ResponsibleSteel GHG
Requirements Finalisation
Meeting 6: 28th October 2021
Meeting starts at 11.00am (UK)
ResponsibleSteel™ is committed to complying with all relevant antitrust and competition laws and regulations. Failure to abide by these laws and regulations can potentially have extremely serious consequences for ResponsibleSteel™ and its members, including heavy fines and, in some jurisdictions, imprisonment for individuals. ResponsibleSteel™ has therefore adopted an Antitrust Policy, compliance with which is a condition of ResponsibleSteel™ membership and participation. You are asked to have due regard for this Policy today and indeed in respect of all other ResponsibleSteel™ activities.

1. Minutes and process points
2. Progress and schedule
3. Issue for resolution:
   • GHG disclosure & reporting
1. Minutes and process points
   • Polling
   • Minutes from last meetings
   • Sharing minutes

2. Progress and schedule

3. Issue for resolution:
   • GHG disclosure & reporting
1. In-meeting polling

Concerns raised that some organisations have many representatives on these calls, and so have undue influence when we carry out in-meeting polling

• The polls are not a formal vote (otherwise associates wouldn’t have a say and we would need a quorum of members present which we don’t always have)
• The polls are a way to “test” the temperature of the room. At the end we give everyone a chance to voice their opinion and convince people
• The formal vote where only members vote (and one member one vote) will be on the final version of the standard
10. Which review/revision period would you prefer?

<table>
<thead>
<tr>
<th>Period</th>
<th>Votes</th>
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<tbody>
<tr>
<td>5 years + 2</td>
<td>10</td>
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<tr>
<td>8 years + 2</td>
<td>4</td>
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<tr>
<td>12 years + 2</td>
<td>15</td>
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<tr>
<td>Review every 5 years + 2</td>
<td>9</td>
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1. In meeting polling

**ResponsibleSteel Secretariat proposal:**

- To continue using polls informally as currently
- Not to limit voting on polls to ‘one organisation, one vote’
- To share the polling results after the meeting so that everyone can see who was voting for what
- If anyone is concerned that their views are not being fairly debated please to raise the concern with Ann—Claire, and she can raise with the board
1. Minutes and process points
   - Polling
   - Minutes from last meetings
   - Sharing minutes

2. Progress and schedule

3. Issue for resolution:
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2. Progress and schedule

3. Issue for resolution:
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1. Minutes and process points

2. Progress and schedule:
   - Progress
   - Stainless and high alloy steels
   - Schedule and when to meet

3. Issue for resolution:
   - GHG disclosure & reporting
Keeping track of progress: agreements in principle

- Proposed limited changes to C8.1, C8.2, C8.3, C8.5 (current ‘site certification’ requirements) agreed in principle, with exception of proposed change to guidance on R8.3.1 & R8.3.3, to be returned to under C8.4.3.
- Proposed requirement 8.4.4 ✓
- Proposed requirement 8.4.5 ✓
- Proposed requirement 8.6.3 ✓ ✓
- Proposed requirement 8.7.3 ✓
- The point for comparing GHG emissions intensity for steel should be the point at which crude steel is first made, recognizing that a clear and consistent definition for this point is required, as well as clear definition of production volume.
- The GHG determination should include upstream indirect (scope 3a) emissions, energy indirect (scope 2) emissions, and direct (scope 1 emissions)
- The basis for comparison should be the GHG emissions intensity, taking account of the proportion of scrap that is used as an input material
ResponsibleSteel will adopt the ‘50:50’ approach at the high iron-ore end of the threshold line for ResponsibleSteel certification of steel, with a slightly shallower gradient to give the ‘benefit of the doubt’ to scrap-based steelmaking at the high scrap end of the threshold line.

2. To what extent do you agree with the original 50:50 gradient?

3. To what extent do you agree with the 75% gradient option?

4. Which gradient do you recommend RS adopts?
ResponsibleSteel will adopt the ‘50:50’ approach at the high iron-ore end of the threshold line for ResponsibleSteel certification of steel, with a slightly shallower gradient to give the ‘benefit of the doubt’ to scrap-based steelmaking at the high scrap end of the threshold line.
ResponsibleSteel will adopt the ‘multiple thresholds approach, with 5 yearly revisions and 2-year transition period.'
ResponsibleSteel will adopt the ‘multiple thresholds approach, with 5 yearly revisions and 2-year transition period

1. Three performance levels to be specified:
   - RS certified steel
   - RS certified ‘lower embodied carbon’ steel
   - RS certified ‘Near Zero’ steel
2. The RS certified steel threshold is set to include 50% of ‘high iron ore content’ producers, and a slightly greater proportion of ‘high scrap content’ producers.
3. The exact levels for ‘Lower embodied carbon’ and ‘Near Zero’ thresholds to be set in further consultation with members and with other initiatives, including SteelZero and the ‘Net Zero Steel Initiative’
4. The levels will be reviewed every 5 years after finalization, with new levels being applicable after a 2-year transition period
Schedule

- Schedule: Thursdays from 11:00 to 12:30 UK time
  - 19 August – recap and review process, initial identification of key issues
  - 2 September – What is the basis for defining GHG emissions performance?
  - 16 September – Should the standard specify one, or more than one, performance level for crude steel GHG emissions intensity?
  - 16 September to 14 October: work with smaller group on stainless/ high alloy threshold criteria
  - 14 October – Should the standard specify a single dynamic threshold for crude steel GHG emissions intensity for steel certification, or 3 performance levels?
  - 21 October – Should the standard specify a single dynamic threshold for crude steel GHG emissions intensity for steel certification, or 3 performance levels?
  - 28 October – GHG disclosure and reporting - introduction
  - 4 November – GHG disclosure and reporting – resolution: NB time brought forward to 10.00 to 11.30 UK time

- Secretariat to do further work on a consolidated draft Standard for Board Standards, Assurance & Claims Committee (SACC) review
- 18 November: target date for SACC approval for circulation of draft to ResponsibleSteel membership for ‘legal review’
Issues considered to be settled ‘in principle’: C8.4...

Do you support or disagree with:

- proposed Criterion 8.4?
- proposed requirement 8.4.1?
- proposed requirement 8.4.2?
- proposed requirement 8.4.3?
- proposed requirement 8.4.4?
- proposed requirement 8.4.5?
- proposed requirement 8.4.6?
- proposed requirement 8.4.7?

(see below)

<table>
<thead>
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<th>Criterion</th>
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- GHG emissions intensity threshold achieved  
- GHG emissions intensity performance level 1, 2 or 3  
- Product embodied carbon determination |
| C8.7      | GHG emissions disclosure and reporting |
Key issues for resolution: C8.4

• Criterion 8.4.1:
  • Cross reference to 8.4.3 for use of average/default emissions factors for input materials

• **Criterion 8.4.2:**
  • Should scope boundary end at ‘crude steel’ or include all on-site processing?

• Criterion 8.4.3:
  • Need to work through and confirm detail, including re: consideration of DRI, HBI as well as GPI, Pig Iron and Steel GHG emissions (see comments on C8.3.3 proposed Guidance).

• **Criterion 8.4.6:**
  • Need to work through and confirm/resolve each of the proposed rules (a – i) – concerns with rules b, c, d, f and h have all been mentioned, as well as the determination of the scope boundary at the point of production of crude steel (see C8.4.2, above)

• Criterion 8.4.7:
  • Could this be simplified by requiring that total GHG emissions for scopes 1 to 3 must be determined?
Issues considered to be settled ‘in principle’: C8.6...

Do you support or disagree with:

- proposed Criterion 8.6?
- proposed requirement 8.6.1?
- proposed requirement 8.6.2?
- proposed requirement 8.6.3? ✓
- proposed requirement 8.6.4?

8.6.3: ResponsibleSteel certified steel products to be accompanied with information about its embodied carbon footprint considered settled in principle

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Key issues for resolution: C8.6

- Criterion 8.6.1:
  - Wrong in principle to specify criteria that depend on scrap content (see below)

- Criterion 8.6.2:
  - Would in addition like to see sites evaluated based on their primary crude steel production method, and segregated by mill type, making differences in performance within a mill type more obvious and incentivising best EAF as well as best integrated mills

- Criterion 8.6.4:
  - It is wrong in principle to specify criteria that depend on scrap content: the steel industry should focus its efforts on promoting ever-increasing levels of recycling
  - Upstream emissions should not be included in the threshold calculation
  - “The crude steel GHG intensity metric does not reflect GHG performance”
  - Threshold is too high and easy to pass without complying with Paris goals
  - RS should focus initially on simplicity (ie just one level of performance), perhaps adding additional levels in future
  - Threshold should be based on an algorithm using GHG budgets for iron ore/scrap based on one or more EIA Paris-aligned scenarios and ratcheted up over time in line with these scenarios
  - Threshold(s) should not be simple lines but should be bands, allowing for +/-5% to pass
  - How do proposed levels 2 and 3 relate to current best performance for BF-BOF production?
  - Data for determining thresholds needs to be transparent/ request that CRU data is made public
1. Minutes and process points

2. Progress and schedule:
   - Progress
   - Stainless and high alloy steels
   - Schedule and when to meet

3. Issue for resolution:
   - GHG disclosure & reporting
1. Minutes and process points

2. Progress and schedule:
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3. Issue for resolution:
   - GHG disclosure & reporting
Schedule and when to meet

- [Secretariat progress report and board briefing]
- 4 November – GHG disclosure and reporting, Criterion 8.7: already agreed: 10:00 to 11:30 UK time
- 11 November: high alloys and stainless sub-group meeting 1: proposed: 10:00 to 11:30 UK time
- 18 November: Criterion 8.4, issues to be determined: to discuss
- 25 November: high alloys and stainless sub-group meeting 2: to agree with participants at sub-group meeting 1
- 2 December: Criterion 8.4, issues to be determined: to discuss
- 9 December: high alloys and stainless sub-group meeting 3: to agree with participants at sub-group meeting 1
- 16 December: Criterion 8.4, issues to be determined: to discuss
1. Minutes and process points
2. Progress and schedule
3. Issue for resolution:
   • GHG disclosure & reporting
## Criterion C8.7

### C8.1 Corporate commitment to achieve the goals of the Paris Agreement

### C8.2 Corporate Climate-Related Financial Disclosures

### C8.3 Determination of GHG emissions for the purpose of site level GHG emissions reduction targets and planning only

### C8.4 Determination of GHG emissions for the purpose of site level GHG emissions intensity performance comparisons

### C8.5 Site-level GHG emissions reduction targets and planning

### C8.6 ResponsibleSteel product certification:
- GHG emissions intensity threshold achieved
- GHG emissions intensity performance level 1, 2 or 3
- Product embodied carbon determination

### C8.7 GHG emissions disclosure and reporting

**Criterion 8.7: GHG emissions disclosure and reporting**

Key measures of the site’s GHG emissions performance are publicly disclosed.
Criterion C8.7

8.7.1. The following information is publicly reported on an annual basis for all ResponsibleSteel certified sites:

a. The site’s total GHG (CO2 e) or CO2 emissions calculated in accordance with the requirements of Criterion 8.3 and in accordance with the specifications defined in Criterion 8.4 where these have been applied.

b. The basis for the determination of the site’s total GHG emissions, including:

- The international or regional standard(s) used;
- Whether or not the determination has been prepared in conformity with the requirements specified in Criterion 8.4;
- Whether the determination includes the purchase of renewable energy certificates or similar mechanisms such as power purchase agreements, virtual power purchase agreements, or green tariffs paid in relation to the sourcing of the site’s electricity, and if so a description of the source and quantity of such offsets or agreements;
- A clear description of the scope boundary for the determination, including whether the emissions associated with the extraction, preparation, processing and transportation of input materials have been included or excluded in the determination;
- An explanation of the greenhouse gases that have been taken into account in the determination or, if only CO2 emissions have been considered, a clear statement to this effect;
- An explanation of variations in figures reported using different measurement standards if more than one standard has been used by the site and different figures have been reported as a result.
8.7.2. The following information is publicly reported on an annual basis for ResponsibleSteel certified sites that produce crude steel, in order to market and sell their products as ResponsibleSteel certified:

a. the ResponsibleSteel crude steel GHG emissions intensity performance of the site (metric tonnes of CO2 e/ metric tonne crude steel), as determined in conformity with the requirements of Criterion 8.4.

b. the proportion of scrap used as an input for crude steel production at the site (as determined in 8.6.1)

c. the ResponsibleSteel crude steel GHG emissions intensity performance level (1, 2 or 3) that has been achieved.

Note: ResponsibleSteel will publish a table of the ResponsibleSteel crude steel GHG emissions intensity performance for all ResponsibleSteel certified steelmaking sites, together the proportion of scrap used as an input material, with explanatory notes based on the information provided in 8.7.1, above.

8.7.3. The embodied carbon for any product, co-product or by-product that is marketed or sold as ResponsibleSteel certified, as determined in 8.6.3. is publicly available on request, together with a declaration of the ResponsibleSteel crude steel GHG emissions intensity performance level (1, 2 or 3) for the crude steel the product is made from, where applicable.
Issues considered to be settled ‘in principle’: C8.7...

Do you support or disagree with:

- proposed Criterion 8.7?

- proposed requirement 8.7.1?

- proposed requirement 8.7.2?

- proposed requirement 8.7.3?

- More variable level of support, with some strong disagreement on some proposals
- 8.7.3: embodied carbon footprints and GHG emissions level publicly available on request

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Key issues for resolution: consultation questions

- **GHG Disclosure Consultation 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?

- **GHG Disclosure Consultation Question 2**: do you support or disagree with the proposal to remove the detailed reporting requirements (ResponsibleSteel Standard (v1-0) requirements 8.5.1.a, 8.5.1.b, 8.5.1.c, and 8.5.1.e)?

- **GHG Disclosure Consultation Question 3a**: 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?

- **GHG Disclosure Consultation Question 3b**: If steelmakers are permitted to report GHG emissions averaged across multiple sites, do you support or disagree with the proposed conditions?

NB. This feedback was taken into account in agreeing an ‘urgent revision’ to the current ResponsibleSteel Standard Criteria 8.4 & 8.5, but were clear that these changes were without prejudice to the ongoing discussion of requirements for ‘certified steel’ - see: [https://www.responsiblesteel.org/wp-content/uploads/2021/06/Urgent-Revision-of-the-Standard_QA.pdf](https://www.responsiblesteel.org/wp-content/uploads/2021/06/Urgent-Revision-of-the-Standard_QA.pdf)
Key issues for resolution: C8.7

- Are the proposed disclosure requirements for ResponsibleSteel certified *sites* in 8.7.1 right?
- Are the proposed disclosure requirements for ResponsibleSteel certified *steel* in 8.7.2 right?
- Should steelmakers be permitted to report GHG emissions averaged across multiple sites rather than for every site separately? If so, what technical specifications apply? Should the same approach apply for both ‘site certification’ and ‘steel certification’?

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Next meetings

4 November: 10.00 – 11.30am (UK)
Criterion 8.7: GHG emissions disclosure and reporting

11 November
High alloy/ stainless steels working group