Welcome to the ResponsibleSteel Webinar on Draft Standard Version 2.0

13 June 2018
Antitrust statement

ResponsibleSteel is committed to complying with all relevant anti-trust and competition laws and regulations.

Our Antitrust Compliance Policy is read out at each meeting to remind participants of this commitment. If you have any concerns during this webinar that our policy is not being adhered to, please let us know immediately.

Find our Antitrust Compliance Policy on [www.responsiblesteel.org/resources/](http://www.responsiblesteel.org/resources/)
What we will cover today

- What is the ResponsibleSteel programme?
- How was the ResponsibleSteel draft standard developed?
- What does it apply to?
- What will be required for certification?

Ca. 30 minutes
30 minutes for discussion and questions
Recording and slides will be made available
ResponsibleSteel Strategy

Strategy (‘Theory of Change’)

Assumptions
- Broad stakeholder agreement on ‘responsible’ sourcing and production is achievable
- ResponsibleSteel™ Standard(s) applicable to all steel manufacturing processes
- Responsibly produced raw materials (mined materials, scrap, etc.) are available

Outputs
- ResponsibleSteel™ Assurance Programme
  - ResponsibleSteel™ Standard(s) for Responsible Steel Production and Sourcing of Raw Materials
  - Credible Assurance Mechanism
  - Reporting
- ResponsibleSteel™ Value Programme
  - ResponsibleSteel™ Marketing & Communications
  - Claims by Steel Producers
  - Access to Capital
  - Downstream Customer Recognition

Intermediate Results
- Increasing uptake of ResponsibleSteel™ Standard(s) (or equivalent) by steel producers worldwide
- ResponsibleSteel™ achieves wide recognition and key stakeholder support
- ResponsibleSteel™ creates value for early adopters and late adopters, for leaders and followers, in developed and developing countries, across the whole steel sector

Long-Term Results
- Compliance with ResponsibleSteel™ Standard(s) (or equivalent) becomes standard business practice worldwide
- ResponsibleSteel™ creates value for producers and users of steel, driving uptake of ResponsibleSteel™ Standard(s) (or equivalent)

Vision
- Steel’s contribution to a sustainable society is maximised
  - Source/produce responsibly
  - Use efficiently
  - Recycle always

All of these elements are important, but ResponsibleSteel™ will focus first on sourcing and production

ResponsibleSteel™: a multi-stakeholder organisation
- ResponsibleSteel™ Governance
- ResponsibleSteel™ Multi-Stakeholder Membership
- ResponsibleSteel™ Resources
- ResponsibleSteel™ Culture and Participatory Processes
- ResponsibleSteel™ Member Commitments

ResponsibleSteel’s Vision and Theory of Change supported by a critical mass of key stakeholders, who become ResponsibleSteel™ Members
ResponsibleSteel™ has the resources to implement its programmes effectively
ResponsibleSteel’s Governance, Culture and Processes generate and maintain value for its membership

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## Multi-stakeholder participation to date

<table>
<thead>
<tr>
<th>Organization</th>
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<tbody>
<tr>
<td>AngloAmerican</td>
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<td>ArcelorMittal</td>
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<td>Aura Financial (CBMM)</td>
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<td>Bechtel</td>
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<td>Bettercoal</td>
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<td>BlueScope Steel</td>
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<td>BMW</td>
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<td>British Steel</td>
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<td>CARES</td>
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<td>CDP</td>
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<td>Children's Investment Fund Foundation (CIFF)</td>
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<td>Daimler</td>
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<td>DNV-GL</td>
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<td>European Bank for Reconstruction and Development (EBRD)</td>
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<td>European Outdoor Group</td>
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<td>Fauna &amp; Flora International</td>
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<td>HSBC</td>
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<td>Institute for Human Rights and Business (IHRB)</td>
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<td>Ikea</td>
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<td>IndustriALL Global Union</td>
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<td>Initiative for Responsible Mining Assurance (IRMA)</td>
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<td>International Zinc Association</td>
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<td>IUCN</td>
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<td>Jaguar Land Rover</td>
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<td>Levin Sources</td>
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<td>Mahindra Sanyo</td>
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<td>Materials Efficiency Research Group</td>
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<td>Mining Association of Canada, Towards Sustainable Mining</td>
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<td>Mining</td>
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<td>Network Rail</td>
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<td>Royal Institute of International Affairs, Chatham House</td>
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<td>Tata Europe</td>
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<td>Tata Steel</td>
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<tr>
<td>The Dragonfly Initiative (TDI)</td>
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<td>UNEP</td>
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<td>The World Steel Association</td>
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Standard development so far

• Screening of existing systems and discussions with stakeholders showed need for standard and identified 10 high priority topics
• Review of existing standards, initiatives, frameworks and other specifications resulted in draft standard
• Initial feedback from members and actively engaged stakeholders
• Now launched draft standard for consultation to seek wider feedback
Standard covers full steel supply chain

From mining, scrap...

Artisanal and small-scale mining?

Raw materials

Transport?

Suppliers of goods?

Intermediate processing

Steel-making

Downstream

...to final product

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Aims to build on existing systems

Potential recognition of IRMA, MAC-TSM and other upstream initiatives

and recognition from downstream initiatives, in addition to supporting ‘ResponsibleSteel’ claims
# Recognition of existing systems

<table>
<thead>
<tr>
<th><strong>ResponsibleSteel</strong></th>
<th><strong>IRMA, MAC-TSM, etc.</strong></th>
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<tbody>
<tr>
<td><strong>Criterion 5.1: Biodiversity and ecosystem services commitment</strong></td>
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</table>
  **Threshold:**  
  • Performance measure 1  
  • Performance measure 2  
  • Performance measure 3  
  •  
  **Target:**  
  • Performance measure 4  
  • Performance measure 5  
  • Performance measure 6  
  •  | 
  
  *For example:*  
  ResponsibleSteel could recognise MAC-TSM level “A” for a mine as being *equivalent* to the ResponsibleSteel Threshold level, for a given Criterion.  
  ResponsibleSteel could recognise IRMA certification for a mine as *equivalent* to the ResponsibleSteel Target level, for a given Criterion.
Standards / specifications we considered

Mining
• ASI
• Bettercoal
• ICMM
• IRMA
• RJC
• RMI
• TSM

Downstream
• Apple
• European Automotive Working Group
• Jaguar Land Rover
• Volkswagen

Supplement chain
• BRE
• CARES
• RBA
• SustSteel

Other
• GRI
• IFC Performance Standards
• OECD Multinational / Due Diligence G

Social
• SAI
• SMETA
Draft standard version 2

Requirements around commitment, raw material sourcing, steel production, 10 principles

- High-level issues
- 10 principles
- Outcomes and practices
- Ca. 50 criteria
- Auditable requirements
- Ca. 200 performance measures
10 principles

1. Business Integrity
2. Climate Change and Greenhouse Gas Emissions
3. Emissions, Effluent, Waste
4. Water Stewardship
5. Biodiversity and Ecosystem Services
6. Human Rights
7. Local Communities
8. Labour Rights
9. Occupational Health and Safety
10. Legacy Issues
Measuring performance: Steelmaker site-level

Threshold

Minimum credible bar
- Needs to be met for site-level certification
- Allows for broad participation

Target

Long-term ambitious level
- To differentiate high performers
- Not mandatory
Measuring performance: Steelmaker site-level

Increasing incentives for higher performance

- Market demand, including public procurement
- Green finance
- Peer pressure
- Civil society support
Site *and* Product-level claims

- **Gold**
- **Silver**
- **Bronze**

Performance measures associated with scores

Scores of site and of raw material suppliers determine level of certification and possible claims

Provides transparency about differences in performance
Site *and* Product-level claims

The higher your own performance and the more you know and do about your supply chain risks, the higher your level of certification.

For the supply chain this is about:

- Processed, unprocessed raw materials and quantities
- Known, unknown sites of origin and processing
- Certification status (e.g. IRMA or MAC-TSM) and performance levels of known sites
- Risk assessment for each raw material and each known site: Nature, stage and severity of environmental and social risk
- Policies, procedures to eliminate high risk sources over time
## Site *and* Product-level claims

<table>
<thead>
<tr>
<th>Type and level of claim</th>
<th>Steelmaker site</th>
<th>Raw material sourcing</th>
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</thead>
<tbody>
<tr>
<td>ResponsibleSteel Certified Site</td>
<td>Site meets all criteria at threshold level</td>
<td>Implementing an action plan to identify and mitigate risks in supply chain</td>
</tr>
<tr>
<td>ResponsibleSteel Certified Site and Steel: level one <em>(Bronze)</em></td>
<td>As above, plus: Higher levels of performance for some criteria</td>
<td>As above, plus: All high-level risks have now been addressed</td>
</tr>
<tr>
<td>ResponsibleSteel Certified Site and Steel: level two <em>(Silver)</em></td>
<td></td>
<td>As above, plus: Threshold level of performance for all raw material supplies</td>
</tr>
<tr>
<td>ResponsibleSteel Certified Site and Steel: level three <em>(Gold)</em></td>
<td>As above, plus: Higher levels of performance for some criteria (e.g. most or all criteria at target level)</td>
<td>As above, plus: Higher levels of performance for raw material supplies</td>
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</tbody>
</table>
Consultation questions

What we want to know from you:

• Are the requirements and the threshold and target measures and levels of performance appropriate or too high, too low?
• Are they practical?
• Do they cover the crucial issues of the steel sector?
• Is anything important missing?
• Consultation questions on transport, artisanal and small-scale mining, and service suppliers: Do you agree with our views or do you have alternative suggestions?
In the pipeline

- Scoring system to determine where a site stands between threshold and target levels of performance
- Analysis to determine recognition of other standards on mining, scrap metal, material for alloys and coatings
- Chain of custody issues
Our timeline

- **May**: Public consultation on draft standard 2.0 (04 June – 05 Aug 2018)
  - Stakeholder webinars on standard

- **June**

- **July**: Stakeholder meetings and workshops

- **August**

- **September**: Stakeholder meetings and workshops

- **October**: Field tests and drafting standard guidance
  - Developing assurance programme
  - Decisions on recognition of other standards

- **November**: Public consultation on draft standard 3.0 (Nov 2018 – early Jan 2019)

- **December**

- **January**: Stakeholder meetings and workshops

- **End 2019**: Ratification and launch of ResponsibleSteel standard version 1.0
Please submit your feedback by 05 August

https://collaborase.com/responsiblesteel-standard-consultation

• Enter email address
• Create account
• Start reviewing
• Short instructions are in the document
• Collaborase is very simple to use
Please submit your feedback by 05 August

Comments will not be seen by others, only by ResponsibleSteel
Your contacts:

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