Responsibility™ Draft Standard
Version 2.0
01 June 2018
About this document

This document is the second draft in the development of the ResponsibleSteel standard. It describes requirements and 10 principles and criteria for the responsible sourcing and production of steel. The document establishes threshold levels of performance that have to be met by operating companies in the steel sector wishing to become certified to the ResponsibleSteel standard. The threshold represents a credible minimum level of performance that merits the recognition and endorsement of the ResponsibleSteel programme. In addition, the document defines target levels of performance which represent aspirational levels of achievement, through which steel’s contribution to a sustainable society is maximised.

The document has been prepared as the basis for stakeholder review and comment within a process that will comply with the ISEAL Code of Good Practice for Setting Social and Environmental standards. To provide feedback on the draft standard, please visit https://collaborase.com/responsiblesteel-standard-consultation and add your comments online.

For further information about the process, its timeline, decision-making, and opportunities to submit comments or participate in other ways, please refer to the ResponsibleSteel website at www.responsiblesteel.org.
Version history

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Description of Amendment</th>
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<tr>
<td>Draft version 1.0</td>
<td>February 2017</td>
<td>‘Straw man’ standard including 10 principles and criteria</td>
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<tr>
<td>Draft version 2.0</td>
<td>01 June 2018</td>
<td>Added requirements (sections 1-3)</td>
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<td></td>
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<td>Reviewed principles and criteria and added threshold and target levels of performance (section 4)</td>
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<td>Released for public consultation purposes</td>
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Disclaimer

The official language of this standard is English. The definitive version is held on the ResponsibleSteel website [https://www.responsiblesteel.org/](https://www.responsiblesteel.org/). Any discrepancy between copies, versions or translations shall be resolved by reference to the definitive English version.
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Background on ResponsibleSteel™

Steel is the world’s largest materials industry. Steel is essential to almost every aspect of modern life, but it also brings unique sustainability challenges. The concept of a multi-stakeholder initiative to address these challenges has been under discussion since 2011, resulting in the formal establishment of ResponsibleSteel in 2016.

ResponsibleSteel is an international, multi-stakeholder membership organisation. New members are welcome from anywhere in the world, including businesses from every part of the steel supply chain, civil society groups, associations, and other organisations with an interest in a sustainable steel industry.

ResponsibleSteel’s mission is to maximise steel’s contribution to a sustainable society. Key elements to achieve this goal include:

- The responsible sourcing and production of steel;
- The efficient use of steel;
- The increased use of recycled steel.

All these elements are important, but ResponsibleSteel is focussing first on responsible sourcing and production, through the tool of multi-stakeholder standards and independent third-party certification.

A range of relevant standards already exist in the mining and metals sectors, and a first step in the development of ResponsibleSteel was to test the need for a new one. Whilst there are several standards that address particular types of steel production, or the needs of particular customers, it was concluded that there was no global standard, applicable to the whole steel sector and developed through a multi-stakeholder process including civil society representation, that would therefore meet the needs of the ResponsibleSteel programme.

Having determined the need for a new standard ResponsibleSteel reviewed the content of existing standards, including standards focussed on mining, different types of steel and aluminium production, as well as a number of topic specific standards, and social and environmental specifications developed by downstream users of steel.

The outcome of this review was the drafting of a ‘straw man’ standard, based around ten ResponsibleSteel principles, and published in February 2017. A series of stakeholder meetings and online webinars was convened to seek initial feedback, and to develop the concept of the ResponsibleSteel programme further.

These meetings resulted in the development and approval of detailed terms of reference for the further development of the standard, and agreement to continue its development through an ISEAL Code compliant process.

Another more comprehensive review of existing relevant standards and social and environmental specifications resulted in the second draft version of the ResponsibleSteel standard which is detailed in this document.

For further information please see: www.responsiblesteel.org/draft-standard/
1. Objective

1.1 The objective of the ResponsibleSteel standard is to support the responsible sourcing and production of steel, as a tool for the achievement of ResponsibleSteel’s vision: to maximise steel’s contribution to a sustainable society.

2. Change Mechanism

2.1 In order to achieve this objective, the ResponsibleSteel standard shall:

a. Define the fundamental elements that characterise the responsible sourcing and production of steel, to the satisfaction of downstream customers, users and civil society supporters;

b. Define a threshold level of performance in the implementation of these fundamental elements of ResponsibleSteel, that will encourage the broad participation of steelmakers in both developed and developing countries in the ResponsibleSteel programme, while meriting the recognition and endorsement of the programme’s civil society supporters;

c. Define a target level of performance that represents the goal for achievement of these fundamental elements of ResponsibleSteel;

d. Provide a basis for measuring and rewarding progress from the threshold towards target performance for all steel producers who participate in the ResponsibleSteel™ programme.

3. Scope of Application and Issues

3.1 ResponsibleSteel standard shall be applicable globally and to all types of steel production, including Basic Oxygen Furnace (BOF) steelmaking and Electric Arc Furnace (EAF) steelmaking.

3.2 The ResponsibleSteel standard shall include requirements that address the sourcing (and where relevant aspects of processing) of raw materials that are used for the production of steel and which have significant social and/or environmental impacts. Such raw materials include mined materials, refined metals for alloys and coatings, and pre- and post-consumer scrap metal for recycling.

3.3 The ResponsibleSteel standard shall include consideration of the indirect emissions of greenhouse gases associated with energy generation (scope 2) as well as other (scope 3) indirect emissions of steelmaking.

3.4 The ResponsibleSteel standard shall include requirements that address the key societal, social and environmental issues associated with the production of steel and the sourcing of its raw materials, including: Business Integrity; Climate Change and Greenhouse Gas Emissions; Emissions, Effluent Waste; Water Stewardship; Biodiversity and Ecosystem Services; Human Rights; Local Communities and Indigenous Peoples; Labour Rights; Occupational Health and Safety; Legacy Issues.
4. Recognition of Other Sustainability Programmes

4.1 Where the ResponsibleSteel standard’s objectives can be achieved most effectively through the recognition of performance requirements defined and verified by other sustainability programmes in accordance with ResponsibleSteel’s requirements, this shall be the preferred approach.

4.2 This approach shall be applied, in the first instance, to the recognition of programmes covering the responsible sourcing of raw materials.

5. Content and Structure

5.1 The ResponsibleSteel standard shall include introductory sections describing its objectives, its scope of application, and providing a general description of the mechanisms for its verification and of the claims that may be made by businesses that are verified as complying with the standard’s requirements, and by their customers.

5.2 The ResponsibleSteel standard shall include the date on which it is ratified, and in the case of an updated version any transition period that may apply before the updated version comes into effect.

5.3 The ResponsibleSteel standard may include sections that are applicable to specific categories of users, if this is necessary to ensure that the standard can be applied to all categories of users within its scope of application.

5.4 The ResponsibleSteel standard shall include requirements for the collection and/or collation of the long-term data necessary for ResponsibleSteel to monitor the efficacy of the ResponsibleSteel standard in achieving its objectives.

5.5 The requirements of the ResponsibleSteel standard:

a. Shall be drafted so that conformity can be assessed for any applicant within the scope of the ResponsibleSteel standard without the need for subsequent modification or adaptation;

b. Shall be drafted to minimise ambiguity in interpretation;

c. May be expressed in terms of process, management or performance requirements;

d. Shall not be intended to favour any specific technology or patented item.

6. Glossary of Key Terms

6.1 The ResponsibleSteel standard shall include or reference a glossary of key terms required to guide its consistent interpretation and implementation.
Overview of the ResponsibleSteel™ Standard

ResponsibleSteel companies are committed to creating a responsible value chain, from the sourcing of raw materials through to the sale of their final products.

The ResponsibleSteel standard provides a framework for operating companies, their raw material suppliers, their downstream customers and other stakeholders to align their efforts, share critical information and manage social and environmental impacts along the whole value chain, to the benefit of all.

a. The ResponsibleSteel Principles and Criteria

ResponsibleSteel operating companies are committed to ten principles for the responsible sourcing and production of steel. Each principle is the basis for a number of criteria. Both the principles and criteria are in parts aspirational, meaning the described high-level practices and outcomes will be achieved by operating companies over time.

The ResponsibleSteel principles are:

**Principle 1: Business Integrity**
ResponsibleSteel operating companies conduct their business with integrity and in compliance with national law and international agreements.

**Principle 2: Climate Change and Greenhouse Gas Emissions**
ResponsibleSteel operating companies make climate-related financial disclosures following industry best practice and are committed to reducing their Greenhouse Gas (GHG) emissions in line with a sectoral target to limit global warming to a two-degree maximum.

**Principle 3: Emissions, Effluent, Waste**
ResponsibleSteel operating companies minimise emissions and effluents that have adverse effects on humans or the environment and manage waste according to the waste management hierarchy.

**Principle 4: Water Stewardship**
ResponsibleSteel operating companies are good water stewards.
Principle 5: Biodiversity and Ecosystem Services
ResponsibleSteel operating companies protect and conserve biodiversity and maintain the benefits of ecosystem services.

Principle 6: Human Rights
ResponsibleSteel operating companies respect human rights and contribute to community wellbeing.

Principle 7: Local Communities
ResponsibleSteel operating companies respect the rights and interests of local communities and indigenous peoples and avoid and minimise adverse impacts.

Principle 8: Labour Rights
ResponsibleSteel operating companies respect the rights of workers and support worker wellbeing.

Principle 9: Occupational Health and Safety
ResponsibleSteel operating companies provide safe and healthy working conditions for all workers.

Principle 10: Legacy Issues
ResponsibleSteel operating companies recognise that their responsibilities to workers, local communities and the environment extend beyond closure, and are committed to mitigating adverse impacts of site closure.

The operating company is the organisational entity that applies for ResponsibleSteel certification, and that is assessed for conformity with the requirements of the ResponsibleSteel standard. An operating company may include one or more physical sites, together with legal and organisational structures and systems for site management. In this standard “site” refers to the physical site(s) under management by the operating company. The specific scope and boundaries for assessment are defined at the time of application, but will always include assessment of the extent to which the production and processing of the raw materials used by the site for the production of steel meets the ResponsibleSteel principles and criteria.

The principles and criteria refer to “operating companies” to emphasise that it is the operating companies that are committed to achieving the ResponsibleSteel principles, even though their commitment has implications for their suppliers of raw material, through procurement.

b. Performance Measures, Thresholds and Targets
The ResponsibleSteel standard describes a number of performance measures for each criterion, through which progress towards the full implementation of the ResponsibleSteel principles and criteria can be assessed and monitored. The performance measures provide the basis for auditing and certification, and are the fundamental basis for claims to customers, investors, other stakeholders and the general public, supported by the
The ResponsibleSteel standard defines both threshold and target levels of performance for each criterion. The threshold level represents a credible minimum level of performance that merits the recognition and endorsement of the ResponsibleSteel programme. This level of performance is intended to ensure that the ResponsibleSteel programme is accessible to committed steelmakers, their suppliers and customers in both developed and developing countries, whilst also ensuring that the programme defines, recognises and rewards real achievement.

In addition to the threshold level, a target level of performance is usually specified, which represents an aspirational level of achievement, through which steel’s contribution to a sustainable society is maximised. The ResponsibleSteel programme will recognise and reward operating companies that achieve the threshold level of performance, and provide additional recognition and reward for operating companies that progress beyond the threshold level, towards the full target level of achievement.

When an operating company is audited, a score will be assigned for each criterion, depending on the level of performance between the threshold and the target, with a maximum score of 100 for achieving all performance measures of the target level. An operating company is certified when it achieves all performance measures of the threshold level across all criteria.

Note: We have not yet specified the scoring system and will include a proposal for it in the next version of the draft standard, scheduled to be published for consultation at the end of 2018. The score for a given criterion will be determined by the number of performance measures that the operating company meets, or, where applicable, by quantitative measures of performance (e.g. in relation to greenhouse gas intensity).

The incentive to improve performance beyond the threshold level will come in the form of market benefits for operating companies with higher levels of social and environmental performance, for example through procurement specifications of more demanding customers, and other sources of value such as green finance, peer pressure and civil society support.

ResponsibleSteel believes that this approach, in which both the threshold level of performance and continuing improvement towards the target level of performance are recognised and rewarded, is fundamental to achieving its global mission.

c. Application to the Sourcing of Raw Materials

Operating companies’ commitment to the ResponsibleSteel principles extends both to their steel production and their sourcing of raw materials. In some cases, the indirect environmental and social impacts associated with the production and processing of raw materials will be greater than the direct environmental and social impacts of steelmaking itself.
ResponsibleSteel believes that the best way to address these impacts is not through the development of a new standards and certification programme for the auditing of mined materials, scrap metal and other raw materials used just for steelmaking, but rather through the recognition and support of existing programmes, where these are credible and are aligned with ResponsibleSteel’s principles and criteria.

Wherever possible, therefore, ResponsibleSteel will recognise existing programmes for the production or processing of relevant raw materials, such as the “Initiative for Responsible Mining Assurance” (IRMA) and Mining Association of Canada (MAC)’s “Towards Sustainable Mining” (TSM) programme, as the basis for determining whether raw material suppliers meet the requirements of the ResponsibleSteel principles and criteria. ResponsibleSteel is committed to implementing a formal programme, in partnership with IRMA and MAC, to develop and test this approach prior to the finalisation of the ResponsibleSteel standard.

ResponsibleSteel’s approach to the assessment of raw materials is designed to be aligned with the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” in order to create synergies for participating operating companies which aim to demonstrate compliance with the OECD Due Diligence requirements of their customers. In line with this approach, the ResponsibleSteel standard requires that operating companies carry out a risk assessment for all their raw materials and have procedures in place to address the risks that are identified.

However, ResponsibleSteel goes beyond this minimum credible level of performance by requiring, in addition, that operating companies measure and report on the social and environmental performance of their suppliers, and by creating incentives to reward higher levels of supplier performance through reporting and claims.

**Note:** As stated in the Terms of Reference, the ResponsibleSteel standard will cover the supply of scrap metal, as well as materials used for alloys and coatings. The current draft version does not identify specific standards for recognition, but the intent is to apply the same approach as for sourcing of raw materials, in which ResponsibleSteel will evaluate existing standards and provide a basis for assessing the level of implementation of the ResponsibleSteel principles and criteria.

**Consultation question:**

Artisanal and Small-scale Mining (ASM) is reported to account for about four percent of the global iron ore production ([https://www.iisd.org/sites/default/files/publications/igf-asg-global-trends.pdf](https://www.iisd.org/sites/default/files/publications/igf-asg-global-trends.pdf)), and can be a significant factor in the production of metals used for alloys and coatings.

IRMA and MAC-TSM standards are not designed for application to ASM production systems. Certification schemes such as Fairmined ([http://www.fairmined.org/](http://www.fairmined.org/)) and Fairtrade Gold ([https://www.fairtrade.org.uk/Farmers-and-Workers/Gold](https://www.fairtrade.org.uk/Farmers-and-Workers/Gold)) aim to foster responsible ASM cooperatives, provide assurance of minimum standards of production, and support the sector’s formalisation and professionalisation. However, both schemes are tailored to the extraction and use of gold and precious metals.
We would appreciate hearing stakeholders’ views on ASM. Should ASM be part of the ResponsibleSteel standard? If so, how? Alternatively, should ResponsibleSteel seek to collaborate with Fairmined and Fairtrade Gold on the application of their standards to iron ore and other materials?

Consultation question:

Service suppliers such as recruitment agencies are covered under principles 8 (labour rights) and 9 (occupational health and safety) of the ResponsibleSteel standard. However, we recognise that the steel sector also uses suppliers of goods such as working equipment that are currently not covered by the ResponsibleSteel standard. We very much welcome any thoughts on whether, and if so how, these suppliers should be considered by the standard.

d. Application to Transportation

The steel sector is responsible for the transportation of significant quantities of raw materials, as well as end products. According to the UN’s International Maritime Organization (IMO), the shipping industry accounts for over two percent of global CO2 emissions. While shipping is excluded from the Paris Climate Agreement, the IMO recently adopted a strategy to reduce greenhouse gas emissions from ships with the ultimate aim of phasing them out as soon as possible in this century. In addition, pollution from ships in the form of particulates is said to result in 60,000 deaths each year (http://www.imo.org/en/OurWork/Environment/PollutionPrevention/AirPollution/Pages/GHG-Emissions.aspx and http://www.imo.org/en/MediaCentre/PressBriefings/Pages/06GHGinitialstrategy.aspx, as well as the article ‘Mortality from Ship Emissions: A Global Assessment’, see https://pubs.acs.org/doi/abs/10.1021/es071686z). Transportation by truck or rail will also have social and environmental impacts that may be influenced by the steel sector.

The ResponsibleSteel standard does not currently specify requirements applicable to the transportation of raw materials, final products or other goods, except for the purpose of calculating greenhouse gas emissions. This position may be revised if a review of transportation impacts concludes that these should be addressed by the standard.

Consultation question:

We welcome any views on whether, and if so how, the impacts from shipping and other means of transportation should be considered in the ResponsibleSteel standard and appreciate receiving any references to sources that can help us conduct a review of transportation impacts.
e. Reporting and Claims

Assessment against the ResponsibleSteel standard will result in two sets of scores for each criterion: one set of scores for the site-level performance of the operating company itself, and a further set of scores for its sourcing of raw materials.

These scores will allow certified operating companies and ResponsibleSteel to track progress towards the full implementation of the ResponsibleSteel principles and criteria over time. Certified operating companies will be required to provide full performance scores to ResponsibleSteel so that ResponsibleSteel can use them for its own analysis and to publish aggregated, anonymised data for all ResponsibleSteel certified sites.

Certified operating companies may make their full scores available to customers or other stakeholders at their own discretion, but are not required to do so in order to meet the ResponsibleSteel standard. However, certified operating companies are required to publish a summary of their scores at the level of the ResponsibleSteel principles, as illustrated below:

In addition, ResponsibleSteel proposes that certification will support two different types of claim: claims about certified sites and claims about certified steel.

ResponsibleSteel site certification is achieved when the operating company meets at least the threshold level of performance for every criterion, at all sites within the scope of assessment. These requirements include system requirements for the sourcing of raw materials, and the collection and recording of data on performance of raw material production or processing sites. The operating company must have identified all high-risk sources of raw material, and have a credible, time-bound plan in place for eliminating high risk sources, either by ensuring that the issues of concern are addressed, or by discontinuing supply. However, ResponsibleSteel site certification will not require that the operating company’s sources of raw materials already meet a specified level of performance in relation to the ResponsibleSteel principles and criteria.
Operating companies that have achieved ResponsibleSteel site certification may describe themselves as ResponsibleSteel certified sites, but may not claim that the steel they produce meets the ResponsibleSteel standard.

Claims that the steel produced by a certified site is ResponsibleSteel certified steel, requires that the site’s sources of raw material have met certain minimum requirements, as well as higher levels of performance in relation to the site itself.

Three levels of claim are possible. At the lowest (‘bronze’) level, the operating company must, as a minimum, have addressed all high-risk issues in its supply of raw materials, either by resolving the issues that were identified as being of concern, or by discontinuing the purchase of materials from high-risk sources.

At an intermediate (‘silver’) level, the site itself meets higher levels of performance and, in addition, its supply of raw materials must meet a threshold level of social and environmental performance in relation to the ResponsibleSteel principles and criteria.

Finally, at the highest (‘gold’) level, both the site itself and its supply of raw materials achieve a higher level of performance again.

This approach is illustrated in the figure below:

<table>
<thead>
<tr>
<th>Operating company site</th>
<th>Raw material sourcing</th>
<th>Type and level of claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site meets all criteria at threshold level</td>
<td>Systems in place to identify and mitigate risks in supply chain, through the implementation of a credible, time-bound action plan.</td>
<td>ResponsibleSteel Certified Site</td>
</tr>
<tr>
<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>
<td>ResponsibleSteel Certified Site and Steel: level one (‘bronze’)</td>
</tr>
<tr>
<td>As above, plus: higher levels of performance for some criteria</td>
<td>As above, plus: threshold level of performance for all raw material supplies in terms of the ResponsibleSteel principles and criteria</td>
<td>ResponsibleSteel Certified Site and Steel: level two (‘silver’)</td>
</tr>
<tr>
<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>
<td>ResponsibleSteel Certified Site and Steel: level three (‘gold’)</td>
</tr>
</tbody>
</table>
Downstream customers may make further claims about steel sourced from ResponsibleSteel bronze, silver or gold certified sites, when they have been issued a chain of custody certificate by an accredited organisation recognised by ResponsibleSteel and have signed a licensing agreement with ResponsibleSteel.

**Note:** The specific requirements for different levels of certification (e.g. bronze, silver and gold) have not been defined at this time. We will include a proposal for different certification levels in the next version of the draft standard, scheduled to be published for consultation at the end of 2018.

Chain of custody requirements relating to claims by downstream users of ResponsibleSteel certified steel are not covered within the scope of this standard and remain under discussion.
References

- CBD (Convention on Biological Diversity), Invasive Alien Species: https://www.cbd.int/idb/2009/about/what/
- IFC (International Finance Corporation) Air Emissions and Ambient Air Quality Guidance: https://www.ifc.org/wps/wcm/connect/532ff4804886583ab4d6f66a6515bb18/1-1%2BAir%2BEmissions%2BBand%2BAmbient%2BAir%2BQuality.pdf?MOD=AJPERES
- IFC Performance Standards on Environmental and Social Sustainability: https://www.ifc.org/wps/wcm/connect/c8f24004a73daeca09afdf99895a12/IFC_Performance_Standards.pdf?MOD=AJPERES
- ISO 14404 - Calculation method of carbon dioxide emission intensity from iron and steel production: https://www.iso.org/standard/68430.html
- IUCN advice note on mining, oil and gas in World Heritage sites: https://www.iucn.org/theme/world-heritage/resources/iucn-policies-world-heritage/mining-oil-and-gas
• Risk Readiness Assessment (RRA): http://www.responsiblemineralsinitiative.org/emerging-risks/risk-readiness-assessment-(rra)/
• SA8000: http://www.saasaccreditation.org/?q=node/65
• Science Based Targets Initiative: http://sciencebasedtargets.org/
• Task Force on Climate-Related Financial Disclosures (TCFD): https://www.fsb-tcfd.org/
• UN Guiding Principles on Business and Human Rights: https://www.unglobalcompact.org/library/
• Voluntary Principles on Security and Human Rights: http://www.voluntaryprinciples.org/
Glossary of Key Terms

**Note:** The below is a list of terms we will define in our glossary after this round of standard consultation.

- Anti-Corruption
- Applicable law
- Business partners
- Child labour
- Conflict-affected and high-risk areas
- Contractors
- Corruption
- Critical habitat / modified habitat / natural habitat
- Cultural heritage / critical cultural heritage
- Direct (scope 1) / indirect (scope 2) / indirect emissions (scope 3)
- Ecosystem services / priority ecosystem services
- Effective
- Forced or compulsory labour
- Free, prior, informed consent
- High-risk sources
- Impact / adverse impact / material impact / direct impact / indirect impact
- Indigenous peoples
- Industry best practice
- Integrity
- Known/ unknown origin
- Lawful
- Like-for-like or better'
- Management system
- Net gain
- No net loss
- Operating company
- Operational minimum
- Periodically
- Programme recognised by ResponsibleSteel
- Protected area
- Raw material / processed raw material / unprocessed raw material
- Recognised
- Regular
• Relevant
• Requirements considered equivalent to the ResponsibleSteel criteria
• Significant
• Site
• Timely
• Whistle-blowing
• Workers and workforce
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Requirements
1 Commitment

1.1 The operating company has made a public commitment to achieve sound environmental and social performance through the implementation of the ResponsibleSteel principles and criteria in its site management and in its sourcing of raw materials, in line with the requirements of this standard.

1.2 Responsibility for implementing the commitment has been assigned to the operating company’s senior management.

1.3 The commitment is communicated to all workers using languages, methods and channels that are understood by workers and are easily accessible to them;

1.4 The operating company communicates its commitment to all suppliers together with the expectation that they make the same commitment.

2 Sourcing of Raw Materials

2.1 The operating company has procedures in place for documenting and classifying all raw materials it uses for steelmaking. The procedures:

a. Result in an inventory of all used raw materials, categorised as either processed or unprocessed;

b. Identify which raw materials are delivered by which suppliers;

c. Capture the quantities of all raw material deliveries;

d. Identify all raw materials as being of known or unknown sites of origin and processing;

e. Record for each known site of origin and processing whether the site’s social and environmental performance has been independently certified to a programme recognised by ResponsibleSteel and, if so, the site’s performance for all requirements considered equivalent to the ResponsibleSteel criteria.

f. Capture the levels of environmental and social risk of all raw materials and known sites of origin and processing (see 2.2 below).

Note: Processed raw materials are those raw materials that have been subject to processing before being delivered to the operating company’s own site(s).

In the case of mined material, the origin is a specific mine of a known location.

Raw material may only be classified as being of known origin if:

• The original source of the unprocessed raw material is identified to the site level;

• All the sites for the processing of the raw material from the site of origin down to the operating company are identified.
In the case of raw material from multiple origins, all such origins must be known to site level. If material consists of a mix of raw material of known and unknown origins, all the raw material shall be classified as being of unknown origin.

Regarding certified sites: See Annex Two for the ResponsibleSteel approach to determine equivalence.

**Consultation question:**

We propose that all raw materials, irrespective of quantity, including those supplied by traders or through brokers, are covered by the risk assessment and associated sourcing requirements. The reason is that significant risks may be associated even with small volumes of purchased material. We welcome any views on this approach.

2.2 The operating company has carried out a social and environmental risk assessment for each raw material and for each known site of origin and processing, which, as a minimum:

a. Identifies the nature of potential major adverse impacts resulting from the production or processing of the raw material;

b. Identifies the stage of production, transportation or processing at which the risk of impact is considered to be most significant;

c. Identifies specific factors that may be associated with higher or lower levels of risk;

d. Classifies each of the known sites of origin and processing as high, intermediate, or low risk, based on the application of the Risk Readiness Assessment (RRA) or an equivalent tool.

**Note:** Some types of risk may be higher in specific geographies, or generic risks may be mitigated if the raw material has been certified to a programme recognised by ResponsibleSteel.

ResponsibleSteel is consulting with worldsteel, as worldsteel undertakes an analytical cornerstone project to standardise evaluation criteria and assessment methodologies for a wide range of environmental, social and governance issues in the steel supply chain. The project outputs are expected to reflect the approach of the OECD 5-step framework for due diligence, and to support the implementation of the ResponsibleSteel standard.

Regarding 2.2 d., the expectation is that the RRA or equivalent tool would be applied by the suppliers who would share the results with the operating company. See [http://www.responsiblemineralsinitiative.org/emerging-risks/risk-readiness-assessment-(rra)/](http://www.responsiblemineralsinitiative.org/emerging-risks/risk-readiness-assessment-(rra)/) for more information.

2.3 The operating company has a policy and associated procedures in place to eliminate all high-risk sources of material from its supply chain over time.

**Note:** High-risk sources may be eliminated either through the introduction of mitigating measures at the source of production or processing (for example, implementing improved social or environmental standards as part of a time-bound plan of action), or, where this is not practicable,
through discontinuing sourcing.

2.4 The operating company has a system in place to calculate the overall score for its sourcing of raw materials, as defined in Annex Two.

2.5 The operating company publishes or provides on request the overall score for its sourcing of raw materials.

3 Steel Production

3.1 The operating company has carried out an assessment and identified any of the ResponsibleSteel criteria (section 4) that are non-applicable at the site(s) within the scope of the assessment and has recorded the basis for any such determinations.

Note: Criteria that are determined to be non-applicable at the site(s) within the scope of the assessment do not have to be considered further. This might apply, for example, in the case of criteria 7.2 and 7.3 in relation to the rights of indigenous peoples if there are no indigenous peoples in the area where the operating company is active.

The basis for the operating company’s determination that certain criteria are non-applicable at its site(s) will be reviewed and verified by the auditor during the assessment of the operating company against the ResponsibleSteel standard.

3.2 The operating company has a documented management system in place, certified by an accredited organisation, that includes procedures covering the implementation of all the ResponsibleSteel criteria that are applicable at the site(s) within the scope of the assessment.

3.3 The management system includes the following elements:

a. The measurement and recording of the operating company’s performance in relation to the performance measures specified for each applicable ResponsibleSteel criterion (as listed in section 4, below) updated on at least an annual basis;

b. The calculation and recording of the operating company’s score in relation to each of the ResponsibleSteel principles and criteria, as specified in section 4, below;

c. Provision of the operating company’s scores in relation to the performance measures, criteria and principles to ResponsibleSteel in accordance with ResponsibleSteel’s specified data format;

d. Provision of the operating company’s overall score at the level of the ResponsibleSteel principles to customers and other stakeholders on request in an accessible form.

3.4 The operating company achieves the threshold level of performance for all the applicable criteria of the ResponsibleSteel Standard at the site(s) within the scope of assessment.
The ResponsibleSteel™ Principles and Criteria

4.1 Principle 1. Business Integrity

<table>
<thead>
<tr>
<th>Principle 1. Business Integrity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ResponsibleSteel operating companies conduct their business with integrity and in compliance with national law and international agreements.</td>
</tr>
</tbody>
</table>

Comments/ questions for consultation:

**Operating company**: The entity that seeks certification for its production under this standard. An operating company may be a company, corporation, firm, enterprise, authority or institution, or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administration (adapted from ISO 14001:2004).

**Relevant international agreements**: We will develop guidance on relevant international agreements and very much welcome any suggestions on this.

 Criterion 1.1: Ethical Business Conduct

The operating company’s ethical values are embedded in its corporate culture and upheld by workers.

**Threshold:**

1.1.1. The operating company implements a code of conduct or similar instrument that reflects its ethical business values as they relate to the ResponsibleSteel™ standard, is endorsed by senior management and publicly available.

1.1.2. All workers are trained on the code of conduct and expected behaviour.

1.1.3. The code of conduct is communicated to all suppliers and other business partners together with the expectation that they implement such a code as well.

1.1.4. The operating company conducts regular reviews of relevant policies and procedures to ensure they are aligned with the code of conduct.

**Target:**

1.1.5. There are monitoring mechanisms in place to understand the extent to which the operating company lives up to its stated values;

1.1.6. Where gaps become evident, the operating company defines and implements action plans to
improve implementation of the code of conduct;

1.1.7. The operating company has procedures in place to hold individual senior managers accountable for code of conduct implementation;

1.1.8. Sanctions are applied for code of conduct breaches and incentives are given for achieving high ethical conduct.

1.1.9. The operating company reports publicly on the level of code of conduct implementation.

**Comments/ questions for consultation:**

**Criterion 1.2: Compliance**

The operating company complies with applicable law and operates in consistence with relevant international agreements.

**Threshold:**

1.2.1. The operating company implements documented procedures for:

   a. Identifying its legal obligations with regards to governance, social, and environmental issues, as well as for identifying relevant international agreements pertaining to the same issues;

   b. Monitoring legal developments and identifying evolving areas of risk.

1.2.2 The operating company provides regular training about legal requirements and relevant international agreements to workers.

1.2.3 The operating company carries out compliance evaluations at a frequency commensurate with the risk associated with the legal requirements and relevant international agreements.

1.2.4 The operating company defines and implements measures for bringing potentially non-complying situations into compliance.

1.2.5 The operating company maintains documentation to demonstrate regulatory compliance and compliance with relevant international agreements.

**Target:**

1.2.6 The operating company publicly discloses information on significant fines, judgments, penalties and non-monetary sanctions for failure to comply with applicable law.

**Comments/ questions for consultation:**

We will develop guidance on relevant international agreements and very much welcome any suggestions on this.
Significant: The term will be specified in the standard's glossary.

**Legal compliance obligations** may include:
- Legislation, regulations and legally required codes or standards;
- Permits, licences and other forms of authorisation;
- Local by-laws;
- Decisions, directions, rulings or interpretations issued by relevant courts and tribunals.

**Criterion 1.3: Anti-Corruption**

The operating company works effectively against corruption in all its forms, consistent with applicable law and international instruments.

**Threshold:**

1.3.1. The operating company has a published anti-corruption policy that:
   
   a. Addresses the management of conflicts of interest and political and charitable contributions;
   
   b. Prohibits extortion, embezzlement, bribery, facilitation payments and money laundering;
   
   c. Grants protection to employees from demotion, penalty, or other adverse consequences for refusing to participate in corruption, even if such refusal may result in the operating company losing business.

1.3.2. The operating company has a documented procedure that covers all aspects of its policy and is applied to identify and continuously monitor and manage those parts of its operations and activities that pose high risks of participation in corruption.

1.3.3. The operating company provides regular training to relevant workers on its policy and procedures and communicates them to business partners.

1.3.4. The operating company applies financial and tax accounting and auditing practices that prevent the establishment of secret accounts.

1.3.5. The operating company investigates incidences of suspected corruption and imposes sanctions for corruption and attempted corruption.

1.3.6. The operating company sets criteria and approval procedures for the offer and acceptance of gifts, and records gifts to and from third parties.

**Target:**

1.3.7. The operating company regularly reviews its approach to preventing corruption, identifies root causes of corruption incidents and defines and implements controls to avoid recurrence.

1.3.8. The operating company regularly undergoes independent assurance on the design, implementation
and effectiveness of its anti-corruption measures.

1.3.9. The operating company regularly and publicly reports on corruption incidents and how they were addressed.

**Comments/questions for consultation:**

**Criterion 1.4: Whistle-blowing**

The operating company has effective whistle-blowing mechanisms in place for reporting concerns about unethical or unlawful behaviour.

**Threshold:**

1.4.1. The operating company has a published mechanism in place that enables individuals from within or external to the operating company to raise concerns about unethical or unlawful conduct in an anonymous and confidential manner, without fear of retaliation.

1.4.2. The operating company informs workers and stakeholders of the mechanism and how to access it.

**Target:**

1.4.3. The operating company has an independent party manage the whistle-blowing mechanism and report back to the operating company on the results.

1.4.4. The operating company uses insights gained from whistle-blowing to improve its policies and procedures related to business ethics.

**Comments/questions for consultation:**

**Criterion 1.5: Involvement with politics and public bodies**

The operating company makes only lawful contributions to politics and public bodies and is transparent about paid and received contributions and lobbying activities.

**Threshold:**

1.5.1. The operating company, including agents employed by them, makes contributions to governments, political parties, candidates for public office and public bodies on a legal and/or contractual basis only and discloses them publicly.

1.5.2. The operating company publishes its lobbying practices and positions.

1.5.3. The operating company publishes contributions received from governments and public bodies.
Target:

1.5.4. The operating company keeps a list of agents employed in connection with transactions with public bodies and state-owned enterprises and can provide evidence that these are remunerated for legitimate services only.

Comments/questions for consultation:

### 4.2 Principle 2. Climate Change and Greenhouse Gas Emissions

**Principle 2. Climate Change and Greenhouse Gas (GHG) Emissions**

ResponsibleSteel operating companies make climate-related financial disclosures following industry best practice and are committed to reducing their Greenhouse Gas (GHG) emissions in line with a sectoral target to limit global warming to a two degree maximum.

Comments/questions for consultation:

The scope of the principle has been expanded from a narrow focus on GHG emissions to include reference to climate change. The rationale is that climate change will affect operating companies in many ways, and that responsible operating companies need to demonstrate to customers, investors and other stakeholders how they are responding to the risks as well as the opportunities this implies. Without this, there would be a significant gap in the value that ResponsibleSteel offers users. The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) have been used as the basis for ResponsibleSteel’s standard as they provide an actionable framework mandated by the G20 countries, developed by and for businesses, and that has significant civil society support.

The principle is framed by reference to the two-degree limit of the Paris Agreement. This needs to be converted into a meaningful, actionable framework for a standard that will be implemented by an operating company, rather than by a country. The reference to the sectoral target is intended to achieve this.

Note that the first two criteria of this principle relate to the actions of a site’s corporate owners, as they are applicable at the level of the overall business. Criteria 2.3 to 2.6 relate to specific actions at the site level.

**Consultation Questions:**

Is the reference to the two-degree target of the Paris Agreement appropriate?

Is the reference to a sectoral target appropriate?

How should this sectoral target be developed? In line with and approved by the ‘Science Based Targets Initiative’? Are there other suggestions for potentially suitable sectoral targets?
Is the reference to the **Task Force on Climate-Related Financial Disclosures** (TCFD) appropriate?

### Criterion 2.1: Corporate Climate-Related Financial Disclosure

The operating company’s corporate owners implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

<table>
<thead>
<tr>
<th><strong>Threshold:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1. The operating company's corporate owners have implemented two of the four core recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), together with the associated recommended disclosures. The corporate owners disclose</td>
</tr>
<tr>
<td>a. The operating company’s governance around climate-related risks and opportunities, including the specified recommended disclosures;</td>
</tr>
<tr>
<td>b. The actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material, including the specified recommended disclosures;</td>
</tr>
<tr>
<td>c. How the operating company identifies, assesses and manages climate-related risks, including the specified recommended disclosures;</td>
</tr>
<tr>
<td>d. The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material, including the specified recommended disclosures.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Target:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.2. The operating company’s corporate owners have fully implemented all of the four core recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) as above, including the specified recommended disclosures.</td>
</tr>
</tbody>
</table>

### Comments/ questions for consultation:

The Task Force on Climate-Related Financial Disclosures (TCFD) was mandated by the leaders of the G20 group of countries to make recommendations for company reporting of climate-related financial risk, aligned with general requirements for disclosure in financial statements.

By their nature, the TCFD recommendations apply at the corporate level, rather than at the site level. However, they provide a framework for identifying the extent to which a company understands and is responding to the impacts of climate change at a strategic level.

This first criterion 2.1 focuses exclusively on disclosure, in line with the specific focus of the TCFD. The following criterion, 2.2, includes a number of elements relating to the content of the information that is disclosed.
ResponsibleSteel threshold level certification will provide automatic assurance that a company is committed to the TCFD recommendations and is on the pathway to full compliance. Target level certification will provide assurance that the company implements the TCFD recommendations in full.

Consultation Questions:

Do you agree that ResponsibleSteel should reference the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD) within the ResponsibleSteel standard?

Do you agree with the proposed approach in relation to **threshold and target levels of performance**? Should full compliance be a threshold requirement?

<table>
<thead>
<tr>
<th>Criterion 2.2: Corporate commitment to manage climate-related risk and reduce GHG emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The operating company’s corporate owner(s) are taking strategic actions to mitigate climate-related business risk, including actions to achieve a company level science-based GHG emissions target.</td>
</tr>
</tbody>
</table>

**Threshold:**

- 2.2.1. The operating company’s corporate owners specify monetary and non-monetary incentives for board members related to the management of climate change issues within the company.
- 2.2.2. The operating company’s corporate owners have allocated responsibility for oversight of climate related risk and opportunity to its audit and risk committee, or equivalent.
- 2.2.3. The operating company’s corporate owners have recognised a specific, science-based target for the steel sector that limits global warming to the two degree maximum specified in the Paris Agreement of the UNFCCC.
- 2.2.4. The operating company’s corporate owners have a process in place to develop a company level science-based GHG emissions target.

**Target:**

- 2.2.5. The operating company’s corporate owners have developed and apply an internal carbon price.
- 2.2.6. At least 10% of the corporate owner(s)’ research & development budget is allocated to GHG emissions reduction and/or to the development of ‘low carbon’ economic opportunities.
- 2.2.7. The operating company’s corporate owner(s) have defined a company level science-based GHG emissions target, compatible with the achievement of its recognised target for the steel sector as a whole, and validated by an independent party.
- 2.2.8. The operating company’s corporate owner(s) have a long-term strategy for the achievement of the company’s science-based GHG emissions target, identifying the conditions that would need to be in place for the successful implementation of the strategy, and the actions the company will take to bring these conditions about.
Comments/ questions for consultation:

Do you agree that we should reference the concept of science-based sectoral targets within the ResponsibleSteel standard? (see also the comments in the introduction to this principle)

Is there a better framework than the ‘Science Based Targets Initiative’ for specifying target levels of performance for operating companies in relation to the achievement of the two-degree limit agreed internationally through the Paris Agreement?

Do you agree with the proposed approach in relation to threshold and target levels of performance in relation to company-level science-based targets?

Criterion 2.3: Site-level GHG reduction programme

There is a site-level programme in place to reduce GHG emissions to specific target levels over the following ten-year period.

Threshold:

2.3.1. There is a site-level plan in place to achieve GHG emissions equivalent to the levels achieved by the top quartile of operating companies at the time of assessment, within ten years of the assessment:

a. For blast furnace – basic oxygen furnace (BF-BOF) production, in terms of Scope 1 GHG emissions per metric ton crude steel produced;

b. For scrap-based electric arc furnace production (scrap-EAF), in terms of energy use per metric ton crude steel produced;

c. For direct reduction iron EAF (DRI-EAF), in terms of Scope 1 GHG emissions, and energy use per metric ton crude steel produced.

2.3.2. The plan includes:

a. Time-specific milestones in reduction for the site, from present through to the achievement of the ten-year target level;

b. Specification of the technology, equipment, management system changes, etc. that will be used to achieve the site’s target over time;

c. An estimate of the cost of installing any specified technology or equipment;

d. Identification of the proposed mechanism for financing the proposed technology or equipment;

e. Identification of external conditions that will have to be in place for the plan to be successfully implemented, or conditions which might prevent successful implementation.

Target:
2.3.3. There is a site-level plan in place to achieve GHG emissions equivalent to the levels achievable with Best Available Technology (BAT) at the time of assessment, within ten years of the assessment, as follows:

a. For blast furnace – basic oxygen furnace (BF-BOF) production, in terms of Scope 1 GHG emissions per metric ton crude steel produced;

b. For scrap-based electric arc furnace production (scrap-EAF), in terms of energy use per metric ton crude steel produced;

c. For direct reduction iron EAF (DRI-EAF), in terms of Scope 1 GHG emissions, and energy use per metric ton crude steel produced.

2.3.4. The plan includes:

a. Time-specific milestones in reduction for the site, from present through to the achievement of the final target level;

b. Specification of the technology, equipment, management systems, etc that will be used to achieve the site’s target over time;

c. An estimate of the cost of installing any specified technology or equipment;

d. Identification of the proposed mechanism for financing the proposed technology or equipment;

e. Identification of external conditions that would have to be in place for the plan to be implemented, or which might prevent implementation.

Comments/ questions for consultation:

**Top quartile**: The global distribution of GHG emissions per metric ton crude steel by site is not currently publicly available, although estimates exist. ResponsibleSteel will publish a figure based on best available information at the time the standard is published and will update that figure over time.

The **Best Available Technology** levels will be specified as the performance level for the best decile for the applicable steelmaking process, for the previous year.

If a site is already in the top quartile/decile of performance in relation to its production process, the threshold/target level would be considered as being met without the need for a **site-level plan**.

**Threshold level**: The expectation is that this level of improvement can be achieved through efficiency gains, and the introduction of well-established technologies.

**Target level**: The expectation is that this level will imply the introduction of ‘best available technology’, in addition to any efficiency improvements.

Over time, it is expected that **breakthrough technologies** will begin to be introduced, and the introduction of such technologies will eventually drive up the top quartile and top decile performance measures. Technology that is initially ‘breakthrough’ technology will, if it is shown to be commercially viable, over time become simply ‘best available technology’. The intent of the standard is that as this
takes place it will automatically require companies to set new ten-year targets, both to maintain performance at a new ‘threshold’ level, and/or to maintain performance at the ‘target’ level.

Note that this criterion intentionally focusses only on credible planning. It does not in addition assess the extent to which the plan actually results in reductions in GHG emissions. This is addressed through the performance measures specified in criterion 2.5.

**Consultation Questions:**

Is the requirement for a ten-year planning horizon appropriate? If not, would you propose a shorter planning period, longer planning period, or a completely different approach?

Are the references to the top quartile and top decile (at the start of the ten-year period) appropriate bases for planning?

**Criterion 2.4: Site-level GHG emissions measurement and intensity calculation**

The site’s direct and indirect GHG emissions are measured and recorded accurately and consistently over time.

**Threshold:**

2.4.1. The site’s carbon dioxide emission intensity is measured and calculated annually in accordance with internationally accepted standards such as ISO 14404 - Calculation method of carbon dioxide emission intensity from iron and steel production.

2.4.2. Direct (scope 1) and indirect emissions (scope 2) are measured and recorded separately for all significant sources of emissions for the site within the scope of assessment.

2.4.3. Indirect emissions (scope 3) are calculated and recorded separately for each raw material type used for the production of crude steel at the site.

2.4.4. The total GHG emissions intensity for the site’s production of crude steel (metric tons of CO₂ equivalent/metric ton crude steel) is calculated and recorded.

**Target:**

2.4.5. The site’s GHG emissions intensity calculation has been independently verified in accordance with internationally accepted standards such as ISO 14064-3 - Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

**Comments/ questions for consultation:**

ISO 14404 was developed by the World Steel Association (worldsteel) for application to iron and steelmaking. The standard focusses on CO₂ emissions, rather than all GHG emissions, on the grounds that 93% of an operating company’s GHG emissions are in fact related to CO₂ and that this approach
reduces the cost and complexity of calculating and reporting emissions.

**Scope 1, 2, 3:** The GHG Protocol defines direct and indirect emissions as follows:

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity.
- Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity.

The GHG Protocol further categorizes these direct and indirect emissions into three broad scopes:

- **Scope 1:** All direct GHG emissions.
- **Scope 2:** Indirect GHG emissions from consumption of purchased electricity, heat or steam.
- **Scope 3:** Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

**Consultation Questions:**

Is reference to ISO 14404 appropriate? Should the ResponsibleSteel standard reference other standards instead of ISO 14404, or as alternatives?

Is the reference to ISO 14064-3 appropriate?

**Criterion 2.5: Site-level GHG emissions performance**

The site's total GHG emissions/energy intensity is lower than the applicable ResponsibleSteel threshold level for the production process, and is on a pathway to achieve the applicable science-based target level for the production process by 2050 at latest.

**Threshold:**

2.5.1. The site's GHG emissions intensity and/or energy use intensity is lower than the ResponsibleSteel global threshold level for site certification, as follows:

- a. For blast furnace – basic oxygen furnace (BF-BOF) production, Scope 1 GHG emissions intensity is less than 2.0 metric tons CO₂ equivalent/metric ton crude steel produced;
- b. For scrap-based electric arc furnace production (scrap-EAF), energy intensity is less than 4.5 GJ/metric ton crude steel produced;
- c. For direct reduction iron EAF (DRI-EAF), Scope 1 GHG emissions intensity is less than Y metric tons CO₂ equivalent/metric ton crude steel produced, and energy intensity is less than Z GJ/metric ton crude steel produced.
### Target:

2.5.2. The site’s Scope 1 plus Scope 2 GHG emissions intensity is below the 2-degree GHG reduction sectoral target level specified by the Science Based Targets Initiative, as applicable to the site's steel production processes.

### Comments/ questions for consultation:

2.0 metric tons CO₂ equivalent/ metric ton crude steel produced is used as a provisional estimate for the 2018 global average (median) emissions intensity for BF-BOF steel production and is used as a place-holder for drafting. This figure will be updated when better data are available. For comparison, the Eurofer benchmark figure (2012) for BOF steelmaking was 1.9 metric tons CO₂ equivalent/ metric ton hot metal.

The **threshold level** specified in the ResponsibleSteel standard would subsequently remain fixed at that level – it would not decrease over time. The intent is that this would create an increasingly strong incentive for BF-BOF operating companies that are currently emitting more than 2.0 metric tons to achieve at least the threshold level as markets increasingly demand this level of emissions as a minimum threshold level of performance.

The **threshold level for EAF** would similarly be based on an estimated median level of performance for energy efficiency. The focus on energy efficiency as a threshold for these processes ensures that achievement of the threshold is within the control of site level management, rather than being determined by national or regional emissions of GHG associated with power generation. Here, energy efficiency is used as a proxy for GHG emission *reduction* by the operating company, although the absolute figure would of course depend on the GHG emission intensity of the relevant energy supply. The figure of 4.5 GJ / metric ton crude steel produced is based on Eurofer benchmark data for EAF steel production from 2012. This figure will be updated when better data are available.

**Thresholds for DRI-EAF** will reference both an emissions intensity figure, and an energy intensity figure, reflecting the DRI and EAF elements of production. The threshold levels are yet to be defined (as indicated by Y and Z above).

The **target levels** are determined in accordance with a sectoral science-based pathway for the steel sector, as applicable to the steel production route. The use of the sectoral pathway as the target level means that the maximum score will be achieved if the site is achieving the level that the sector needs to achieve at a particular point in time, if the 2-degree GHG reduction target is to be met in 2050. The emissions level required to achieve the maximum score will therefore reduce over time, converging on the 55% reduction target that will be required for the sector by 2050.

The reference to **energy efficiency within the definition of thresholds for scrap-EAF and DRI-EAF performance**, but to Scope 1 plus Scope 2 emissions in relation to target level performance is intentional. The intent is that EAF operating companies will be able to participate in the
ResponsibleSteel scheme on the basis of their energy efficiency performance. However, in order to market their steel as being at the higher levels of responsibility defined in accordance with the ResponsibleSteel standard, the steel’s actual Scope 1 and Scope 2 GHG emissions, compared with other steel made through the same production pathway, will be what matters, in line with convergence on the sectoral GHG emissions reduction target. This avoids the situation that a site producing steel with a high GHG emissions footprint would be favoured compared to a site producing steel with low emissions footprint.

The intent is to specify a threshold level at which a site may claim to be ‘responsible’, set at the global median level of emissions based on the most up-to-date data at the time the ResponsibleSteel Standard is finalised, so that a responsible site is one which is performing at a level that is at least as good as the global average, in terms of Scope 1 emissions for BF-BOF production, and in terms of energy efficiency for scrap-EAF or DRI-EAF production.

Over time, and as the performance of sites worldwide improves, more and more sites would be expected to achieve this threshold level. Incentives to improve performance beyond this level would then depend more and more on additional market benefits to be achieved as a ‘better performing’ ResponsibleSteel operating company, as well as through other market benefits that are the direct result of being a low GHG emitting site, and/or by selling steel with a low GHG footprint to customers.

**Criterion 2.6: Site-level GHG emissions reporting and disclosure**

The site publicly and regularly reports its GHG emissions.

**Threshold:**

2.6.1. The site regularly and publicly reports its site-level GHG emissions in accordance with the World Steel Association (worldsteel) reporting specifications and format.

**Target:**

2.6.2. The site’s emissions/ energy intensity data as defined in 2.4.5 are publicly disclosed.

**Comments/ questions for consultation:**

Is the reference to World Steel Association (worldsteel) reporting specifications appropriate? If not, is there an existing reporting framework which you consider would be better, or do you recommend that ResponsibleSteel should develop its own specifications?
### 4.3 Principle 3. Emissions, Effluent, Waste

**Principle 3. Emissions, Effluent, Waste**

ResponsibleSteel operating companies minimise emissions and effluents that have adverse effects on communities or the environment and manage waste according to the waste management hierarchy.

**Comments/ questions for consultation:**

**Criterion 3.1: Emissions to air**

The operating company quantifies and publicly reports on its emissions to air and implements plans to minimise emissions that have adverse impacts on communities or the environment.

**Threshold:**

3.1.1. The operating company has identified and assessed the risks and impacts from air emissions on communities and the environment as described in section 3.1 of this standard.

3.1.2. The operating company implements a monitoring programme for emissions to air that have adverse impacts on communities and/or the environment. The monitoring programme:

a. Establishes a baseline of the operating company’s emissions to air;

b. Includes fugitive and point source direct emissions from the operating company’s facilities and mobile sources owned or controlled within its area of operation;

c. Includes emissions associated with any off-site energy production used by the operating company;

d. Includes the monitoring of dust, NOx and SOx emissions;

e. Collates site-level data and aggregate data at operating company-level, where applicable.

3.1.3. The operating company meets or exceeds applicable regulatory standards for air emissions and/or air quality. In the absence of applicable regulatory standards, the operating company meets prevailing international standards for air emission discharges and air quality such as the International Finance Corporation Air Emissions and Ambient Air Quality Guidance.

3.1.4. The operating company implements an air emissions reduction plan that:

a. Identifies and targets minimum levels of operational emissions to air;

b. Integrates best practice values for the operating company’s region and type of operation or, where these do not exist, prevailing international standards for air emissions;

c. Defines procedures to prevent and reduce air emissions;

d. Defines procedures to prevent, detect and combat, in a timely manner, the outbreak and spreading of
fires in its area of operation.

3.1.5. The operating company tracks its performance against the air emissions reduction plan and acts upon the results, demonstrating continuous progress in implementing and reaching its targets.

3.1.6. All workers are regularly trained on these procedures.

3.1.7. The operating company regularly and publicly reports on air emissions, including:
   a. Dust, NOx, SOx and any other emissions with adverse impacts;
   b. Emission increases and decreases since the last reporting;
   c. Sources of the emissions;

**Target:**

3.1.8. The operating company’s reporting on air emissions also includes:
   a. Actions taken to reduce emissions;
   b. Status quo against the air emissions reduction plan.

3.1.9. Where air emission levels are found to have significant adverse impacts on communities, the operating company provides financial or in-kind support for reducing the impacts of air emissions on their homes.

3.1.10. The operating company's air emissions reduction plan and monitoring data have been verified by a qualified 3rd party.

**Comments/ questions for consultation:**

Is the reference to the International Finance Corporation *Air Emissions and Ambient Air Quality Guidance* adequate? Are there any other standards or guidelines we should include?

**Criterion 3.2: Noise and vibration**

The operating company has systems in place to minimise its impacts from noise and vibration on communities, structures, properties, and wildlife.

**Threshold:**

3.2.1. The operating company has identified and assessed the risks and impacts from noise and vibration on communities, structures, properties, and/or wildlife as described in section 3 of this standard.

3.2.2. The operating company has carried out a baseline noise study to gain an understanding of the noise conditions in communities and in and around its area of operation prior to the operating company being there.

3.2.3. The operating company meets or exceeds applicable regulatory standards for noise and vibration. In the absence of applicable regulatory standards, the operating company meets prevailing international standards for
noise and vibration.

3.2.4. Where noise and vibration levels are found to have significant adverse impacts on communities, structures, properties and/or wildlife, the operating company implements a noise and vibration reduction plan that has been developed in consultation with independent experts and local communities including indigenous peoples.

3.2.5. The operating company has documented procedures to prevent and reduce noise and vibration.

3.2.6. All workers are regularly trained on these procedures.

**Target:**

3.2.7. The operating company regularly and publicly reports on noise and vibration levels.

3.2.8. Where noise and vibration levels are found to have significant adverse impacts on communities, the operating company provides financial or in-kind support for reducing noise and vibration levels in their homes.

**Comments/ questions for consultation:**

Are there any prevailing international standards for noise and vibration we could reference?

**Criterion 3.3: Spills and leakage**

The operating company implements a plan to prevent, detect, mitigate, remedy and publicly communicate spills and leakage that may contaminate air, water and/or soil.

**Threshold:**

3.3.1. The operating company has identified and assessed the risks and impacts from spills and leakage to air, water and/or soil as described in section 3 of this standard.

3.3.2. The operating company has documented procedures for managing the risks and impacts from spills and leakage: The procedures:

   a. Include monitoring protocols aimed at preventing and detecting spills and leakage;

   b. Specify regular training of relevant workers on preventing, detecting and mitigating spills and leakage;

   c. Specify how remediation of impacts from spills and leakage will be managed.

3.3.3. The operating company tracks its performance on preventing, detecting, mitigating and remediating spills and leakage and acts upon the results, demonstrating continuous improvement in procedure effectiveness.

3.3.4. The operating company has an external communication plan on spill and leakage incidents. The communication plan:

   a. Has been developed in consultation with potentially affected parties such as communities, authorities and other relevant stakeholders;
b. Identifies all affected parties that will be informed of incidents;
c. Confirms that communication on incidents will be issued to all affected parties immediately after the incident has been detected;
d. Specifies that the communication will contain the volume, type and potential impact of the incident, what the operating company will do to minimise the impact, what affected parties can do to minimise the impact, and who to contact for any incident-related inquiries;
e. Prescribes that all affected parties will receive regular updates on impacts and remediation action;
f. Outlines how to coordinate with emergency services;
g. Describes how the operating company will respond to inquiries in a timely manner.

3.3.5. The operating company regularly and publicly reports updated information about significant spill and leakage incidents, their impact and any remediation actions undertaken.

Target:

3.3.6. The operating company’s plans for corrective and preventive action on spills and leakage are verified by a qualified 3rd party.

Comments/ questions for consultation:

Are there industry-specific (manufacturing) restricted substance lists that are recognised as reflecting best practice and that we may want to refer to for this criterion? Any input would be very much welcome.

Criterion 3.4: Waste and residue management

The operating company applies the waste management hierarchy to reduce its impacts from waste and residues and publicly reports on associated disposal methods.

Threshold:

3.4.1. The operating company implements a waste and residues management strategy that:
   a. Covers all waste and residues generated by the operating company;
   b. Characterises the different kinds of accruing waste and residues according to source, composition, separation, quantity, flow/production rate, transfer and storage, treatment, destination/pathways and disposal;
   c. For operating companies in the mining sector: Defines milestones and targets to reduce adverse impacts from waste and residues to humans and/or the environment over time;
   d. For all other operating companies: Defines the long-term goal of zero waste and residues;
e. Prioritises the identification of commercial or other downstream uses of material that would otherwise be considered waste;

f. Applies the waste management hierarchy of avoidance, recovery, disposal to reduce adverse impacts on humans and the environment;

g. Outlines measures for mitigating impacts from generation, management (including storage and handling), treatment, transportation and disposal of waste and residues;

h. Outlines measures for improved waste and residues management, including technical measures, operational, production and management controls as well as regular training of relevant workers;

i. Takes account of all applicable regulations for the management, treatment and disposal of waste and residues, including hazardous waste;

j. Considers risks associated with the off-site movement and transportation of waste and residues, such as routes taken, proximity to populated areas, use of sealed containers, and any applicable regulation regarding transportation of hazardous materials.

3.4.2. The operating company has constructed storage areas that:

a. Effectively prevent the release of residues/leachates to the environment, considering potentially catastrophic events such as floods and earthquakes;

b. Take account of potential health and safety risks and impacts;

c. Are regularly checked and controlled by professional third parties to ensure their integrity;

3.4.3. The operating company controls and neutralises water discharge from residue/waste storage and does not discharge residue to marine or aquatic environments.

3.4.4. The operating company tracks its performance on managing waste and residues and acts upon the results, demonstrating continuous improvement in strategy implementation.

3.4.5. The operating company regularly and publicly reports on the quantity of hazardous and non-hazardous waste and residues it created and the associated disposal methods.

3.4.6. When third parties conduct hazardous waste and residues storage, transportation and disposal, the operating company requires chain of custody and ownership documentation to the final destination.

**Target:**

3.4.7. The operating company regularly commissions independent experts to conduct waste and residues audits to confirm effectiveness of its waste and residues strategy.

3.4.8. The results of the externally conducted waste and residues audits are published.

3.4.9. The operating company has achieved its zero waste target over the preceding twelve months.
Comments/ questions for consultation:

Note that water issues are covered under principle 4.

Waste management hierarchy: i) avoidance including action to reduce the amount of waste generated, ii) resource recovery including re-using, recycling, reprocessing and energy recovery, consistent with the most efficient use of the recovered resources, iii) disposal including management of all disposal options in the most environmentally responsible manner. See https://www.epa.nsw.gov.au/your-environment/recycling-and-reuse/warr-strategy/the-waste-hierarchy.

Cyanide and mercury: We will develop guidance on how this criterion applies to the management of cyanide and mercury, which may be relevant for coal, alloys and coatings.

4.4 Principle 4. Water Stewardship

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<thead>
<tr>
<th>Principle 4. Water Stewardship</th>
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<td>ResponsibleSteel operating companies are good water stewards.</td>
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<table>
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<tr>
<th>Criterion 4.1 Water use and consumption</th>
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<tr>
<td>The operating company measures and reports its water use and consumption.</td>
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Threshold:

4.1.1. The volumes and locations of the operating company’s water withdrawals and water discharges are continuously measured and recorded.

4.1.2. The operating company's total direct volume of water consumption (total withdrawals – total discharges) is continuously calculated and recorded.

4.1.3. The operating company has records demonstrating that its withdrawals and discharges are fully permitted by the relevant authorities.

Target:

4.1.4. Water withdrawals are regularly and publicly reported separately by type of source:

a. Surface water, including water from wetlands, rivers, lakes;

b. Water from sea or estuary;

c. Ground water;
d. Rainwater collected directly and stored by the operating company;

e. Waste water from another organisation;

f. Municipal water supplies or other water utilities.

4.1.5. Water discharges are regularly and publicly reported separately according to discharge point.

4.1.6. The operating company has carried out a water footprint assessment for its site in accordance with internationally recognised methodologies such as ISO 14046: Environmental management -- Water footprint -- Principles, requirements and guidelines, or the Water Footprint Network’s Water Footprint Assessment Manual (2011) ISBN: 978-1-84971-279-8.

Comments/ questions for consultation:

Are the references to ISO 14046: Environmental management -- Water footprint -- Principles, requirements and guidelines and to the Water Footprint Network’s Water Footprint Assessment Manual adequate? Are there any other standards or guidelines we should include?

Criterion 4.2 Water quality

The operating company measures and reports the quality of its water withdrawals and discharges.

Threshold:

4.2.1. The operating company continuously monitors and keeps records of key indicators of water quality at the locations of its water withdrawals and of its water discharges, including:

a. Consideration of physical, chemical and biological aspects relating to the operating company’s direct and outsourced water discharges, in particular total suspended solids and chemical oxygen demand.

b. Collating site-level data and aggregate data at operating company-level, where applicable.

4.2.2. The operating company has records demonstrating that the quality of its water discharge has remained within the limits specified by the relevant authorities over the preceding 12 month period, and/or recording any instances when the applicable limits have been exceeded, and the corrective actions that were taken at the time to avoid future repetition. In the absence of applicable regulatory standards, the operating company meets prevailing international water discharges and water quality standards.

Target:

4.2.3. The operating company publicly discloses its measurements of quality of discharged water on an ongoing basis.

Comments/ questions for consultation:

Are there any prevailing international standards for water discharges and water quality we
### Criterion 4.3 Water-related impact assessment

The operating company evaluates and reports on the impacts and potential risks of its water use on the local environment and communities.

#### Threshold:

4.3.1. The operating company has identified and assessed potential environmental and social impacts of its water use in relation to both quantity of use and quality of its discharges, including consideration of potential risks in the case of extreme events such as flooding or drought. The assessment is periodically updated.

#### Target:

4.3.2. The operating company has identified and contacted local stakeholders whose interests may be affected by its water use and invites their comments on its assessment of impacts and potential risks and on updated assessments.

4.3.3. The operating company periodically publishes a report on the impacts and potential risks of its water use, endorsed by local stakeholders.

#### Comments/ questions for consultation:

We will develop guidance on considering potential impacts related to groundwater, water balance, water quality and important water-related areas, and social impacts related to water use. Input on this is very welcome.

### Criterion 4.4 Water stewardship plan

The operating company implements a water stewardship plan to address its water-related impacts.

#### Threshold:

4.4.1. The operating company has established effective mechanisms to engage with interested stakeholders in the development of a water stewardship plan which addresses the impacts and risks of its water use.

4.4.2. The water stewardship plan:

   a. Targets an operational minimum in relation to water discharges;

   b. Targets zero discharges of water that may have adverse impacts on communities or the environment;

   c. Integrates best practice values for the operating company’s region and type of operation or, where
4.4.3. The operating company tracks its performance against the water stewardship plan and acts upon the results, demonstrating continuous progress in implementing and reaching its targets.

4.4.4. The operating company has documented procedures to prevent and reduce water discharges that may have adverse impacts on communities or the environment and relevant workers are regularly trained on these procedures.

**Target:**

4.4.5. The operating company has published its water stewardship plan, endorsed by local stakeholders, which specifies actions it will take to address the impacts and risks of its water use.

4.4.6. The water stewardship plan is periodically reviewed and updated.

4.4.7. The operating company can demonstrate that its water stewardship plan is being implemented effectively.

4.4.8. The operating company demonstrates that it has achieved its target of zero water discharges that may have adverse impacts on communities or the environment.

**Comments/ questions for consultation:**

Water stewardship is the use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that involves site- and catchment-based actions.
4.5 Principle 5. Biodiversity and Ecosystem Services

Principle 5. Biodiversity and Ecosystem Services

ResponsibleSteel operating companies protect and conserve biodiversity and maintain the benefits from ecosystem services.

Comments/ questions for consultation:

Criterion 5.1: Biodiversity and ecosystem services commitment

The operating company is committed to protecting and conserving biodiversity and maintaining ecosystem services.

Threshold:

5.1.1. There is a published policy on the operating company’s commitment to:

a. Manage potential adverse impacts on biodiversity and ecosystem services in line with the mitigation hierarchy;

b. Respect the world’s protected areas;

c. Prevent the introduction and spreading of invasive alien species.

5.1.2. The policy is communicated to all workers.

Target:

5.1.3. The policy includes the integration of biodiversity and ecosystem services considerations into core business planning processes and tools.

Comments/ questions for consultation:

Mitigation hierarchy: We use the CSBI’s ‘A cross-sector guide for implementing the Mitigation Hierarchy’ as a reference (see http://www.csbi.org.uk/our-work/mitigation-hierarchy-guide/).

Criterion 5.2: Biodiversity and ecosystem services assessment

The operating company evaluates and reports publicly on the material impacts of its land use and activities on biodiversity and ecosystem services.

Threshold:

5.2.1. In line with section 3 of this standard, the operating company has carried out and is periodically updating an identification and assessment of the potential direct, indirect and cumulative impacts of its activities and associated infrastructure on biodiversity and ecosystem services, which includes as a
minimum the identification of:

a. Any key Biodiversity Areas that may be impacted;
b. Any protected areas that may be impacted;
c. Any IUCN red-listed species that may be impacted;
d. Any priority ecosystem services that may be impacted;
e. The types of habitats that may be impacted, classified as modified habitats with significant biodiversity value, or natural or critical habitats.

5.2.2. The assessment has considered:

a. Relevant threats to biodiversity and ecosystem services, focusing on habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, and pollution;
b. Direct and indirect impacts across the potentially affected landscape or seascape where the operating company operates in natural or critical habitats;
c. The differing values attached to biodiversity and ecosystem services by affected communities and, where applicable, other stakeholders.

5.2.3. The impact assessment is readily accessible to the public.

Target:

5.2.4. The operating company’s biodiversity and ecosystem services impact assessment has been reviewed and endorsed as being adequate and comprehensive by a recognised professional third-party.
Comments/ questions for consultation:

**Ecosystem services:** We will develop guidance on the assessment of potentially impacted ecosystem services. Suggestions for useful references are very welcome.

The following definitions are taken from the IFC Performance Standards on Environmental and Social Sustainability, Performance Standard 6:

**Priority ecosystem services** are two-fold: (i) those services on which operations are most likely to have an impact and, therefore, which result in adverse impacts to affected communities; and/or (ii) those services on which the operating company is directly dependent for its operations.

**Modified habitats:** Areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area’s primary ecological functions and species composition.

**Natural habitat:** Areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area’s primary ecological functions and species composition.

**Critical habitat:** Areas with high biodiversity value, including (i) habitat of significant importance to Critically Endangered and/or Endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.

Note that water issues are covered under principle 4.

**Criterion 5.3: Biodiversity and ecosystem services management**

The operating company applies the mitigation hierarchy to address its impacts on biodiversity and ecosystem services and monitors and reports outcomes of its efforts to the public.

**Threshold:**

5.3.1. The operating company implements a management plan and associated procedures to avoid, minimise, restore or offset any potential adverse impacts of its activities and associated infrastructure on biodiversity and ecosystem services.

5.3.2. The management plan:

a. Has been developed in consultation with affected communities, government, academic and research institutions, recognised independent experts, and national and international conservation NGOs;

b. Prioritises actions in accordance with the mitigation hierarchy, meaning biodiversity offsets are defined only after appropriate avoidance, minimisation, and restoration measures have been
applied;

c. Includes offsets that adhere to the principle of ‘like-for-like or better’, that are expected to result in a net gain of biodiversity for critical habitats or, in the case of natural habitats or modified habitats with significant biodiversity value, in a net gain or no net loss, and are carried out following best available information and current practices;

d. Is responsive to changing conditions and the results of monitoring to take account of the long-term complexities in predicting biodiversity and ecosystem services impacts.

5.3.3. The management plan is freely available to the public for the purpose of review and feedback.

Target:

5.3.4. The operating company integrates biodiversity conservation and ecosystem services management into core business planning processes and tools, such as the annual business planning or the annual budget process.

5.3.5. The operating company has a long-term biodiversity and ecosystem services monitoring and evaluation programme in place.

5.3.6. The operating company uses recognised independent experts to review and endorse its monitoring and evaluation programme as being robust and appropriate.

5.3.7. The impacts of the operating company’s activities and associated infrastructure have been assessed and verified by a recognised, third-party organisation as resulting in net gain or no net loss in biodiversity and ecosystem services over time.

5.3.8. The operating company regularly and publicly reports on the outcomes of managing its impacts on biodiversity and ecosystem services.

Comments/questions for consultation:

The following definitions are taken form the CSBI’s ‘A cross-sector guide for implementing the Mitigation Hierarchy’:

**Like-for-like or better**: For offsets, conservation either of the same biodiversity values impacted by the project (an ‘in-kind’ offset) or those considered to be of a higher priority (an ‘out-of-kind offset that involves ‘trading up’, i.e. where the offset targets biodiversity of higher priority than that affected by the project).

**Net gain**: The point at which project-related impacts on biodiversity and ecosystem services are outweighed by measures taken according to the mitigation hierarchy, so that a net gain results. May also be referred to as net positive impact.

**No net loss**: The point at which project-related impacts are balanced by measures taken through
application of the mitigation hierarchy, so that no loss remains.

**Criterion 5.4: Protected areas and natural and critical habitats**

The operating company respects the provisions of protected areas and its activities do not adversely impact areas of natural and critical habitat.

**Threshold:**

5.4.1. The operating company does not initiate any activities or plan infrastructure in an existing or proposed World Heritage Site or protected area of the IUCN categories I-IV, or equivalent where countries do not apply the IUCN categories;

5.4.2. In addition, the operating company does all of the following for any other protected area:

   a. Demonstrate that the proposed activities are legally permitted;
   
   b. Act in a manner consistent with any government-recognised management plans;
   
   c. Consult protected area sponsors, managers, affected communities including indigenous peoples, and other stakeholders on the proposed activities;
   
   d. Implement additional programmes, as appropriate, to promote and enhance the conservation aims and effective management of the area.

5.4.3. Potential adverse impacts of the operating company’s activities and associated infrastructure on any other protected area and on any natural and critical habitat have been identified and assessed;

5.4.4. In the case of natural habitat and any other protected area that lies in natural habitat, the operating company does not significantly convert or degrade them, unless all of the following are demonstrated:

   a. No other viable alternatives for development on modified habitat exist within the region;
   
   b. Consultation has established the views of stakeholders, including affected communities and indigenous peoples, with respect to the extent of conversion and degradation;
   
   c. Any conversion or degradation is mitigated according to the mitigation hierarchy and designed to achieve no net loss.

5.4.5. In the case of critical habitat and any other protected area that lies in critical habitat, the operating company does not implement any activities or plan infrastructure, unless all of the following are demonstrated:

   a. No other viable alternatives for development on modified or natural habitat that are not critical exist within the region;
   
   b. The activities do not lead to measurable adverse impacts on those biodiversity values for which the critical habitat was designated, and on the ecological processes supporting those biodiversity values;
c. The activities do not lead to a net reduction in the global and/or national/regional population of any critically endangered or endangered species over a reasonable period of time;

Target:

5.4.6. In the event of downgrading, downsizing or degazettement of World Heritage Sites or protected areas of the IUCN categories I-IV, the operating company continues its no-go policy;

5.4.7. Where a World Heritage Site or protected area of the IUCN categories I-IV is established in, around or adjacent to the area of activity of an existing operating company, the operating company ensures that activities do not lead to measurable adverse impacts on those values for which the World Heritage Site or protected area was designated;

5.4.8. The operating company’s activities have been assessed and verified by a recognised, independent organisation as having no adverse impact on any recognised protected area.
Comments/ questions for consultation:

Protected Area: A protected area is a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values. (Taken from https://www.iucn.org/theme/protected-areas/about).

World Heritage Sites and protected areas of the IUCN categories I-IV: In most circumstances, the protected area criterion of the ResponsibleSteel standard will not be applicable to steel producing sites but to raw material sourcing. Our proposed threshold level performance leans on the position of the IUCN (see below). Is this approach appropriate?

IUCN and World Heritage Sites (extract): “IUCN's position is that mineral and oil/gas exploration and exploitation (including associated infrastructure and activities) is incompatible with the Outstanding Universal Value of World Heritage Sites and should not be permitted within these sites.” (See full text at https://www.iucn.org/theme/world-heritage/resources/iucn-policies-world-heritage/mining-oil-and-gas).

IUCN and environmentally damaging industrial activities (extract): “The World Conservation Congress, at its session in Hawai‘i, United States of America, 1-10 September 2016 … CALLS ON governments to prohibit environmentally damaging industrial activities and infrastructure development in all IUCN categories of protected area, and to take measures to ensure that all activities are compatible with the conservation objectives of these areas, through appropriate, transparent and rigorous pre-emptive appraisal processes, such as international best practice environmental and social impact assessments, strategic environmental assessments, and appropriate regulation…”.


Ecological processes: The four fundamental ecological processes of ecosystems are the water cycle, biogeochemical (or nutrient) cycling, energy flow and community dynamics, i.e. how the composition and structure of an ecosystem changes following a disturbance (succession). (Taken from http://www.biodiversidad.gob.mx/v_ingles/ecosystems/ecoprocesses.html).

Government-recognised management plans: Thinking of e.g. community-run protected areas, should this be phrased more widely to ensure that any management plan is respected, not just those recognised by government?

Criterion 5.5: Invasive alien species

The operating company takes proactive action to prevent introductions or further spread of invasive alien species that could have significant adverse impacts on biodiversity or ecosystem services.

Threshold:

5.5.1. The operating company has identified any invasive alien species present at its site(s) in the scope of
5.5.2. The operating company has identified and assessed the risk of deliberate or accidental introduction or spread of invasive alien species as a result of its activities.

5.5.3. The operating company has defined measures to eliminate or control invasive alien species already present at its site(s), and to prevent the deliberate or accidental introduction or spread of invasive alien species as a direct or indirect result of its activities.

**Target:**

5.5.4. The operating company implements effective measures to eliminate or control any invasive alien species already present at its site(s), and to prevent the deliberate or accidental introduction or spread of invasive alien species as a result of its activities.

5.5.5. The operating company monitors and publishes the outcomes of its actions on a regular basis.

**Comments/ questions for consultation:**

**Invasive alien species:** Invasive alien species are plants, animals, pathogens and other organisms that are non-native to an ecosystem, and which may cause economic or environmental harm or adversely affect human health. In particular, they impact adversely upon biodiversity, including decline or elimination of native species - through competition, predation, or transmission of pathogens - and the disruption of local ecosystems and ecosystem functions.

Invasive alien species, introduced and/or spread outside their natural habitats, have affected native biodiversity in almost every ecosystem type on earth and are one of the greatest threats to biodiversity. Since the 17th century, invasive alien species have contributed to nearly 40% of all animal extinctions for which the cause is known (CBD, 2006).

The problem continues to grow at great socio-economic, health and ecological cost around the world. Invasive alien species exacerbate poverty and threaten development through their impact on agriculture, forestry, fisheries and natural systems, which are an important basis of peoples’ livelihoods in developing countries. This damage is aggravated by climate change, pollution, habitat loss and human-induced disturbance. (Taken from [https://www.cbd.int/idb/2009/about/what/](https://www.cbd.int/idb/2009/about/what/))
4.6 Principle 6. Human Rights

Principle 6. Human Rights

ResponsibleSteel operating companies respect human rights and contribute to community wellbeing.

Comments/ questions for consultation:

Human rights cover a wide range of impacts on people. They are based on the principle of respect for the individual, meaning everyone deserves to be treated with dignity. Human rights are universal - everyone is entitled to them, no matter who they are, where they live and how they live. There are civil and political human rights, such as the right to life, equality before the law and freedom of expression. Economic, social and cultural rights, such as the rights to work, social security and education, are also part of human rights, just like collective rights, such as the rights to development and self-determination. (Based on http://www.ohchr.org/EN/Issues/Pages/WhatareHumanRights.aspx and https://www.humanrights.com/what-are-human-rights/).

The ResponsibleSteel standard covers human rights here under principle 6, but also under principles 7 to 10, even if the term ‘human rights’ is not contained in their titles or in their performance measures.

Criterion 6.1: Human rights due diligence

The operating company implements the UN Guiding Principles on Business and Human Rights.

Threshold:

6.1.1. There is a published human rights policy reflecting the operating company’s commitment to the UN Guiding Principles on Business and Human Rights.

6.1.2. The operating company has documented due diligence procedures to identify, prevent and mitigate actual and potential adverse human rights impacts from its own activities and from those of its business partners that link directly to its operations. The procedures are informed by internal and external stakeholder input.

6.1.3. The policy and procedures are regularly communicated to workers and business partners.

Target:

6.1.4. The operating company regularly reviews its approach to avoiding adverse human rights impacts, identifies root causes of adverse impacts and defines and implements controls to avoid recurrence.

6.1.5. The operating company uses an independent expert to review procedures and implementation and
verify their quality and suitability.

6.1.6. The operating company reports publicly on adverse human rights impacts and how they were addressed.

### Comments/ questions for consultation:
Due diligence is an on-going, proactive and reactive process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems. (Taken from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas).

Note that remediation to adverse impacts is addressed under criterion 7.7.

### Criterion 6.2: Security practice

The operating company does not support public or private security providers engaged in illegal practices and ensures that its security personnel and public and private security providers respect the Voluntary Principles on Security and Human Rights.

### Threshold:

6.2.1. The operating company has a published policy on protecting people, property and assets through security arrangements that are in line with the Voluntary Principles on Security and Human Rights.

6.2.2. The operating company has documented security procedures that cover:

   a. Screening of security personnel and public and private security providers regarding their involvement in human rights abuses and illegal practices;
   
   b. Regular training of security personnel and providers on their roles and appropriate behaviour;
   
   c. Deployment of security personnel and providers;
   
   d. Monitoring of security personnel and provider conduct.

6.2.3. The operating company consults with local communities on its security arrangements and communicates these to them.

6.2.4. The operating company regularly communicates expectations on the protection of human rights and appropriate behaviour to public and private security providers.

6.2.5. The operating company agrees with the host government on security arrangements in high-risk zones or in areas where public security arrangements are needed.

6.2.6. The operating company uses armed security to manage risk or to avoid threat to life of workers and
visitors to the operation only when there is no acceptable alternative.

6.2.7. The operating company monitors the effectiveness of its security arrangements and acts upon the results, demonstrating continuous improvement in upholding human rights and avoiding illegal practices.

**Target:**

6.2.8. The operating company incorporates the Voluntary Principles on Security and Human Rights into investment agreements with host governments.

6.2.9. The operating company regularly and publicly reports on human rights abuses by security personnel and public and private security providers and how these have been addressed.

**Comments/ questions for consultation:**

*Human rights abuses* occur when actions violate, ignore, or deny human rights, including civil, political, cultural, social, economic and collective rights.

### 4.7 Principle 7. Local Communities

**Principle 7. Local Communities**

ResponsibleSteel operating companies respect the rights and interests of local communities and indigenous peoples and avoid and minimise adverse impacts.

**Comments/ questions for consultation:**

This principle includes consideration of indigenous peoples where they are present in the area of the operating company.

Note that community health and safety issues are considered under principle 3 and 4.

**Criterion 7.1: Commitment to local communities**

The operating company is committed to respecting the legal and customary rights and interests of local communities and indigenous peoples regarding lands, natural resources and livelihoods.

**Threshold:**

7.1.1. The operating company has a published policy on safeguarding the legal and customary rights and interests, cultures, customs and values of local communities and indigenous peoples regarding lands, their use of natural resources and their livelihoods. At a minimum, the policy expresses the operating
The company's commitment to:

- Local community consultation and participation;
- Avoidance and redress of adverse local community impacts;
- Disclosure and reporting on issues relevant to local communities;
- Monitoring and improving performance related to local communities.

**Target:**

No targets are currently specified under this Criterion, on the basis that the requirements are all reasonable threshold requirements.

**Comments/questions for consultation:**

The term “indigenous peoples” is understood as described in Article 1 of ILO Convention 169. Indigenous peoples are also understood as being part of local communities.

**Criterion 7.2: Local community engagement**

The operating company continuously interacts with local communities and indigenous peoples and effectively involves them in discussions and decision-making.

**Threshold:**

7.2.1. The operating company has documented procedures in place that have been defined together with local communities including indigenous peoples to:

- Identify and understand their legal and customary rights, interests, issues and concerns, paying particular attention to indigenous peoples, women, minorities and other marginalised groups;
- Provide them with all information necessary for informed involvement;
- Engage local community members fully and effectively in discussions and decision-making on matters that may impact them, using equitable and culturally appropriate means.

7.2.2. Relevant workers are regularly trained on the procedures and on culturally appropriate ways of interacting with local communities, especially indigenous peoples and women.

7.2.3. The operating company publicly and regularly reports on matters relevant to local communities in a clear and understandable manner and language and using channels that are easily accessible for local communities.

**Target:**
7.2.4. The operating company tracks its performance on managing any impacts of its activities on women in the local communities and acts upon the results, demonstrating continuous improvement in avoiding, minimising and mitigating these impacts, while contributing to women’s empowerment.

7.2.5. The operating company identifies the needs of local communities for capacity building to allow them to effectively engage on issues of interest or concern to them.

7.2.6. The operating company tracks the quality of its relationships with local communities to ensure they are based on trust, mutual respect and understanding, and acts upon the results.

**Comments/ questions for consultation:**

**Criterion 7.3: Free, Prior and Informed Consent (FPIC)**

The operating company obtains free and informed consent from indigenous peoples prior to the approval of new activities or changes to existing activities that might affect the way they live.

**Threshold:**

7.3.1. The operating company and the affected indigenous peoples agree and document a process for obtaining FPIC that is based on good faith negotiation and is consistent with the indigenous peoples’ traditional decision-making processes while respecting internationally recognised human rights.

7.3.2. The FPIC process is applied by the operating company prior to the approval of new activities or changes to existing activities that might affect the cultural heritage, lands, territories or natural resources that are subject to traditional ownership or under customary use by indigenous peoples.

7.3.3. The outcomes of the negotiations and any achieved agreements between the operating company and the affected indigenous peoples are documented and approved by both parties and published in a clear and understandable manner and using channels that are easily accessible for indigenous peoples.

7.3.4. Relevant workers are regularly trained on FPIC and related processes and on culturally appropriate ways of interacting with indigenous peoples.

**Target:**

7.3.5. The operating company expands the FPIC process and its application to non-indigenous local communities.

**Comments/ questions for consultation:**

Free, prior, informed: We follow the definitions of the ‘Office of the United Nations High
Commissioner for Human Rights’ (OHCHR), being:

- Free implies that there is no coercion, intimidation or manipulation.
- Prior implies that consent is to be sought sufficiently in advance of any authorisation or commencement of activities and respect is shown to time requirements of indigenous consultation/consensus processes.
- Informed implies that information is provided that covers a range of aspects, including the nature, size, pace, reversibility and scope of any proposed project or activity; the purpose of the project as well as its duration; locality and areas affected; a preliminary assessment of the likely economic, social, cultural and environmental impact, including potential risks; personnel likely to be involved in the execution of the project; and procedures the project may entail. This process may include the option of withholding consent. Consultation and participation are crucial components of a consent process.

**Criterion 7.4: Local community development**

The operating company contributes to the social and economic development of local communities.

**Threshold:**

7.4.1. The operating company has a public policy demonstrating its commitment to maintain or improve the social and economic development of local communities. The policy includes:

- a. Making financial or in-kind contributions to social service institutions such as hospitals, schools or vocational centres;
- b. Making financial or in-kind contributions to local social, cultural, sports or environmental projects and activities.

7.4.2. The operating company has documented procedures for implementing its policy which include identifying and making contributions to local community development and benefits.

7.4.3. The operating company communicates ways for local communities to seek contributions to institutions, projects and activities in a clear and understandable manner and using channels that are easily accessible for local communities.

**Target:**

7.4.4. The procedures have been developed and are implemented in collaboration with local community representatives, local government and worker representatives in a socially inclusive manner that invites women and men and vulnerable and traditionally marginalised community members such as indigenous peoples, children, youth, and the elderly, or their representatives.
7.4.5. The procedures consider:

a. Local procurement, local business and local employment creation and support, as well as local capacity building and skills development;
b. Mechanisms that can be self-sustaining, including the building of community capacity to oversee and sustain projects or initiatives.

7.4.6. The operating company publishes its procedures and any agreed contributions.

7.4.7. Together with local community representatives, local government and worker representatives, the operating company tracks the effectiveness of its contributions and evaluates if changes need to be made to its procedure to ensure contributions help the social and economic well-being of local communities.

Comments/ questions for consultation:

Note that impacts related to operating company closure, decommissioning and divestment are covered under principle 10.

Criterion 7.5: Cultural heritage

The operating company respects and safeguards cultural heritage sites and values within their area of influence.

Threshold:

7.5.1. The operating company has documented procedures for identifying and dealing with cultural heritage sites and values within their area of influence that:

a. Have been developed in consultation with affected communities;
b. Describe culturally appropriate identification processes and leave process control with the affected communities;
c. Follow the mitigation hierarchy of avoiding, minimising, restoring and offsetting adverse impacts from the operating company’s activities and describe how mitigation measures are defined and implemented;
d. Ensure continued access rights for affected communities to cultural sites or values.

7.5.2. Where cultural sites or values of indigenous peoples may be impacted, the operating company applies the FPIC process (7.3).

Target:

7.5.3. The operating company does not remove, significantly alter, or damage critical cultural heritage.

7.5.4. In cooperation with affected communities, the operating company monitors effectiveness of
mitigation measures and defines and implements actions to address any issues.

Comments/ questions for consultation:

We use the term “cultural heritage” and “critical cultural heritage” as defined in Performance Standard 8 of the IFC Performance Standards on Environmental and Social Sustainability:

Cultural heritage refers to (i) tangible forms of cultural heritage, such as tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values; (ii) unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls; and (iii) certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles.

Critical cultural heritage consists of one or both of the following types of cultural heritage: (i) the internationally recognised heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; or (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

The performance measures of this criterion apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed.

Criterion 7.6: Displacement

The operating company avoids displacement or, where it cannot be avoided, minimises such displacement and its resulting adverse impacts.

Threshold:

7.6.1. The operating company has procedures in place to identify and assess the potential impacts of physical and/or economic displacement on affected parties.

7.6.2. The operating company considers alternative operational set-ups to avoid or minimise physical, social and/or economic displacement, including affected parties in the process and paying particular attention to impacts on the poor and vulnerable, including women.

7.6.3. When physical displacement is unavoidable, the operating company develops a Resettlement and Compensation Action Plan in consultation with the affected parties and in line with IFC Performance Standard 5 (Land Acquisition and Involuntary Resettlement) and complies with applicable law.

7.6.4. When economic displacement is unavoidable, the operating company develops a Livelihood Restoration Plan in consultation with the affected parties and in line with IFC Performance Standard 5.

7.6.5. The operating company applies the compensation standards outlined in the Plans consistently to all those affected and ensures that compensation is completed by the time of the displacement.
7.6.6. When indigenous peoples are involved, the operating company applies the FPIC process (7.3).

7.6.7. The operating company, together with affected parties, tracks its performance on displacements and acts upon the results, demonstrating continuous improvement in ensuring that livelihoods, livelihood security and living standards are improved or restored.

**Target:**

7.6.8. The operating company commissions an external completion audit of the Resettlement Action Plan and/or Livelihood Restoration Plan to verify that mitigation measures have been adequately implemented.

7.6.9. The operating company publicly reports on displacement activities and provided compensation measures as well as on external audit completion results.

**Comments/questions for consultation:**

We are seeking stakeholder input to determine from when this criterion should apply, i.e. how far back should auditors go to determine whether an operating company meets the criterion or not?

**Criterion 7.7: Grievances and remediation of adverse impacts**

The operating company offers a grievance mechanism to address concerns and provides for or cooperates in remediation where it has caused or contributed to adverse impacts, in line with the UN Guiding Principles on Business and Human Rights.

**Threshold:**

7.7.1. The operating company has a documented grievance mechanism that is open to all stakeholders. The mechanism:

a. Uses means that are appropriate in the local context and easily accessible for stakeholders;

b. Can be used to register grievances of any kind;

c. Is available at no cost and without retribution to the party that originated the issue.

7.7.2. Local communities are proactively and clearly informed on how to access the grievance mechanism, how the operating company deals with grievances, what types of outcomes complainants may expect and how they will be informed of outcomes.

7.7.3. The operating company has documented procedures to assess the issues raised, determine how to address them, and provide and document responses to grievances.

7.7.4. The operating company has documented procedures in place to provide for or cooperate in remediation through legitimate processes in line with the UN Guiding Principles on Business and Human Rights where it has caused or contributed to adverse human rights, community health or safety impacts. The procedures:
a. Were developed in consultation with potentially affected parties;

b. Provide for impartiality;

c. Acknowledge that the form of remedy may vary depending on the circumstances of the impacts;

d. Offer judicial and non-judicial channels for remediation and allow affected parties to choose which available channels they wish to use.

7.7.5. When indigenous peoples are involved, the operating company applies the FPIC process (7.3).

Target:

7.7.6. The operating company involves local communities in monitoring and verifying that commitments made in response to grievances are implemented and provides opportunities for local communities to provide feedback on the effectiveness of the grievance mechanism.

7.7.7. The operating company regularly reviews the effectiveness of its grievance mechanism and works to improve it over time.

7.7.8. The operating company publicly and regularly reports on its local community engagement activities, on the number and types of received grievances, and the proportion of grievances that have been resolved to the complainant's satisfaction.

7.7.9. The operating company publicly reports on remedy processes it is engaged in, including the nature of the complaints, the channels used to address them, and the forms of remedy provided.

7.7.10. The operating company, together with affected parties, tracks the performance of its remediation procedures and acts upon the results, demonstrating continuous improvement in providing remedy for adverse impacts.

Comments/questions for consultation:

We will develop guidance on remediation to adverse impacts on community health and safety resulting from e.g. Material Unwanted Events, land use changes or loss of natural buffer areas. Suggestions for information sources on this are welcome.

Criterion 7.8: Conflict-affected and high-risk areas

The operating company does not contribute directly or indirectly to armed conflict, human rights abuses or risks for workers and communities in conflict-affected or high-risk areas.

Threshold:

7.8.1. When operating in conflict-affected or high-risk areas, the operating company has a published policy confirming that it does not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. This includes but is not limited to, procuring
minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

a. Illegally control mine sites, transportation routes and/or upstream actors in the supply chain;

b. Illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded;

c. Illegally tax or extort intermediaries, export companies or international traders.

7.8.2. In a conflict-affected or high-risk area, the operating company has documented procedures in place to:

a. Monitor its business partners, transactions, flows of funds and resources to ensure it is not directly or indirectly providing funding or support to non-state armed groups;

b. Immediately suspend or discontinue engagement with business partners where the operating company has identified a reasonable risk that they are sourcing from, or are linked to, any party providing direct or indirect support to non-state armed groups.

7.8.3. The operating company monitors the effectiveness of its procedures and acts upon the results, demonstrating continuous improvement in avoiding direct or indirect support for non-state armed groups.

Target:

7.8.4. The operating company regularly and publicly reports on its performance in relation to avoiding direct or indirect support for non-state armed groups.

Comments/ questions for consultation:

Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law. (Taken from the OECD Due Diligence Guidance for Responsible supply Chains of Minerals from Conflict-Affected and High-Risk Areas)
## Criterion 7.9: Emergency preparedness and response

The operating company has tested emergency preparedness and response plans in place to avoid and minimise the impact of accidental and emergency situations.

### Threshold:

**7.9.1.** The operating company has emergency preparedness and response plans in place to avoid and minimise loss of life, injuries and damage to property, the environment, health and social well-being in the event of accidental and emergency situations. The plans:

a. Identify areas where accidents and emergency situations may occur, and workers, communities and individuals that may be impacted;

b. Are specific to the different kinds of accidents and emergencies that may occur;

c. Have been developed with workers, local authorities, community members and designated emergency responders;

d. Specify training requirements, roles and responsibilities, provision of equipment and resources, and communication procedures with potentially impacted workers, communities and individuals.

**7.9.2.** The operating company regularly communicates the plans to workers, local authorities, local communities and emergency responders.

**7.9.3.** The plans are regularly tested, reviewed and updated together with workers, local authorities, local community members and emergency responders.

**7.9.4.** Workers, local authorities, local community members and emergency responders are regularly trained on the plans.

**7.9.5.** The operating company monitors the effectiveness of its plans and acts upon the results, demonstrating continuous improvement in avoiding accidental and emergency situations and minimising their impact.

**7.9.6.** The operating company anticipates and insures against the cost of reparation for accidents and emergency situations to ensure that funds are available for implementing effective emergency response, pay compensation for damages, injury or loss of life, and for the operating company to fund recovery and reconstruction in a timely and efficient manner.

### Target:

**7.9.7.** The operating company regularly and publicly reports on its performance in relation to avoiding accidental and emergency situations and minimising their impact.

### Comments/ questions for consultation:
### 4.8 Principle 8. Labour Rights

**Principle 8. Labour Rights**

ResponsibleSteel operating companies respect the rights of workers and support worker well-being.

**Comments/questions for consultation:**

**Workers and workforce:** Full, part-time and temporary employees and contractors that are affected by the operating company’s activities.

We will develop guidance on how the labour rights criteria and performance measures are to be interpreted in countries with strong laws and legislation and implementation. Any input on this is very welcome.

**Criterion 8.1: Child and juvenile labour**

The operating company does not use or tolerate child labour, complies with related national and international law, cares for juvenile workers, and effectively addresses detected incidents of child labour.

**Threshold:**

8.1.1. There is a published policy on child labour, as defined in article 2, paragraph 3 of the ILO Convention C138 and in article 3 of the ILO Convention C182, declaring that:

- a. The operating company only employs or contracts workers who are at least 15 years old, the applicable minimum legal age for employment, or who have passed the applicable age for compulsory education, whichever is highest;
- b. The operating company takes action to remove child labour where it is detected, ensuring the continued welfare of the child and providing adequate financial and other support to enable such children to attend and remain in school until no longer a child;
- c. Juveniles are not permitted to perform work that is hazardous or harmful to health, safety or morals;
- d. The operating company does not require juveniles to work overtime or perform night-time work.

8.1.2. The operating company periodically identifies and documents the types of work related to its activities that are hazardous or harmful to health, safety or morals.

8.1.3. The operating company has documented procedures covering all aspects of its policy and provides evidence of effective procedure implementation.

8.1.4. The policy and procedures are regularly communicated to relevant workers and recruitment and employment agencies.
8.1.5. The operating company ensures and demonstrates that recruitment and employment agencies it uses are compliant with the provisions of this criterion and the law.

8.1.6. Any allegations of child labour incidents are investigated and addressed.

**Target:**

8.1.7. The operating company regularly reviews its approach to avoiding child labour and caring for juvenile workers, identifies root causes of child and juvenile labour incidents that are in breach of its policy and defines and implements controls to avoid recurrence.

8.1.8. The operating company reports publicly on child labour incidents and how they were addressed.

8.1.9. The operating company provides adequate specific instruction or vocational training to all juveniles working at its sites.

**Comments/ questions for consultation:**

We understand child labour in line with Article 2, paragraph 3 of the ILO Convention C138:

The minimum age specified in pursuance of paragraph 1 of this Article shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years.

And in line with Article 3 of the ILO Convention C182:

For the purposes of this Convention, the term the worst forms of child labour comprises:

(a) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and servitude and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;

(b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;

(c) The use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;

(d) Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

Juveniles are defined as less than 18 years of age.
**Criterion 8.2: Forced or compulsory labour**

The operating company does not use or tolerate forced or compulsory labour and effectively addresses detected incidents of forced or compulsory labour.

**Threshold:**

8.2.1. There is a published policy on forced or compulsory labour, as defined in article 2 paragraph 1 of the ILO Convention 29, declaring that the operating company does not:

a. Use or tolerate forced or compulsory labour in its workforce;

b. Unreasonably restrict the freedom of movement of workers in the workplace, in on-site housing, or upon entering or exiting facilities provided by the operating company;

c. Retain workers’ original government-issued identification and travel documents, such as identity papers;

d. Require any form of deposit, recruitment fee, or equipment in advance from workers, either directly or through recruitment agencies. If such fees are found to have been paid by workers, the operating company repays those fees to the workers;

e. Prevent workers from terminating their employment after reasonable notice or as established by applicable law;

f. Engage in or support human trafficking;

g. The policy further includes that the operating company acts to stop forced or compulsory labour or human trafficking where it is detected, ensuring the continued welfare of the workers in question.

8.2.2. The operating company has documented procedures covering all aspects of its policy and provides evidence of effective procedure implementation.

8.2.3. The policy and procedures are regularly communicated to relevant workers and recruitment and employment agencies.

8.2.4. The operating company ensures and demonstrates that recruitment and employment agencies it uses are compliant with the threshold provisions of this criterion.

8.2.5. Any allegations of forced or compulsory labour incidents are investigated and addressed.

8.2.6. The operating company remedies forced or compulsory labour where it is detected, acting in the interest of the concerned individual.

**Target:**

8.2.7. The operating company regularly identifies and assesses the risk of forced or compulsory labour
and human trafficking happening in its workforce and defines and implements controls to address them.

8.2.8. The operating company reports publicly on forced or compulsory labour and human trafficking incidents and how they were addressed.

Comments/questions for consultation:

Article 2, paragraph 1 of the ILO Convention C29 states:

For the purposes of this Convention the term forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Human trafficking is understood as the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs (Article 3, paragraph (a) of the UN ‘Protocol to Prevent, Suppress and Punish Trafficking in Persons’)

Criterion 8.3: Non-discrimination

The operating company’s hiring decisions and employment relationships are based on the principle of equal opportunity, actively prevent all forms of discrimination, and promote workforce diversity.

Threshold:

8.3.1. There is a published policy stating that the operating company:

a. Prohibits discrimination in hiring and other employment practices against any worker in line with Article 1 paragraph 1 of the ILO Convention C111, as well as based on age, disability, ethnicity, HIV status, marital status, sexual orientation, gender identity, union membership, or any other factor unrelated to a worker’s ability to perform their job;

b. Does not require pregnancy or medical tests, except where required by applicable laws or regulations or prudent for workplace safety or worker health and does not improperly discriminate based on test results;

c. Ensures that migrant workers are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work;

d. Provides equal pay for work of equal value.

8.3.2. The operating company implements documented procedures covering all aspects of its policy.
8.3.3. The policy and procedures are regularly communicated to relevant workers and recruitment and employment agencies.

8.3.4. The operating company investigates and addresses any complaints of discrimination.

**Target:**

8.3.5. The operating company provides evidence of effective implementation of its procedures.

8.3.6. The operating company collects and publishes data that:

- Shows the percentage of females in its workforce, in management positions and on its board;
- Compares the relative pay of its male and female workers for equivalent categories of work;
- Shows the mean gender pay gap, median gender pay gap;
- Shows the mean bonus gender pay gap, median bonus gender pay gap.

8.3.7. The operating company reports publicly on incidents of discrimination and how they were addressed.

8.3.8. The operating company regularly reviews its approach to avoiding discrimination, identifies root causes of incidents of discrimination and defines and implements controls to avoid recurrence.

8.3.9. The operating company provides mandatory diversity and anti-discrimination training, particularly in areas in which discrimination is most likely to occur, such as hiring, payment and promotion practices.

8.3.10. The operating company has programmes in place to mentor and sponsor women in the workplace and encourage female leadership.

8.3.11. The operating company ensures and demonstrates that recruitment and employment agencies it uses are compliant at least with the threshold provisions of this criterion.

<table>
<thead>
<tr>
<th>Comments/ questions for consultation:</th>
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<tr>
<td>We understand <strong>discrimination</strong> in line with Article 1 paragraph 1 of the ILO Convention C111:</td>
</tr>
<tr>
<td>“For the purpose of this Convention the term discrimination includes—”</td>
</tr>
<tr>
<td>(a) any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation;</td>
</tr>
<tr>
<td>(b) such other distinction, exclusion or preference which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation as may be determined by the Member concerned after consultation with representative employers' and workers' organisations, where such exist, and with other appropriate bodies.”</td>
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</tbody>
</table>
Note that where local legislation or law requires **positive discrimination** in favour of local residents, indigenous peoples, or individuals who have been historically disadvantaged, this may not be regarded as discrimination.

We will develop guidance to explain what ‘management positions’ are.

We will develop guidance on hiring and employment targets or quotas mandated by law, targets developed through local agreements or by the operating company for the employment of local residents, indigenous peoples, or individuals who have been historically disadvantaged. Input on this is very welcome.

**Criterion 8.4: Disciplinary practices**

The operating company does not use or tolerate disciplinary practices or threats of these towards workers and effectively addresses detected incidents of disciplinary practices.

**Threshold:**

8.4.1. The operating company has a published policy that prohibits threats or use of corporal punishment, harsh or degrading treatment, sexual or physical harassment, mental, physical or verbal abuse, coercion, or intimidation under any circumstances.

8.4.2. The operating company implements documented procedures covering all aspects of its policy.

8.4.3. The policy and procedures are regularly communicated to workers and recruitment and employment agencies as described under 8.6.

8.4.4. Workers with line management responsibilities are regularly trained on the operating company’s policy and procedures.

8.4.5. Any allegations of the threat or use of disciplinary practices are investigated and addressed.

**Target:**

8.4.6. The operating company provides evidence of effective implementation of its procedures.

8.4.7. The operating company reports publicly on incidents of disciplinary practices and how they were addressed.

8.4.8. The operating company regularly reviews its approach to avoiding disciplinary practices, identifies root causes of incidents of disciplinary practices and defines and implements controls to avoid recurrence.

8.4.9. The operating company ensures and demonstrates that employment agencies it uses are compliant with at least the threshold provisions of this criterion.

**Comments/ questions for consultation:**
**Criterion 8.5: Association and collective bargaining**

The operating company respects and supports workers' rights to freedom of association and collective bargaining.

**Threshold:**

8.5.1. There is a published policy in line with ILO Conventions C87 and C98 that covers:

- a. The operating company freely allows workers to associate with others, form, join (or refrain from joining) organisations of their choice and bargain collectively, without interference, discrimination, retaliation, or harassment;
- b. Where national law restricts workers’ organisations, the operating company does not keep workers from developing and using alternative mechanisms;
- c. The operating company adheres to collective bargaining agreements where such agreement exists;
- d. The operating company engages with its workers’ representatives and workers' organisations and provides them with the information needed for meaningful negotiation in a timely manner.

8.5.2. The operating company implements documented procedures covering all aspects of its policy and provides evidence of effective implementation of its procedures.

8.5.3. The operating company ensures and demonstrates that employment agencies it uses are compliant with the provisions of this criterion.

**Target:**

No targets are currently specified under this Criterion, on the basis that the requirements are all reasonable threshold requirements.

**Comments/ questions for consultation:**

We will develop guidance on how to take account of countries where the law requires workers to be part of workers’ organisations. Input on this is very welcome.
Criterion 8.6: Communication and engagement

The operating company communicates work-related issues adequately to workers and ensures that issues of concern to workers are resolved. Workers can communicate openly and safely with management regarding working conditions.

Threshold:

8.6.1. There is a published policy for the reporting and subsequent investigation of worker concerns that covers:

a. Workers are free to report their concerns without fear of reprisal, intimidation or harassment;

b. Any reported concerns are impartially investigated and effectively addressed;

c. Records of raised concerns, investigation processes and outcomes are maintained.

8.6.2. The operating company implements documented procedures covering all aspects of its policy and provides evidence of effective implementation of its procedures.

8.6.3. The operating company’s procedures are explained to workers using communication languages, methods and channels that are understood by workers and easily accessible to them.

8.6.4. The operating company provides mechanisms to workers for suggesting improvements or changes to the workplace and to working conditions.

Target:

8.6.5. The operating company tracks the performance of its procedures and acts upon the results, demonstrating continuous improvement in effectively and timely addressing concerns that have been raised.

8.6.6. The operating company offers an external mechanism to hear and address issues of concern that workers are free to choose.

8.6.7. Records show that worker suggestions for improvements or changes to the workplace and to working conditions are considered and that results of this process are communicated to workers.

Comments/questions for consultation:

We will develop guidance to clarify that ‘concerns’ include worker grievances, allegations of misconduct, allegations that disciplinary practices, operational health and safety, etc. are not being implemented in accordance with the operating company’s policies, etc.
Criterion 8.7: Remuneration

The operating company pays workers fairly and timely, allowing them to meet their basic needs and keep some discretionary income. Overtime is rewarded and there are no deductions from wages. Use of temporary and outsourced labour is within the limits of the national law.

Threshold:

8.7.1. The operating company has a published remuneration policy that includes:

a. All workers are paid at least the applicable legal minimum wage, plus any benefits required by law and/or contract, or the prevailing industry standard, whichever is higher;

b. The operating company respects collective agreements that it is party to that specify higher agreed rates of pay;

c. Workers are paid for overtime hours at a premium rate in accordance with applicable laws for work performed beyond the standard established hours;

d. The operating company provides equal pay for work of equal value;

e. The operating company meets all legal requirements relating to payment and benefits, pays accurate wages in a timely manner, and does not deduct wages as a disciplinary measure;

f. Workers are not forced to buy goods and services from the operating company’s own shops and facilities, and ensures that such goods and services are not offered above market price;

g. For each pay period, workers are provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed.

8.7.2. The operating company implements documented procedures covering all aspects of its policy, including recruitment and employment agencies, and provides evidence of effective implementation of its procedures.

8.7.3. The policy and procedures are regularly communicated to workers and recruitment and employment agencies.

Target:

8.7.4. Remuneration of all workers is sufficient to cover the cost of living in the respective country of the operating company.

8.7.5. The operating company continuously ensures and can demonstrate that employment agencies it uses are at least compliant with the threshold provisions of this criterion.

Comments/ questions for consultation:
We will develop guidance on fly-in-fly-out sites that might warrant deviation from 8.7.1.f.

**Criterion 8.8: Working time**

The operating company complies with applicable law and industry standards on working time, overtime, public holidays and paid annual leave.

**Threshold:**

8.8.1. The operating company has a published policy on working time that covers:

a. The workweek is restricted to 60 hours, including overtime, and workers have at least one day off every seven days except in emergencies or unusual situations. Regular workweeks do not exceed 48 hours;

b. The operating company follows all applicable laws and regulations with respect to working hours and days of rest;

c. Activities requiring overtime work are accepted voluntarily by workers and, except in special circumstances (for example, on fly-in, fly-out sites), are limited to a maximum of 12 hours in a week;

d. Workers are provided with appropriate time off for meals and breaks, meaning at least one break of at least 30 minutes per five-hour work day/shift, unless otherwise agreed in writing between the operating company and the workers through the local trade union or other workers’ representatives;

e. The operating company provides workers with all legally mandated leave, including maternity and paternity, compassionate, and paid annual leave. Where no applicable law exists, paid annual leave is provided in accordance with ILO Convention 132.

8.8.2. The operating company implements documented procedures covering all aspects of its policy, including recruitment and employment agencies, and provides evidence of effective implementation of its procedures.

8.8.3. The policy and procedures are regularly communicated to workers and recruitment and employment agencies.

**Target:**

8.8.4. The operating company offers flexi-time working where its activities allow this.

8.8.5. The operating company grants paid parental leave (for birth or adoption of a child) of at least three months.

8.8.6. The operating company allows reduction of working time to care for children or disabled people.
above and beyond legally established measures.

8.8.7. The operating company continuously ensures and can demonstrate that employment agencies it uses are at least compliant with the threshold provisions of this criterion.

**Comments/ questions for consultation:**

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<tr>
<th><strong>Criterion 8.9: Communication of terms of employment</strong></th>
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<tr>
<td>The operating company ensures that workers understand their current employment terms with regards to wages, working hours and other employment conditions.</td>
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</table>

**Threshold:**

8.9.1. The operating company has a published policy for communicating terms of employment to workers that covers:

- a. Worker rights under national labour and employment law;
- b. Worker rights related to hours of work, payment, overtime, compensation, and benefits;
- c. Applicable collective agreements;
- d. Pay structure and pay periods;
- e. Provision of clear and understandable information to workers at the beginning of the working relationship and when any material changes occur.

8.9.2. The operating company implements documented procedures covering all aspects of its policy and provides evidence of effective implementation of its procedures.

8.9.3. The policy and procedures are regularly communicated to workers and recruitment and employment agencies.

8.9.4. The operating company ensures and demonstrates that employment agencies it uses are compliant with the provisions of this criterion.

**Target:**

No targets are currently specified under this Criterion, on the basis that the requirements are all reasonable threshold requirements.

**Comments/ questions for consultation:**
Criterion 8.10: Worker well-being

The operating company promotes worker well-being through offers that conciliate work and private life, support the health of workers and advance their qualifications.

Threshold:

8.10.1. The operating company has a published policy to promote worker well-being through the provision of measures to reconcile work and private life, to support the health of workers and to advance their qualifications.

8.10.2. Provision of specific measures to promote worker well-being comprise at least two of the kind of the following examples:

   a. Kindergartens at the workplace or agreements with nurseries at reduced cost;
   b. Company canteen, restaurant cheques or other catering programmes;
   c. Transport to workplace (provided that at least half of the workforce can make use of it according to their place of residence);
   d. Cultural, sports or recreational activities for workers and their families;
   e. Grants, loans or subsidies for training workers and their families;
   f. Insurance or health programmes for workers and their families at a lower cost than usual market prices;
   g. Care programmes in case of severe family illness or accident, including life insurance policies;
   h. Pension plans.

8.10.3. The operating company implements documented procedures that cover all aspects of its policy and provides evidence of effective implementation of its procedures.

8.10.4. The policy and procedures are regularly communicated to workers and recruitment and employment agencies.

Target:

8.10.5. The operating company offers at least four measures of the kind of the examples under 8.10.2.

8.10.6. The operating company ensures and demonstrates that employment agency workers are given access to measures offered by the operating company.

Comments/questions for consultation:
### Principle 9. Occupational Health and Safety

ResponsibleSteel operating companies provide safe and healthy working conditions for all workers.

**Comments/questions for consultation:**

Workers: Full, part-time and temporary employees and contractors that are affected by the operating company’s activities.

### Criterion 9.1: Occupational Health and Safety (OH&S) policy

The operating company implements and maintains an OH&S policy applicable to all workers present in any area under its control. The policy recognises the rights of workers and the obligations of employers concerning OH&S.

#### Threshold:

9.1.1. The operating company has published a formal OH&S policy that:

- a. Is in accordance with ILO Convention 155 and with national laws and regulations;
- b. Provides a clear indication of its objectives and plans for OH&S;
- c. Is endorsed by senior management;
- d. Is applicable to all workers that are affected by its activities.

9.1.2. The policy recognises the rights of workers to a healthy and safe working environment in accordance with the obligations specified in ILO Convention 155.

9.1.3. The policy includes an explicit commitment to comply with all applicable laws and regulations in relation to worker health and safety.

#### Target:

9.1.4. The policy has been formally endorsed by the operating company’s joint health and safety committee, or equivalent (see 9.3.1, below).

**Comments/questions for consultation:**
Criterion 9.2: OH&S management system

The operating company implements an OH&S management system.

Threshold:

9.2.1. The operating company implements a documented OH&S management system that has been developed with the participation of the operating company’s workers, and that covers the full scope of its activities.

9.2.2. The OH&S management system includes a formal process for identifying all applicable laws and regulations in relation to worker health and safety, and for ensuring that relevant requirements are effectively implemented.

9.2.3. The OH&S management system includes documented procedures to:
   a. Identify and assess potential health risks and hazards to workers, including those that may be life-threatening, on a continuous basis;
   b. Implement preventive and protective measures, including modification, substitution or elimination of hazardous conditions or substances as needed;
   c. Define safety standards;
   d. Regularly train workers on OH&S-related matters;
   e. Document and report occupational accidents, diseases and incidents on an ongoing basis.

9.2.4. The implementation of the OH&S management system is integrated with the activities of the operating company’s joint health and safety committee or equivalent (see 9.3.1, below).

9.2.5. The OH&S management system specifies a mechanism for the review of health and safety performance (see also 9.4, below) including, as a minimum, a documented procedure to investigate and assess any fatalities, lost time injury incidents, work-induced medical treatment cases, and the identification and recording of proposed measures to prevent similar incidents re-occurring in the future.

9.2.6. The operating company is formally committed to ensuring that its OH&S management system meets internationally recognised standards and guidelines such as ISO 45001:2018 Occupational health and safety management systems - Requirements with guidance for use.

Target:

9.2.7. The operating company is certified as meeting the requirements of internationally recognised standards such as ISO 45001:2018 Occupational health and safety management systems - Requirements with guidance for use, by an SA8000 accredited certification body.
Health risks include risks that usually show their impact after a longer period of time, such as asthma or hearing loss.

ISO 45001 has been designed to take account of the requirements of OHSAS 18001, which was withdrawn on publication of ISO 45001. Organizations currently certified to OHSAS 18001 will have a three-year period to upgrade to ISO 45001.

The reference to an SA8000 accredited certification body is intended to ensure that certification is carried out by a body with specialist competence in the auditing of obligations relating to worker rights, including health and safety obligations. A list of currently accredited certification bodies is published at: http://www.saasaccreditation.org/?q=node/65.

Consultation Questions:

Is the reference to SA8000 accredited certification bodies appropriate? Would a reference to ISAE 3000 (standard for assurance over non-financial information) be more appropriate?

Regarding certification of conformity with ISO 45001: Would reference to a certification body accredited by a national accreditation body instead of an international one to be considered sufficient?

Criterion 9.3: Employee engagement on OH&S

The operating company trains and educates workers on OH&S-related matters and has an effective, formal mechanism for workers to raise and discuss OH&S issues with management.

Threshold:

9.3.1. The operating company has established and maintains a formal body, such as a joint OH&S committee or equivalent, involving both workers’ representatives and company management, that ensures effective worker consultation and participation in matters relating to OH&S.

9.3.2. The body and how to approach it is regularly communicated to workers in a clear and understandable manner.

9.3.3. Members of the OH&S committee (or equivalent) are regularly trained to ensure their competence in relation to issues of worker health and safety.

9.3.4. There is a documented OH&S training programme that includes:
   a. Formal training needs analysis, including consideration of required skills and competencies;
   b. Risk-based training;
   c. Training on worker roles and responsibilities in health and safety-related matters;
   d. Orientation training for all workers and visitors;
9.3.5. The training programme is updated annually and performance is tracked.

9.3.6. Resources are annually assigned to enable implementation of the training programme.

9.3.7. Trainees and trainers are assessed for competency.

9.3.8. Training is designed to ensure that hazards and health risks are identified and reported, focusing on prevention and proactive measures.

**Target:**

No targets are currently specified under this Criterion, on the basis that the requirements are all reasonable threshold requirements.

**Comments/ questions for consultation:**

**Criterion 9.4: OH&S performance**

The operating company monitors and discloses key aspects of its OH&S performance and works to improve it over time.

**Threshold:**

9.4.1. The operating company specifies mandatory requirements for workers to report OH&S incidents and near misses and provides safe means for doing so, without fear of reprisal.

9.4.2. The operating company records the results of occupational health risk assessments.

9.4.3. The operating company maintains accurate and up-to-date records relating to health and safety incidents, including as a minimum:
   
   a. Fatalities;
   
   b. Lost time injuries;
   
   c. Medical treatment cases.

9.4.4. The operating company has established a target of zero lost-time injury incidents.

9.4.5. The operating company’s OH&S performance is formally reviewed on a regular basis by its joint health and safety committee, or equivalent. The operating company acts upon the results of the review, demonstrating continuous improvement in providing a healthy and safe working environment.

9.4.6. The operating company publicly discloses key aspects of its OH&S performance, including at least the performance measures specified in 9.4.2 above, on an annual basis, normalised per million hours worked.
Target:

9.4.7. The operating company’s OH&S performance is independently certified by an SA8000 accredited body to ensure accuracy and reliability.

9.4.8. The operating company has no lost-time injury incidents (zero harm) in the preceding 12-month period.

9.4.9. The operating company has no workplace fatalities in the preceding 12-month period.

Comments/ questions for consultation:

Fatality: accidental death at workplace

Lost time injury: an injury that prevents a person from returning to his or her next scheduled shift or work period (including fatalities)

Medical treatment case: a workplace injury requiring treatment by a medical professional.

Health and safety incident: an incident resulting in a lost time injury or medical treatment case.

The establishment of a zero harm goal formalises the objective of the health and safety system and represents ideal performance. This does not mean that a site would lose its certified status in the event of a lost-time injury or fatality. It could, however, mean that a site loses the highest level of certification, depending on the ResponsibleSteel specifications for scoring intermediate levels of performance between the threshold and the target levels (to be defined). Is this a sensible approach?

A mechanism for ongoing review and continuous improvement is covered in Criterion 9.2, above.

Criterion 9.5: Compensation for work-related injuries or illness

Workers are provided with compensation for work-related injuries or illness.

Threshold:

9.5.1. In countries in which compensation for work-related injury or illness is not provided through a government scheme or collective bargaining agreement:

- The operating company provides compensation to workers for a work-related injury or illness at a rate that, at a minimum, covers medical expenses as well as wages during the recovery and rehabilitation period.

- If a worker is not able to return to work due to the severity of a work-related injury or illness, the operating company provides compensation for lost earnings until the worker qualifies for an adequate pension.

- If an occupational illness connected to the worker’s employment by the operating company manifests after a worker has retired, the operating company compensates the worker for medical
d. If a worker dies as a result of a work-related injury or disease, the operating company, at minimum, provides spouses and dependent children benefits to cover funeral expenses and transportation of the worker’s body, if appropriate, as well as compensation that is equal to or greater than three months’ salary of the deceased worker.

**Target:**

No targets are currently specified under this Criterion, on the basis that the requirements are all reasonable threshold requirements.

**Comments/questions for consultation:**

**Criterion 9.6: Workplace hygiene**

The operating company’s workplace facilities are clean, safe and hygienic.

**Threshold:**

9.6.1. The operating company ensures that workers are provided with:

   a. A clean and hygienic workplace;
   b. Safe and accessible drinking water, free of charge;
   c. Sanitary facilities for food storage;
   d. Appropriate, clean areas for meal breaks, separated from the production environment, and equipped at least with chairs/benches and tables;
   e. Clean and hygienic washing and toilet facilities commensurate with the number and gender of workers.

9.6.2. If workers are provided with on-site housing, the operating company ensures that such housing is maintained to a reasonable standard of safety, repair, and hygiene, and is provided with sufficient and proper sanitation facilities, potable water, and access to an adequate power supply.

**Target:**

No targets are currently specified under this criterion, on the basis that the requirements are all reasonable threshold requirements.

**Comments/questions for consultation:**

Note that emergency response planning, applicable to both workers and communities is covered.
under Principle 7.

4.10 **Principle 10. Legacy issues**

**Principle 10: Legacy Issues**

ResponsibleSteel operating companies recognise that their responsibilities to workers, local communities and the environment extend beyond closure and are committed to mitigating adverse impacts of site closure.

**Comments/ questions for consultation:**

**Criterion 10.1: Closure, decommissioning and divestment**

The operating company makes sure that short and long-term environmental, social, economic and governance implications of closure, decommissioning and divestment are minimised.

**Threshold:**

10.1.1. The operating company has a public commitment to manage closure and post-closure transition in a manner that ensures ecological restoration and continued economic and social viability of communities that host, neighbour or send labour to the operating company.

10.1.2. The operating company maintains closure and post-closure plans that:

- a. Have been developed and are regularly updated in consultation with workers, local government and affected communities;
- b. Include cost and timeline estimates;
- c. Address potential economic, social and governance implications through avoidance and mitigation strategies;
- d. Aim at restoring ecosystems and habitats to their prior state or ensuring that value is added to ecosystems and habitats in accordance with community wishes and/or regulatory requirements;
- e. Include specifications for the post-closure monitoring and maintenance of strategy implementation and ecological restoration activities;
- f. Contain mechanisms for contingency and response planning and implementation.

10.1.3. The operating company consults with local governments and affected communities on financial assurance arrangements, provides financial assurance that is sufficient for implementing its closure and post-closure plans, guarantees that the funds will be available irrespective of the operating company’s finances at the time of closure or potential bankruptcy, and regularly reviews financial assurance.
arrangements to ensure they continue to be adequate.

10.1.4. The operating company publishes its closure and post-closure plans and financial assurance arrangements.

10.1.5. The operating company applies the FPIC process where indigenous peoples are present (7.3).

Target:

10.1.6. The operating company’s closure and post-closure plans are reviewed for adequacy and feasibility by independent acknowledged experts when they have been drawn up and when necessary due to major changes to operations. The results of the reviews are published.

10.1.7. The operating company’s closure and post-closure financial assurance arrangements are reviewed for adequacy and feasibility by independent analysts when they have been made and recalculated and reviewed when necessary due to major changes to operations. The results of the reviews are published.

10.1.8. The operating company works with communities to draw up plans for long-term economic development.

Comments/ questions for consultation:
Annex ONE


For the supply of raw materials, ResponsibleSteel is committed to recognise the provisions of independent standards and certification schemes that provide a credible basis for determining performance against the ResponsibleSteel principles and criteria. ResponsibleSteel is currently working with the Mining Association of Canada (MAC) and the Initiative for Responsible Mining Assurance (IRMA) to determine how ResponsibleSteel could use the outputs of their respective assurance programmes as the basis for such recognition. Once a model has been developed and tested, ResponsibleSteel is open to evaluating and recognising other programmes in addition to MAC and IRMA that may be able to provide equivalent assurances for one or more types of raw material.

The following table is provided as a provisional illustration of the proposed approach.

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Performance Measures</th>
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<tbody>
<tr>
<td><strong>Threshold:</strong></td>
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<tr>
<td>Certification at Level X according to the MAC-TSM standard, OR</td>
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<tr>
<td>Certification at Level Y according to the IRMA standard</td>
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<tr>
<td><strong>Target:</strong></td>
<td></td>
</tr>
<tr>
<td>Certification at Level X according to the MAC-TSM standard, OR</td>
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<tr>
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<tr>
<td><strong>Etc.</strong></td>
<td><strong>Etc.</strong></td>
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Annex TWO
Calculation of the Operating Company’s Overall Score for the Sourcing of Its Raw Materials

In accordance with the requirements of section 2 of this standard, the operating company has documented and classified all raw materials it uses for steelmaking.

Each unique source of raw material is scored for each criterion as follows:

- If the source of origin is unknown, the score for all criteria is 0;
- If the source of origin is known, but is not certified to a programme recognised by ResponsibleSteel, the score for all criteria is 20;
- If the source of origin is known, and the source has been certified to a programme recognised by ResponsibleSteel, the criterion is scored as:
  - 40 if not all performance measures of the threshold level have been achieved;
  - 60 if all performance measures of the threshold level have been achieved;
  - 80 if all performance measures of the threshold level have been achieved, plus some of the performance measures of the target level;
  - 100 if all performance measures of the threshold as well as the target level have been achieved.

Note: At this time, the scoring does not take account of whether the raw material is considered high, intermediate or low risk. This will be taken into account once the model for risk assessment is clarified.

The operating company shall use the most up-to-date data on the certified site’s level of performance, rather than the data that was current at the time the raw material was produced or supplied.

The operating company calculates the overall score for each criterion, as the average score for the criterion for all the material supplied over the previous twelve-month period, weighted according to the amount of the material supplied from each unique source.

In the case of processed materials, it is proposed that a conversion factor will be specified by ResponsibleSteel, to ensure that materials are treated on a comparable basis for the purpose of calculating weighted scores. For example, if pig iron was brought in to a site as a raw material for steelmaking, the applicable conversion factor would be related to the quantity of raw materials (e.g. iron ore, coal, limestone) required for the production of the pig iron, and not simply to the quantity of pig iron itself.