Members & Associates Day
WELCOME

Matthew Wenban-Smith
Executive Director, ResponsibleSteel
Attendees are kindly reminded that ResponsibleSteel™ is committed to complying with all relevant antitrust and competition laws and regulations and, to that end, has adopted an Antitrust Policy, compliance with which is a condition of continued ResponsibleSteel™ participation. Failure to abide by these laws can have extremely serious consequences for ResponsibleSteel™ and its participants, including heavy fines and, in some jurisdictions, imprisonment for individuals. You are therefore asked to have due regard to this Policy today and in respect of all other ResponsibleSteel™ activities.
Agenda

- The ResponsibleSteel Vision & Mission
- The ResponsibleSteel Standard: progress report and next steps

Coffee

- ResponsibleSteel Claims
- Governance
- 2019 Planning Update

Buffet Lunch
Vision
Steel’s contribution to a sustainable society is maximised.

Mission
To enhance the responsible sourcing, production, use and recycling of steel by:

- Providing a multi-stakeholder forum to build trust and achieve consensus;
- Developing standards, certification and related tools;
- Driving positive change through the recognition and use of responsible steel.
(old version – from August 2017)

Vision

Steel’s contribution to a sustainable society is maximised.

- All steel worldwide is sourced and produced responsibly

Steel’s contribution to a sustainable society is maximised when all steel worldwide is sourced and produced responsibly.
Vision

Steel’s contribution to a sustainable society is maximised.

- All steel worldwide is sourced and produced responsibly
- Steel is used efficiently
- The use of recycled steel is maximised

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

Progress and next steps
Members & Associates Day
ResponsibleSteel Claims

Review and discussion of proposals and options
**Claims by ResponsibleSteel™ certificate holders**

- **Level 1: Good**
  - Threshold

- **Level 2: Better**

- **Level 3: Best**

**Target**

- “ResponsibleSteel certified site”: when site meets threshold level of performance, and raw material sourcing system is in place

- “ResponsibleSteel certified steel”: when site at threshold level or above, plus raw material sourcing performance at threshold or above

- Performance measures can be reported for each criterion, for steelmaking as well as raw materials

- Overall performance determines level of certification that can be claimed for both site and steel produced – Level 1, 2 or 3.
Claims supported by use of ResponsibleSteel™ Logos

- ResponsibleSteel™ Member
- ResponsibleSteel™ Certified Site: (steelmakers only)
- ResponsibleSteel™ Certified Steel: (steelmakers and downstream users)
- Also: Technical Partner, not shown
ResponsibleSteel™ Members

**Proposition**
- ResponsibleSteel™ Members can use the Member Logo
- They help ResponsibleSteel™ achieve its goals through:
  - Their public support for ResponsibleSteel™, its Standards and goals,
  - Their financial contribution,
  - Their participation in standards development
  - Their membership commitments

- They achieve value through:
  - Demonstration of leadership
  - Demonstration of commitment to customers that they are actively engaged on issues
  - Value of association with brand

Only steelmaking members may use the RS Member logo?
Proposition:
• ResponsibleSteel™ certified sites can use the Certified Site Logo
• Certified sites help ResponsibleSteel™ achieve its goals by:
  • Carrying out risk assessment of their raw material supplies
  • Policy and procedures to eliminate high risk sources of material in supply chain
  • Meeting threshold level ResponsibleSteel™ Standard requirements at the site level
• Certified sites achieve value as:
  • Demonstration of commitment to customers that they are actively engaged on issues
  • Meeting basic customer and procurement specifications
  • Value of association with brand

NB: only applicable to steelmaking sites.
Only ResponsibleSteel Members can apply for certification?
ResponsibleSteel™ Certified Steel

Proposition:

• Steelmakers and users of certified ResponsibleSteel steel can use the Certified Steel Logo
• Producers and users of ResponsibleSteel™ Certified Steel help ResponsibleSteel™ achieve its goals by:
  • Eliminating high risk sources in their supply chain
  • Meeting requirements for higher performance levels for both site management and sourcing over time, as required by customers
• They achieve value as:
  • Demonstration of commitment to customers that they are actively engaged on issues
  • Meeting higher level customer and procurement specifications
  • The value of the brand to promote products made from or containing certified steel.

Only ResponsibleSteel Members can apply for certification?
Governance

Governance Model: current and proposed

Timeline for implementation of new Constitution
New governance model agreed in principle, in discussion with stakeholders | 2017
---|---
Process and timeline for establishing new model discussed with current SSC members and prospective members | now
Jurisdiction for establishment of legal entity determined | 2019 Q1
New constitution (and associated by-laws or equivalent) drafted as required for the agreed jurisdiction | 2019 Q2
Legal establishment of new entity/ approval of new constitution: EGM | 2019 June
Transfer of IP etc to new entity/ies, if required | 2019 Q3, Q4
Existing SSC membership transitions to new/ revised structure (e.g. formal application & approval process) | 2019 Q3, Q4
Board elected under rules of new structure. | 2019 Q4
Planning Update

Governance

Stakeholder engagement

Standards
• Steelmaking
• Application to Mining

Assurance

Claims

Launch event
Members & Associates Day
The ResponsibleSteel standard: Progress and next steps

16 October 2018
Standard development to date

- **Mid-2017**
  - Straw man standard based on stakeholder conversations and screening of other initiatives
  - Review of other initiatives
  - Discussions with members and stakeholders

- **Mid-2018**
  - Public consultation

- **Now**
  - Feedback review and focused stakeholder meetings

Mining
Downstream
Supply chain
Social
Others
10 principles

1. Business Integrity
2. Climate Change and Greenhouse Gas Emissions
3. Emissions, Effluent, Waste
4. Water Stewardship
5. Biodiversity and Ecosystem Services
6. Human Rights
7. Local Communities
8. Labour Rights
9. Occupational Health and Safety
10. Legacy Issues
Stakeholder consultation: No. of comments

- Business Integrity: 40 comments
- Climate Change and GHG: 120 comments
- Emissions, Effluent, Waste: 60 comments
- Water Stewardship: 40 comments
- Biodiversity / Ecosystem Services: 80 comments
- Human Rights: 20 comments
- Local Communities: 60 comments
- Labour Rights: 80 comments
- Occupational Health & Safety: 40 comments
- Legacy issues: 0 comments
Stakeholder consultation: Groups

- 24% Industry
- 19% Industry association
- 14% Intergov. organisation
- 19% NGO
- 5% Union
- 5% Consulting
- 9% Downstream
- 5% Assurance Provider
Stakeholder consultation: Countries

- Australia: 24%
- Canada: 9%
- France: 14%
- Germany: 14%
- India: 14%
- Japan: 5%
- Mexico: 5%
- Sweden: 5%
- Switzerland: 5%
- United Kingdom: 5%
Overarching feedback

- **Scope**: Clarify that 10 principles apply to steel making, mining addressed through others
- **Existing sites**: Clarify that standard applies to existing sites
- **Term “All”**: Strike balance between effectiveness and efficiency
- **Definitions**: Remove subjectivity and ensure all on the same page
- **Verification**: Independent certification vs. independent experts
- **Reporting**: Review use of “public reporting” and clarify what “public” means
- **References to other initiatives**: Consider auditing effort
Climate Change and GHG

- **Paris Agreement**: Consensus to reference it and align wording
- **Sectoral target based on science**: Consensus, but how to define target needs to be discussed
- **TFCD**: Some agreement, 2 out of 4 disclosures to be expected for certification at threshold level, 4 at target
- **Site-level programme on GHG reduction**: Time horizon under discussion. 5, 10, 20 years? BAT and top quartile: Work to be done to get the data for this
Emissions, effluents, waste

- **Zero waste target**: Change to “zero waste to landfill”
- **Scope**: Clarify what kind of sites requirements refer to

Water stewardship

- **Stewardship**: Consider context-related targets that look beyond site gate to take account of wider impact
Biodiversity and Ecosystem Services

- **Ecosystem services**: Complex and difficult to implement
- **Protected areas**: Link more closely to IUCN resolution?

Local communities

- **Grievance mechanism and Resettlement**: Stronger focus on quality needed
Labour Rights

- **Cost of living**: Complex to calculate, use maybe minimum expenditure basket

Occupational Health & Safety

- **Zero lost-time injury**: Incentivises non-reporting, use severe incident rate instead
Some other open questions

- **Artisanal and small-scale mining**: Risk assessment and outreach to other standard initiatives such as ARM
- **Suppliers of goods and services** used for steelmaking: Risk assessment. If not high risk, not considered. Contracted workers always in (principle 8)
- **Transport**: Review of impacts, then decide. Risk assessment
Need to stress our current focus

Mission

To enhance the responsible sourcing, production, use and recycling of steel by:

• Providing a multi-stakeholder forum to build trust and achieve consensus
• Developing standards, certification and related tools
• Driving positive change through the recognition and use of responsible steel
Communicate scope and application better

Applies to steel making sites for entry level certification

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

<table>
<thead>
<tr>
<th>Target</th>
<th>Long-term ambitious level</th>
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<tbody>
<tr>
<td></td>
<td>To differentiate high performers</td>
</tr>
<tr>
<td></td>
<td>Not mandatory</td>
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</table>

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Minimum credible bar</th>
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<tbody>
<tr>
<td></td>
<td>Allows for broad participation</td>
</tr>
<tr>
<td></td>
<td>Needs to be met for “entry level” certification</td>
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</table>
### Different levels of certification

<table>
<thead>
<tr>
<th>Certification</th>
<th>Steelmaking site</th>
<th>Raw material sourcing</th>
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</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entry</td>
<td>Threshold level</td>
<td>Implementing action plan to identify and mitigate risks</td>
</tr>
<tr>
<td>Relies on incentives such as market demand and peer pressure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bronze</td>
<td>Higher performance for some criteria</td>
<td>All high-level risks addressed</td>
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<tr>
<td>Silver</td>
<td>Higher performance for more criteria</td>
<td>Threshold achieved for all raw material supplies</td>
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<tr>
<td>Gold</td>
<td>Yet higher performance (e.g. most or all target levels)</td>
<td>Higher performance for raw material supplies</td>
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</table>
Entry level certification

Sites of origin and processing known?

Yes

Analyse social and environmental risk (e.g. RRA)

No

Analyse social and environmental risk of material (worldsteel)

Start addressing high risks
### worldsteel methodology

- ESG issues publicly associated with material production globally

<table>
<thead>
<tr>
<th>Mineral / Material</th>
<th>% global production consumed by the steel industry</th>
<th>Price Volatility</th>
<th>% of global production through ASM</th>
<th>CHILD labour / forced labour</th>
<th>Dodd-Frank “conflict minerals”</th>
<th>Conflict with Indigenous Peoples</th>
<th>Corruption index for top producer countries</th>
<th>Lack of Rule of Low index for top producer countries</th>
<th>Poverty index for top producer countries</th>
<th>CO2 emissions attributable to material production</th>
<th>Ore typically co-located with NORM</th>
<th>Worker Health and Safety Risks</th>
<th>Threats to biodiversity</th>
<th>Proportion from Dodd- Frank “conflict countries”</th>
<th>Conflict prevalence in producing countries</th>
<th>Acid Mine Drainage (Sulphur Oxide)</th>
<th>Topicality</th>
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</tbody>
</table>
Silver level certification

Threshold for all raw material supplies

MAC-TSM

How do we know if this is achieved?

IRMA

Comparison of standards
## Comparison of standards

<table>
<thead>
<tr>
<th>ResponsibleSteel threshold</th>
<th>MAC-TSM</th>
<th>IRMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1.1. There is a published <strong>human rights policy</strong> reflecting the operating company’s commitment to the UN Guiding Principles on Business and Human Rights.</td>
<td>None (due to strong Canadian law)</td>
<td>1.3.1.1. The operating company shall adopt a policy commitment that includes an acknowledgement of its responsibility to respect all internationally recognized human rights. 1.3.1.2 ...policy... shall be publicly available...</td>
</tr>
</tbody>
</table>

**responsiblesteel.org**
Programme development timeline

- **Q4 2018**: Stakeholder meetings, standard review, claims for steel makers, test audit
- **Q1**: Public consultation, focus groups
- **Q2**: Guidance, field tests, scoring, recognition of other standards, assurance
- **Q3**: Assurance and standard final
- **Q4 2019**: Member approval and board ratification of standard