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

Process
The following process for the approval of a ResponsibleSteel By-Law and associated membership application documents defining the commitments that organisations make to apply for and maintain ResponsibleSteel membership was proposed by the MGC and approved by the Board. The schedule has been adjusted by the Secretariat:

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsible</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board approves the proposed process as below</td>
<td>Board</td>
<td>2 June</td>
</tr>
<tr>
<td>Secretariat to develop the proposed by-law and associated documents in consultation with legal advisors</td>
<td>Secretariat</td>
<td>By end July</td>
</tr>
<tr>
<td>MGC to review and agree proposed Membership Commitments By-Law and associated documentation</td>
<td>MGC with Secretariat support</td>
<td>(next scheduled MGC meeting)</td>
</tr>
<tr>
<td>Board to approve draft proposals be circulated to membership for 30-day consultation period</td>
<td>Board</td>
<td>16th September</td>
</tr>
<tr>
<td>30-day membership consultation period</td>
<td></td>
<td>20th September – 20th October</td>
</tr>
<tr>
<td>MGC to review and revise proposed Membership Commitments By-Law and associated membership documentation</td>
<td>MGC</td>
<td>October - November</td>
</tr>
<tr>
<td>Secretariat to provide Members with feedback on any comments submitted, and actions taken, together with proposed final text and 2 week period for any final comments.</td>
<td>Secretariat</td>
<td>October - November</td>
</tr>
<tr>
<td>Secretariat collates comments, agrees any final amendments with MGC.</td>
<td>Secretariat and MGC</td>
<td>11th November</td>
</tr>
<tr>
<td>MGC recommends the Board adopts the final proposed membership commitments (and other documentation as appropriate) as official By-Laws</td>
<td>MGC</td>
<td>11th November November</td>
</tr>
<tr>
<td>Board vote to approve Membership Commitments By-Law and other By-Laws as appropriate.</td>
<td>Board</td>
<td>December Board Meeting</td>
</tr>
<tr>
<td>Members informed, By-Law(s) published on ResponsibleSteel website.</td>
<td>Secretariat</td>
<td>Q1 Implementation</td>
</tr>
</tbody>
</table>
Membership Application Process and documentation

1. Why Membership Commitments?

_responsiblesteel’s membership requirements and commitments are of fundamental importance for a number of related reasons:

- The membership requirements and commitments define what it means to be a member of ResponsibleSteel.

- Members have the right to stand for election to become Directors, to vote to elect Directors, to change the Constitution and to approve ResponsibleSteel Standards: if ResponsibleSteel is to achieve its vision and mission it is essential that its members are committed to that vision and mission.

- The achievement of ResponsibleSteel’s vision and mission depends on its ability to create value for all ResponsibleSteel members.
  - For civil society members, value is ultimately defined through ResponsibleSteel’s social and environmental impact
  - For business members, value means the business value that is generated through ResponsibleSteel membership and certification.

- For both business and civil society members value comes from the practicability as well as the credibility of the ResponsibleSteel Standards. This is based on the participation of both business and civil society members in the development and approval of those standards.

- Credible and practicable Standards are necessary to the achievement of the ResponsibleSteel vision and mission, but are insufficient alone. Impact is only achieved through implementation. Implementation, in turn, depends on the creation of business value.

- To maximise both impact and business value, therefore:
  - Civil society members must be prepared to show their support for the ResponsibleStandards and programme;
  - Steelmakers must be prepared to implement the ResponsibleSteel Standards;
  - Buyers must be prepared to specify and use steel that meets the Standards’ requirements.
  - ResponsibleSteel must be prepared to maintain the integrity of the programme and ensure that it creates value for all of its members.
In summary, there is a close relationship as well as positive feedback between the commitments that members make, individually and collectively, on joining ResponsibleSteel, and the value that members can subsequently derive from their membership of ResponsibleSteel. Membership commitments are fundamental to the achievement of ResponsibleSteel’s vision and mission.

2. Current Membership Requirements and Commitments

The Membership section of the ResponsibleSteel website references the ResponsibleSteel mission to maximise steel’s contribution to a sustainable society, and states that ResponsibleSteel members are committed to:

- Support the ResponsibleSteel programme
- Participate in the development of ResponsibleSteel standards
- Encourage and recognise the responsible sourcing and production of steel

It states that Members agree to:

- Comply with the ResponsibleSteel Constitution
- Comply with the Antitrust Compliance Policy
- Follow the ResponsibleSteel Complaints Procedure
- Comply with the ResponsibleSteel Rules for Trademark Use
- Pay membership fees in a timely fashion

The current ResponsibleSteel application process addresses the technical obligations of membership. When Members and Associates formally apply to join ResponsibleSteel they sign an application form stating that they agree to:

- Comply with the ResponsibleSteel Constitution
- Comply with the Antitrust Compliance Policy
- Follow the ResponsibleSteel Complaints Procedure
- Comply with the ResponsibleSteel Rules for Trademark Use

The ResponsibleSteel Constitution requires that all ResponsibleSteel Members (Business Members, Civil Society Members and Associate Members) support ResponsibleSteel’s objects, which are defined as:

(a) to maximise steel’s contribution to a sustainable society;

(b) to enhance the responsible sourcing, production, use and recycling of steel by:

(1) providing a multi-stakeholder forum to build trust and achieve consensus in relation to the responsible production, processing, transportation, use and recycling of steel including aspects associated
with the responsible production, processing and supply of raw materials for steelmaking:

(2) developing international standards and certification and related tools; and

(3) driving positive change through the recognition and use of responsible steel.

Members may be expelled for committing or being responsible for acts that are prejudicial to the interests of ResponsibleSteel, or for carrying out retribution or reprisals against stakeholders that have raised issues or concerns in good faith in relation to a Member’s participation in ResponsibleSteel. All Members agree to pay applicable fees, and to implement any relevant membership commitments as specified in applicable by-laws.

*What the Constitution does not do is to define what ‘support’ for ResponsibleSteel’s objects means in practice, or what members can or must do to demonstrate such support. This is the role of the Membership Commitments.*

3. Summary of Process to Date

ResponsibleSteel Board has been working on the definition of membership commitments, in consultation with members and prospective members, since 2017 going through a number of iterations on possible commitments.

The latest version of commitments submitted to Members is below. [Annex 1](#) captures the different iterations since 2017:

4. PROPOSED Membership Commitments

The following revisions to the current membership application documents, and the current draft Membership Commitments By-Law will be submitted to consultation with all ResponsibleSteel Members. If approved by the Board following consultation, a resolution will be proposed:

“RESOLVED that the document titled “ResponsibleSteel Membership Commitments” tabled at the meeting is approved as a By-law of ResponsibleSteel Ltd (RSL) under rule 21 of the Constitution of RSL”
FOR CONSULTATION

By applying for ResponsibleSteel membership an organisation commits to a) support the
ResponsibleSteel Programme and b) to drive positive change through the recognition and
use of responsible steel.

A. Support the ResponsibleSteel Programme

ResponsibleSteel Business, Civil Society and Associates Members:

- Support the achievement of the ResponsibleSteel vision and mission by
  - Communicating the organisation's membership of ResponsibleSteel
    internally and to external partners and stakeholders, for example through
    the correct use of the ResponsibleSteel Trademark and Member Logo on
    the organisation's website and in appropriate fora and discussions;
  - Participating constructively in the discussion and development of
    ResponsibleSteel international standards and policies, for example
    through:
    - Participation in webinars on issues of interest
    - Review, and submission of comments on, draft ResponsibleSteel
      international standards and policies
    - Participation where applicable in votes on the approval of
      ResponsibleSteel international standards
  - Supporting ResponsibleSteel's ethos of collaboration by actively sharing
    knowledge and expertise with ResponsibleSteel and other
    ResponsibleSteel members.

B. Drive Positive Change Through the Recognition and Use of Responsible Steel:

In addition, the Members commit:

- To recognize the ResponsibleSteel Standards as credible international standards
  for the responsible production of steel.

- To develop a plan or strategy to support the uptake of the ResponsibleSteel
  Standard by steelmakers in the medium term and including the following initial
  commitments as applicable:
  - **Steelmaking businesses**: to use its best endeavours to achieve certification
    against the ResponsibleSteel Site Standard at at least one steel making
    site within two years of joining ResponsibleSteel.
  - **Downstream businesses**: to use its best endeavours to source steel from at
    least one ResponsibleSteel certified steelmaking site within two years of
    joining ResponsibleSteel.
  - **Mining businesses**: to use its best endeavours to undertake an
    independent audit against a mine level assurance standard recognised by
    ResponsibleSteel for at least one mine site within two years of joining
    ResponsibleSteel and an applicable certification scheme being recognized
    by ResponsibleSteel.
- **Finance sector businesses**: to recognise certification of compliance with the ResponsibleSteel Standards as a relevant indicator for decision-making for lending/ investment to steelmakers within two years of joining and certification becoming available.

- To provide ResponsibleSteel with information on the member’s plan or strategy, including achievement of the initial commitments and on further progress over time.
Annex 1. Iterations on Membership Commitments

The table below shows the suggestions that were included in the ‘straw man’ proposal from January 2017\(^1\).

<table>
<thead>
<tr>
<th>Steelmaker Members</th>
<th>Raw Material Supplier Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Commit to their current production sites meeting the ResponsibleSteel(^{tm}) 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(^{tm}) (or equivalent), if requested by a customer.</td>
</tr>
<tr>
<td>• Commit to newly acquired sites meeting the ResponsibleSteel(^{tm}) 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>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Downstream Members</th>
<th>Civil Society Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Commit to use the ResponsibleSteel(^{tm}) Standard (or equivalent) as the basis for their specifications for steel procurement.</td>
<td>• Commit to publicly support compliance with the ResponsibleSteel(^{tm}) Standard (or equivalent) as a credible step towards responsible steel production.</td>
</tr>
<tr>
<td>• To promote ResponsibleSteel(^{tm}) 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>
</thead>
<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 Associate Members joining ResponsibleSteel. See Annex 2 for details of the feedback</td>
</tr>
<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>
</tr>
<tr>
<td>June 2019, London</td>
<td>Proposal discussed with Members</td>
</tr>
</tbody>
</table>

\(^1\) Wording modified to reflect wording of the ResponsibleSteel Standard at the time (version 3-0).
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 managed 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.