



Fiona Solomon
Executive Director
Aluminum Stewardship Initiative

Re: Comments on ASI's Standards Revision Process

February 4, 2022

Dear Ms. Solomon,

I hope that this letter finds you well and thank you for you and your team's dialogue with us in the lead up to publication of our [report](#) on human rights risks in aluminum supply chains in July last year.

We're writing both to submit comments on the final round of ASI's standards revision and, at the same time, to follow up on some of the broader comments and recommendations we made in our report. Our detailed comments on the revised standards are attached in the Excel format requested by ASI.

We're particularly keen to see improvements in ASI's standards and assurance process given that two companies covered by our research and advocacy in Guinea, La Compagnie des Bauxite de Guinée (CBG) and China Hongqiao, joined ASI in 2021.

CBG, which [joined](#) ASI in June, has operated bauxite mines in Sangaredi in the Boké region of Guinea since 1973. CBG is a joint venture between the Guinean government and multinational mining companies Rio Tinto, Alcoa, and Dadco. Thirteen communities, with support from Inclusive Development International, are currently participating in an IFC CAO-facilitated [mediation](#) process to seek remedies for human rights abuses committed by CBG, including involuntary resettlement without adequate housing or livelihood restoration, land acquisitions without replacement land or other adequate compensation, and damage to communities' water sources. ASI's audit of CBG could, if implemented effectively, provide information on CBG's compliance with human rights, environmental and social standards and incentivize CBG to improve its practices on the ground.

China Hongqiao, described on ASI's [website](#) as the world's largest aluminum producer, obtains bauxite for its China-based refineries and smelters through La Société Minière de Boké (SMB), which is by far the largest bauxite exporter in Guinea. China Hongqiao is a [coowner](#) of SMB through its subsidiary Shangdong Weiqiao. Human Rights Watch in 2018 [documented](#) serious concerns with SMB's operations in Guinea, including rapid land acquisitions without replacement land or support for communities' livelihoods, destruction of communities' water sources, and a general failure to adequately identify,

monitor, and mitigate the environmental and social impact of the company's operations in the Boké region. SMB promised in 2018 to [conduct](#) and [publish](#) revised environmental and social impact assessments but [has not yet](#) published any such assessment. Although an ASI audit of China Hongqiao is unlikely to include SMB's Guinea operations in its scope, an audit could, if implemented effectively, consider the adequacy of the supply chain due diligence China Hongqiao group's refineries and smelters conduct over the sources of their bauxite, including their efforts to identify and address human rights risks at mines in Guinea co-owned by its subsidiary.

It is vital that ASI adopts detailed and robust human rights standards and verification processes. We welcome some of the changes that ASI has implemented since its standards revision process began, including strengthened requirements for auditors to consult with Indigenous Peoples, affected communities, and civil society groups. We remain concerned, however, that ASI's human rights standards and assurance process lack the detail, rigor, and transparency to adequately assess whether companies and their facilities are respecting human rights. Specifically:

ASI's Performance Standard should include more detailed criteria with which to assess companies' human rights practices.

- The human rights requirements in ASI's Performance Standard do not break down key human rights issues into adequately detailed criteria against which companies' policies and practices are assessed. This creates a risk that an audit neglects key elements of the relevant human rights issue, especially given auditors' sometimes limited human rights expertise. Audits that don't adequately assess actual impacts on the ground contribute to concerns of greenwashing by multistakeholder initiatives.
- For example, as discussed in our July 2021 report, ASI's Performance Standard on resettlement, although based on the International Finance Corporation (IFC) resettlement standard, does not break the IFC standard down into specific requirements against which companies can be assessed. Gaps in ASI's resettlement standard include the absence of requirements to: provide compensation for commercial property, land, or assets impacted by the company; develop a livelihood restoration plan to restore livelihoods for people whose land or livelihoods are adversely affected; provide security of tenure to communities that receive land or housing following displacement; undertake a completion audit to assess whether the impacts of displacement on affected communities have been adequately addressed.
- Although some of these issues are addressed in ASI's Performance Standard Guidance, that does not guarantee that they are addressed during the audit process. ASI's Guidance itself states (p. 8) that, "it offers background, explanation and points to consider, however these are general guidance only and nonprescriptive. The ASI Performance Standard is the final point of reference."
- While we have made some more detailed comments on ASI's resettlement standards in the attached spreadsheet, we believe that many other sections of the Performance Standard also lack adequate detail to require auditors to assess facilities against the full range of human rights, environmental and social risks of bauxite mining, refining, and other stages of aluminum production. We would encourage ASI to consider whether and how it could align its Performance Standard more closely with the more detailed assessment criteria in the Initiative for Responsible Mining Assurance (IRMA)'s Standard for Responsible Mining.

ASI's Performance Standard should include more outcome-oriented assessment criteria.

- We would encourage ASI to develop, across its human rights standard, criteria focused on the outcomes suffered by affected communities, rather than the management systems and processes that companies have in place.
- Outcomes-based criteria are essential to ensure auditors assess whether companies are taking meaningful actions towards meeting human rights standards and avoiding harms to people and the environment.
- ASI's resettlement criteria, for example, which currently focus on a facility's development and implementation of a resettlement action plan, should instead focus on the desired outcomes of resettlement, such as improving, or at least restoring, communities' living standards, income levels, and livelihoods. We have offered more detailed outcome-oriented criteria for resettlement, in line with the objectives of the IFC's Performance Standard 5 (Land Acquisition and Involuntary Resettlement), in our attached comments on the revised standard.

ASI's Performance Standard should make clear companies' obligations to remediate past or outstanding human rights abuses.

- We are concerned that the Performance Standard does not clearly clarify the obligations of companies to remediate negative human rights impacts that occurred prior to the company joining ASI but are continuing at the time of the audit. The Performance Standard should require companies to remediate ongoing impacts caused by the project or facility, including during earlier phases of the project, by developing and implementing time-bound remedial action plans based on consultations with affected people.
- Where appropriate, remedial action should meet the requirement of relevant sections of the Performance Standard. For example, if there are continuing harms caused to farming communities' livelihoods due to land acquisition that occurred prior to a mining company joining ASI, remedial action plans should meet the requirements in the Performance Standard pertaining to economic displacement with a view to full remediation for human rights impacts. IRMA has adopted this approach for its proposed resettlement standard (see p. 59 of IRMA's Standard for Responsible Mining).

ASI's Performance Standard should expand its supply chain due diligence requirement to address all human rights risks in aluminum production.

- We are concerned that the supply chain due diligence requirement in the Performance Standard (9.8) and Guidance remains narrowly focused on the human rights issues explicitly listed in Annex 2 of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
- The narrow focus of 9.8 is in contradiction to ASI's standard on human rights due diligence (9.1.), which relies on the UN Guiding Principles and is therefore based on the full range of international human rights norms. The OECD instead focuses on a limited number of human rights risks, such as torture and child labor, which are frequently present in either conflict environments or informal mining sectors.
- The current, narrow supply chain due diligence requirements in the Performance Standard create a risk that refineries, smelters or other entities fail to identify and address human rights abuses commonly present in aluminum supply chains, such as the impacts on land, water, and the right to a healthy environment found in Guinea's (and other) bauxite mining and refining industries.

- We recommend that ASI's supply chain due diligence requirements be expanded to include a requirement to identify and address all human rights risks in an entity's supply chain, either through expanded language in section 9.8 or more detailed supply chain due diligence requirements in section 2.4 (responsible sourcing) or 9.1 (human rights due diligence). Without this expansion, the supply chain due diligence requirement is not fit for purpose for the bauxite-aluminum sector.

ASI's Assurance Manual and/or Performance Standard should offer more detailed guidance to auditors on the evidence they should rely on to assess specific criteria, including which criteria require input from affected communities.

- We welcome the strengthened language in the Assurance Manual requiring auditors to consult affected populations and organizations during ASI audits and have offered more detailed suggestions below on how to further strengthen that guidance in the attached spreadsheet. In addition to those revisions, we believe ASI's Assurance Manual and/or Performance Standard would benefit from specific guidance to auditors on the assessment criteria for which they are required to seek input from affected communities as well as the other types of evidence that auditors should rely on to assess those criteria (for example, for resettlements, that would include reviewing baseline socio economic surveys conducted prior to resettlement or land acquisition activities and post resettlement surveys to ensure living standards, income generation and livelihoods have been improved or at least restored etc.)

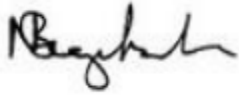
ASI's audit reports should be public, with commercially sensitive or proprietary information redacted.

- We remain concerned that, even after the revision process, the level of transparency of ASI audit reports will not be sufficient to enable affected communities and other stakeholders to assess the credibility of the audit, understand its findings, and take action to push for improved company action.
- The revised [Assurance Manual](#) (p. 89) states that public summary audit reports should contain conformance findings supported by "Public Headline Statements," which are "clear, concise, but nonetheless sufficiently detailed summaries, to ensure outside stakeholders have a clear understanding as to why and how an Entity meets, or does not meet, each requirement of the Standard, without disclosing any confidential or personal information."
- We look forward to reviewing the level of detail in future audit reports, but note that Drive Sustainability, a coalition of car companies pushing for sustainability in automotive supply chains, in December 2021 [listed](#) publicly available audit reports (with no limitations) as a benchmark for the highest performing certification schemes. Drive Sustainability also [stated](#) that: "accessibility and transparency (way of communication) of audit results play a crucial role in building trust and credibility around any standard....[and] also pinpoints relevant gaps to the stakeholders and might serve for a learning exchange within interested stakeholder communities e.g. enabling them to do their own due diligence." ASI should publish full audits reports, with commercially sensitive or proprietary information redacted, to enable better oversight of aluminum supply chains.

We have offered more detailed feedback, to supplement the feedback we provided in [April 2021](#), on specific standards in the Excel formatted requested by ASI. We plan to publish this letter and our more detailed feedback on ASI's standard on our websites.

Thank you for your openness to dialogue with us on these issues.

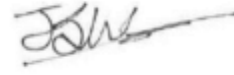
Sincerely,

A handwritten signature in black ink, appearing to read 'N. Bugalski'.

Natalie Bugalski, Ph.D.

Legal and Policy Director

Inclusive Development International

A handwritten signature in black ink, appearing to read 'Jim Wormington'.

Jim Wormington

Senior Researcher

Human Rights Watch