Co-creating ResponsibleSteel's recognition programme

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

Marnie Bammert, Technical and Assurance Director

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

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Economic Affairs, Education and Research EAER
State Secretariat for Economic Affairs SECO

responsiblesteel.org
# Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
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<tbody>
<tr>
<td>10 mins</td>
<td>Welcome, introductions and housekeeping</td>
</tr>
<tr>
<td>15 mins</td>
<td>Recap of last week’s recognition sessions</td>
</tr>
<tr>
<td>Up to 95 mins</td>
<td>How to reflect different performance levels in the ResponsibleSteel requirements? Moderated discussion</td>
</tr>
<tr>
<td>11:00 GMT</td>
<td>Wrap-up and close</td>
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Housekeeping

• Observe antitrust issues
• Webinar will be recorded for internal purposes
• Slides will be posted on ResponsibleSteel website
• 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 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 will reference recognised programmes*
Certified sites may claim that the steel products they offer have been sourced and produced responsibly

* Additional GHG requirements as well
Our recognition methodology

Core principles for our recognition work:
• Transparency and stakeholder engagement
• Rigour and accessibility
• Impartiality
• Improvement rather than simple “recognised / not recognised”

Our recognition assessments will consider the programmes’:
• Standard
• Assurance and oversight
• Stakeholder engagement
• Governance
• Competence of personnel
• Claims
• Uptake and received support
Our anticipated timeline

Nov
- Co-creation sessions
- First draft of recognition methodology at the end of Nov

Dec-Jan
- Draft assessments done by consultant using draft methodology
  (Bettercoal, ICMM, IRMA, ITA, TSM)
- Feedback loop with the programmes

Feb-Mar
- Public consultation on draft methodology and assessment results

Mar-May
- 2 deep dive sessions
- Finalisation of methodology and assessments
- Approval
Assessment of other programme’s 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 since it was written for steel making and processing

Focus of last week’s session was on identifying areas where ResponsibleSteel Standard has gaps or sector-dependent differences

12 Principles
49 Criteria
Ca. 200 Requirements
Assessment of other programme’s standards

Identified gaps and sector-dependent differences in ResponsibleSteel Standard

- Exploration
- Closure
- Artisanal and small-scale / informal operations
- Security
- Conflict-affected and high risk areas
- Revenue and payments transparency
- Cultural heritage
- Womens’ rights
- Waste / tailings
- Hazardous materials
- Biodiversity

12 Principles
49 Criteria
Ca. 200 Requirements
Assessment of other programme’s standards

How to address the gaps and difference in our standard?
- ICMM Performance Expectations
- IRMA Standard
- Risk Readiness Assessment (RRA)
- For single issues:
  - Voluntary Principles on Security and Human Rights
  - Minamata Convention on Mercury
  - International Cyanide Management Code
- State that we expect mining programmes to cover these issues but do not lay out requirements

All options to be considered
Any questions or comments so far?
How to reflect different performance levels in the ResponsibleSteel requirements?

Moderated discussion
What do we want to achieve?

Steel companies increasingly source from suppliers with strong ESG performance

Do not stop...

We want requirements that are:
• Meaningful and help improve performance on the ground
• Allow us to get started
• Manageable and easy to communicate and understand
What do we want to achieve?

We want requirements that are:

• Meaningful and help improve performance on the ground
  → Recognise programmes that help achieve our Vision & Mission

• Allow us to get started
  → Recognise more than one programme but ask for improvements where relevant

• Manageable and easy to communicate and understand
  → Not overly burdensome, calculation and visual tools
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

Mining programme level

<table>
<thead>
<tr>
<th>TSM Rating Scale</th>
<th></th>
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<td>Excellence and leadership.</td>
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<td>Integration into management decisions and business functions.</td>
</tr>
<tr>
<td><strong>A</strong></td>
<td>Systems/processes are developed and implemented.</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>Procedures exist but are not fully consistent or documented; systems/processes planned and being developed.</td>
</tr>
<tr>
<td><strong>C</strong></td>
<td>No systems in place; activities tend to be reactive; procedures may exist but they are not integrated into policies and management systems.</td>
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Full recognition
Partial recognition
Partial recognition

Results are assumptions!
Reflecting different levels of recognition

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<th>TSM Rating Scale</th>
<th>Contribution to ‘verified input material’</th>
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Mine site level

Results are assumptions!
Reflecting different levels of recognition – current proposal

Verified input material: 10% (any material) from recognised programme

- 10% of steel product certified if AAA mine sites
- 8% of steel product certified if AA mine sites
- 6% of steel product certified if A mine sites

90% other input material

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
Reflecting different levels of recognition – current proposal

Feedback received during consultation:

- Crystal sites can start making claims once they have reached 10% of input material from 'verified sources'.
- Ask for higher percentage (25%, 40%).
- Ask for percentage to increase over time.
- Proposal is fine.
- Why have a threshold at all? Let market decide how much it wants / needs.
- Define minimum and higher levels of performance and link them to the claims that can be made.

Let’s discuss these points:

- The draft requirements should be tested for feasibility.
- Material with high ESG risk should be covered.
- Iron ore should be covered.

Input from this morning’s session:

- Ask for percentage to increase over time.
- Why have a threshold at all? Let market decide how much it wants / needs.
- Define minimum and higher levels of performance and link them to the claims that can be made.
Thank you for your contributions!

Next session
Co-creating the input materials requirements
24 November
09:00-11:00 and 16:00-18:00 GMT

Register here:
https://zoom.us/webinar/register/WN_AkbSBWjPTHS0lfGO7sohrw

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