the status of the ASI material as per requirement 6. If the status of ASI material cannot be verified the Entity cannot record it as an ASI material input until the status is verified.

² The 10% is set as a proposal for consultation. Add your feedback on this proposal through the [Consultation Survey](#)

4. SUPPLIER DUE DILIGENCE

4.1 The Entity shall carry out due diligence on all suppliers of non-ASI material, eligible post-consumer scrap and eligible waste material within the aluminium supply chain, in alignment with the requirements on responsible sourcing set out in Section 3 of the ASI Performance Standard V4 (PS V4).

Explanatory notes: This is to emphasise Responsible Sourcing expectations extend to all suppliers in the aluminium supply chain, including those providing mixable non-ASI Material, to ensure consistent controls and risk management throughout the supply chain. Due diligence requirement on non-ASI material does not change the designation of material. After transformation, the equivalent mass of non-ASI material sourced from non-CoC certified suppliers subject to Due Diligence remains designated as non-ASI material within the system.

5. MATERIAL ACCOUNTING SYSTEM

5.1 The Entity shall maintain a material accounting system, which:

5.1.1 Records the mass of all shipments of ASI material, eligible post-consumer scrap and eligible waste material entering (“inputs”) and leaving (“outputs”) the certification scope, including to and from outsourcing contractors.

Explanatory notes: site level mass balance requires site level material accounting systems. For Entity-level mass balance the certification scope includes all sites in the Entity, and the overall material accounting system is at Entity level (although this may be supported by site level accounting).

5.1.2 Defines and utilises defined conversion factors for all relevant conversion processes across the material accounting period, with particular attention paid to eligible post-consumer scrap and eligible waste material.

5.1.3 Reconciles input, output and conversion factor data every twelve (12) months or less (“material accounting period”).

5.1.4 Identifies reconciliation inconsistencies, in particular when conversion factor -adjusted outputs of ASI material exceed inputs.

5.2 The Entity may carry positive and negative balances of ASI material upon reconciliation at the end of a material accounting period:

5.2.1 Positive balances can be carried forward:

- a. a maximum of once every three material accounting periods;
- b. for the subsequent material accounting period only;
- c. when clearly documented.

5.2.2 Negative balance (“internal overdraw”):

- a. is only permitted in exceptional circumstances due to force majeure,
- b. can be of up to 20% of input quantity in the material accounting period in which it is designated as output, must be reconciled in the subsequent material accounting period.

*Addition for **Option 2**: Entity mass balance with minimum sourcing requirement*

5.3 In addition to the Entity-level material accounting system under requirement 5.1, The Entity shall record material accounting data (5.1.1, 5.1.2, 5.1.3 and 5.1.4) for each site within the certification scope.

6. ASI MATERIAL IDENTIFICATION DATA

- 6.1 The Entity shall maintain a system to verify that each batch or shipment of ASI material input to the Entity is accompanied by the datapoints listed under 6.3.
- 6.2 For any transaction between Entities that is identified as ASI material, the full volume shall be designated as ASI material (in other words, ASI material status cannot be applied to only part of a batch or order).
- 6.3 The Entity shall include all of the following datapoints with each batch or shipment of ASI material output from the Entity:
 - 6.3.1 Unique identification number (batch or shipment code)
 - 6.3.2 Entity name
 - 6.3.3 ASI Chain of Custody certificate number
 - 6.3.4 Name of the receiving Entity/business
 - 6.3.5 Date on which control was transferred (e.g. shipment date)
 - 6.3.6 ASI material type
 - 6.3.7 Mass of ASI material

*Addition for **Option 3**: Transition to site level mass balance*

- 6.3.8 CoC model applied (group or site level mass balance).
- 6.3.9 Unique site identifier(s) [required for site level mass balance only]

7. OUTSOURCING CONTRACTORS

- 7.1 Any outsourcing contractor that takes custody of ASI material, for the purposes of non-transformative processing, treatment or fabrication, shall be identified in the Entity's certification scope by name and with unique identification codes.
- 7.2 Entities that wish to include outsourcing contractors within their certification scope shall ensure that each of the following conditions is met:
 - 7.2.1 The Entity retains legal ownership or control of all ASI material processed by outsourcing contractors throughout.
 - 7.2.2 Any outsourcing contractor shall not further outsource or subcontract any processing, treatment or fabrication of ASI material to any other contractor.
 - 7.2.3 The Entity has assessed the risk of potential non-conformance with the ASI Chain of Custody Standard resulting from the engagement of each outsourcing contractor included within the CoC certification scope and determined that the risk is acceptable.

Explanatory notes: outsourcing contractor status does not apply to tolling arrangements or similar where the category of ASI material is changed by the contractor's processes (e.g., transforming ASI bauxite into ASI alumina or eligible scrap into ASI aluminium).

8. CLAIMS

- 8.1 The Entity shall record and retain (for a period of at least 5 years) evidence of ongoing conformance with the requirements of the ASI Claims Guide, such as claims approval requests.
- 8.2 Entities wishing to make specific product-related claims according to the ASI Claims Guide shall report to the ASI Secretariat:
 - 8.2.1 The mass of ASI material(s) associated with specific claims;
 - 8.2.2 The type of product-related claims (e.g. use of the ASI Responsible Aluminium Sourcing On-Product on consumer facing product/s).

Glossary for CoC V3 Consultation Draft

Note: This is a starting set of key defined terms that will help readers to understand the revised ASI CoC V3 draft. If terms are not defined here but are defined in the current ASI Glossary, that definition should be used. For reference, current ASI Glossary is [here](#).

Term	Draft Definition for CoC V3
Aluminium-related materials	<ul style="list-style-type: none"> • Bauxite • Alumina (hydrate or calcined) • Unalloyed or alloyed aluminium in the form of casthouse products, value-added products, semi-fabricated and fabricated forms, • Aluminium-containing products • Pre-consumer scrap <p>Eligible post-consumer scrap and eligible waste material are not aluminium-related materials as defined here, as they cannot be designated ASI material (accompanied by ASI material identification data – section 6), but rather are eligible to be transformed into ASI material in remelting/recycling activities.</p> <p><i>NEW – not defined in current glossary</i></p>
ASI material	<p>ASI material refers to equivalent masses of <u>aluminium-related materials</u> which either:</p> <ol style="list-style-type: none"> 1. originated from an ASI certified bauxite mine, or 2. originated from eligible post-consumer scrap & eligible waste material. <p>Aluminium-related materials output from an Entity’s certification scope are eligible to be designated as ASI material up to an equivalent mass of ASI material input that meets the ASI CoC V3 requirements in section 3.</p> <p>To be eligible as an input to an Entity’s certification scope, ASI material must be clearly identified on receipt as such (see section 6.3.6).</p> <p><i>Amended definition of “CoC Material”</i></p>
Certification scope	<p>The certification scope is defined by the member and sets out what parts of a Business, Facilities and/or Business Activities are covered by an ASI Certification.</p> <p><i>Same as current definition</i></p>
Eligible pre-consumer scrap	<ul style="list-style-type: none"> • Traded pre-consumer scrap output from another Entity’s CoC certification scope, not exceeding in total the share of ASI aluminium input to that certification scope and clearly identified on receipt as such (See section 6.3.6) <p>And/or</p> <ul style="list-style-type: none"> • Pre-consumer scrap that has been assessed by the Entity as designated ASI aluminium output from the certification scope, traced through an uncertified facility and returned as scrap to the Entity’s certification scope in a closed loop. <p><i>Amended definition of “Eligible scrap”</i></p>
Eligible post-consumer scrap	<ul style="list-style-type: none"> • Post-consumer scrap sourced from formalised and/or regulated systems of aluminium scrap collection and pre-melt recovery <p>And/or</p> <ul style="list-style-type: none"> • Post-consumer scrap input to the certification scope, where the Entity has met ASI Performance Standard Requirement 3.2.1.1 (Leading Practice). <p><i>Amended definition of “Eligible scrap”</i></p>
Eligible waste material	<ul style="list-style-type: none"> • Aluminium-containing production process wastes (e.g. dross); • Aluminium recovered from aluminium-containing wastes. <p><i>Amended definition of “Eligible scrap”</i></p>
Entity-level mass balance	<p>A model under which reconciliation of masses of ASI material according to ASI Chain of Custody Standard requirements is implemented across a collection of two or more sites operating under one</p>

Term	Draft Definition for CoC V3
	<p>management system, applied across the Entity certification scope. Under Entity-level mass balance, ASI material can be mixed with non-ASI material across all sites within the certification scope.</p> <p><i>NEW – not defined in current glossary</i></p>
Material accounting system	<p>A formalised system to record and reconcile certified inputs and outputs at both the level of individual sites and across the entire certification scope (Entity-level), regardless of the given mass balance approach.</p> <p><i>Amended definition</i></p>
Site	<p>Physically co-located processes or activities. A site may comprise several activities in different locations in the same geographic area and under the same management control. Integrated sites will generally be treated as one site.</p> <p><i>NEW – not defined in current glossary. Definition adapted from The Copper Mark Chain of Custody Standard’ ver. 2 – 9 September 2025 – DRAFT FOR CONSULTATION</i></p>
Site-level mass balance	<p>A model under which reconciliation of masses of ASI material according to ASI Chain of Custody Standard requirements is implemented within a single site in a given material accounting period. Under site-level mass balance, ASI material can be mixed with non-ASI material within the site.</p> <p><i>NEW – not defined in current glossary</i></p>

Annex 1: Impacts on annual reporting under mass balance options

OPTION 1: Maintain current Entity-level mass balance &

OPTION 2: Maintain Entity-level mass balance as in Option 1, but with minimum sourcing requirements for sites within the certification scope

Material reconciliation at the Entity-level.

The Entity shall submit to ASI on an annual basis

- 2.3.1. Mass of input and output quantities of ASI material/s entering and leaving the certification scope of an Entity over the calendar year.
- 2.3.2. Conversion factor for all relevant conversion processes within the certification scope of a certified Entity.
- 2.3.3. Positive balance carried forward to the subsequent material accounting period, if any, in accordance with the conditions set out in requirement 5.2.1.
- 2.3.4. Positive balance used, if any, in accordance with the conditions set out in requirement 5.2.1.
- 2.3.5. Negative balance 'internal overdraw' draw down from the subsequent material accounting period, if any, in accordance with the conditions set out in requirements 5.2.2.

*Addition for **Option 2** Entity mass balance with minimum sourcing requirement*

- 2.3.6 Declaration that the required minimum volume of ASI material/s has been sourced at each site, in accordance with requirement 3.5.

Option 3: Transition to site level mass balance

Material reconciliation at the site-level.

The Entity shall submit required ASI material reconciliation data, **separately for each of the individual sites identified within the certification scope of a certified Entity**, to ASI on an annual basis

- 2.3.1 Mass of input and output quantities of ASI material entering and leaving each site over the calendar year.
- 2.3.2 Conversion factor for relevant conversion process at each site.
- 2.3.3 Positive balance carried forward to the subsequent material accounting period, if any, for each site, and in accordance with the conditions set out in requirement 5.2.1.
- 2.3.4 Positive balance used, if any, for each site, and in accordance with the conditions set out in Requirement 5.2.1.
- 2.3.5 Negative balance 'internal overdraw' draw down from the subsequent material accounting period, if any, for each site, and in accordance with the conditions set out in requirement 5.2.2.

IMPLICATIONS:

Scrap generated at manufacturing and sent for remelting at another site within the same Entity (which currently is considered as Internally Generated Scrap) becomes external input/ output. This leads to increased accounting requirements as each movement of scrap between sites needs to be tracked, documented and reported. Solution: to introduce potential exemption for reporting of intra-group and internally generated scrap flows. The material is documented internally, however it is not required to report inputs/ outputs for each site.

Annex 2: Impact of a minimum sourcing requirement (Option 2) on Entities currently certified to CoC V2

The impact of applying a minimum sourcing requirement at the site level will vary among currently CoC certified Entities, depending on their current sourcing patterns and their intention to ship ASI material.

In 2024, **42 out of 100 CoC-certified Entities sourced no ASI material**. Some of these are newly certified Entities, for whom an initial period of zero sourcing is expected as they transition into the system. However, there are also Entities certified for three or more years that have consistently maintained 0% sourcing. These Entities do not sell any ASI material, suggesting that CoC Certification may be their primary objective, rather than sourcing or shipping actual ASI material. It could also indicate practical challenges in sourcing, or lack of customer demand for ASI material. For such Entities, the new requirement would have no impact, until they begin shipping (and thus sourcing) ASI material.

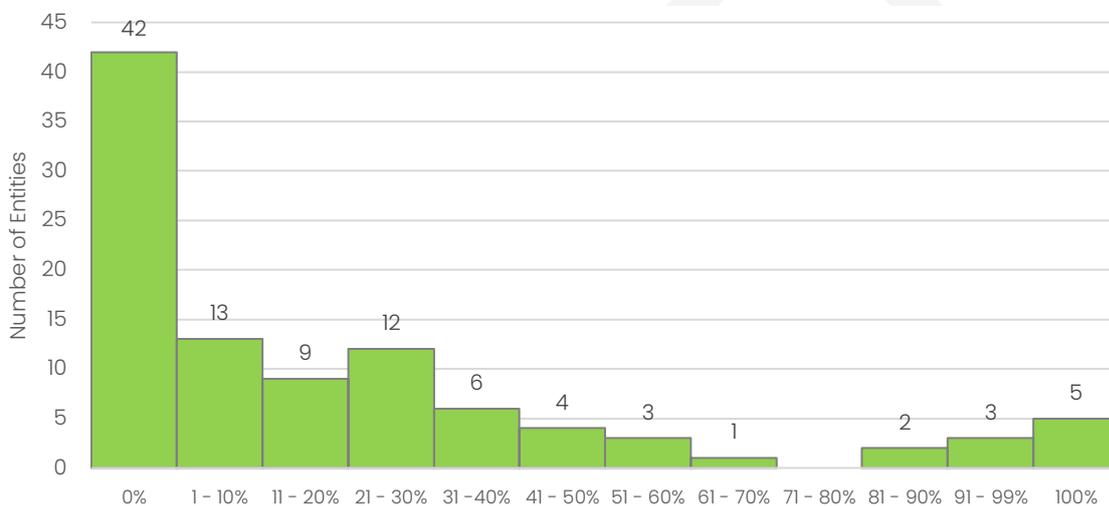


Figure 2: Percentage of ASI Material sourced by 100 CoC Entities in 2024

For the remaining Entities with 1-99% sourcing at the Entity level, the requirement may still affect individual sites. This depends on how sourcing of ASI material is distributed across their certification scope. Some of their sites may be below the minimum threshold, or even be at 0%, and would need to increase sourcing to meet a minimum requirement, for sites that wish to sell or pass ASI material down the chain. The higher the percentage requirement, the greater the impact.

The current dataset reflects Entity level sourcing only, and therefore likely underestimates the share of individual sites with 0% ASI material inputs. The most affected Entities would be those that currently use the mass balance model across multiple sites, sourcing ASI material at one location while shipping it from another. Under Option 2, it would no longer be possible to have sites shipping ASI material but with 0% inputs at that site. Any site wanting to ship ASI material to customers would need to meet the minimum site-level sourcing requirement.

Given the limited number of Entities selling ASI material, any positive impact of Option 2 on the ASI objective to drive greater upstream uptake of the PS is unclear. Similar to Option 3, the following outcomes could ensue:

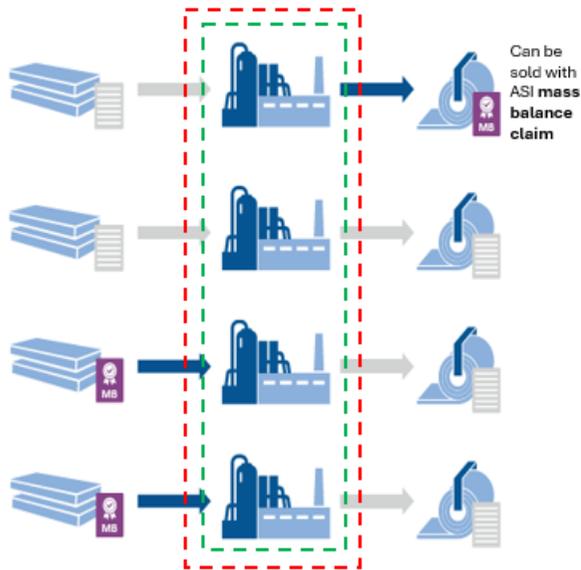
- The perceived value of the traded material may increase, but with limited impact on PS certifications.
- A minimum (Option 2) or reconciled to output (Option 3) level of ASI material input per site would provide an incentive to ensure that ASI material is not consolidated in a single site or part of the business while other sites remain inactive. This may support the credibility of claims and ensure that the Entity level mass balance model reflects (some) connectivity to ASI material at the site level.
- Driving more uptake of the PS and CoC at regional levels country levels. Conversely, attrition from the CoC programme if there is insufficient localised sourcing options and/or customer demand to meet the minimum requirement for participation.

Annex 3: Comparison of mass balance options (see Part B)

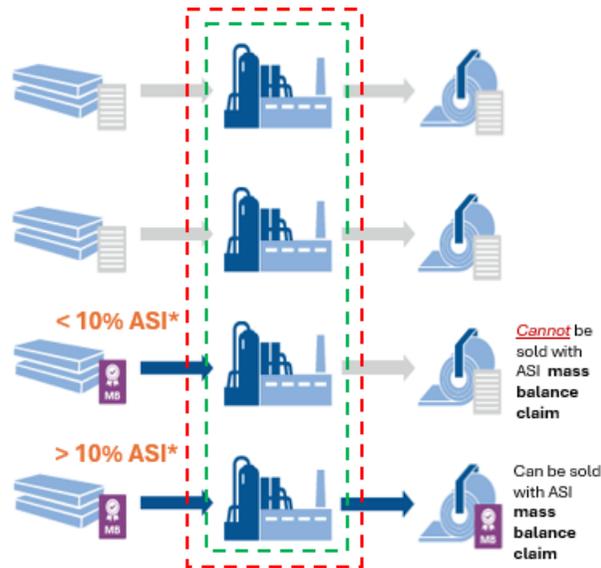
OPTION	Changes compared to CoC V2	Additional Entity effort	Risks addressed / created	Value delivered (and to whom)	Limitations
1	Fewer requirements (streamlined)	No change from V2 (possibly less with streamlining)	<ul style="list-style-type: none"> - An equivalent volume of sourced ASI material has been produced and transformed by certified Entity/ies somewhere in the world within the same period 	<ul style="list-style-type: none"> - Scaling impact: drives uptake in PS (sectoral) - Product-related claims (subset of packaging producing Members) 	<ul style="list-style-type: none"> - Mass balance - No physical relationship - No guarantee of physical content
2	As for OPTION 1 plus: <ul style="list-style-type: none"> - Minimum (site) sourcing requirements 	<ul style="list-style-type: none"> - Site level material accounting (for sites shipping ASI material) - Increased reporting - Limited freedom to allocate sales as ASI material 	As for OPTION 1 plus: <ul style="list-style-type: none"> - May help to localise and drive increased uptake of PS - May lead to attrition from programme if minimum thresholds cannot be met 	As for OPTION 1 plus: <ul style="list-style-type: none"> - Increased confidence in physical connectivity of ASI material (customers) 	As for OPTION 1
3	As for OPTION 1 plus: <ul style="list-style-type: none"> - Accounting and reconciliation at site-level 	<ul style="list-style-type: none"> - Site level material accounting - ASI material input/output reconciliation at site-level (potential for changes to certification scope rules) 	As for OPTION 1 plus: <ul style="list-style-type: none"> - May help to localise and drive increased uptake of PS - May lead to attrition from CoC program without commercial feasibility for site-level inputs and outputs - Possible starting point for other product related claims (e.g. recycled content) 	As for OPTION 2 plus: <ul style="list-style-type: none"> - May lead to fewer Entities (maybe even less ASI material available), but ASI material may be more highly valued (producers) 	As for OPTION 1

Annex 3: Comparison of mass balance options (Visual)

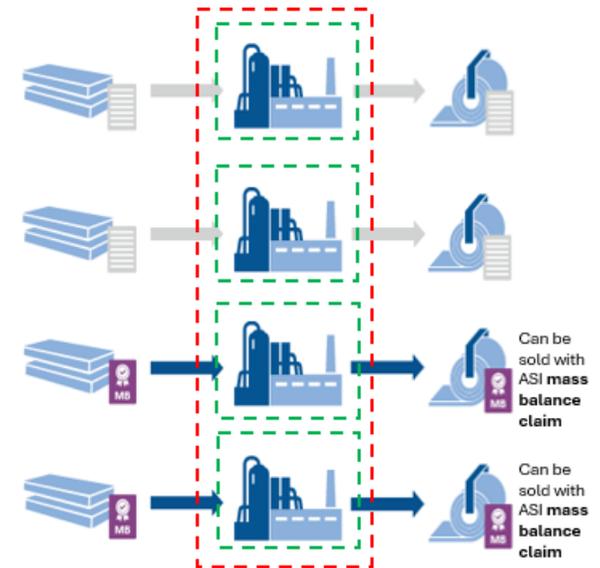
OPTION 1: Maintain current Entity-level mass balance



OPTION 2: Maintain Entity-level mass balance with minimum sourcing requirements for sites within the certification scope



OPTION 3: Gradual transition to site-level mass balance



Entity certification scope
 Material accounting boundary

**Requires accounting system at site level when ASI material is being sourced, although material accounting (mass balance) should also still be implemented at Entity level. 10% is a proposal for consultation*

Images adapted from the [ISEAL Chain of Custody Models and Definitions Document v2 \(2025\)](#)

Annex 4: Overview of Changes from CoC V2 to CoC V3 Requirements

CoC V2 PARTS/SECTIONS	CoC V3 SECTIONS	CoC V3 DETAILED
		
PART A. General CoC Management		
1. Management System & Responsibilities	2. MANAGEMENT	General management system requirements (<i>significantly streamlined</i>)
2. Outsourcing Contractors	7. OUTSOURCING CONTRACTORS	Streamlined articulation but no change to rules (Entity retains management & risk of material accounting)
PART B. Confirming Eligible Inputs of CoC and Non-CoC Material	1. SCOPE OF CHAIN OF CUSTODY	Certification scope rules applied at Entity rather than supply chain activity/material level
	3. SOURCING ASI MATERIAL	Material specific criteria replaced with a single, consolidated set of requirements applicable to all materials
3. Primary Aluminium: Criteria for ASI Bauxite, ASI Alumina and ASI Aluminium	 <i>Now integrated under Section 3: Sourcing ASI Material to reduce duplication</i>	
4. Recycled Aluminium: Criteria for Eligible Scrap		
5. Casthouses: Criteria for ASI Aluminium		
6. Post-Casthouse: Criteria for ASI Aluminium		
7. Due Diligence for Non-CoC Material, CoC Material Acquired through a Trader and Recyclable Scrap Material	4. SUPPLIER DUE DILIGENCE	 Removed requirements duplicative with supply-chain related elements of PSv4 (3. RESPONSIBLE SOURCING AND DUE DILIGENCE)
PART C. CoC Accounting, Documentation and Claims		
8. Material Accounting System: CoC Material and ASI Aluminium	5. MATERIAL ACCOUNTING SYSTEM	Focus on controls, conversion factors (<i>see slide 7</i>) and positive/negative balances, but no change to rules
9. Issuing CoC Documents	6. ASI MATERIAL IDENTIFICATION DATA	Shift from physical documentation to key data and data management systems; (optional) supplementary data removed
10. Receiving CoC Documents		
11. Claims and Communications	8. CLAIMS	Conformance with ASI Claims Guide ; removed duplicative requirements