

## Urgent revision of the ResponsibleSteel Standard

### V1.1

On 23<sup>rd</sup> June 2021, the ResponsibleSteel Board approved an urgent revision of the ResponsibleSteel Standard v1.0. This resolution states that:

*“The Board approves the SACC-endorsed Urgent Revision proposal to amend the ResponsibleSteel Standard (v1.0) Criteria 8.4 and 8.5 to allow site level GHG performance data to be reported publicly on a multiple site basis, as an option to the current approved Criteria which require GHG performance data to be reported publicly at the individual site level. Individual site level performance would still be reported to ResponsibleSteel on a confidential basis (with NDAs in place) but would not be made publicly available by ResponsibleSteel. Under this new arrangement, individual certified sites would be able to make claims linked to site certification, but individual sites certified on a multiple site basis will not be permitted to disclose GHG emissions that are lower than the average of the sites in the certified group.”*

Below are a number of questions and answers which we hope will be useful in better understanding the changes made, the reasons why and the implications for ResponsibleSteel and the ResponsibleSteel Standard and its application.

#### What is an urgent revision and why was this mechanism used to make a change to the Standard?

The ResponsibleSteel Standard Development Procedures (v2.0) allow for the Chief Executive to determine a need to an urgent revision of the Standard and this is the process which was followed.

<b>9</b>	<b>Urgent Revisions</b>
9.1	The CEO may determine that there is a need for an urgent revision to the ResponsibleSteel standard.
9.2	Conditions under which an urgent revision can be triggered may include, but are not limited to: <ul style="list-style-type: none"> <li>a. Formal complaints raised by stakeholders that are deemed to have merit as per the ResponsibleSteel complaints procedure;</li> <li>b. Problems of implementation which affect multiple organisations;</li> <li>c. Perceived threats to ResponsibleSteel’s credibility; or</li> <li>d. Changes in legislation or international obligations that affect the implementation of the ResponsibleSteel standard.</li> </ul>
9.3	If the CEO believes that there is a need for an urgent revision of the ResponsibleSteel standard he/she shall direct the Secretariat to prepare a paper outlining the reasons for the proposed urgent revision and shall submit this to the Board for consideration. The Board shall then make a decision whether to proceed with an urgent revision.
9.3.1	If the Board determines that there is a need for an urgent revision it shall direct the CEO to draft a proposed change in consultation with the Standards and Assurance Committee and submit it to the Board for approval.
9.3.2	If the Board determines that an urgent revision is not required it shall provide reasons for the decision and shall direct the CEO as to any alternative measures that it considers to be appropriate.

9.4	Urgent revisions shall not be required to undergo a public consultation process. However, any approved urgent revisions shall be included in the subsequent regular ResponsibleSteel Standard revision and consultation process.
9.5	Upon Board approval of an urgent revision, a new version number of the ResponsibleSteel Standard shall be created along with an effective date, and this ResponsibleSteel Standard shall be published on the ResponsibleSteel website and announced to ResponsibleSteel certification applicants, certificate holders, certification bodies and stakeholders.

The issue of site specific public disclosure was brought up after the first site audits were completed at a number of sites in Europe. Given the ResponsibleSteel Standard v1.0 was never piloted, we decided to see if there was any way we could work around the site specific disclosure element by clarifying elements in the guidance, but this wasn't possible. After consultation with stakeholders and noting that this was an issue for a number of steel makers, we chose to look at an urgent revision. Given the issue does affect a number of organisations, the CEO and the Board felt that this was justified.

*What process was followed and who was involved in the decision?*

The process followed was in line with the procedure described above. The CEO proposed the need for an urgent revision to the Board of Directors. The Board then instructed the CEO to consult both formally and informally with Members and stakeholders. This was done through the ongoing formal consultation on the ResponsibleSteel Standard (question 3 and beyond in the GHG consultation papers) as well as outreach to individual organisations. The CEO then presented the findings of the consultation (anonimised) to the Standards, Assurance and Claims Committee. The SACC then made a recommendation to the Board on the need and content of the revision. This was subsequently approved by the Board of Directors on 23<sup>rd</sup> June 2021.

*How was stakeholder feedback taken into account?*

The consultation on GHG emissions for the new Standard for certified steel asked stakeholders a number of specific questions:

- Question 1: do you support or disagree with the proposal to remove the current requirement for ResponsibleSteel certified sites to disclose their crude steel GHG emissions intensity (determined in accordance with criterion 8.3), as a requirement for ResponsibleSteel site certification?
- Question 2: do you support or disagree with the proposal that steelmakers should be permitted to report GHG emissions averaged across multiple sites rather than for every site separately?

The response to these questions along discussions held with both internal and external stakeholders of ResponsibleSteel allowed us to get a sense of what would be acceptable to most businesses across the steel supply chain from mining companies down to buyers of steel as well as from civil society, government institutions and others. And whilst not all were supportive of averaging or not publicly disclosing, the majority stated that they could agree to it.

The most important and consistent piece of feedback was that disclosure should be made at a minimum to ResponsibleSteel and that this should not preclude the standard for certified steel from requiring such disclosure.

#### *What are the implications for the Standard for certified steel?*

There is at this point in time no implications for the Standard for certified steel. The urgent revision pertains to Principles 8.4 and 8.5 of the current Standard (v1.0) of the Standard for site certification. The SACC and Board were very clear in their decision that the changes made under this urgent revision should not prevent any path from being taken with regards to certified steel as this is still an ongoing discussion.

The consultation which just finished on the requirements for certified steel as a product is not impacted by the change and discussions will continue as planned to ensure that the final Standard for steel certification meets the expectations of our stakeholders.

#### *What are the changes that have been made?*

The main change which has been made is to allow site level GHG performance data to be reported publicly on a multiple site basis. The specific site data is still reported to auditors and ResponsibleSteel but it doesn't have to be made public.

But public reporting still takes place on an annual basis against the criteria in 8.5.1 albeit at a defined portfolio of sites if chosen.

More specifically, this means that within Principle 8, the following changes have been made:

- 8.4.5 The **site's** medium-term targets **for the site or defined portfolio of sites**, as specified under requirements 8.4.1 and 8.4.2 and progress towards achieving these targets are reported publicly and on a regular basis.
- 8.5.1. The following information is publicly reported on an annual basis **for the site or defined portfolio of sites, as specified under requirements 8.4.1 and 8.4.2:**

#### *What mechanisms will ensure that an 'averaging' will not result in 'hiding' or unfairly lifting poorly performing sites?*

For site certification, there is no performance threshold for GHG emissions therefore the performance of an individual site doesn't change their certification against the standard. A certified site will still need to disclose its GHG performance and will still require a plan for the reduction of emissions.

When it comes to certified steel, the Standard is still being developed and we will ensure that no "hiding" of poorly performing sites will happen.

#### *Can organisations still disclose down to the individual site level if they wish to, rather than averaging?*

Whilst the changes to the Standard allows a company to publicly disclose averaged information, the information disclosed to the auditors and to ResponsibleSteel will be site specific.

Furthermore, the guidance clearly states that we recognise individual site disclosure as best practice and encourage companies willing to disclose to do so. We hope that this will encourage companies to disclose.

Will these changes adversely impact the accuracy or transparency of the carbon intensity of certified steel product?

The Standard for certified steel and more specifically the performance and transparency requirements for certification based on carbon intensity of products is still being discussed and will be agreed upon by our members. The changes do not set us on any specific path when it comes to the decision on what will be required for ResponsibleSteel certified steel.