New ResponsibleSteel Membership Commitments By-Law and Associated Membership Application Documents

Previous Iterations on Membership Commitments

The table below shows the suggestions that were included in the ‘straw man’ proposal from January 2017.

<table>
<thead>
<tr>
<th><strong>Steelmaker Members</strong></th>
<th><strong>Raw Material Supplier Members</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Commit to their current production sites meeting the ResponsibleSteel™ Standard threshold level (or equivalent) within ten years of its approval.</td>
<td>• Commit to have their sites assessed against an applicable standard recognised by ResponsibleSteel™ (or equivalent), if requested by a customer.</td>
</tr>
<tr>
<td>• Commit to newly acquired sites meeting the ResponsibleSteel™ Standard threshold level (or equivalent) within five years of acquisition.</td>
<td>• Commit to supplying buyers of raw material from their sites with relevant performance data as required to meet the buyer’s social and environmental procurement specifications, when such data are available.</td>
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<table>
<thead>
<tr>
<th><strong>Downstream Members</strong></th>
<th><strong>Civil Society Members</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Commit to use the ResponsibleSteel™ Standard (or equivalent) as the basis for their specifications for steel procurement.</td>
<td>• Commit to publicly support compliance with the ResponsibleSteel™ Standard (or equivalent) as a credible step towards responsible steel production.</td>
</tr>
<tr>
<td>• To promote ResponsibleSteel™ compliant material to their customers and stakeholders, in line with ResponsibleSteel requirements for claims and labels.</td>
<td></td>
</tr>
</tbody>
</table>

Timeline of proposals and reviews:

<table>
<thead>
<tr>
<th>Date</th>
<th>Feedback</th>
</tr>
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<tbody>
<tr>
<td>April 2018, London</td>
<td>Feedback on 2017 version: wording of the proposed requirements should be revised, and that commitments should be developed to apply to financial organisations as well as to</td>
</tr>
</tbody>
</table>

1 Wording modified to reflect wording of the ResponsibleSteel Standard at the time (version 3-0).
Associate Members joining ResponsibleSteel. See Annex 2 for details of the feedback.

<table>
<thead>
<tr>
<th>Date</th>
<th>Details</th>
<th>Page 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2019</td>
<td>New commitments circulated to all members for review and comment on 5th April 2019, with an additional consultation with civil society members led by the MGC Chair (comments in Annex 3)</td>
<td>Annex 3</td>
</tr>
<tr>
<td>June 2019, London</td>
<td>Proposal discussed with Members</td>
<td></td>
</tr>
</tbody>
</table>

Proposed Commitments, April 2019

By applying for ResponsibleSteel™ membership (including as an Associate Member, as applicable), an organisation commits to:

General:

- Support the achievement of ResponsibleSteel’s™ vision and mission
- Promote and communicate this commitment internally and to external partners and stakeholders.
- Participate constructively in the discussion and development of ResponsibleSteel™ standards and policies
- Support ResponsibleSteel™’s ethos of collaboration by actively sharing knowledge and expertise with ResponsibleSteel™ and other members.

Policies and procedures:

The organisation agrees to:

- Comply with the Steel Stewardship Council Ltd (‘SSC’) Constitution
- Comply with the ResponsibleSteel™ Anti-Trust Compliance Policy
- Comply with the ResponsibleSteel™ Complaints Procedure
- Acknowledge that all Intellectual Property Rights in ResponsibleSteel™ (including the ResponsibleSteel™ name and logos) together with any associated goodwill shall belong to and remain the sole property of SSC, acknowledge that it shall not acquire any rights or interest in the Intellectual Property Rights save as expressly stated by written agreement with SSC, and comply with the ResponsibleSteel™ Rules for Trademark Use as applicable
- If accepted as a member, permit the publication of the organisation’s name, date of joining, organisational logo and where applicable certification status on the ResponsibleSteel™ website
- Pay membership fees, where applicable, in a timely fashion
Supporting the supply and demand of steel produced to ResponsibleSteel standards:

In addition, the organisation commits to:

- Send strong demand signals for ResponsibleSteel™ through the development of a strategy or plan which supports the production or purchasing of materials that meet ResponsibleSteel™ standards, including the following elements as applicable:
  - **Steel making, processing and finishing businesses**: a commitment to achieve certification against the ResponsibleSteel™ Standard for at least one facility within two years of joining and certification becoming available.
  - **Downstream businesses**: a commitment to source steel from at least one site that is certified as meeting ResponsibleSteel™ standards, within two years of joining and steel that meets applicable specifications becoming available.
  - **Mining businesses**: a commitment to achieve certification against a mine level standard recognised by ResponsibleSteel for at least one mine site within two years of joining and an applicable certification scheme becoming available.
  - **Finance sector businesses**: a commitment to recognise certification of compliance with the ResponsibleSteel™ standards as a relevant indicator for lending/investment decision-making within two years of joining and certification becoming available.

- Provide ResponsibleSteel™ with information on progress of the implementation of the member’s plan or strategy over time.

It is proposed in due course to provide illustrative examples of ‘good practice’ in the implementation of these membership commitments, including examples of implementation by Associate Members and civil society organisations, as well as by business members.

In future we will also need to consider the relationship between claims about ResponsibleSteel Membership, as distinct from claims about ResponsibleSteel certified sites or products, to ensure that these are mutually compatible and reinforcing.

July 2019

1. Proposed Commitments
By applying for ResponsibleSteel™ membership (including as an Associate Member, as applicable), an organisation commits to:

1.1 General:

- Support the achievement of ResponsibleSteel's™ vision and mission
- Promote and communicate this commitment internally and to external partners and stakeholders.
- Participate constructively in the discussion and development of ResponsibleSteel™ standards and policies
- Support ResponsibleSteel™'s ethos of collaboration by actively sharing knowledge and expertise with ResponsibleSteel™ and other members.

1.2 Policies and procedures:

The organisation agrees to:

- Comply with the Steel Stewardship Council Ltd ('SSC') Constitution
- Comply with the ResponsibleSteel™ Anti-Trust Compliance Policy
- Comply with the ResponsibleSteel™ Complaints Procedure
- Comply with the ResponsibleSteel™ Rules for Trademark Use, and acknowledge that all Intellectual Property Rights in ResponsibleSteel™ (including the ResponsibleSteel™ name and logos) together with any associated goodwill shall belong to and remain the sole property of SSC and acknowledge that it shall not acquire any rights or interest in the Intellectual Property Rights save as expressly stated by written agreement with SSC.
- If accepted as a member, permit the publication of the organisation's name, date of joining, organisational logo and where applicable certification status on the ResponsibleSteel™ website
- Pay membership fees, where applicable, in a timely fashion

1.3 Certification and sourcing:

In addition, the organisation commits:

- To sending strong demand signals for ResponsibleSteel™ through the development of a strategy or plan which demonstrates the organisation's [best endeavours] to support the production, sourcing or supply of materials that meet ResponsibleSteel™ standards, and that includes the following commitments as applicable:
  - Steel making, processing and finishing businesses: a commitment to achieve certification against the ResponsibleSteel™ Standard for at
least one site within [two] years of joining and certification becoming available.

○ **Downstream businesses:** a commitment to source steel from at least one site that is certified as meeting ResponsibleSteel™ standards, within [two] years of joining and steel that meets applicable specifications becoming available.

○ **Mining businesses:** a commitment to achieve certification against a mine level standard recognised by ResponsibleSteel for at least one mine site within [two] years of joining and an applicable certification scheme becoming available.

○ **Finance sector businesses:** a commitment to recognise certification of compliance with the ResponsibleSteel™ standards as a relevant indicator for lending/ investment decision-making within [two] years of joining and certification becoming available.

○ **Civil society organisations:** a commitment to publicly support compliance with the ResponsibleSteel™ Standard (or equivalent) as a credible step towards responsible steel production.

• [To providing ResponsibleSteel™ with information on the implementation of the member’s plan or strategy, including achievement of these initial commitments and on further progress over time.]

It is proposed in due course to provide illustrative examples of ‘good practice’ in implementing these membership commitments, including examples of implementation by Associate Members and civil society organisations, as well as by business members.

In future we will also need to consider the relationship between claims about ResponsibleSteel Membership, as distinct from claims about ResponsibleSteel certified sites or products, to ensure that these are mutually compatible and reinforcing.
Annex 2. Recommendations of ResponsibleSteel Stakeholder Meeting, London, April 2018

Miners and other raw material suppliers

- Sites assessed against a standard recognised by ResponsibleSteelTM (or equivalent), if requested by a customer
- Meet the threshold level of standards compliance (within x years?)
- Provide buyers of raw material from their sites with soc/env performance data when available.

Steelmakers

- Production sites to achieve a ‘registration’ level within 3 years (or have a plan to...)
- Production sites to meet the ResponsibleSteelTM Standard threshold level (or equivalent) within ten years of joining (once standard finalised)
- Newly acquired sites meet the ResponsibleSteel Standard threshold level (or equivalent) within five years of acquisition
- Source raw materials from responsible sources

Steel users

- Use the ResponsibleSteelTM Standard (or equivalent) as the basis for specifications for steel procurement
- Report on sourcing from certified sites
- Report on use of certified ResponsibleSteel steel (at different levels?)

Finance

- Promote/use ResponsibleSteel Standards as lending/investment criterion

Civil Society

- Publicly support compliance with the ResponsibleSteelTM Standard (or equivalent) as a credible step towards responsible steel production
- Use ResponsibleSteel as a forum to raise and discuss concerns/issues of interest with other members

Question 1
Is the commitment for civil society organisations a realistic one for your organisation? Can you see it inhibiting any organisations from joining who should be part of it? Should there even be a section for CSOs?

- There should be a distinction between supporting the mission and vision, and formal endorsement of the standard
- The distinction between publicly supporting the vision and mission, and endorsing the standards (when there may be instances when we have concerns whether the standards are adequate to meet the vision) is important.
- In terms of the CSO commitments, I think that the language if the “General” commitments get it right regarding the hierarchy of support, promotion and engagement, from vision and mission through to standards, so perhaps this framing could be reflected in the CSO section for sake of clarity.
- CERTAINLY WE CAN NOT COMMIT TO DO SO

Question 2
How do you feel about the industry commitments? Are these sufficient to ensure uncommitted companies do not sign up and get a ‘free ride’ under the ResponsibleSteel brand?

- We must avoid the lowest common denominator - companies doing the bare minimum and getting the same recognition as the true leaders
- To support this, a tightly set up and manged monitoring, tracking and reporting mechanism should be in place, to encourage real and bold progress and achievements
- I agree it will be critically important to be wary of and actively discourage free riders and greenwashers. As with FSC, the use of logos and RS language will need to be tightly policed to focus light only on real achievements not empty aspirations. Perhaps we could look at a regularly updated reporting/transparency framework that shows exactly where sites are on the certification process throughout the supply chain. This would allow everyone to chart progress (or lack thereof) of all those within the RS system. I have found that this kind of transparency requirement can be remarkable effective in motivating both the companies and the system itself to be active in achievements.
- Referring to the 2 year certification clause: NEED MORE LONG TERM VISION HERE ... WHAT HAPPENS AFTER 2 YEARS? AND WHAT HAPPENS IF ONE FACILITY IS NOT CERTIFIED WITHIN 2 YEARS? IS THE COMPANY KICKED OUT?
- Referring to the commitment to source steel from at least one certified site: WHY FROM ONE SOURCE? I WOULD STRUCTURE THIS AS A COMMITMENT TO SOURCE MATERIALS FROM AS MANY SOURCES AVAILABLE AND MAX QUANTITY AVAILABLE
• Referring to the mine level certification clause: NEED TO FIND A MECHANISM TO PROMOTE CONTINUOUS IMPROVEMENT IN TERMS OF NUMBERS OF MINES

Question 3
The commitments do not currently allow for further improvement once the minimum requirements have been reached. Do you have any suggestions as to how a commitment to continuous improvement should be incorporated?

• There needs to be an expectation and mechanism in place for encouraging and rewarding further improvement, to ideally get to zero carbon steel by 2050.
• I don’t really see that the industry commitments do not allow for further improvement, but I do think that they don’t appear to encourage or reward further improvement. As I understand it, the system will be structured to recognize achievements at various levels so perhaps this graduated approach could be somehow reflected in commitments, so companies cannot idle in low level achievements and still get system recognition. This kind of incentivizing is important for the integrity and ambition of the system overall, but I know that there is a desire at the start up to get companies in the door to engage, which is always a delicate balance in early stages for standards.