ResponsibleSteel Draft Standard
Version 3.0
11 February 2019
About this document

This document is the third draft in the development of the ResponsibleSteel standard. It describes the requirements for the responsible sourcing and production of steel that have to be met by all operating companies seeking ResponsibleSteel certification.

The standard defines requirements that must be met to support two distinct types of claim: The first type of claim is that the operating company meets the requirements necessary to claim that its site is a ResponsibleSteel certified site. The second type of claim is that the operating company meets the requirements necessary to claim that the steel it produces is ResponsibleSteel certified steel.

The requirements that the operating company must meet to claim that the steel it produces is ResponsibleSteel certified steel are more demanding than those required to claim that its site is certified, both in relation to the sourcing of the raw materials the steel is made from, and in relation to the site’s performance in reducing its emissions of greenhouse gases. These two issues – responsible sourcing and limiting greenhouse gas emissions in line with the goals of the Paris Agreement – are considered to be of fundamental importance, as well as being the most difficult for operating companies to achieve.

Note that this draft version of the ResponsibleSteel standard is not endorsed or recommended in any way by the ResponsibleSteel Board, its Standards and Assurance Committee, or by the ResponsibleSteel members. It has been drafted by the ResponsibleSteel Secretariat and is being put out to solicit comments from stakeholders. The document has been prepared as the basis for stakeholder review and comment within a process that is designed to 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-draft-standard-3-consultation and add your comments online.

For further information about the standard development 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>
</tr>
</thead>
<tbody>
<tr>
<td>Draft version 1.0</td>
<td>February 2017</td>
<td>‘Straw man’ standard including 10 principles and criteria</td>
</tr>
<tr>
<td>Draft version 2.0</td>
<td>01 June 2018</td>
<td>Added requirements (sections 1-3)</td>
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<tr>
<td></td>
<td></td>
<td>Reviewed principles and criteria and added threshold and target levels of performance (section 4)</td>
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<td>Released for 60-day public consultation</td>
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<tr>
<td>Draft version 3.0</td>
<td>11 February 2019</td>
<td>Restructured</td>
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<tr>
<td></td>
<td></td>
<td>Revised principles, criteria and requirements</td>
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<tr>
<td></td>
<td></td>
<td>Definitions and guidance added</td>
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<td>Released for 60-day public consultation</td>
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</tbody>
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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.
Criterion 10.1: Commitment to local communities
Criterion 10.2: Local community engagement
Criterion 10.3: Free, Prior and Informed Consent (FPIC)
Criterion 10.4: Local community well-being
Criterion 10.5: Cultural heritage
Criterion 10.6: Displacement and Resettlement
Criterion 10.7: Conflict-affected and high-risk areas

**Principle 11. Labour Rights**
Criterion 11.1: Child and juvenile labour
Criterion 11.2: Forced or compulsory labour
Criterion 11.3: Non-discrimination
Criterion 11.4: Disciplinary practices
Criterion 11.5: Association and collective bargaining
Criterion 11.6: Communication and engagement
Criterion 11.7: Communication of terms of employment
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Criterion 11.10: Worker well-being

**Principle 12. Occupational Health and Safety**
Criterion 12.1: Occupational Health and Safety (OH&S) policy
Criterion 12.2: OH&S management system
Criterion 12.3: Employee engagement on OH&S
Criterion 12.4: Emergency preparedness and response
Criterion 12.5: Compensation for work-related injuries or illness
Criterion 12.6: Safe and clean workplaces
Criterion 12.7: OH&S performance

Annex 1: ResponsibleSteel Standard Terms of Reference
Annex 2: The steel sector’s core raw materials
Annex 3: ResponsibleSteel Recognition of Raw Material Assurance Programmes
Annex 4: References (preliminary)
Annex 5: Glossary of Key Terms
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. Discussions on addressing these challenges led to the formal establishment of ResponsibleSteel in 2016.

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

ResponsibleSteel’s vision is that steel’s contribution to a sustainable society is maximised. Its mission is 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.

This standard focusses on the responsible sourcing and production of steel.

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, there is no global standard, applicable to the whole steel sector and designed to meet the needs and expectations of the sector’s business as well as civil society stakeholders through the implementation of a formal multi-stakeholder process.

Having determined the need for a new standard, ResponsibleSteel reviewed the content of existing systems, including standards focused on mining, different types of steel and aluminium production, as well as a number of topic-specific standards, specifications, frameworks and guidelines developed by various stakeholders including downstream companies and intergovernmental organisations.

Following this review, the ResponsibleSteel Secretariat consulted with stakeholders on a rough ‘straw man’ standard, released in February 2017. Another more comprehensive review of existing relevant standards, specifications, frameworks and guidelines resulted in the second draft version of the ResponsibleSteel standard. This second draft was published for consultation in June 2018 for 60 days to seek feedback and input from a diverse range of stakeholders.

Feedback from the first round of public consultation and from a number of stakeholder meetings led to the development of the third draft version of the ResponsibleSteel standard, which is detailed in this document and was released for public consultation on 11 February 2019.

For further information, please see: www.responsiblesteel.org/draft-standard/
Overview of the ResponsibleSteel Standard

The ResponsibleSteel standard provides a framework for steelmaking sites, their suppliers of raw material, downstream customers and other stakeholders to manage governance, environmental and social impacts along the value chain.

The standard applies to existing steelmaking sites and the entity seeking ResponsibleSteel certification is referred to as the 'operating company'. However, some of the standard's requirements need action or reporting from the operating company's corporate owners and an operating company's commitment to achieving ResponsibleSteel certification also has implications for their suppliers of raw material, through procurement.

In this standard, 'site' refers to the physical site under management or control by the operating company. A single site may consist of multiple processing facilities and related plants for the integrated production of steel (for example coke ovens, sinter or pellet plants, furnaces, rolling mills and coating facilities), or may consist of freestanding facilities for the production of specific products for steelmaking, such as coke or pig iron. In all cases, the specific scope and boundaries for assessment will be defined at the time of applying for certification, and the requirements of the standard will be applicable to all the facilities within the site.

All requirements of the standard apply to all sites, with the following exceptions:

- Principle 4, Criterion 4.6 and Principle 5, Criterion 5.6 apply specifically to the potential to make product claims about the production of ResponsibleSteel certified steel. Upstream sites that do not produce steel will not be able to meet these requirements and will not be eligible to make any claims about the certified status of their product.

- Principle 5, Criterion 5.1 applies only to the corporate owners of operating companies for sites producing pig iron and/or crude steel. Similarly, those requirements of Criteria 5.3, 5.4, 5.5 and 5.6 that apply specifically to the production of crude steel are not applicable to sites where crude steel production does not take place.

In some cases, specific requirements will not be relevant at particular sites. For example, where there are no indigenous peoples in the site’s area of influence, the requirements asking for consultation with indigenous peoples will not be relevant. Criterion 2.2 specifies that sites should review all ResponsibleSteel requirements before implementation to identify those that are not relevant.

Note that the ResponsibleSteel standard does not apply to service suppliers, except for recruitment and employment agencies which are covered under principles 11 (Labour Rights) and 12 (Occupational Health and Safety). Energy and water suppliers are considered to some extent through the requirements in principles 5 (Climate Change and Greenhouse Gas Emissions) and 7 (Water Stewardship).
1. **Principles and Criteria**

ResponsibleSteel operating companies are committed to twelve principles for the responsible sourcing and production of steel. Each principle is the basis for a number of criteria and underlying requirements. To become certified to ResponsibleSteel, operating companies have to demonstrate that they achieve the requirements of the principles and criteria. 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: Management Systems**
ResponsibleSteel operating companies are committed to sound management of their governance, environmental and social processes.

**Principle 3: Stakeholder Communication and Engagement**
ResponsibleSteel operating companies openly report on matters related to their responsible business policies and enable stakeholders to engage effectively with them.

**Principle 4: Responsible Sourcing**
ResponsibleSteel operating companies are committed to increasingly source from raw material suppliers that can demonstrate sound governance, environmental and social performance.

**Principle 5: Climate Change and Greenhouse Gas Emissions**
ResponsibleSteel operating companies and their corporate owners are committed to reducing Greenhouse Gas (GHG) emissions in line with the global goals of the Paris Agreement, and are taking all necessary actions to achieve this.

**Principle 6: 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 7: Water Stewardship**
ResponsibleSteel operating companies are good water stewards.

**Principle 8: Biodiversity and Ecosystem Services**
ResponsibleSteel operating companies protect and conserve biodiversity and maintain the benefits of ecosystem services.
Principle 9: Human Rights
ResponsibleSteel operating companies respect human rights and contribute to community wellbeing.

Principle 10: Local Communities
ResponsibleSteel operating companies respect the rights and interests of local communities and indigenous peoples and avoid and minimise adverse impacts.

Principle 11: Labour Rights
ResponsibleSteel operating companies respect the rights of workers and support worker wellbeing.

Principle 12: Occupational Health and Safety
ResponsibleSteel operating companies provide safe and healthy working conditions for all workers.

The ResponsibleSteel standard aligns with a number of recognised international guidelines and standards and thus provides synergies to operating companies that already work towards these guidelines and standards:

- OECD Due Diligence Guidance for Responsible Business Conduct.
2. Requirements

The ResponsibleSteel standard describes a number of requirements for each criterion. The requirements are intended to represent a credible level of performance that merits the recognition and endorsement of ResponsibleSteel stakeholders while being achievable for committed steelmakers and their suppliers in developed and developing countries. An operating company is certified when it achieves all requirements across all criteria.

The standard defines requirements that must be met to support two distinct types of claim: The first type of claim is that the operating company meets the requirements necessary to claim that its site is a ResponsibleSteel certified site. The second type of claim is that the operating company meets the requirements necessary to claim that the steel it produces is ResponsibleSteel certified steel.

The requirements that the operating company must meet to claim that the steel it produces is ResponsibleSteel certified steel are more demanding than those required to claim that its site is certified, both in relation to the sourcing of the raw materials that certified steel is made from, and in relation to the site’s performance in reducing its emissions of greenhouse gases. These two issues – responsible sourcing, and limiting greenhouse gas emissions in line with the goals of the Paris Agreement – are considered to be of fundamental importance to the responsible sourcing and production of steel, as well as being the most difficult for operating companies to achieve. For these issues, the ResponsibleSteel standard differentiates between three levels of performance – for now referred to simply as ‘Product Level 1’, ‘Product Level 2’ and ‘Product Level 3’. The requirements for these different levels of certification are specified in principle 4 (Responsible Sourcing), and Principle 5 (Climate Change and Greenhouse Gas Emissions). The intent is that downstream demand (including demand generated by downstream standards such as those for green building and public procurement specifications, as well as those of private sector corporate customers), peer and civil society pressure will generate incentives to encourage progress from Site-Level Certification through to Product Level 3.

ResponsibleSteel believes that this approach, in which both the achievement of the requirements and the continued improvement towards higher levels of performance are recognised and rewarded, is the most effective way to achieving its global mission.

3. Sourcing of Raw Materials

An operating company’s commitment to the ResponsibleSteel principles extends both to its steel production and to its 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 addresses these impacts through the recognition and support of existing programmes where these are credible and aligned with ResponsibleSteel’s principles and criteria.

To this end, ResponsibleSteel will recognise programmes for the production or processing of relevant raw materials as the basis for determining whether raw material suppliers meet the ResponsibleSteel requirements. ResponsibleSteel is implementing a project with the ‘Initiative for Responsible Mining Assurance’ (IRMA) and
the Mining Association of Canada (MAC)'s 'Towards Sustainable Mining' (TSM) programme to develop and test this approach prior to the finalisation of the ResponsibleSteel standard (see also Annex 3).

ResponsibleSteel’s approach to the assessment of raw materials aligns with the ‘OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas’ and with the ‘OECD Due Diligence Guidance for Responsible Business Conduct’ to create synergies for operating companies aiming to demonstrate compliance with the OECD Due Diligence requirements. In line with this approach, ResponsibleSteel requires that operating companies achieve the following to become certified:

- Establish greater transparency in their upstream supply chains;
- Carry out an assessment of potential adverse impacts for the raw materials they use in steelmaking and for their raw material suppliers, starting with the core raw materials (see Annex 2);
- Start implementing time-bound action plans to address identified adverse impacts.

These requirements cover steps 1 and 2 of the OECD Due Diligence requirements and some of step 3, and are required for all operating companies in order to achieve ResponsibleSteel site certification. The remaining steps to implement OECD Due Diligence requirements are included in the ResponsibleSteel standard as requirements to achieve certification at Product Level 1. This level of achievement is required before a certified site can make any claims about the certified status of the steel it produces.

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, as described in Annex 3.

4. 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 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. Transportation by truck or rail will also have environmental and social impacts that may be influenced by the steel sector.

Draft 3.0 of the ResponsibleSteel standard treats transportation as a potential source of adverse environmental or social impact in relation to the sourcing of raw materials (Principle 4). As such, operating companies would be required to consider such impacts associated with particular sources of raw materials as part of their raw material risk assessment, and in case of issues of concern would be required to address and resolve those issues.
The standard does not currently specify requirements applicable to the transportation of raw materials for the purpose of calculating greenhouse gas emissions.

5. Reporting and Claims

The ResponsibleSteel standard specifies requirements for public reporting associated with specific principles, including those in relation to Stakeholder Communication and Engagement (Principle 3), Raw Material Sourcing (Principle 4) and Greenhouse Gas emissions (Principle 5).

As noted above the standard defines requirements that must be met to support two distinct types of certification claim. The first type of claim is that the operating company meets the requirements necessary to claim that its site is a ResponsibleSteel certified site. The second type of claim is that the operating company meets the requirements necessary to claim that the steel it produces is ResponsibleSteel certified steel. For the latter type of claim, the standard differentiates between three levels of performance – ‘Product Level 1’, ‘Product Level 2’ and ‘Product Level 3’. Requirements for these different types of claim are summarised in the table below.

Specifications for further claims by downstream users of steel sourced from ResponsibleSteel certified sites, and/or of ResponsibleSteel certified steel, are still to be developed.

<table>
<thead>
<tr>
<th>Certification</th>
<th>Requirements to be implemented at the Operating Company’s Site</th>
<th>Requirements for the sourcing of raw materials for steel making (Principle 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Site</td>
<td>All requirements of all principles met, except for the requirements specified for product levels 1, 2 and 3 of Principle 5: Climate Change and Greenhouse Gas Emissions, Criterion 5.6.</td>
<td>• Public commitment to increasingly source from certified raw material suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sites of origin and processing identified for high priority raw materials (29 core materials plus additional materials of high concern) within 3 years of becoming certified</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Risk and adverse impact assessment carried out for all high priority raw materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Time-bound action plans to address concerns associated with high priority raw materials developed and being implemented</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Aligns with OECD Due Diligence Guidance steps 1, 2 and some of step 3</td>
</tr>
<tr>
<td>Certified Steel</td>
<td>As above, plus:</td>
<td>Additional Level 1 requirements:</td>
</tr>
<tr>
<td>Product Level 1</td>
<td>Product Level 1 requirements for ‘Climate Change and Greenhouse Gas</td>
<td>• Third party audits at smelters of minerals from conflict-affected and high-risk areas</td>
</tr>
</tbody>
</table>
### Consultation questions:

We would appreciate hearing from our stakeholders which percentage of raw material supply should be certified to a standard recognised by ResponsibleSteel to merit certification at Product Levels 1, 2 and 3 (variable Y, YY and YYY in the table).

Similarly, we are interested in stakeholder opinions on the specification of a performance measure for the overall score for a steelmaker’s raw material sourcing required to achieve certification at Product Levels 2 and 3 (variable Z, ZZ in the table). See Annex 3 for an explanation of the approach used in this draft standard.

<table>
<thead>
<tr>
<th>Certified Steel Product Level 2</th>
<th>As above, plus: Product Level 2 requirements for 'Climate Change and Greenhouse Gas Emissions' principle met</th>
<th>Additional Level 2 requirements:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• YY% certified to ResponsibleSteel recognised raw material standards (by volume and by number of sites)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Overall score for raw material performance is &gt; Z (see Annex 4 for an explanation of the method for calculating Z)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Certified Steel Product Level 3</th>
<th>As above, plus: Product Level 3 requirements for 'Climate Change and Greenhouse Gas Emissions' principle met</th>
<th>As above, plus:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• &gt; YYY% certified to ResponsibleSteel recognised raw material standards (by volume and by number of sites)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Overall score for raw material performance is &gt; ZZ)</td>
</tr>
</tbody>
</table>
Draft ResponsibleSteel Standard
Version 3.0

Principles, Criteria and Requirements
Responsible Business Conduct

Principle 1. Business Integrity

ResponsibleSteel operating companies conduct their business with integrity and in compliance with national law and international agreements.

<table>
<thead>
<tr>
<th>Criterion 1.1: Ethical Business Conduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>The operating company’s ethical values are embedded in its corporate culture and upheld by workers.</td>
</tr>
</tbody>
</table>

1.1.1. The operating company implements a published code of conduct or similar instrument that reflects its ethical business values. The operating company's senior management is formally committed to conducting business in an ethical manner.

1.1.2. Relevant workers are trained annually 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. In case of changes to the code of conduct, the operating company reviews relevant policies and procedures to ensure they remain aligned with the code.

1.1.5. The operating company monitors how well the code of conduct is implemented. Where gaps become evident, the operating company investigates the root causes, defines and implements action plans to improve code of conduct implementation and tracks the results.

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

Guidance:

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 14001:2015. Environmental management systems — Requirements with guidance for use).

Relevant international agreements: We will develop guidance on relevant international agreements and very much welcome any suggestions on this.
Criterion 1.2: Legal Compliance

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

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;
   c. Maintaining a legal compliance register holding information on relevant applicable legislation and regulations, required licences and permits and reporting and disclosure obligations.

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

1.2.3. The operating company carries out annual compliance evaluations. In case of potentially non-complying situations, the operating company engages in root cause analysis and defines and implements measures to bring them into compliance.

1.2.4. The operating company maintains documentation to demonstrate a high level of regulatory compliance and compliance with relevant international agreements.

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

Guidance:

Public: This means that information is published to be accessible to the public, for example via the operating company's website. The same definition for 'public' applies throughout the standard.

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.

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 documented procedures to:
   a. Identify and continuously monitor and manage those parts of its operations and activities that pose high risks of participation in corruption.
   b. Investigate incidences of suspected corruption and impose sanctions for corruption and attempted corruption.

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

1.3.4. The operating company sets criteria and approval processes for the offer and acceptance of third party monetary and physical gifts, including hospitality and entertainment, and records given, received and accepted gifts.

1.3.5. The operating company implements a policy aimed to avoid cash transactions were practicable and ensuring that cash transactions are supported by verifiable information.

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

1.3.7. The design, implementation and effectiveness of the operating company's anti-corruption measures are reviewed annually by a competent third party.

1.3.8. The operating company annually and publicly reports on corruption incidents and how they were addressed.

**Guidance:**

**Facilitation payments:** A small bribe, also called a ‘facilitating’, ‘speed’ or ‘grease’ payment; made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement (Adopted from Transparency International's anti-corruption glossary)

**Recording given, received and accepted gifts:** These should include major charitable donations,
sponsorships, community payments, and significant hospitality expenses offered in commercial circumstances.

**Criterion 1.4: Involvement with politics and public bodies**

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

<table>
<thead>
<tr>
<th>1.4.1.</th>
<th>The operating company has a published policy on political engagement that:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Outlines its guiding principles, objectives and lobbying interests;</td>
</tr>
<tr>
<td>b.</td>
<td>Contains a commitment to make direct and indirect financial and in-kind contributions to political parties, politicians and public officers on a legal and contractual basis only;</td>
</tr>
<tr>
<td>c.</td>
<td>Assigns responsibility for political engagement to senior management.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.4.2.</th>
<th>The operating company annually and publicly reports on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Its political engagement activities;</td>
</tr>
<tr>
<td>b.</td>
<td>The total monetary value of financial and in-kind political contributions made directly and indirectly;</td>
</tr>
<tr>
<td>c.</td>
<td>The recipients and beneficiaries of political contributions.</td>
</tr>
</tbody>
</table>

**Guidance:**

**Lobbying:** Any activity carried out to influence a government or institution’s policies and decisions in favour of a specific cause or outcome. Even when allowed by law, these acts can become distortive if disproportionate levels of influence exist – by companies, associations, organisations and individuals. (Adopted from Transparency International)
Principle 2. Management Systems

ResponsibleSteel operating companies are committed to sound management of their governance, environmental and social processes.

<table>
<thead>
<tr>
<th>Criterion 2.1: Responsible Business Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>The operating company has made a public commitment to responsible business practices.</td>
</tr>
</tbody>
</table>

2.1. The operating company has published and implements responsible business policies that cover the governance, environmental and social principles described in this standard and that apply to its own activities and those of its raw material suppliers.

2.1.2. The policies build on the operating company's assessment of risk and adverse impact associated with its own activities and those of its raw material suppliers as described in Principle 4 below. The policies are updated when new risks and impacts become known.

2.1.3. Accountability for policy implementation is assigned to the operating company's senior management. Roles and responsibilities for policy implementation are documented and communicated to relevant workers.

2.1.4. The operating company communicates the policies to the workers involved in their implementation using languages, methods and channels that are understood and easily accessible to them.

2.1.5. Incentives offered by the operating company to workers are compatible with its responsible business policies.

Guidance:

**Policy:** Statement of intent and direction, approved by the operating company's senior management. A policy may be integrated or stand-alone.

**Incentives that are compatible with responsible business policies:** For example, limiting incentives to cost savings might lead to increased supply chain risk associated with human and labour rights issues. Such incentives might hinder effective implementation of the operating company's responsible business policies.

Note that principle 11 on labour practices also covers recruitment and employment agencies used by the operating company.
**Criterion 2.2: Management systems**

The operating company has a formal management system in place to support the implementation of its responsible business policies.

<table>
<thead>
<tr>
<th>2.2.1.</th>
<th>The operating company has documented and implements a management system that is structured to support the implementation of its responsible business policies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.2.</td>
<td>The operating company provides human and financial resources for the implementation of its responsible business policies that are commensurate to the operating company’s commitments.</td>
</tr>
<tr>
<td>2.2.3.</td>
<td>The operating company has established an organisational structure and communication processes to ensure that critical information about governance, environmental and social risks and impacts reaches relevant workers and raw material suppliers.</td>
</tr>
<tr>
<td>2.2.4.</td>
<td>The operating company has reviewed the ResponsibleSteel criteria to determine whether any of them are not relevant to the site(s) seeking certification. The basis for any such determinations has been recorded.</td>
</tr>
</tbody>
</table>

**Guidance:**

**Criteria not relevant to the site(s) seeking certification** do not have to be considered further. This might apply, for example, in the case of criteria 10.3 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 not relevant to its site(s) will be reviewed and verified by the auditor during the assessment of the operating company against the ResponsibleSteel standard.
Principle 3. Stakeholder Communication and Engagement

ResponsibleSteel operating companies openly report on matters related to their responsible business policies and enable stakeholders to engage effectively with them.

<table>
<thead>
<tr>
<th>Criterion 3.1: Reporting</th>
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<tbody>
<tr>
<td>The operating company publicly reports on issues relevant to stakeholders in a reliable and balanced manner.</td>
</tr>
</tbody>
</table>

3.1.1. The operating company publishes information relating to all ResponsibleSteel principles annually.

3.1.2. The operating company implements a documented process to identify which topics are of interest for its various stakeholder groups and for collecting and internally verifying information that will be reported.

3.1.3. Reporting:
   a. Is conducted using channels that are easily accessible to the operating company’s stakeholder groups, taking account of their technical capabilities and cultural habits;
   b. Covers the topics that have been identified as being of interest to the operating company’s stakeholders;
   c. Is sufficiently detailed for stakeholders to assess the operating company’s performance;
   d. Is done in a manner that is easy to understand for stakeholders;
   e. Includes positive results and achievements as well as negative ones;
   f. Includes actions the operating company has taken or plans to take with respect to the topics that have been identified as being of interest to stakeholders;
   g. Ensures comparability between reporting cycles;

3.1.4. Any information relating to the operating company's performance against the ResponsibleSteel standard is made available to stakeholders upon request, unless the requested information is legitimate confidential business information.

Guidance:

Note that the various principles of the ResponsibleSteel standard might contain specific reporting requirements that are in addition to the generic requirements outlines above.

Recognised reporting frameworks provided by the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and others may provide useful guidance on what and how to report.
Criterion 3.2: Stakeholder engagement

The operating company provides stakeholders with the means and opportunities to effectively engage on issues that matter to them.

3.2.1. The operating company has identified and analysed the range of groups and individuals, including community members, indigenous peoples, rights holders and others, hereafter collectively referred to as 'stakeholders', who may be affected by or interested in the operating company’s activities.

3.2.2. The operating company implements a documented stakeholder engagement plan scaled to its size, risks and impacts and updates the plan as needed.

3.2.3. The operating company has consulted with stakeholders on the design of engagement processes that are accessible, inclusive and culturally appropriate and demonstrates that efforts are taken to understand and remove barriers to engagement for affected stakeholders, paying particular attention to potentially marginalised groups.

3.2.4. The operating company fosters two-way dialogue and engagement with stakeholders by:

   a. Providing information to stakeholders in a manner that is timely and easy to understand and in sufficient detail for stakeholders to assess the matter at hand;
   
   b. Including operating company management and subject-matter experts when addressing concerns of significance to stakeholders;
   
   c. Engaging in a manner that is respectful and free from manipulation, interference, coercion or intimidation;
   
   d. Soliciting input and feedback from stakeholders on issues relevant to them;
   
   e. Providing stakeholders with feedback on how the operating company has taken their input into account.

3.2.5. The operating company documents engagement processes, including names of participants as well as input received from and company feedback provided to stakeholders.

3.2.6. The operating company offers to collaborate with stakeholders from affected communities to assess their capacity to effectively engage in consultations, studies, assessments and the development of mitigation, monitoring and community development strategies. Where capacity gaps are identified, the operating company offers assistance to facilitate effective stakeholder engagement.

Guidance: n/a
**Criterion 3.3: 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.

3.3.1. The operating company has a documented published grievance mechanism that is open to all internal and external 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 in an anonymous and confidential manner, without fear of retaliation;
- c. Is available at no cost and without retribution to the party that originated the issue.

3.3.2. Workers and local communities are proactively and clearly informed on:

- a. How to access the grievance mechanism;
- b. How the operating company deals with grievances. This includes a description of processes, responsibilities, contact details and approximate timeframes;
- c. What types of outcomes complainants may expect;
- d. How they will be informed of outcomes.

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

3.3.4. The operating company has documented procedures 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.

3.3.5. When indigenous peoples are involved or affected, the operating company gives due consideration to their customs, traditions, rules and legal systems in addressing grievances.

3.3.6. The operating company publicly and annually reports on the number and types of received grievances, the proportion of grievances that have been resolved to the complainant’s satisfaction, and 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.

3.3.7. 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.

**Guidance:** n/a
Criterion 3.4: 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.

3.4.1. The operating company has a public commitment to manage closure and post-closure transition in partnership with its workers and 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.

3.4.2. When a site closure has been announced, the operating company maintains develops and closure and post-closure plans that:
   a. Have been developed and are regularly updated in consultation with workers, local authorities and affected communities;
   b. Include cost and timeline estimates as well as plans for the future use of facilities and infrastructure that are under the control of the operating company at the time of closure announcement. The future-use-plans take account of community preferences;
   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;
   e. Include specifications for the post-closure monitoring and maintenance of the plan's implementation and of ecological restoration activities;
   f. Contain mechanisms for contingency and response planning and implementation.

3.4.3. When a site closure has been announced, the operating company consults with authorities 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 reviews financial assurance arrangements as needed to ensure they continue to be adequate.

3.4.4. The operating company's closure and post-closure plans are reviewed for adequacy and feasibility by a competent third party when they have been drawn up and when necessary due to major changes to operations.

3.4.5. The operating company's closure and post-closure financial assurance arrangements are reviewed for adequacy and feasibility by a competent third party analyst when they have been made and are recalculated and reviewed when necessary due to major changes to operations.

3.4.6. The operating company publishes its closure and post-closure plans, financial assurance arrangements
and the results of the third-party review of closure and post-closure plans and financial assurance.

**Guidance:**

**Facilities and infrastructure:** This includes the facilities of the steelworks and, as applicable, roads, railways, dams, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.

**Avoidance and mitigation strategies:** These may include access to education and training, early retirement possibilities for older workers, relocation and job search assistance.

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**Principle 4. Responsible Sourcing**

ResponsibleSteel operating companies are committed to increasingly source from raw material suppliers that can demonstrate sound governance, environmental and social performance.

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**Criterion 4.1: Responsible Sourcing Policy**

The operating company has made a public commitment to due diligence and the responsible sourcing of raw materials.

4.1.1. The operating company has a published policy to:

- a. Assess its raw material sources for potential adverse governance, social and environmental impacts;
- b. Exclude sources that have unacceptable adverse impacts;
- c. Source raw materials, where available, from sites of origin and processing that are credibly certified to standards that are aligned with the ResponsibleSteel principles and criteria.

4.1.2. Incentives offered by the operating company in relation to its purchasing of raw materials are aligned with its sourcing policies.

4.1.3. The operating company communicates its sourcing policy to its raw material suppliers.

4.1.4. The operating company requires its suppliers of core raw materials to provide it with accurate data on the total embedded GHG emissions of the material, calculated in accordance with an internationally recognised standard.

**Guidance:**

**Due diligence:** Process through which organisations proactively identify, assess, prevent, mitigate and account for how they address their risks and adverse impacts as an integral part of decision-making.

(Adapted from ISO 20400: Sustainable procurement — Guidance)
**Raw materials**: All raw materials, processed or unprocessed, used for steelmaking. Such raw materials include mined materials, refined metals for alloys and coatings, and pre- and post-consumer scrap metal for recycling. The responsible sourcing policy of the operating company is expected to cover all such raw materials, regardless of the quantities being used.

**Core raw materials**: The core raw materials used for steelmaking are those listed in Annex 2.

**Calculation of embedded GHG emissions**: In the case of pig iron, the embedded GHG emission data should be determined in accordance with the requirements of ISO 14404:2017.

**Standards that are aligned with the ResponsibleSteel principles and criteria**: ResponsibleSteel will develop a documented system for assessing standards’ alignment with its principles and criteria and will advise on the standards that have been assessed.

**Credibly certified**: ResponsibleSteel will advise on how to assess the credibility of certificates issued under one of the standards that are considered to be aligned with the ResponsibleSteel principles and criteria. (see Annex 3)

### Criterion 4.2: High Priority Materials and Supply Chain Mapping

The operating company maintains an up-to-date mapping of all high priority raw materials in its supply chains.

#### 4.2.1. The operating company has an up-to-date inventory of all the raw materials it uses for steelmaking together with the respective suppliers of those materials (see criterion 4.5.2. for details).

#### 4.2.2. The operating company has documented processes to classify all raw materials it uses for steelmaking that:

- a. Identify the potential adverse governance, environmental and social impacts associated with each raw material's source of origin, transportation and processing;
- b. List each potential adverse impact as being of high, moderate or low severity;
- c. List each raw material's level of association with the identified governance, environmental or social impacts.

#### 4.2.3. The raw materials used for steelmaking are classified depending on the severity and level of association with potential adverse impacts as outlined in the matrix below, with the core raw materials listed in Annex 2 all classified as high priority.

<table>
<thead>
<tr>
<th></th>
<th>Low severity</th>
<th>Moderate severity</th>
<th>High severity</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level of association</td>
<td>Low priority</td>
<td>High priority</td>
<td>High priority</td>
</tr>
<tr>
<td>Moderate level of association</td>
<td>Low priority</td>
<td>Medium priority</td>
<td>High priority</td>
</tr>
<tr>
<td>Low level of association</td>
<td>Low priority</td>
<td>Low priority</td>
<td>High priority</td>
</tr>
</tbody>
</table>
4.2.4. The operating company has a system in place to identify and record the sources of origin, main transportation systems and sites of processing for all its supplies of its high priority raw materials.

4.2.5. The operating company has either identified and recorded the sources of origin, main transportation systems and sites of processing for all its supplies of high priority raw materials, or has a time-bound plan in place to complete this within 3 years of the issue of its first ResponsibleSteel certificate.

**Guidance:**

<table>
<thead>
<tr>
<th>Core raw materials:</th>
<th>The core raw materials used for steelmaking are those listed in Annex 2.</th>
</tr>
</thead>
<tbody>
<tr>
<td>High priority raw materials:</td>
<td>The core materials for steelmaking, together with any raw materials assessed as being associated with high severity adverse impacts in relation to their sourcing, transportation or processing, or with a high level of association with moderate adverse impacts.</td>
</tr>
</tbody>
</table>

**Risk classification based on severity and probability:** Operating companies are advised to pay specific attention to adverse environmental, health and safety impacts associated with mine site tailings dams and to adverse biodiversity impacts associated with sites that are located in or near protected areas.

**Inventory of raw materials:** In line with the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas', the operating company should request from suppliers of raw material to work with them on obtaining the following information:

- The identification of all upstream actors in the raw material supply chain;
- All taxes, fees or royalties paid by raw material supply chain actors to government for the purposes of extraction, trade, transport and export of minerals;
- Any other payments made by raw material supply chain actors to governmental officials for the purposes of extraction, trade, transport and export of minerals;
- All taxes and any other payments made to public or private security forces or other armed groups at all points in the supply chain from extraction onwards;
- The ownership (including beneficial ownership) and corporate structure of the raw material exporter (including the names of corporate officers and directors), the business, government, political or military affiliations of the company and officers;
- Raw material export, import and re-export documentation from the exporter;
• Name and location of the mine of mineral origin;
• Quantity, dates and method of extraction (artisanal and small-scale or large-scale mining);
• Locations where minerals are consolidated, traded, processed or upgraded;
• Mineral transportation routes.

Operating companies should request their suppliers of raw material to incorporate the above disclosure requirements into commercial contracts with their suppliers of raw material.

It is advised that operating companies support the implementation of the principles and criteria of the Extractive Industry Transparency Initiative (EITI). For a guide on how business can support EITI, see http://eiti.org/document/businessguide.

**Criterion 4.3: Risk and adverse impact assessment**

The operating company identifies the nature and probability of potential adverse impacts associated with its raw material supplies.

4.3.1. The operating company has a documented process to:

a. Assess the nature and probability of adverse governance, environmental or social impact associated with the sources, transportation or processing of its supplies of high priority raw materials;

b. Classify its supplies as being of low, moderate or high concern, taking account of the nature as well as the probability of the identified adverse impact(s);

4.3.2. The process includes consideration of relevant information produced by the operating company or other parties, such as legal and compliance reviews, financial audits, occupational health and safety inspections, environmental, social and labour audits, corruption assessments or Know-Your-Counterparty processes.

4.3.3. In relation to potential adverse impacts affecting human rights, the process requires that the operating company:

a. Proactively seeks input from stakeholders;

b. Assesses the risk aspects described in Annex II of the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas';

c. Assesses the results of on-the-ground assessments of red flag suppliers and red flag locations aimed at verifying the operating company’s risk of contributing to conflict or serious human rights abuses.
4.3.4. Raw material associated with the following issues is automatically considered to be of ‘high concern’:

a. Raw material that originates from a red flag supplier or red flag location as described in the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas';

b. Raw material that has been assessed as 'high priority' (see criterion 4.2.3.) and for which the origin is not known.

4.3.5. The process is implemented on an ongoing basis to take account of changes in raw material supplies and is reviewed and, if necessary, updated at least annually to take account of new and changing risks and adverse impacts.

4.3.6. The operating company has a method for calculating the overall ResponsibleSteel score for its sourcing of raw materials, as defined in Annex 3.

**Guidance:**

**Known origin:** 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 considered to be of unknown origin.

**Assessing potential adverse impacts linked to core raw materials:** worldsteel members may use the assessment laid out in the worldsteel report ‘Responsible Sourcing and Due Diligence for the Worldsteel Membership’ as a basis. However, they are expected to complement this generic assessment of adverse impact with their own assessment to identify any additional risk or adverse impact or adjust the grading given in the report.

The 'Risk Readiness Assessment' (RRA) of the Responsible Business Alliance (RBA) is another tool that may be used for this exercise. It is free for members of the RBA and of the Responsible Minerals Initiative (RMI) and can also be subscribed to. An equivalent tool may be used as well. Note that operating companies are expected to complement this generic assessment with their own assessment to identify any additional risk or adverse impact or adjust the grading given by the tool.

Note that that assessment of potential adverse impacts must cover all raw materials used in
steelmaking, irrespective of their quantities.

**Conflict-affected and high risk areas**: 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. (Adopted from 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas')

**Criterion 4.4: Addressing and monitoring raw material risk and adverse impact**

The operating company manages potential adverse impacts in a responsible and progressive manner.

**Guidance:**

Operating companies must meet all requirements outlined in this standard to become a ResponsibleSteel certified site. Being a certified site allows operating companies to state that their site meets the ResponsibleSteel requirements. However, operating companies can only state that the steel they use (i.e. their product) is ResponsibleSteel certified if they also meet the product level requirements outlined below and in Criterion 5.6.1 (in relation to GHG emissions). The types of claims that certified operating companies may make in relation to their steel at product levels 1, 2 and 3 will be developed by ResponsibleSteel in the coming months.

Note that the product level requirements have been developed to take account of the fact that raw material sourcing and climate change are considered to be the most challenging issues for the steel sector.

4.4.1. In consultation with affected suppliers, the operating company has developed time-bound, costed action plans, to be implemented by it directly or by other actors in its supply chains, to reduce the probability and/or severity of the identified adverse impacts and to eliminate issues of high concern.

4.4.2. The operating company's senior management has responsibility for:

   a. Determining the actions that will be undertaken to address the identified issues of concern;

   b. Ensuring that activities that cause or contribute to issues of high concern cease as a
matter of urgency;
c. Preventing activities that may cause or contribute to issues of high concern in the future.

4.4.3. The operating company demonstrates that implementation of its action plans leads to reduced levels of adverse impacts by:

a. Keeping track of the measures that have been taken and of their status;
b. Providing evidence that the measures result in reduced adverse impact;
c. Showing that its updated classification of raw material adverse impacts reflects the progress;
d. Showing that the overall ResponsibleSteel score for its sourcing of raw materials (see Annex 4) is increasing.

Guidance on Product level 1, 2, 3:

A condition for target level 1 is that all requirements in 4.3.1. to 4.4.3. are met. A condition for target level 2 is that all target level 1 requirements are met, and so on.

Product level 1:

4.4.4. The operating company commissions competent third parties to conduct audits at those sites in its supply chains where minerals from conflict-affected and high-risk areas are smelted.

4.4.5. The operating company provides evidence that all the high concerns associated with its core raw material supply chains have been reduced to at least moderate levels.

4.4.6. At least Y% of the operating company's raw material used in steelmaking is certified to a standard recognised by ResponsibleSteel, as measured by volume and number of sites.

4.4.7. The operating company provides customers with information on the origin of raw material it uses in steelmaking.

Product level 2:

4.4.8. At least YY% of the operating company's raw material used in the production or processing of steel is certified to a standard recognised by ResponsibleSteel, as measured by volume and number of sites.

4.4.9. The operating company provides evidence that all the high concerns associated with its core raw material supply chains have been reduced to low levels.

4.4.10. The overall score of the operating company's sourcing of raw materials is at least Z. (Z is yet to be defined by ResponsibleSteel)
### Product level 3:

4.4.11. At least YYY% of the operating company's raw material used in steelmaking is certified to a standard recognised by ResponsibleSteel, as measured by volume and number of sites.

4.4.12. The operating company provides evidence that it addresses the adverse impacts associated with other raw materials and other raw material sites of origin and processing.

4.4.13. The overall score of the operating company's sourcing of raw materials is at least ZZ. (ZZ is yet to be defined by ResponsibleSteel)

### Consultation question:

We would appreciate hearing from stakeholders which percentage they feel would be appropriate at target levels 1, 2 and 3 where the standard states: At least Y% of the operating company's raw material used in the production or processing of steel is certified to a standard recognised by ResponsibleSteel.

### Guidance:

**Actions to eliminate issues of high concern** may include:

- Sourcing of materials from sites certified as complying with standards recognised by ResponsibleSteel;
- Agreeing and monitoring the implementation of time-bound actions to be implemented by supply chain actors to address the issues of concern;
- If the issues of concern cannot be addressed through such actions by supply chain actors, temporary suspension of the business relationship while mitigation is put in place, or, as the last resort, discontinuation of sourcing. Where this last option is considered, operating companies should take account of potential social and economic adverse impacts that would result from this decision.

**Overall score of the operating company's sourcing of raw materials:** See Annex 3 for a description on how these are calculated.

**Operating companies may cooperate with others** (for example via sector initiatives) to deal with adverse impacts in their supply chains. However, they must retain responsibility for their due diligence and ensure that all joint work considers circumstances specific to the individual operating company. Operating companies should use leverage to prompt their supply chains to prevent or mitigate adverse impacts. They should avoid being complicit in wrongful acts of other organisations that cause adverse impacts. See ‘ISO 20400: Sustainable procurement — Guidance’ or ‘OECD Due Diligence Guidance for Responsible
Supply Chains of Minerals from Conflict-Affected and High-Risk Areas’ for more detail.

Operating companies might support their suppliers’ improvement efforts by e.g. offering capacity-building support to suppliers to help them address the problems, working with other organisations that have relationships with the same suppliers to incentivise improvements, working with other organisations on a broader regional or sectorial basis to incentivise improvements, or working with local or central governments to the same ends. Where suppliers fail to effectively implement agreed action plans, it might be necessary to discontinue the relationships.

Suspension or discontinuation of sourcing should be considered where the operating company has identified a reasonable risk that they are sourcing from, or are linked to, any party committing any of the serious abuses described in Annex II of the ‘OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas’.

Criterion 4.5: Supply chain monitoring and reporting
The operating company monitors and reports on the implementation of its responsible sourcing policies.

4.5.1. The operating company keeps records of its supply chain assessments, findings and resulting decisions for a minimum of five years and makes due diligence information available to downstream purchasers on request.

4.5.2. The operating company maintains an inventory of all raw materials used in its production process and of all raw material suppliers. The inventory:
   a. Captures the quantities of all raw material deliveries;
   b. Captures the total embedded GHG emissions of all raw materials, calculated from the site of origin to the operating company’s 1st tier supplier;
   c. Captures which of the operating company’s known sites of raw material origin and processing have been independently certified to a programme recognised by ResponsibleSteel and captures the certified sites’ achieved performance levels;
   d. Captures the levels of potential adverse impact of the raw materials and raw material sites of origin and processing as per 4.3.1. to 4.3.4. above.

4.5.3. The operating company publicly and annually reports information on its raw material supply chain due diligence. The reporting describes:
   a. The operating company’s due diligence management system;
   b. The methodology and results of the raw material adverse impact assessment;
c. The steps taken to address adverse impacts;
d. The overall ResponsibleSteel score for the operating company's sourcing of raw materials.

4.5.4. The operating company provides its raw material adverse impact assessment and action plans to customers on request.

Guidance:
Overall score for its sourcing of raw materials: See Annex 3 for how the score is calculated.

Environment

Principle 5. Climate Change and Greenhouse Gas Emissions

ResponsibleSteel operating companies and their corporate owners are committed to reducing Greenhouse Gas (GHG) emissions in line with the global goals of the Paris Agreement, and are taking all necessary actions to achieve this.

Guidance:
The Paris Agreement aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by:

a. Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change;

b. Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and

c. Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Criterion 5.1: Corporate commitment to achieve the goals of the Paris Agreement

The operating company’s corporate owner(s) have defined a long-term strategy for the company to reduce its GHG emissions to levels that are compatible with the achievement of the goals of the Paris Agreement.

5.1.1. The operating company’s corporate owners recognise a quantitative, scientifically validated GHG emissions target or set of targets for the steel sector as a whole that is compatible with the achievement of the
goals of the Paris Agreement.

5.1.2. The operating company's corporate owners have defined corporate level GHG emissions target(s) that are compatible with the achievement of the target(s) recognised for the steel sector as a whole.

5.1.3. The operating company's corporate owner(s) have a long-term strategy for the achievement of its corporate level GHG emissions target(s), identifying the conditions that would need to be in place for the successful implementation of the strategy, and the actions the corporate owner is committed to take to help bring these conditions about.

**Guidance:**

**A sectoral target compatible with the goals of the Paris Agreement** is one which limits the global average temperature to well below 2°C above pre-industrial levels and supports efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

The **steel sector target** specified by the Science-based Targets Initiative (SBTI) is recognised as an acceptable sectoral target, but other quantitative, scientifically validated targets (or sets of targets, for example for separate processes) would also be recognised.

**Criterion 5.2: Corporate Climate-Related Financial Disclosure**

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

5.2.1. 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.

5.2.2. The operating company’s corporate owner(s) have a time-bound plan in place to implement the four core recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) within the first period of certification and disclose in accordance with applicable TCFD guidance:

   a. Their governance around climate-related risks and opportunities;
   
   b. The actual and potential impacts of climate-related risks and opportunities on their businesses, strategy, and financial planning where such information is material;
   
   c. How they identify, assess and manage climate-related risks;
   
   d. The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

**Guidance:**


**TCFD guidance:** [Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures](https://www.fisglobal.org/pdfs/TCFD_FINAL_REPORT_2017.pdf)
Implementation in accordance with applicable TCFD guidance requires that the corporate owner makes the recommended disclosures associated with the four core recommendations.

The **ResponsibleSteel period of certification** is expected to be three years. A company which failed to meet its commitment would not be issued a certificate for any further period until the criterion has been fully met.

### Criterion 5.3: Site-level GHG emissions measurement and intensity calculation

The operating company’s direct and upstream GHG emissions are measured and recorded accurately and consistently.

5.3.1. Direct and upstream GHG emissions are determined and recorded for all significant sources of emissions within the scope of the assessment, in accordance with the requirements of ISO 14404:2017 Calculation method of carbon dioxide emission intensity from iron and steel production, Parts 1 – 3 as applicable.

5.3.2. A time-bound plan is in place to identify and record the specific GHG emissions for all upstream GHG emission sources.

5.3.3. The GHG emissions intensity (metric tonnes of CO₂ equivalent/ metric tonne crude steel) for the crude steel produced within the scope of the assessment is calculated, recorded and verified in accordance with the requirements of ISO 14404:2017 Calculation method of carbon dioxide emission intensity from iron and steel production, Parts 1 – 3 as applicable.

5.3.4. Where the steelmaking site carries out energy intensive processing such as hot rolling or cold rolling downstream of the production of crude steel, the energy intensity for these facilities (energy use per metric tonne steel processed) is calculated and recorded.

### Guidance:

**Direct GHG emission**: GHG emissions from steel production facilities within the site boundary. Following ISO14404:2017 this refers to CO₂ emissions. (Adapted from ISO 14404:2017 Calculation method of carbon dioxide emission intensity from iron and steel production)

**Upstream GHG emission**: GHG emissions from imported material related to outsourced steel production activities outside the site boundary and from imported electricity and steam into the boundary. Following ISO14404:2017 this refers to CO₂ emissions. (Adapted from ISO 14404:2017 Calculation method of carbon dioxide emission intensity from iron and steel production)

**Crude steel**: Steel in the first solid state after melting, suitable for further processing or for sale. Synonymous with raw steel (Adopted from worldsteel).

**Tonne** (T): A metric tonne, equivalent to 1,000 kilograms or 2,204.6 pounds or 1.1023 short ton (Adopted from worldsteel).

Reference to the requirements of ISO 14404:2017 is intended to ensure that data collection and determination of
emissions intensities is implemented consistently across steel making sites and in alignment with the methodology developed by the World Steel Association, worldsteel, used as the basis worldsteel’s Climate Action programme.

Where no other reliable data on upstream emissions are available, the indicative emission factors given in ISO 14404:2017 may be used. However, as specific data becomes available, in accordance with the implementation of Criterion 5.3.2, this data shall be used. It should be noted that Principle 4 of the ResponsibleSteel standard requires data on GHG emissions to be provided by raw material suppliers as one aspect of a responsible raw materials sourcing policy. This is specified as a requirement for mining companies in the Mining Association of Canada Towards Sustainable Mining (MAC-TSM) programme and by the Initiative for Responsible Mining Assurance (IRMA).

**Consultation Question:**

Under ISO 14404:2017, when a site exports coke oven gas, blast furnace gas or BOF gas outside the site boundary, and/or when it exports coke or other processed materials rather than using them on-site, the CO₂ emissions are counted as ‘credit CO₂ emissions’ and are subtracted from the site’s emissions total, for the purpose of calculating its overall emissions intensity for steel production. This allows sites to gain credit for the downstream use of their emissions, e.g. for energy generation, heating, or as raw materials for further value added production. However, it also means that the CO₂ emissions intensity figure in these cases may not provide an accurate reflection of the CO₂ actually emitted for the production of steel, and could distort incentives to reduce emissions at source. One option would be to require sites to calculate, in addition to the usual ISO14404:2017 total emissions intensity figure, the figure that would have been achieved if these ‘credit CO₂ emissions’ were excluded from the calculation. Comments on this issue, and potential approach, are requested.

**Credit CO₂ emission:** CO₂ emission that corresponds to exported material and electricity or steam. (Adopted from ISO 14404:2017 Calculation method of carbon dioxide emission intensity from iron and steel production)

**Criterion 5.4: Site-level GHG emissions reporting and disclosure**

The operating company publicly reports the total GHG emissions intensity of the crude steel it produces on an annual basis.

5.4.1. The operating company publicly reports the total GHG emissions intensity of crude steel it produces (metric tonnes of CO₂ equivalent/metric tonne crude steel), as determined in Criterion 5.3.3 on an annual basis.

**Guidance:** n/a
**Criterion 5.5: Site-level GHG reduction targets and planning**

The operating company is committed to reducing its GHG emissions and/or energy use to below the sectoral target level compatible with goals of the Paris Agreement within ten years of the assessment date, and has a credible plan in place to achieve this.

<table>
<thead>
<tr>
<th>5.5.1. The operating company has a ten-year target for the GHG emissions intensity (metric tonnes of CO₂ equivalent/metric tonne crude steel) and/or the energy use intensity for its production of crude steel:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. For blast furnace – basic oxygen furnace (BF-BOF) steel production the target is aligned with the sectoral target compatible with goals of the Paris Agreement, in terms of the total GHG emissions per metric tonne crude steel produced, [excluding the use of scrap metal] (see illustration in guidance below);</td>
</tr>
<tr>
<td>b. For scrap-based electric arc furnace production (scrap-EAF) the target is equal to or lower than the energy use intensity achieved by the top quartile of EAF facilities at the time of the assessment in terms of energy use per metric tonne crude steel produced;</td>
</tr>
<tr>
<td>c. For other production routes (for example, the use of DRI/Pig Iron in an EAF), targets are set for the separate facilities, equal to or lower the GHG emissions efficiency achieved by the top quartile of equivalent facilities at the time of the assessment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.5.2. The operating company has plans in place, approved by senior management, to achieve its specified targets for GHG emissions and/or energy use intensity within the specified timeline. The plan includes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Time-specific milestones for each target from present through to the achievement of the ten-year target level;</td>
</tr>
<tr>
<td>b. Specification of the technology, equipment, management system changes, etc. that will be used to achieve the targets over time;</td>
</tr>
<tr>
<td>c. An estimate of the costs of installing any specified technology or equipment;</td>
</tr>
<tr>
<td>d. Identification of the proposed mechanism for financing the proposed technology or equipment</td>
</tr>
<tr>
<td>e. Identification of external conditions that will need to be in place for the plan to be successfully implemented, or conditions that might prevent successful implementation.</td>
</tr>
</tbody>
</table>

**Guidance:**

The specification of a ten-year target to achieve a performance level aligned with the sectoral target compatible with goals of the Paris Agreement is intended to drive continuing improvement over time. The target level will be supported by the science of the day and will become more demanding over time, as illustrated in the hypothetical diagram below.
The specification of targets defined by today’s top quartile performance levels are similarly intended to drive continuing improvement over time, but in the case of EAF facilities recognise that reductions in GHG emissions associated with energy generation will typically be beyond the control of the management of the operating company itself. In the case of other production routes the focus on comparison with other production facilities is intended to allow targets to be set where direct reference to sectoral targets may be particularly challenging.

It should be emphasised that the specification of the top quartile for the setting of a target does not limit ResponsibleSteel certification to 25% of operating companies. At any given time, every operating company whose performance is below the top quartile can set a target to achieve better performance. As for the case of targets defined in relation to the overall sectoral target, targets defined by the top quartile level will become more demanding over time.

It should be noted that this criterion focusses on the ten-year target for reducing GHG emissions, whereas the requirements of criterion 5.6, below, focus on current levels of emissions.

The content of the plan may be disclosed at the discretion of the company, but shall be considered to be commercially confidential and shall not be disclosed by ResponsibleSteel or any auditors acting to verify compliance with the requirements of the ResponsibleSteel standard.

**Consultation question:**

Arguments may be made in favour of, or against, the inclusion of scrap metal in relation to the specification of target levels for non-EAF steel production. The principle argument against its inclusion is that it potentially allows an operating company to reduce its overall GHG emissions by increasing the amount of scrap used, and that this diverts scrap from one process stream to another rather than reduces overall GHG emissions for the steel sector. However, it may also be argued that excluding the influence of scrap from the calculation artificially distorts the targets and adds complexity to the calculation of total GHG emissions. Comments are invited.
**Criterion 5.6: GHG emissions performance**

The operating company provides customers with actionable information about the GHG emissions intensity of its production processes and its final products, in accordance with internationally recognised standards and ResponsibleSteel requirements.

**Product target levels 1, 2, 3 (see table):**

5.6.1. The operating company declares the total GHG emissions intensity of its production of raw steel, as determined in Criterion 5.3 to the buyers of its products, in accordance with the following ResponsibleSteel specifications:

<table>
<thead>
<tr>
<th>Product Target Level</th>
<th>Scrap-EAF</th>
<th>All other production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>( \leq X ) tonnes CO(_2)/tonne crude steel</td>
<td>( \leq A ) tonnes CO(_2)/tonne crude steel</td>
</tr>
<tr>
<td>Level 2</td>
<td>( \leq Y ) tonnes CO(_2)/tonne crude steel</td>
<td>( \leq B ) tonnes CO(_2)/tonne crude steel</td>
</tr>
<tr>
<td>Level 3</td>
<td>( \leq Z ) tonnes CO(_2)/tonne crude steel</td>
<td>( &lt; C ) tonnes CO(_2)/tonne crude steel</td>
</tr>
</tbody>
</table>

**Guidance:**

The requirement to declare total GHG emissions intensity for crude steel is intended to allow customers to compare suppliers on a like-for-like basis, and to specify steel that has been produced with low GHG emissions. The use of DRI/ Pig Iron in an EAF would be considered under ‘all other production’, recognising that this is a low CO\(_2\) route for the primary production of steel.

As noted under criterion 5.3, emissions intensity figures calculated in accordance with ISO14404:2017 will include a reduction representing the value of any ‘credit CO\(_2\) emissions’ based on the export of coke oven gas, blast furnace gas or BOF gas outside the site boundary. If this figure is used, then the reported ‘levels’ would also be based on these reduced figures for GHG emissions.

5.6.2. The operating company declares the total GHG emissions intensity for its final products to the buyers of the products in accordance with internationally recognised standards.

**Guidance:**

The **total GHG emissions intensity** for the final product will include any additional CO\(_2\) emissions associated with processing after the production of crude steel, for example, CO\(_2\) emissions associated with hot rolling. The
figure for the final product may therefore be higher than the figure for total CO₂ emissions reported under 5.6.1.


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.

Criterion 6.1: Emissions to air
The operating company implements plans to minimise emissions that have adverse impacts on communities or the environment.

6.1.1. The operating company implements a monitoring programme for emissions to air that have adverse impacts on communities or the environment. The monitoring programme:
   a. Establishes a baseline of the operating company’s emissions to air;
   b. Includes direct emissions from facilities and mobile sources owned or controlled by the operating company;
   c. Includes the monitoring of NOx, SOx and ducted dust emissions.

6.1.2. In the absence of applicable regulatory standards on air emissions or air quality, the operating company meets prevailing standards or guidelines.

6.1.3. For emissions to air associated with adverse impacts on communities or the environment, the operating company implements a time-bound air emissions reduction plan that:
   a. Integrates best practice values for the operating company’s region and type of operation or, where these do not exist, prevailing standards or guidelines for air emissions;
   b. Identifies and targets minimum levels of operational emissions to air;
   c. Defines procedures to prevent and reduce emissions to air, including the detection and combat of fire outbreak and spreading.

6.1.4. All relevant workers are trained on these procedures annually.

6.1.5. The operating company tracks its performance against the air emissions reduction plan and provides evidence of progress in reaching its targets.

6.1.6. The operating company publicly and annually reports on air emissions, including:
   a. NOx, SOx, ducted dust and any other emissions with adverse impacts for the last three years;
   b. Identification of the sources with the highest levels of emissions, including type and amount of emissions;
   c. Actions taken to reduce emissions;
d. Progress against the air emissions reduction targets.

6.1.7. The accuracy of the operating company's air emissions monitoring data and progress in reaching its air emissions reduction targets are verified annually by a competent third party.

6.1.8. Where air emission levels are found to exceed prevailing standards or guidance, the operating company consults with affected parties and offers financial or in-kind support to them for reducing air emissions impacts.

**Guidance:**

This principle applies to sites where one or more of the following activities are carried out: Ironmaking, primary and secondary steelmaking, continuous casting, primary forming, manufacturing, fabrication, finishing. I.e. it does not apply to office buildings.

**Prevailing standards or guidelines:** European Union's Air Quality Standards or IFC Air Emissions and Ambient Air Quality Guidance, the World Health Organization's Air Quality Guidelines and, generally, country-specific guidance on air emissions and air quality for the sector.

**Criterion 6.2: Noise and vibration**

The operating company implements plans to minimise adverse impacts from noise and vibration on communities or the environment.

6.2.1. The operating company implements a noise and vibration monitoring programme in line with prevailing standards or guidelines at sites with cutting activities and at sites with movement of machinery or vehicles.

6.2.2. In the absence of applicable regulatory standards, the operating company meets prevailing standards or guidelines for noise and vibration.

6.2.3. Where noise and vibration levels are found to have adverse impacts on communities, structures or the environment, the operating company implements a noise and vibration reduction plan that:

   a. Has been developed in consultation with independent experts and local communities;
   
   b. Identifies noise and vibration target levels corresponding to prevailing standards or guidelines;
   
   c. Defines procedures to prevent and reduce noise and vibration.

6.2.4. All relevant workers are trained on these procedures annually.

6.2.5. The operating company tracks its performance against the noise and vibration reduction plan and provides evidence of progress in reaching its targets.

6.2.6. The accuracy of the operating company's noise and vibration monitoring data and progress in reaching its reduction targets are verified annually by a competent third party.

6.2.7. Where noise and vibration levels are found to exceed prevailing standards or guidelines, the operating company consults with affected parties and offers financial or in-kind support to them for reducing the impacts.
from noise and vibration.

Guidance:

**Prevailing standards or guidelines for noise and vibration:** IFC Environmental, Health, and Safety (EHS) Guidelines, General EHS Guidelines, Environmental, Noise Management. Note that the IFC guidelines address noise beyond the property boundary of facilities. Worker exposure to noise are contained in principle 12.

Consultation question:

Are there any standards or guidelines on vibration?

**Criterion 6.3: Spills and leakage**

The operating company implements plans to prevent, detect, mitigate and remedy spills and leakage that may contaminate air, water or soil.

6.3.1. The operating company has documented procedures for managing the risks and impacts from spills and leakage that may cause harm to humans or the environment: The procedures:

   a. Include monitoring protocols aimed at preventing and detecting spills and leakage and quantifying mitigation progress where spill or leakage occurred;
   
   b. Define annual training of relevant workers on preventing, detecting and mitigating spills and leakage;
   
   c. Define how remediation of impacts from spills and leakage will be managed.

6.3.2. The operating company tracks its performance on preventing, detecting, mitigating and remediating spills and leakage and provides evidence that its procedures are effective.

6.3.3. The adequacy of the operating company’s corrective and preventive action to avoid spills and leakage is verified annually by a competent third party.

Guidance:

Communication and liaison with local communities on significant spill and leakage incidents is part of an "emergency preparedness and response" criterion, covered by principle 12.
Criterion 6.4: Waste and residue management

The operating company applies the waste management hierarchy to reduce its impacts from waste and residue.

6.4.1. The operating company implements a waste and residue management strategy that:
   a. Covers production-related waste and residue generated by the operating company;
   b. Characterises accruing waste and residue according to source, quantity, hazardous/non-hazardous, production rate, composition, separation, treatment, storage, transport mode and route, destination and method of disposal;
   c. Defines the long-term goals of zero waste to landfill and zero damage from waste;
   d. Gives priority to the commercial use of material that would otherwise be considered waste;
   e. Applies the waste management hierarchy of avoidance, recovery, disposal to reduce adverse impacts on humans and the environment;
   f. Outlines measures for improved waste and residue management, including technical measures, operational, production and management controls as well as annual training of relevant workers;
   g. Outlines measures for mitigating impacts from generation, storage, handling, treatment, transportation and disposal of waste and residue;
   h. Includes a policy that prohibits discharging residue to riverine, submarine and lake environments;
   i. Considers risks associated with the off-site movement and transportation of waste and residue.

6.4.2. The operating company has constructed storage areas that:
   a. Effectively prevent the release of residue and 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 routinely checked and controlled by competent individuals to ensure their integrity;

6.4.3. The operating company controls and treats water discharge from waste and residue storage.

6.4.4. The operating company tracks its performance on managing waste and residues and provides evidence of effective strategy implementation and of progress in achieving its targets of zero waste to landfill and zero damage from waste.

6.4.5. The operating company commissions independent competent experts to conduct waste and residue audits annually to inform reviews of its waste and residues strategy and to confirm effectiveness of the strategy.

6.4.6. When third parties conduct hazardous waste and residue storage, transportation and disposal on behalf of the operating company, the operating company requires chain of custody and ownership documentation to the final destination.
Guidance:

Note that water issues are covered under principle 7.

Wastes: Substance or objects, which are disposed of or are intended to be disposed of or are required to be disposed of by the provisions of national law. See "Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal", Article 2, paragraph 1.

Hazardous and non-hazardous waste may be differentiated using e.g. the European Union's 'List of Waste', or the 'Basel Convention', see link above.

Cyanide, which may be relevant for coal, alloys and coatings, is considered hazardous and should be managed according to the International Cyanide Management Code.

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.

Risks associated with off-site movement and transportation of waste and residue may stem from routes taken, proximity to populated areas, use of sealed containers, regulation regarding transportation of hazardous materials.

Principle 7. Water

ResponsibleSteel operating companies are good water stewards.

Criterion 7.1 Water-related context

The operating company understands the current and future water-related needs and dynamics in its area of influence.

7.1.1. The operating company has defined its water-related area of influence, taking account of its operational boundaries, the sources it draws water from, the locations where it returns discharges to, and the catchment(s) it affects and relies on. The area of influence is reviewed at least every three years.

7.1.2. The operating company contributes to integrated water resource management and policies by engaging in catchment governance fora or, where these do not exist, through other similar platforms.

7.1.3. The operating company works with public sector agencies and other stakeholders in its area of influence to identify and understand current and potential future uses of water and shared water challenges of the catchment area. The analysis is updated at least every three years and considers:
a. Seasonal and temporal variability in quantity and quality of surface and subsurface waters;
b. Climate change projections;
c. Anticipated population growth;
d. Natural and built water infrastructure.

7.1.4. Based on these assessments and together with public sector agencies and other stakeholders in its area of influence, the operating company identifies scarce and stressed water sources at least every three years.

Guidance:

This principle applies to sites where one or more of the following activities are carried out: Ironmaking, primary and secondary steelmaking, continuous casting, primary forming, manufacturing, fabrication, finishing.

Note that water-related habitat, aquatic species and areas of cultural or religious importance are covered under principles 8 and 10.

Area of influence: This encompasses, as appropriate:

- The area likely to be affected by: (i) the operating company's activities and facilities that are directly owned, operated or managed (including by contractors); (ii) impacts from unplanned but predictable developments caused by the operating company that may occur later or at a different location; or (iii) indirect operating company impacts on biodiversity or on ecosystem services upon which community livelihoods are dependent.
- Associated facilities, which are facilities that would not have been constructed or expanded if the operating company did not exist.
- Cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the operating company, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

(Adapted from IFC Guidance Notes: Performance Standards on Environmental and Social Sustainability, Guidance Note 1)

Catchment: The area of land from which all surface runoff and subsurface waters flow through a sequence of streams, rivers, aquifers and lakes into the sea or another outlet at a single river mouth, estuary or delta; and the area of water downstream affected by the site's discharge. Catchments, as defined here, include associated groundwater areas and may include portions of water bodies (such as lakes or rivers). (Adapted from Alliance for Water Stewardship: The AWS International Water Stewardship Standard, Version 1.0)

Water infrastructure: Systems of water supply, treatment, storage, transportation, management, flood prevention and hydropower.
<table>
<thead>
<tr>
<th>Criterion 7.2 Water balance and quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>The operating company measures the flow of water in and out of its site and the quality of its water withdrawals and discharges.</td>
</tr>
</tbody>
</table>

7.2.1. The locations of the operating company's direct and indirect water sources and receiving water bodies are recorded and updated as needed.

7.2.2. The operating company maintains a water balance for its site and calculates efficiency of its water use.

7.2.3. The operating company monitors and keeps records of water quality on a continuous basis.

Monitoring:

a. Always occurs at the same specified points of withdrawals and points where water leaves the operating company's area of influence;

b. Prescribes water sampling on a frequent enough basis to account for seasonal fluctuations, storm and extreme events that may cause changes in water characteristics;

c. Considers physical, chemical and biological aspects of water quality;

d. Establishes trigger levels or other indicators aimed at providing early warning of negative changes in water characteristics.

7.2.4. Records demonstrate that the operating company's withdrawals and direct and indirect water discharges are fully permitted by the relevant authorities.

7.2.5. The operating company provides evidence that the quality of its direct and indirect water discharges has remained within the limits specified by the relevant authorities over the preceding 12-month period. Instances when the applicable limits were exceeded and the corrective actions taken at the time to avoid future repetition are recorded. In the absence of applicable regulatory standards, the operating company meets prevailing international water discharge and water quality standards.

Guidance:

Efficiency of water use: For example, use per unit of production.

Water body: A physical accumulation of water, either on the surface of the Earth or in stratigraphies of the ground. Examples of water bodies include streams, rivers, lakes, oceans, wetlands, estuaries, ponds, canals, reservoirs or ground waters.

Receiving water body: The water body that ultimately receives water discharges. Operating companies may discharge directly to receiving water bodies or indirectly by using service providers as intermediaries.

Water balance: An approach used to measure the flow of water in and out of a site. The water balance is calculated as follows: Withdrawal volume = discharge volume + consumption volume +
any change in the volume of onsite water storage.

**Consumption volume:** Volume of water that was used by the operation but not returned to its proximate source. (Adapted from Alliance for Water Stewardship: The AWS International Water Stewardship Standard, Version 1.0)

**Examples of internationally recognised methodologies for a water footprint assessment:**

**Consultation question:**
Are there any prevailing international standards for water discharges and water quality we could reference?

**Criterion 7.3 Water-related impact**
The operating company evaluates its water-related impacts on the local environment and communities.

<table>
<thead>
<tr>
<th>7.3.1. The operating company has identified and assessed its current and potential future water-related environmental and social impacts. The assessment:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Considers the quantity of water use and quality of water discharges;</td>
</tr>
<tr>
<td>b. Considers extreme events such as flooding or drought;</td>
</tr>
<tr>
<td>c. Takes account of stakeholder views;</td>
</tr>
<tr>
<td>d. Is updated at least every three years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7.3.2. The operating company urges other commercial water users in its area of influence to conduct environmental and social impact assessments.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>7.3.3. Where possible, the operating company combines its environmental and social impact assessment with that of other commercial water users to understand cumulative impacts in its area of influence.</th>
</tr>
</thead>
</table>

**Guidance:**
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 7.4 Water stewardship
The operating company addresses water-related challenges and impacts in its area of influence.

7.4.1. The operating company integrates water considerations in its business planning.

7.4.2. The operating company engages stakeholders in its area of influence in the development and maintenance of a water stewardship plan. The plan is based on the analyses and measurements conducted under 4.1 to 4.3 and:

   a. Sets time-bound targets in relation to water use efficiency and quality that reflect best practice values for the operating company's region and type of operation or, where these do not exist, reflect prevailing international standards or guidelines;

   b. Sets time-bound targets to achieve zero discharges of water that may have adverse impacts on communities or the environment;

   c. Outlines how the operating company will contribute to addressing shared water challenges of the catchment area;

   d. Is updated at least every three years.

7.4.3. The operating company tracks its performance against the water stewardship plan and provides evidence of progressive plan implementation.

7.4.4. Procedures related to implementation of the water stewardship plan are documented and relevant workers are annually trained on these procedures.

7.4.5. The water stewardship plan outlines operating company measures to relieve any scarce and stressed water sources analysed under 4.1.4.

Guidance:

Water stewardship: 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.

Criterion 7.5 Water-related reporting
The operating company regularly and publicly reports on its water-related performance.

7.5.1. The operating company publishes its water stewardship plan.

7.5.2. The operating company publishes a report on the impacts of its water use. The report is verified by a competent third party and is updated at least every three years.

7.5.3. Water withdrawals are publicly and annually reported by type of source and volume.

7.5.4. Water discharge volumes and quality are publicly and annually reported by discharge point.
**Principle 8. Biodiversity**

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

### Criterion 8.1: Biodiversity commitment

The operating company is committed to protecting and conserving biodiversity.

8.1.1. There is a published policy on the operating company's commitment to:

- a. Contribute positively to the conservation of biodiversity;
- b. Manage adverse impacts on biodiversity in line with the mitigation hierarchy;
- c. Respect protected areas and Ramsar sites.

8.1.2. The policy is communicated to workers.

**Guidance:**

**Mitigation hierarchy:** See the CSBI's "A cross-sector guide for implementing the Mitigation Hierarchy" for further information.

### Criterion 8.2: Biodiversity assessment

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

8.2.1. The operating company's adverse impact assessment for biodiversity includes the identification of:

- a. Protected areas and Ramsar sites;
- b. Species on the IUCN red list, categorised as vulnerable, endangered or critically endangered;
- c. Key Biodiversity Areas;
- d. Natural and critical habitats, as well as modified habitats with significant biodiversity value;

8.2.2. The assessment has considered:

- a. Input received from public consultation with stakeholders such as authorities, conservation organisations, research institutions, and local communities;
- b. Threats to biodiversity, including habitat loss, degradation and fragmentation, invasive alien
species, overexploitation, hydrological changes, nutrient loading, and pollution;

c. Direct and indirect impacts on the landscape or seascape where the operating company operates;

d. The importance of ecosystem services to the well-being of communities living in the operating company’s area of influence;

8.2.3. The operating company’s biodiversity adverse impact assessment has been verified as being adequate and comprehensive by a competent third party.

8.2.4. The biodiversity risk and adverse impact assessment is accessible to the public.

**Guidance:**

**Ecosystem services:** Benefits people obtain from ecosystems. These include provisioning services such as food and water; regulating services such as regulation of floods, drought, land degradation, and disease; supporting services such as soil formation and nutrient cycling; and cultural services such as recreational, spiritual, religious and other non-material benefits (Adopted from Biodiversity A-Z).

**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 habitats**: 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 habitats**: 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.

(Adopted from IFC Performance Standards on Environmental and Social Sustainability, Performance Standard 6)

IUCN red list: The world’s most comprehensive inventory of the global conservation status of biological species. The status of species in the different regions of the world can be retrieved from the IUCN red list website.
**Key Biodiversity Areas (KBAs):** Sites contributing significantly to the global persistence of biodiversity. The [KBA database](#) shows identified KBAs.

Note that water issues are covered under principle 7.

**Adverse impact assessment:** The IFC provides useful [guidance on impact assessment](#).

**Nutrient loading:** An increase in levels of nitrogen, phosphorus and sulfur due to commercial activity (Adapted from [The Environmental Literacy Council](#)).

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<table>
<thead>
<tr>
<th><strong>Criterion 8.3: Biodiversity management</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The operating company applies the mitigation hierarchy to address its impacts on biodiversity and monitors outcomes of its efforts.</td>
</tr>
</tbody>
</table>

8.3.1. The operating company implements a management plan and associated procedures to address risks and adverse impacts on biodiversity and ecosystem services stemming from its activities and associated infrastructure.

8.3.2. The management plan:

a. Has been developed in consultation with stakeholders such as affected communities, authorities, conservation organisations and other competent third parties;

b. Follows the mitigation hierarchy, meaning it prioritises avoidance of biodiversity and ecosystem services impacts over minimisation and restoration of impacts. Biodiversity offsets to address residual impacts are defined only after avoidance, minimisation and restoration measures have been applied;

c. Defines offsets that are aimed to achieve at least No Net Loss and preferably a Net Gain and that 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.

8.3.3. The operating company integrates biodiversity conservation and ecosystem services management into its core business planning such as decision-making, financial and human resources.

8.3.4. The impacts of the operating company’s activities and associated infrastructure have been verified by a competent third party as resulting in No Net Loss and preferably a Net Gain for biodiversity and ecosystem services.

8.3.5. The operating company publishes its biodiversity and ecosystem services management plan and annually and publicly reports on the outcomes of managing its biodiversity and ecosystem services impacts.

8.3.6. Relevant workers are trained annually on the biodiversity and ecosystem services procedures.
Guidance:

**Biodiversity offset:** Measurable conservation outcomes of actions designed to compensate for significant residual adverse biodiversity impacts arising from commercial activities after prevention and mitigation measures have been taken (Adapted from **Business and Biodiversity Offset Programme**).

**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.

(Adopted from CSBI's ‘A cross-sector guide for implementing the Mitigation Hierarchy’)

**Criterion 8.4: Protected areas and natural and critical habitat**

The operating company respects officially protected areas and key biodiversity areas and works to ensure that its activities do not adversely impact endangered species and areas of natural and critical habitat.

8.4.1. The operating company does not initiate activities or plan infrastructure in a World Heritage site, Ramsar site or officially protected area of the IUCN management categories I-VI. Where countries do not assign management categories to their protected areas, the operating company does not initiate activities or plan infrastructure that is incompatible with the value for which the respective protected area was designated.

8.4.2. Adverse impacts of the operating company’s activities and associated infrastructure on natural and critical habitat have been identified and assessed;

8.4.3. In the case of 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.

8.4.4. In the case of 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 and infrastructure do not lead to adverse impacts on those biodiversity values that
constitute the critical habitat, and on the ecological processes supporting those biodiversity values;

c. The activities do not lead to a net reduction in the global, national or regional population of any critically endangered or endangered species.

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

8.4.6. Where a World Heritage site, Ramsar site or officially protected area is established in, around or adjacent to the area of activity of an existing operating company, the operating company ensures that its activities do not lead to adverse impacts on those values for which the World Heritage site, Ramsar site or protected area was designated;

8.4.7. The operating company’s activities have been verified by a competent third party as having no adverse impact on World Heritage sites, Ramsar sites or officially protected areas.

**Guidance:**

**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. (Adopted from [IUCN](https://www.protectedplanet.net)). A global database of protected areas is maintained at: [https://www.protectedplanet.net/](https://www.protectedplanet.net).

**World Heritage sites:** Landmarks or areas which are selected by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as having cultural, historical, scientific or other form of significance, and are legally protected by international treaties. The sites are judged important to the collective interests of humanity.

The **IUCN protected areas management categories** classify protected areas according to their management objectives. The categories are recognised by international bodies such as the United Nations and by many national governments as the global standard for defining and recording protected areas and as such are increasingly being incorporated into government legislation.

**Ramsar sites:** Wetland sites designated to be of international importance under the Ramsar Convention.

**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). (Adopted from [Biodiversidad](https://www.biodiversidad.org)).

**Net reduction:** Singular or cumulative loss of individuals that impacts on the species’ ability to persist at the global and/or regional/national scales for many generations or over a long period of time. The scale (i.e., global and/or regional/national) of the potential net reduction is determined based on the species’ listing on either the (global) IUCN Red List and/or on regional/national lists. For species listed on both the (global) IUCN Red List and the national/ regional lists, the net reduction will be based on the national/regional population. (Adopted from IFC Performance Standards on Environmental and Social...
Sustainability, Performance Standard 6)

**Degazettement:** A loss of legal protection for an entire protected area (Adopted from Biodiversity A-Z).

**Criterion 8.5: Invasive alien species**

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

| 8.5.1. | Invasive alien species that are likely to have been introduced to the operating company's site(s) due to its activities have been identified. |
| 8.5.2. | The operating company has assessed the risk of deliberate or accidental introduction or spread of invasive alien species as a result of its activities. |
| 8.5.3. | The operating company implements 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. |
| 8.5.4. | The operating company monitors and publishes the outcomes of its actions. |

**Guidance:**

**Invasive alien species:** 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. (Adopted from the CBD)

Note that invasive alien species might be introduced by steel companies in the form of seeds sitting on the iron ore, via ship ballast, etc. The Global Invasive Species Database (GISD) helps identify invasive alien species with negative biodiversity impact existent in a certain region.
Social

Principle 9. Human Rights

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

<table>
<thead>
<tr>
<th>Criterion 9.1: Human rights due diligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>The operating company acts diligent to avoid infringing on the rights of others and to address negative human rights impacts.</td>
</tr>
</tbody>
</table>

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

9.1.2. The operating company has documented due diligence procedures to identify, prevent and mitigate risks and adverse impacts on human rights from its own activities. The procedures are informed by internal and external stakeholder input.

9.1.3. The policy and procedures are communicated to workers using languages, methods and channels that are understood and are easily accessible to them.

9.1.4. The operating company reviews its approach to avoiding risks and adverse impacts on human rights on a regular basis, identifies root causes of risks and adverse impacts and defines and implements controls to avoid occurrence and recurrence.

9.1.5. The operating company commissions a competent third party to review procedures and implementation and verify their quality and suitability.

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

Guidance:

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. (Adapted from the United Nations Office of the High Commissioner for Human Rights and from United for Human Rights)

The ResponsibleSteel standard covers human rights here under principle 9, but also under principles...
10 to 12, even if the term ‘human rights’ is not contained in their titles or in their requirements. Note that supply chain human rights issues are covered in principle 4.

**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. (Adopted 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 in principle 3.

### Criterion 9.2: Security practice

The operating company does not support public or private security providers engaged in illegal practices and works to ensure that security personnel and security providers respect human rights.

<table>
<thead>
<tr>
<th>Sub-criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2.1.</td>
<td>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.</td>
</tr>
<tr>
<td>9.2.2.</td>
<td>The operating company has documented security procedures that cover:</td>
</tr>
<tr>
<td></td>
<td>a. Screening of security personnel and public and private security providers regarding their involvement in human rights abuses and illegal practices;</td>
</tr>
<tr>
<td></td>
<td>b. Regular training of security personnel and providers on their roles and appropriate behaviour;</td>
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<tr>
<td></td>
<td>c. Deployment of security personnel and providers;</td>
</tr>
<tr>
<td></td>
<td>d. Monitoring of security personnel and provider conduct.</td>
</tr>
<tr>
<td>9.2.3.</td>
<td>The operating company communicates expectations on the protection of human rights and appropriate behaviour to public and private security providers.</td>
</tr>
<tr>
<td>9.2.4.</td>
<td>The operating company agrees with the host government on security arrangements in high-risk zones or in areas where public security arrangements are needed.</td>
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<tr>
<td>9.2.5.</td>
<td>If active in high-risk zones, the operating company consults with local communities on its security arrangements and communicates these to them.</td>
</tr>
<tr>
<td>9.2.6.</td>
<td>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.</td>
</tr>
<tr>
<td>9.2.7.</td>
<td>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.</td>
</tr>
</tbody>
</table>
Guidance:

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

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**Principle 10. Local Communities**

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

**Criterion 10.1: Commitment to local communities**

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

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

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

**Guidance:**

**Indigenous peoples** are part of local communities. Consequently, this principle includes consideration of indigenous peoples where they are affected by the operating company’s activities, even if they are not singled out in the wording of the requirements. The term “indigenous peoples” is understood as described in Article 1 of ILO Convention 169.

Note that community health and safety issues are considered under principles 9, 10 and 12.

**Criterion 10.2: Local community engagement**

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

10.2.1. The operating company implements documented procedures that have been defined in consultation with local communities to:
a. Identify and understand their legal and customary rights, interests, issues and concerns, paying particular attention to indigenous peoples, women, minorities and other marginalised groups;

b. Provide them with all information necessary for informed involvement in a timely manner;

c. Engage local community members fully and effectively in discussions and decision-making on matters that may impact them, using equitable and culturally appropriate means.

10.2.2. Relevant workers are trained on the procedures and on culturally appropriate ways of interacting with key stakeholder groups within the local communities, such as indigenous peoples and women.

10.2.3. The operating company tracks its performance on managing impacts of its activities on marginalised groups in local communities and acts upon the results, demonstrating progressive improvement in avoiding, minimising and mitigating these impacts, while contributing to the empowerment of marginalised groups.

10.2.4. 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.

10.2.5. 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.

Guidance: n/a

**Criterion 10.3: 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.

10.3.1. 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.

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

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

10.3.4. Relevant workers are trained on FPIC and related processes and on culturally appropriate ways of interacting with indigenous peoples.
Guidance:

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 10.4: Local community well-being

The operating company contributes to the social and economic well-being of local communities.

10.4.1. The operating company has a public policy demonstrating its commitment to maintain or improve the social and economic well-being of local communities.

10.4.2. The operating company publishes its procedures for policy implementation. The procedures have been developed in consultation with local community and local government representatives and pay particular attention to marginalised community members such as indigenous peoples, children, youth, and the elderly.

10.4.3. The procedures consider:

a. Local procurement, local business and local employment creation and support, as well as local capacity building and skills development;

b. Financial or in-kind contributions to social service institutions (e.g. hospitals, schools, vocational centres) and/or to local social, cultural, sports or environmental projects and activities;

c. Mechanisms that can be self-sustaining, including the building of community capacity to oversee and sustain projects or initiatives.

10.4.4. 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.

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

**Guidance:**

Note that impacts related to operating company closure, decommissioning and divestment are covered in criterion 1.6.

### Criterion 10.5: Cultural heritage

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

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

- a. Have been developed in consultation with affected communities;
- b. Follow the mitigation hierarchy of avoiding, minimising, restoring and offsetting adverse impacts from the operating company’s activities;
- c. Ensure continued access rights for affected communities to cultural sites or values.

10.5.2. The procedures are implemented in a collaborative effort by the operating company and affected communities.

10.5.3. The operating company can show that it does not remove, significantly alter or damage critical cultural heritage.

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

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

**Guidance:**

**Area of influence:** This encompasses, as appropriate:

The area likely to be affected by: (i) the operating company’s activities and facilities that are directly owned, operated or managed (including by contractors); (ii) impacts from unplanned but predictable developments caused by the operating company that may occur later or at a different location; or (iii) indirect operating company impacts on biodiversity or on ecosystem services upon which community livelihoods are dependent.

Associated facilities, which are facilities that would not have been constructed or expanded if the
operating company did not exist.

Cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the operating company, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

(Adapted from IFC Guidance Notes: Performance Standards on Environmental and Social Sustainability, Guidance Note 1)

**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 requirements of this criterion apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed. (Adopted from IFC Performance Standard 8, IFC Performance Standards on Environmental and Social Sustainability)

**Criterion 10.6: Displacement and Resettlement**

The operating company avoids displacement and resettlement or, where they cannot be avoided, minimises them and their resulting adverse impacts.

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

10.6.2. The operating company considers alternative operational set-ups to avoid or minimise physical and economic displacement, including affected parties in the process and paying particular attention to impacts on marginalised community members.

10.6.3. 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.

10.6.4. 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.

10.6.5. 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.

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

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

10.6.8. The operating company publicly reports on displacement and resettlement activities and provided compensation measures.

10.6.9. The operating company commissions a competent third party to conduct a completion audit of the Resettlement Action Plan and/or Livelihood Restoration Plan to verify that mitigation measures have been adequately implemented and publicly reports on the audit results.

**Guidance:**

**Displacement:** A process by which development projects cause people to lose land or other assets, or access to resources. This may result in physical dislocation, loss of income, or other adverse impacts.

**Resettlement** (or rehabilitation): A process by which those adversely affected are assisted in their efforts to improve, or at least to restore, their incomes and living standards. (Adapted from the Worldbank)

**Physical displacement:** Relocation or loss of shelter.

**Economic displacement:** Loss of assets, or access to assets, that lead to loss of income sources or other means of livelihood, as a result of land acquisition and/or restrictions on land use in connection with the operating company.

(Adapted from IFC Performance Standards on Environmental and Social Sustainability, Performance Standard 5).

Note that the requirements of criterion 7.6 apply to displacement and/or resettlement being considered or taking place in the ten years prior to applying for ResponsibleSteel certification. Where displacement and/or resettlement occurred earlier than that, the operating company is not expected to meet all the requirements of this criterion. However, where this is the case, the operating company must have undertaken an evaluation of the outcomes of displacement and resettlement activities and, if necessary, take steps to restore or improve the living conditions and livelihoods of those affected.

Steel making at existing production sites will usually not lead to physical displacement, so this criterion may only be partially relevant or may not be relevant at all. Note that criterion 3.4 is about site closure, decommissioning and divestment, which may be related to economic displacement covered here under principle 7.
Criterion 10.7: 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.

10.7.1. When operating in or procuring from 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, processing, 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, processing companies, export companies or international traders.

10.7.2. For conflict-affected or high-risk areas, 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.

10.7.3. 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.

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

Guidance:

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 insurrections, 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. (Adopted from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas)
**Principle 11. Labour Rights**

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

<table>
<thead>
<tr>
<th>Criterion 11.1: Child and juvenile labour</th>
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</thead>
<tbody>
<tr>
<td>The operating company does not use or tolerate child labour, cares for juvenile workers and effectively addresses detected incidents of child labour.</td>
</tr>
</tbody>
</table>

11.1.1. There is a published policy on child labour declaring that:

- a. The operating company only employs or accepts workers who are at least 15 years old, have reached 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;

- 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 or allow juveniles to work overtime or perform night-time work.

- e. The operating company proactively addresses identified risks related to child labour;

- f. The operating company’s policy extends to recruitment and employment agencies and to other external providers.

11.1.2. 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.

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

11.1.4. The policy and procedures are regularly communicated to relevant workers, recruitment and employment agencies and other external providers, using languages, methods and channels that are understood and are easily accessible to them.

11.1.5. The operating company ensures and demonstrates that recruitment and employment agencies and other external providers of workers are compliant with the provisions of this criterion and the law.

11.1.6. Any allegations of child labour incidents are documented, investigated and addressed as per the operating company’s procedures.

11.1.7. 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 address the root causes and avoid recurrence.

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

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

**Guidance:**

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.

**Guidance:**

**Worker**: Person performing work or work-related activities that are under the control of the organization.

Persons perform work or work-related activities under various arrangements, paid or unpaid, such as regularly or temporarily, intermittently or seasonally, casually or on a part-time basis.

Workers include top management, managerial and non-managerial persons.

The work or work-related activities performed under the control of the organization may be performed by workers employed by the organization, workers of external providers, contractors, individuals, agency workers, and by other persons to the extent the organization shares control over their work or work-related activities, according to the context of the organization.

(Adopted from ISO 45001:2018(E). Occupational health and safety management systems -
We will develop guidance on how the labour rights requirements, including child labour, are to be audited in countries with strong laws and strong law enforcement. Companies in these kinds of countries might be subject to a reduced set of requirements.

**Criterion 11.2: 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.

11.2.1. There is a published policy on forced or compulsory labour, as defined in article 2 paragraph 1 of the ILO Convention 29, declaring that:

- a. The operating company does not use or tolerate forced or compulsory labour;
- b. The freedom of movement of workers in the workplace, in on-site housing, or upon entering or exiting facilities provided by the operating company is not unreasonably restrict;
- c. Workers’ original government-issued identification and travel documents, such as identity papers, are not retained;
- d. Workers do not bear any costs related to recruitment, neither directly nor 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;
- h. The operating company’s policy extends to recruitment and employment agencies and to other external providers.

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

11.2.3. The policy and procedures are communicated to relevant workers, recruitment and employment agencies and other external providers, using languages, methods and channels that are understood and are easily accessible to them.

11.2.4. The operating company ensures and demonstrates that recruitment and employment agencies and other external providers are compliant with the threshold provisions of this criterion.
11.2.5. Any allegations of forced or compulsory labour incidents are documented, investigated and addressed as per the operating company's procedures.

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

11.2.7. The operating company 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.

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

**Guidance:**

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 or 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’)

**Costs related to recruitment:** Any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection (Adopted from: *General principles and operational guidelines for fair recruitment / International Labour Office, Fundamental Principles and Rights at Work Branch (FUNDAMENTALS); Labour Migration Branch (MIGRANT) - Geneva: ILO, 2016*).

Examples for recruitment-related costs are: Agency service fees, recruitment or placement service fees, airfare or fare for other mode of international transportation, terminal fees, and travel taxes, costs or fees for passport, visa, work and/or residence permits (including renewals), pre-deployment skills tests, certifications, medical exams or other requirements for employment, training or orientation, transportation to and from airport to facility or provided accommodations, security deposits or bonds, etc.
**Criterion 11.3: 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.

11.3.1. 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, pregnancy, 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 equivalent terms and conditions to non-migrant workers carrying out similar work;

d. Provides equal pay for work of equal value.

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

11.3.3. The policy and procedures are communicated to relevant workers using languages, methods and channels that are understood and are easily accessible to them.

11.3.4. Employees making hiring, payment and promotion decisions are trained on issues of diversity and anti-discrimination.

11.3.5. The operating company documents, investigates and addresses any complaints of discrimination.

11.3.6. The operating company reviews its approach to avoiding discrimination on a regular basis, identifies root causes of incidents of discrimination and defines and implements controls to avoid recurrence.

11.3.7. The operating company ensures and demonstrates that recruitment and employment agencies it uses are compliant with this 8.3.1. - 8.3.6.

11.3.8. The operating company has programmes in place to promote workforce diversity.

11.3.9. The operating company collects and publishes data that:

a. Shows the percentage of females in its workforce, in senior executive positions and on its board;

b. Compares the relative pay of its male and female workers for equivalent categories of work;

c. Shows the mean gender pay gap, median gender pay gap;

d. Shows the mean bonus gender pay gap, median bonus gender pay gap.
11.3.10. The operating company reports publicly on incidents of discrimination and how they were addressed.

**Guidance:**

We understand **discrimination** in line with Article 1 paragraph 1 of the ILO Convention C111:

“For the purpose of this Convention the term discrimination includes—

(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;

(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.”

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.

**Workforce diversity:** Diversity can be defined as acknowledging, understanding, accepting, and valuing differences among people with respect to age, class, race, ethnicity, gender, disabilities, etc.

**Consultation question:**

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 11.4: 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.

11.4.1. 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.

11.4.2. The operating company implements documented procedures that have been developed together with workers and their representatives and that cover all aspects of the policy.

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

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

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

11.4.6. Any allegations of the threat or use of disciplinary practices are documented, investigated and addressed.

11.4.7. The operating company reviews its approach to avoiding disciplinary practices on a regular basis, identifies root causes of incidents of disciplinary practices and defines and implements controls to avoid recurrence.

11.4.8. The operating company ensures and demonstrates that recruitment and employment agencies it uses are compliant with this criterion.

**Guidance:** n/a

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**Criterion 11.5: Association and collective bargaining**

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

11.5.1. 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 or join organisations of their choice and bargain collectively, without interference, opposition, discrimination, retaliation, or harassment;
- b. Where national law restricts workers’ organisations, the operating company respects and supports legal alternative means for workers to associate;
- c. The operating company participates in collective bargaining processes in good faith and adheres to collective bargaining agreements where such agreements exist;
- d. The operating company engages positively with its workers’ representatives and workers’ organisations and provides them with the information needed for meaningful negotiation in a timely manner;
- e. The operating company does not hire replacement workers as a strategy to prevent or break up a legal strike, support a lockout, or avoid negotiating in good faith.

11.5.2. Workers’ representatives have access to facilities suitable for carrying out their functions, such as designated non-work areas for communicating with workers.

11.5.3. The operating company implements documented procedures covering all aspects of its policy and provides evidence of effective implementation of its procedures.
11.5.4. The operating company ensures and demonstrates that employment agencies it uses are compliant with the provisions of this criterion.

**Guidance:**

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.

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**Criterion 11.6: Communication and engagement**

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

11.6.1. There is a published policy for the reporting and investigation of concerns to workers and workers’ representatives that covers:

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

b. Reported concerns are impartially investigated and effectively addressed;

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

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

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

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

11.6.5. The operating company tracks the performance of its procedures and acts upon the results, demonstrating that raised concerns are addressed effectively and timely.

11.6.6. The operating company offers an external mechanism to hear and address issues of concern that workers and their representatives are free to use.

11.6.7. Records show that suggestions for improvements or changes to the workplace and to working conditions made by workers and their representatives are considered and that results of this process are communicated to them.

**Guidance:** n/a
### Criterion 11.7: Communication of terms of employment

The operating company ensures that workers understand their current employment terms with regards to wages, working hours and other employment conditions.

11.7.1. 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.

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

11.7.3. The policy and procedures are communicated to workers and recruitment and employment agencies using languages, methods and channels that are understood and are easily accessible to them.

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

**Guidance:**

**Concerns** include worker grievances, allegations of misconduct, allegations of policy breaches in the areas of disciplinary practices, operational health and safety, etc.

### Criterion 11.8: Remuneration

The operating company pays workers fairly and timely, allowing them to meet their basic needs. Overtime is rewarded and there are no deductions from wages. Use of temporary and outsourced labour is managed responsibly.

11.8.1. 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 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 the regional 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.

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

11.8.3. The policy and procedures are communicated to workers and recruitment and employment agencies using languages, methods and channels that are understood and are easily accessible to them.

11.8.4. The operating company:
  a. Has a written commitment to paying a living wage;
  b. Works with the regional government, other companies and, where they exist, with trade unions to define the regional living wage;
  c. Develops a plan to implement the living wage over time

11.8.5. The operating company demonstrates that recruitment and employment agencies it uses comply with this criterion.

Guidance:

Wage: Monetary remuneration computed on hourly, daily, weekly, or piece work basis (Adopted from Business Dictionary)

Living wage: The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events. (Adopted from the Global Living Wage Coalition).

Existing living wage estimates and guidance on how to estimate the living wage can be found at https://www.globallivingwage.org/about/anker-methodology/ and https://www.globallivingwage.org/resource-library/?fwp_resource_type=livingwage
We will develop guidance on fly-in-fly-out sites that might warrant deviation from 8.7.1.f.

### Criterion 11.9: Working time

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

11.9.1. 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.

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

11.9.3. The policy and procedures are communicated to workers and recruitment and employment agencies using languages, methods and channels that are understood and are easily accessible to them.

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

11.9.5. The operating company grants paid parental leave (for birth or adoption of a child) of at least one month.

11.9.6. The operating company allows reduction of working time to care for children or disabled people above and beyond legally established measures where its activities allow this.

11.9.7. The operating company can demonstrate that employment agencies it uses are compliant with the requirements of this criterion.
**Guidance:**

**Workweek:** In case of fly-in-fly-out sites the weekly limitation of working hours might be exceeded.

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**Criterion 11.10: Worker well-being**

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

11.10.1. 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.

11.10.2. 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.

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

11.10.4. The policy and procedures are communicated to workers and recruitment and employment agencies using languages, methods and channels that are understood and are easily accessible to them.

**Guidance:** n/a
Principle 12. Occupational Health and Safety

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

### Criterion 12.1: Occupational Health and Safety (OH&S) policy

The operating company has a OH&S policy that is applicable to all workers and recognises the rights of workers and the obligations of employers concerning OH&S.

<table>
<thead>
<tr>
<th>12.1.1.</th>
<th>The operating company has published a formal OH&amp;S policy that:</th>
</tr>
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<tbody>
<tr>
<td>a.</td>
<td>Is consistent with ILO Convention 155 and with national laws and regulations;</td>
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<tr>
<td>b.</td>
<td>Provides a clear indication of the operating company's objectives for OH&amp;S;</td>
</tr>
<tr>
<td>c.</td>
<td>Is applicable to all workers that are affected by its activities;</td>
</tr>
<tr>
<td>d.</td>
<td>Includes a goal of zero severe incidents.</td>
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</table>

| 12.1.2. | The policy recognises the rights of workers to a healthy and safe working environment in accordance with the obligations specified in ILO Convention 155. |

| 12.1.3. | The policy includes an explicit commitment to comply with all applicable laws and regulations in relation to worker health and safety. |

| 12.1.4. | The policy has been formally endorsed by the operating company's joint health and safety committee, or equivalent (see 9.3.1, below). |

| 12.1.5. | The policy is communicated to all workers using languages, methods and channels that are understood and are easily accessible to them. |

### Guidance:

**Worker:** Person performing work or work-related activities that are under the control of the organisation.

Persons perform work or work-related activities under various arrangements, paid or unpaid, such as regularly or temporarily, intermittently or seasonally, casually or on a part-time basis.

Workers include top management, managerial and non-managerial persons.

The work or work-related activities performed under the control of the organisation may be performed by workers employed by the organisation, workers of external providers, contractors, individuals, agency workers, and by other persons to the extent the organization shares control over their work or work-related activities, according to the context of the organisation.

(Adopted from ISO 45001:2018(E). Occupational health and safety management systems - Requirements with guidance for use)
<table>
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<tr>
<th>Criterion 12.2: OH&amp;S management system</th>
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<tbody>
<tr>
<td>The operating company implements an OH&amp;S management system.</td>
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</table>

12.2.1. The operating company implements a documented OH&S management system that:
   a. Has been developed in consultation with the operating company's workers;
   b. Assigns accountability for OH&S to senior management and documents OH&S-related responsibilities;
   c. Covers the full scope of its activities.

12.2.2. 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.

12.2.3. The OH&S management system includes documented procedures to:
   a. Identify and assess potential health risks and hazards to workers on a continuous basis, using industrial hygienists or other competent professionals;
   b. Define and implement preventive and protective measures as needed to eliminate hazards and reduce health risks to a level that is as low as reasonably practicable;
   c. Define safety standards;
   d. Consult workers on OH&S-related matters;
   e. Define and implement an education and training programme for workers on OH&S-related matters (see 9.3.4. below);
   f. Allow workers to stop or shut down unsafe work that poses a serious risk to their health or safety without fear of reprisal;
   g. Document and report occupational accidents, diseases and incidents on an ongoing basis.

12.2.4. The implementation of the OH&S management system is under the oversight of the operating company's joint OH&S committee or equivalent body (see 12.3.1, below).

12.2.5. The OH&S management system specifies a mechanism for:
   a. The review of health and safety performance (see also 12.7, below) including, as a minimum, a documented procedure to investigate and assess any fatalities, severe incidents, lost time injury incidents and work-induced medical treatment cases;
   b. The identification and recording of proposed measures to prevent similar incidents re-occurring in the future.

12.2.6. The operating company is certified to an internationally recognised OH&S standard by a
Guidance:

**Health risks** include risks that usually show their impact after a longer period of time, such as asthma or hearing loss.

**Preventive and protective measures** include modification, substitution and elimination of processes, conditions or substances that pose a hazard or health risk, as well as engineering and administrative controls and personal protective equipment.

**Incident**: Occurrence arising out of, or in the course of, work that could or does result in injury and ill health. An incident where injury and ill health occurs is sometimes referred to as an “accident”.

**Internationally recognised OH&S standards** are, for example, ISO 45001:2018 Occupational health and safety management systems - Requirements with guidance for use, BS OHSAS 18001 (Occupational Health and Safety Assessment Series) until replaced by ISO 45001, or the Guidelines on occupational safety and health management systems ILO-OSH 2001.

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

**Criterion 12.3: 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.

12.3.1. The operating company has a joint OH&S committee, or equivalent formal body, that has equal or greater representation of workers than company management, with workers’ representatives having been freely elected by workers.

12.3.2. The joint OH&S committee ensures that worker are consulted on matters relating to OH&S, including but not limited to all points listed under 9.2.3. and 9.2.5. above.

12.3.3. Members of the joint safety and health committee, or equivalent:

   a. are trained annually to ensure their competence in relation to OH&S;
   b. are provided with enough information to examine OH&S matters;
   c. are protected from dismissal and other prejudicial measures linked to them exercising their OH&S functions;
   d. are engaged in decision-making on OH&S matters;
   e. have access to all parts of the workplace and can communicate with workers on OH&S matters.
during working hours at the workplace;

f. have reasonable time during paid working hours to exercise their OH&S functions;


g. are free to contact labour inspectors;

h. have access to specialists to advise on OH&S issues.

12.3.4. The joint OH&S committee and how to approach it is communicated to workers using languages, methods and channels that are understood and are easily accessible to them.

12.3.5. There is a documented OH&S education and training programme that includes:

a. Formal education and training needs analysis, including consideration of required knowledge, skills, competencies and behaviour;

b. Risk-based education and training;

c. Education and training on worker roles and responsibilities in health and safety-related matters;

d. Orientation education and training and annual refreshers for all workers on the hazard and health risks of their work and on how to perform work safely, focusing on prevention and proactive measures and enabling workers to identify hazards and health risks and report them to management;

e. Orientation training for all visitors.

12.3.6. The education and training programme is reviewed annually by the joint OH&S committee (or equivalent), updated as needed and worker comprehension of the delivered education and training content is tracked.

12.3.7. Resources are annually assigned to enable implementation of the education and training programme.

12.3.8. Trainees and trainers are annually assessed for competency.

Guidance:

Voicing worker concerns in relation to OH&S issues is covered under 10.6.

Criterion 12.4: Emergency preparedness and response

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

12.4.1. The operating company has emergency preparedness and response processes 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 processes:

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 plans with potentially impacted workers, communities and individuals.

12.4.2. The operating company communicates the plans to workers, local authorities, local communities and emergency responders on a regular basis.

12.4.3. The plans are tested, reviewed and updated at least annually together with workers, local authorities, local community members and emergency responders.

12.4.4. Workers, local authorities, local community members and emergency responders are trained on the plans on a regular basis.

12.4.5. The communication plan for emergencies:

a. Has been developed in consultation with potentially affected stakeholders such as workers, local communities and authorities;

b. Identifies all affected stakeholders that will be informed of emergencies;

c. Confirms that communication on emergencies will be issued to affected stakeholders immediately after the incident has been detected;

d. Specifies that the communication will contain the type and potential impact of the emergency, what the operating company will do to minimise impact, what affected stakeholders can do to minimise impact, and who to contact for any emergency-related inquiries;

e. Prescribes that the operating company will issue regular updates on impacts and remediation action to affected stakeholders;

f. Outlines how to coordinate with emergency services;

g. Describes how the operating company will respond to inquiries in a timely manner.

12.4.6. The operating company monitors the effectiveness of its emergency preparedness and response processes and acts upon the results, demonstrating progressive improvement in avoiding accidental and emergency situations and minimising their impact.

12.4.7. 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.
**Guidance:** n/a

**Criterion 12.5: Compensation for work-related injuries or illness**
Workers are provided with compensation for work-related injuries or illness.

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

   a. 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 of at least 80% of the pre-injury or pre-illness level.

   b. 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.

   c. If an occupational illness connected to the worker’s duties manifests after a worker has retired, the operating company compensates the worker for medical expenses.

   d. If a worker dies as a result of a work-related injury or illness, the operating company, at minimum, provides spouses and dependent children benefits to cover funeral expenses and transportation of the worker’s body as well as compensation that is equal to or greater than twelve months’ wage of the deceased worker.

**Guidance:** n/a

**Criterion 12.6: Safe and clean workplaces**
The operating company’s workplace facilities are clean, safe and hygienic.

12.6.1. 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.

12.6.2. 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.
Criterion 12.7: OH&S performance

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

12.7.1. 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.

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

12.7.3. 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;
   d. Instances of occupational disease;
   e. Absenteeism rates.

12.7.4. 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.

12.7.5. The operating company publicly discloses key aspects of its OH&S performance, including at least the requirements specified in 12.7.3. above, on an annual basis, normalised per million hours worked.

12.7.6. The operating company’s OH&S performance is verified by a competent third party to ensure accuracy and reliability.

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

Guidance:

Fatality: Accidental death at workplace or arising out of work, including deaths due to occupational diseases.

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.

Near-miss incident: An incident where no injury and ill health occurs, but has the potential to do so. May also be referred to as a "near-hit" or "close call".
**Health and safety incidents**: Near-miss incidents as well as incidents resulting in lost time injuries or medical treatment cases.
Annex 1: ResponsibleSteel Standard Terms of Reference

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.
Annex 2: The steel sector’s core raw materials

List of the most important raw materials used for steelmaking, developed for worldsteel by The Dragonfly Initiative.

- Aluminium (metallic)
- Charcoal
- Coal
- Metallurgical Coal
- Coke
- Cobalt
- Calcium (cored wire)
- Dolomite
- Ferro-Aluminium
- Ferro-Boron
- Ferro-Chromium
- Ferro-Manganese
- Ferro-Molybdenum
- Ferro-Nickel
- Ferro-Niobium
- Ferro-Phosphorous
- Ferro-Silicon
- Ferro-Titanium
- Ferro-Tungsten
- Ferro-Vanadium
- Graphite
- Iron ore
- Iron (pig)
- Limestone
- Magnesia
- Molybdenic Oxide
- Silico-manganese
- Tin
- Zinc
Annex 3: ResponsibleSteel Recognition of Raw Material Assurance Programmes

For the supply of raw materials, ResponsibleSteel is committed to recognise the provisions of independent assurance programmes that provide a credible basis for determining performance in comparison with the ResponsibleSteel principles and criteria. More broadly, ResponsibleSteel is committed to working with and supporting the emergence of common approaches to the challenges of responsible sourcing and procurement in the mining, minerals and metals sector as a whole.

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 credible assurances of social and environmental performance for one or more types of raw material used for steelmaking.

Recognition of credible assurance programmes will include consideration of:

- The standard(s) against which sites supplying material are assessed, for example mine site standards, or processing site standards, including consideration of the extent to which the standard addresses and aligns with the issues covered by the ResponsibleSteel principles and criteria;
- The system for determining whether the requirements of the standard have been met (assurance), including consideration of the systems for resolving complaints or disputes in relation to such assessments;
- The extent to which the system and its outputs are transparent and accessible to stakeholders;
- The level of demand in terms of stakeholder or market recognition for the system.

The following tables illustrate the approach to the assessment of raw material standards, currently being developed in consultation with MAC and IRMA.

In the first stage of assessment, the requirements of the raw material standards are compared against every requirement of the ResponsibleSteel standard, and the level of equivalence is assessed. This is essentially a fact-finding exercise, identifying and reviewing the differences between standards. In some cases, differences are due to fundamental differences between the application of standards to steelmaking sites compared to mine sites. In other cases, differences may relate to terminology or to different approaches designed to achieve essentially the same outcome. At the end of this process, an assessment is made as to whether the requirements of the raw material standard are essentially equivalent to the requirements of the ResponsibleSteel standard at the level of each ResponsibleSteel Criterion, as illustrated in Table 1.
Table 1: Hypothetical illustration of assessment of equivalence at the level of ResponsibleSteel principles

<table>
<thead>
<tr>
<th>ResponsibleSteel Standard</th>
<th>MAC-TSM: A</th>
<th>MAC-TSM: AAA</th>
<th>IRMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion 8.1</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Criterion 8.2</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Criterion 8.3</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Criterion 8.4</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Criterion 8.5</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Principle 8 overall equivalence</td>
<td>1/5</td>
<td>3/5</td>
<td>4/5</td>
</tr>
</tbody>
</table>

The assessment to this point provides an objective, transparent comparison of different standards (and, where applicable, different performance levels within standards, for example in the case of the MAC grades of C, B, A, AA and AAA), using the ResponsibleSteel standard as a benchmark. The outcome is that ResponsibleSteel is then able to assign a ResponsibleSteel score (or set of scores, for example for each ResponsibleSteel principle) to any mine site that has been verified as achieving a given grade or certificate (e.g. A or AAA under the MAC programme, or IRMA certified) under a recognised programme.

There are multiple ways that the results of this assessment can then be used as inputs for ResponsibleSteel certification of steelmaking sites, and claims about ResponsibleSteel certified steel. Whatever approach is ultimately adopted, it needs to address multiple challenges, including that:

- Downstream users of steel require that any steel that they purchase as ‘ResponsibleSteel certified steel’ meets credible, threshold expectations in relation to the social and environmental performance of the raw materials that it is made with.
- A single steelmaking site will source raw materials that originate from multiple mine sites, and that may have been mixed prior to further processing before being supplied to the steelmaking site itself;
- A typical steelmaking site may be receiving mined material from 30, 40 or more mine sites;
- Independent third party certification of mine sites to broad spectrum sustainability standards is still very unusual worldwide – it is expected to take several years before it becomes generally recognised good practice;
- The ResponsibleSteel standard is designed to support ResponsibleSteel’s vision: to maximise steel’s contribution to a sustainable society. In relation to mine level standards this implies a high target level of performance – it is recognised that it will take many years before such target levels of performance become general expectations of good practice;
The ResponsibleSteel standard must be designed to create an ‘on ramp’ for mines that aspire to achieve high performance standards but that are starting from a low baseline, whilst at the same time ensuring that there are incentives in place to drive and reward increasingly high levels of performance. Whatever approach is adopted, the scores can be plugged in to the requirements of ResponsibleSteel principle 4 (Responsible Sourcing), and in particular Criterion 4.6 where it is determined whether claims can be made about steel as a certified product and, if so, at what product level.

<table>
<thead>
<tr>
<th>ResponsibleSteel Standard</th>
<th>MAC-TSM: A</th>
<th>MAC-TSM: AAA</th>
<th>IRMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 5: GHG</td>
<td>40%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Principle 6: Emissions, Effluent, Waste</td>
<td>30%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Principle 7: Water</td>
<td>30%</td>
<td>40%</td>
<td>80%</td>
</tr>
<tr>
<td>Principle 8: Biodiversity</td>
<td>20%</td>
<td>40%</td>
<td>80%</td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall score (Y)</td>
<td>30%</td>
<td>50%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Table 2: Hypothetical illustration of overall scoring of raw material site level standards

For the purpose of illustration, Table 2, above, assigns a single ResponsibleSteel score to each possible level of certification for one of the assessed standards systems, based on the extent to which that certification level is equivalent to each of the ResponsibleSteel principles.

<table>
<thead>
<tr>
<th>Mine site source for raw material</th>
<th>Site certification</th>
<th>Score per site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine site 1</td>
<td>MAC-A</td>
<td>30%</td>
</tr>
<tr>
<td>Mine site 2</td>
<td>MAC-AAA</td>
<td>50%</td>
</tr>
<tr>
<td>Mine site 3</td>
<td>none (= score 0)</td>
<td>0%</td>
</tr>
<tr>
<td>Mine site 4</td>
<td>IRMA</td>
<td>75%</td>
</tr>
<tr>
<td>Overall score (Z)</td>
<td></td>
<td>39%</td>
</tr>
</tbody>
</table>

Table 3: Hypothetical illustration of overall scoring of raw material sources for a steelmaking site with just four sources of raw material
Criterion 4.6 then includes specifications for the proportion of raw material sources (by volume and number of sites) that must be certified under a recognised system (Y%, YY% or YYY%), as well as for the overall average score that would have to be achieved for all those sites combined (Z% or ZZ%). Sites that are not certified to any recognised programme would score 0. In the hypothetical example illustrated in Table 3, the overall score Z would have been 39%.

It should be emphasised that this is just one possible approach, used for illustration, and that further consultation with stakeholders will be undertaken before a specific model is proposed for implementation.
Annex 4: References (preliminary)

- CBD (Convention on Biological Diversity), Invasive Alien Species: https://www.cbd.int/idb/2009/about/what/
- IFC Performance Standards on Environmental and Social Sustainability: https://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/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/2
• Voluntary Principles on Security and Human Rights: http://www.voluntaryprinciples.org/
Annex 5: Glossary of Key Terms

The terms below will be added to the ResponsibleSteel glossary after this round of public consultation. Note that many of these terms are already defined in the guidance to the requirement where they appear.

- Anti-Corruption
- Applicable law
- Business partners
- Child labour
- Conflict-affected and high-risk areas
- Contractors
- Corruption
- Credit CO₂ emission
- Critical habitat / modified habitat / natural habitat
- Crude steel
- Cultural heritage / critical cultural heritage
- Direct (scope 1) / indirect (scope 2) / indirect emissions (scope 3)
- GHG emissions:
  - Direct GHG emission
  - Upstream GHG emission
- 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
- Management system
- Mitigation
- Net gain
- No net loss
- Operating company
• Operational minimum
• Protected area
• Raw material / processed raw material / unprocessed raw material
• Recognised
• Relevant
• Remediation
• Significant
• Site
• Timely
• Tonne (T)
• Whistle-blowing
• Workers