Co-creating ResponsibleSteel's recognition programme

10 November 2020
09:00 – 11:00 GMT and repeated at 16:00-18:00 GMT

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This project is possible thanks to a grant from the ISEAL Innovations Fund, which is supported by SECO.
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
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<tbody>
<tr>
<td>10 mins</td>
<td>Welcome and housekeeping</td>
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<tr>
<td>30 mins</td>
<td>ResponsibleSteel’s recognition framework</td>
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<tr>
<td>70 mins</td>
<td>How should ResponsibleSteel assess the standard of another programme? Moderated discussion</td>
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<tr>
<td>19:00 GMT</td>
<td>Wrap-up and close</td>
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Housekeeping

- Observe antitrust issues
- Webinar will be recorded for internal purposes
- Please unmute to ask questions or use the Q&A box on your screen
- Meeting is conducted under the Chatham House rule: You can speak about what was said in this meeting, but you cannot make known who said what
Attendees are kindly reminded that ResponsibleSteel is committed to complying with all relevant antitrust and competition laws and regulations and, to that end, has adopted an Antitrust Policy, compliance with which is a condition of continued ResponsibleSteel participation. Failure to abide by these laws can have extremely serious consequences for ResponsibleSteel and its participants, including heavy fines and, in some jurisdictions, imprisonment for individuals. You are therefore asked to have due regard to this Policy today and in respect of all other ResponsibleSteel activities.
Why recognise other programmes?

ResponsibleSteel Mission

Enhance the responsible sourcing, production, use and recycling of steel

Must eventually cover the entire steel supply chain, but does not make sense to create more standards when there is already a multitude out there

Rather, recognise and include other credible programmes

Starting with upstream, focusing on mining

Downstream to be considered later
Why recognise other programmes?

**Site certification**
Covered by existing Standard

Certified sites may claim that their site is operated in a responsible manner

**Steel product certification**
In development

Additional requirements for the responsible sourcing of input materials and for GHG emissions intensity

Certified sites may claim that the steel products they offer have been sourced and produced responsibly
Recognition decisions can have wide-reaching implications

- Market push for recognised programmes
- Mining programmes might use results of our assessments for collaboration and alignment or might question our decisions
- Beyond our steel members, governments, finance sector, downstream companies might prefer recognised programmes in procurement and investment decisions, and in supply chain policies

Core principles for our recognition work:

- Transparency
- Rigour
- Impartiality
- Stakeholder engagement
- Accessibility
- Improvement
Our recognition methodology

Our recognition assessments will consider the programmes’...

• Standard
• Assurance
• Governance
• Stakeholder engagement
• Competence of personnel
• Oversight
• Claims
• Uptake and received support

Will be subject to stakeholder consultation and will be reviewed as needed
Assessment of standards

Baseline: 49 Criteria of ResponsibleSteel Standard
- Ambitious yet achievable bar
- In line with important international norms and guidelines
- But, not always fully appropriate for mining

Focus of today’s session

- 12 Principles
- 49 Criteria
- Ca. 200 Requirements
Assessment of assurance mechanisms

Baseline: ResponsibleSteel Assurance Manual

• In line with ISEAL Good Practice
• Builds on expertise of Assurance Services International and RS Secretariat
• Key elements of Assurance Manual to serve as baseline:
  – Third-party, site-level verification
  – Clear qualification requirements and approval process for verification providers and auditors
  – On-site visits
  – Engagement of workers and external stakeholders
  – Comprehensive publication of audit results
  – Defined procedures for oversight of auditors and verification providers
  – Competent personnel
Assessment of governance arrangements

- Stakeholder participation in programme governance and development of standard
- Grievance or dispute resolution mechanisms
- Publicly accessible policies and procedures
- Transparency of programme funding and financing

Claims and labels

- The programme’s own public claims (mission, vision, ToC)
- Appropriateness of allowed claims and labels for verified entities and monitoring of use thereof
- Publicly accessible requirements for use of claims and label

Uptake and received support

- Scope and participants in programme
- Reflect maturity of programme
- Online research, interview programme stakeholders
The process to determine and maintain recognition

1. Programme submits completed application form and supporting documentation
2. Independent desk-based review of documentation and programme website, stakeholder interviews, online research → draft assessment
3. Quality and consistency check by ResponsibleSteel
4. Programme reviews assessment and may provide further information
5. Revision of draft assessment
6. Publication of draft assessment for stakeholder feedback
7. Finalisation of assessment
8. ResponsibleSteel Board takes decision on recognition
9. Feedback to programme on decision and strengths and weaknesses
10. Publication of recognition assessment results
11. Periodic revision of assessment and programme improvements
Issues and questions we need to address

Time and resource-intensive: Ask programmes to support assessment and pay a recognition fee

Define eligibility criteria to qualify for recognition assessment. E.g. third-party auditing a must

Be careful not to create a bottleneck for ResponsibleSteel uptake → Mandatory and aspirational criteria

Reward stronger programmes and provide incentives for improvement → Different levels of recognition

Reward stronger mine site performance in our mass balance model (e.g. IRMA has 4, TSM has 5 levels)

How do we deal with the gaps and sector-dependent differences in our Standard?

Are there criteria that mine sites must always meet in full?
Reflecting different levels of recognition

<table>
<thead>
<tr>
<th>Alignment</th>
<th>Result</th>
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| > 90 %    | Full recognition  
|           | • No improvement needed  
|           | • Re-assessment of programme as needed |
| 60 – 90 % | Partial recognition  
|           | • Improvements needed to remain recognised  
|           | • Re-assessment after 3 years to verify improvements  
|           | • Mass balance would reflect lower level of alignment overall |
| < 60 %    | No recognition  
|           | RS improvement recommendations |
Reflecting different levels of recognition

10% input material (any) from verified supply chains

90% input material from non-verified supply chains

Mass balance allows mixing, no physical segregation of verified and non-verified material

Does not allow tracing back to origin and it is not known which of the products really contain verified material

10% of steel product certified

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Reflecting different levels of recognition

<table>
<thead>
<tr>
<th>Alignment</th>
<th>Example programme (3 levels)</th>
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</table>
| > 90 %    | • > 90% of alignment at highest level  
          | • Percentage of input materials from these mines would count to the full in mass balance  
          | • 10% in - 10% out |
| 60 – 90 % | • 70% of alignment at second level  
          | • RS would require improvements to be made within 3 years  
          | • Percentage of input materials from these mines would count 70% in mass balance  
          | • 10% in - 7% out |
| < 60 %    | • 50% of alignment at lowest level  
          | • No recognition  
          | • RS improvement recommendations |
Our anticipated timeline

**Nov**
- Co-creation sessions (today and 17 Nov, 9:00-11:00 and 16:00-18:00 GMT)
- First draft of methodology

**Dec-Jan**
- Draft assessments conducted by consultant using draft methodology (Bettercoal, ICMM, IRMA, ITA, TSM)

**Feb-Mar**
- Public consultation on draft methodology and assessments
- 2 deep dive sessions

**Mar-May**
- Finalisation of methodology and assessments
- Approval
Any questions or comments so far?
How should ResponsibleSteel assess the standard of another programme?

Moderated discussion
Baseline: 49 Criteria of ResponsibleSteel Standard

- Ambitious yet achievable bar
- In line with important international norms and guidelines
- But, not always fully appropriate for mining

12 Principles

49 Criteria

Ca. 200 Requirements
Assessment of standards

For example: Criterion 2.3: Legal compliance and signatory obligations

<table>
<thead>
<tr>
<th>Intent</th>
<th>Ambition</th>
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<tbody>
<tr>
<td>The site has effective procedures in place to ensure that it complies</td>
<td>• Identify and understand legal and signatory obligations</td>
</tr>
<tr>
<td>with applicable law and operates in consistence with formal</td>
<td>• Reflect obligations in processes and activities</td>
</tr>
<tr>
<td>agreements* it is committed to meet.</td>
<td>• Monitor site compliance</td>
</tr>
<tr>
<td></td>
<td>• Monitor legal developments</td>
</tr>
<tr>
<td></td>
<td>• Carry out legal compliance evaluations</td>
</tr>
<tr>
<td></td>
<td>• Address non-complying situations</td>
</tr>
<tr>
<td></td>
<td>• Maintain records to demonstrate regulatory compliance</td>
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Ensure that intent and level of ambition are equal, as derived from the ResponsibleSteel Standard.
Assessment of standards

ResponsibleSteel Standard not always fully appropriate for mining:
- Exploration
- Artisanal and small-scale / informal sector
- Security
- Closure
- GHG
- Waste (incl. tailings)

Is there anything else that is missing or that is steel-specific?

12 Principles
49 Criteria
Ca. 200 Requirements
ResponsibleSteel Standard

**Governance Principles**
1. Corporate Leadership
2. Social, Environmental, Governance Management Systems

**Social Principles**
3. Occupational Health and Safety
4. Labour Rights
5. Human Rights
6. Local Communities
7. Stakeholder Engagement and Communication

**Environment Principles**
8. Climate Change and Greenhouse Gas Emissions
9. Noise, Emissions, Effluents and Waste
10. Water Stewardship
11. Biodiversity

12. Decommissioning and Closure
<table>
<thead>
<tr>
<th>Principle 1. Corporate Leadership</th>
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</thead>
<tbody>
<tr>
<td>1.1: Corporate Values and Commitments</td>
</tr>
<tr>
<td>1.2: Leadership and Accountability</td>
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<table>
<thead>
<tr>
<th>Principle 2. Social, Environmental and Governance Management Systems</th>
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<tbody>
<tr>
<td>2.1: Management System</td>
</tr>
<tr>
<td>2.2: Responsible Sourcing</td>
</tr>
<tr>
<td>2.3: Legal compliance and signatory obligations</td>
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<td>2.4: Anti-Corruption and Transparency</td>
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<tr>
<td>2.5: Competence and awareness</td>
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<thead>
<tr>
<th>Principle 3. Occupational Health and Safety</th>
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</thead>
<tbody>
<tr>
<td>3.1: OH&amp;S policy</td>
</tr>
<tr>
<td>3.2: OH&amp;S management system</td>
</tr>
<tr>
<td>3.3: Leadership and worker engagement on OH&amp;S</td>
</tr>
<tr>
<td>3.4: Support and compensation for work-related injuries or illness</td>
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<tr>
<td>3.5: Safe and healthy workplaces</td>
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<tr>
<td>3.6: OH&amp;S performance</td>
</tr>
<tr>
<td>3.7: Emergency preparedness and response</td>
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</table>
Assessment of standards

Principle 4. Labour Rights
4.1: Child and juvenile labour
4.2: Forced or compulsory labour
4.3: Non-discrimination
4.4: Association and collective bargaining
4.5: Disciplinary practices
4.6: Hearing and addressing worker concerns
4.7: Communication of terms of employment
4.8: Remuneration
4.9: Working time
4.10: Worker well-being

Principle 5. Human Rights
5.1: Human rights due diligence
5.2: Security practice
5.3: Conflict-affected and high-risk areas

Principle 6. Stakeholder Engagement and Communication
6.1: Stakeholder engagement
6.2: Grievances and remediation of adverse impacts
6.3: Communicating to the public
Assessment of standards

Principle 7. Local Communities
7.1: Commitment to local communities
7.2: Free, Prior and Informed Consent (FPIC)
7.3: Cultural heritage
7.4: Displacement and Resettlement

Principle 8. Climate Change and Greenhouse Gas Emissions
8.1: Corporate commitment to achieve the goals of the Paris Agreement
8.2: Corporate Climate-Related Financial Disclosure
8.3: Site-level GHG emissions measurement and intensity calculation
8.4: Site-level GHG reduction targets and planning
8.5: Site-level GHG or CO2 emissions reporting and disclosure

9.1: Noise and vibration
9.2: Emissions to air
9.3: Spills and leakage
9.4: Waste, by-product and production residue management
Assessment of standards

Principle 10. Water Stewardship
10.1 Water-related context
10.2 Water balance and emissions
10.3 Water-related adverse impact
10.4 Managing water issues

Principle 11. Biodiversity
11.1: Biodiversity commitment and management

Principle 12. Decommissioning and closure
12.1: Decommissioning and closure
How do we address gaps or sector-specific differences?

- Other standards as baselines for the respective issues?
- Frameworks or guidelines as baselines?
- Which ones and for which issues are they relevant?
- Any other thoughts?

Reminder of ResponsibleSteel Standard shortcomings:
- Exploration
- Artisanal and small-scale / informal sector
- Security
- Closure
- GHG
- Waste (incl. tailings)
Are there specific criteria that always must be fully met?

Usually, minor non-conformities are allowed or programmes define different levels of performance.

Thinking of the environmental and social risk and impact of mining, are there criteria that mine sites must always meet in full?

If so, which criteria should these be? Criteria for tailings? Anything else
We welcome your thoughts

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