



Membership and Governance Proposals: under revision

August 2017

About this document

The Steel Stewardship Council was incorporated as membership organisation with a founding Board of Directors and a simple constitution in Australia in February 2016.

The initial constitution provided the basis for the legal establishment of the ResponsibleSteel™ initiative, with the intention of developing a truly multi-stakeholder governance structure at the earliest opportunity.

The founding Board of Directors, in consultation with interested stakeholders, has now developed a proposed multi-stakeholder governance model for review and further stakeholder feedback prior to its formal adoption and implementation.

The table on the following page describes the key elements of the proposed governance model, and summarises the steps to be taken for its implementation.

For more information please contact:

Matthew Wenban-Smith:

mwenbasmith@responsiblesteel.org



ResponsibleSteel™ Governance Transition

Start-Up Governance	Proposed Multi-Stakeholder Governance	Notes on transition
<p>Context</p> <p>Steel Stewardship Council incorporated in Australia in February 2016 as a not-for-profit corporation, to provide temporary basis for administration, financial management, etc to get ResponsibleSteel off the ground.</p>	<p>Context</p> <p>Proposed governance model for the establishment of ResponsibleSteel as a multi-stakeholder organisation. Developed by start-up board in consultation with stakeholders during start-up period.</p>	<p>The start-up board will seek the approval of prospective ResponsibleSteel members for the proposed model. Subject to such approval, the board will proceed to develop the appropriate documentation (Statutes, By-Laws, etc) for formal establishment of the new model from the start of 2018.</p>
<p>Membership</p> <p>Steel Stewardship Council was incorporated as a membership organisation, and stakeholders have been invited to become Members or Associates on the basis of the proposed multi-stakeholder governance model.</p>	<p>Membership Categories</p> <ul style="list-style-type: none"> • Members (voting). • Associates (non-voting). <p>Membership Groups:</p> <ul style="list-style-type: none"> • Business (and related interests). • Civil society and other social and environmental interests. <p>Business Members and Associates pay an annual fee. The Associates category is open to organisations that are not eligible for membership, and/or who wish to show their support for ResponsibleSteel but are not yet ready to apply for full membership.</p>	<p>When the new governance model has been approved by the start-up board (December 2017), and the formal processes for approval of the statutes and by-laws have been completed, stakeholders that have already been admitted as members or associates during the start-up period will be enrolled automatically in the new structure (subject to their own agreement).</p> <p>Stakeholders may apply to join ResponsibleSteel at any time.</p>
<p>Interim Council/ Working Group</p> <p>Ongoing efforts to engage potential participants in the development of ResponsibleSteel, but without formal statutory status.</p>	<p>Council</p> <ul style="list-style-type: none"> • Elected by respective Membership Groups to cover key stakeholder interests. • Up to ~40 people. • Decision-making by majority of each Membership Group: business and civil society. 	<p>Interim Council</p> <ul style="list-style-type: none"> • All prospective Members/ Associates. • No defined number. • Consultative role.
<p>Board (Start-up)</p> <ul style="list-style-type: none"> • Chair: Ross Davies (BlueScope Steel) • Deputy Chair: Alan Knight (ArcelorMittal) • Treasury: Craig Heidrich (HBM Group) • Secretary: Andrew Marjoribanks (Venlaw) • ResponsibleSteel Interim Director: Matt Dransfield <p>The Board has the legal responsibility to operate the Steel Stewardship Council in accordance with the applicable laws.</p>	<p>New ResponsibleSteel Board</p> <ul style="list-style-type: none"> • Three business & three civil society members, elected by membership. • Plus an independent chair and two additional independent board members appointed by the elected board members. • 2/3 quorum, 2/3 super- majority decision-making, and at least one positive vote from each elected category. 	<p>Transitional Board</p> <p>To be determined by the start-up board in accordance with their existing responsibilities as Directors of the Steel Stewardship Council, until such time as a new governance model is officially approved and operational.</p> <p>At the first AGM after the approval of the new governance model, the membership will be asked to vote on a new Board, Council, etc, in line with the new model.</p>
<p>Draft Standards</p> <p>Draft standards developed primarily by consultants reporting to the start-up organisations.</p>	<p>Standards Committee</p> <ul style="list-style-type: none"> • 7-11 individuals appointed by the Board of Directors, including at least three business and three civil society members. • Advisory committees: e.g. mining, GHG, etc. • Roles defined in Standards Procedure. 	<p>Standards Committee</p> <p>The Standards Committee can start to operate as soon as the Standards Procedure is approved and its membership has been appointed by the start-up Board.</p> <p>Advisory committees start once appointed.</p>

ResponsibleSteel™ Membership FAQs

Why split membership between Business and Civil Society, rather than other sub-groupings (e.g. like ASI)?

We propose that the fundamental social contract of ResponsibleSteel™ Membership is that Business agrees to implement ResponsibleSteel™ if Civil Society agrees to support ResponsibleSteel™, and we want to create a collegiate approach to discussions within each of these groups. It also helps keep things simple.

Why have 50:50 voting weight for Business and Civil Society?

Membership votes to elect the Board, and may vote on motions put to an annual meeting. We need to ensure that Business and Civil Society categories of membership have equal weight in these decisions.

Why have all members vote for the Board, but members vote for representation of their own category representatives on Council?

The intent is that Board members should be acceptable to everyone, but that Council Members may be chosen to represent issues.

What is the role of Associates, and why can't they vote?

The 'Associates' category allows any stakeholder that wants to express support for ResponsibleSteel™, to be included in consultations, to attend meetings, etc. However voting rights are reserved to non-governmental entities whose interests are directly affected by ResponsibleSteel™, and who pay membership dues if applicable.

What are 'key stakeholder interests'?

Key stakeholder interests are the interests that ResponsibleSteel™ has identified in its stakeholder analysis as being essential to take into account if ResponsibleSteel™ is to achieve its objectives. Some are high-level categories (e.g. supply of raw materials & energy; iron and steelmaking; down stream use of steel; social and environmental impacts). Others are sub-divisions of these high level categories (e.g. coke manufacturer; metals for alloys and coatings; greenhouse gas emissions).

Why do we need to list key stakeholder interests for ResponsibleSteel™ Members?

We want to ensure that all key stakeholder interests are covered within the Council membership, and in our processes for standards development. We will be proactive in identifying and consulting with stakeholders on any issues that are not fully covered.

Does the identification of key stakeholder interests have implications for voting power?

No. Voting power will be determined by whether a Member is in the Business group or the Civil Society group (each of these groups has equal overall weight of voting, irrespective to the number of organisations in each group), but will not be affected by the interests of each organisation within a given group.

ResponsibleSteel™ Council and Board FAQs

What is the Council for?

The Council will be the main stakeholder-balanced decision-making body for ResponsibleSteel™. Core documents that require multi-stakeholder approval (such as the ResponsibleSteel™ Standard) will be reviewed and approved by the Council before being submitted to the Board for formal institutional approval.

Why +/-40 members?

The Council's membership will cover all key stakeholder interests and their sub-divisions. The Council will also be geographically diverse, and include representatives from both developed and developing countries. One member may cover several issues, and we estimate that +/-40 members should be sufficient to cover all issues, without becoming unnecessarily large and cumbersome to operate.

Why are Council Members elected by the Membership Groups?

The intent is that Council Members will be recognised by their own interest group as being appropriate representatives. We believe this will be better achieved if Business Members appoint the representatives of Business interests, and Civil Society Members appoint the representatives of social and environmental interests.

Why are Council decisions taken by a double majority (a majority of each group)?

A double majority is simple and transparent to implement, ensures that both business and civil society groups approve Council decisions, and is suited to approval/non-approval decision-making.

Why have three Business and three Civil Society group members on the Board?

Both Business and Civil Society group members must have full confidence in ResponsibleSteel's governance. Having equal representation from both categories helps to ensure this is the case. Having three representatives of each category allows the board to include people with a variety of backgrounds, and provides for occasional absences.

Why have three independent Board members, including an independent Chair?

An independent Chairperson can chair and facilitate meetings, and if necessary, mediate between stakeholder interests in order to build consensus. Including additional independents will help the Board to focus on efficient business and institutional decision-making as well as taking account of stakeholder interests.

Why not have a larger Board?

Nine Board members (3+3+3) should be large enough to allow for occasional absences and broad representation of stakeholder interests, whilst remaining efficient. The Council provides for much greater diversity for debate on policy issues when required.

Why are the Member representatives on the Board elected?

ResponsibleSteel™ will be a membership organisation. Elected Board representatives will be clearly accountable to the membership.

Why have 50:50 weighted voting for Board elections, but double majority decision-making on the Council?

A double-majority system doesn't work for votes for 2 or more candidates for a position. A weighted approach ensures that Business and Civil Society membership groups have equal weight even if there are different numbers of Members in each category.

Why are the independent Board members appointed by the elected Board members?

This gives the elected Board members freedom to consider potential candidates and select the people they believe best meet the organisation's needs. Because there are equal numbers of Business and Civil Society Board members, the appointed Board members must be acceptable to both categories.

ResponsibleSteel™ Council and Board FAQs

What are the rules for Board decision-making?

The proposal is that Board decisions should require a 2/3 quorum and a 2/3 supermajority, including at least one positive vote from both Business and Civil Society categories of board member.

Why require a 2/3 quorum and a 2/3 supermajority?

A relatively high quorum and super-majority requirement is designed to ensure that the interests all Board Members are always taken into account, whilst also supporting efficient decision-making.

Why do you need at least one positive vote from both Business and Civil Society categories of elected Board Members?

Without this provision, with the proposed 3+3+3 arrangement it would be theoretically possible for a decision to be taken despite the negative votes of all three representatives of either the Business or Civil Society categories of membership. Requiring at least one positive vote from both categories avoids this possibility.