ResponsibleSteel GHG Requirements Finalisation
Meeting 10: 16\textsuperscript{th} December 2021
Meeting starts at 05.00am (UK)

DRAFT
Antitrust statement

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. Issues for resolution:
   - GHG disclosure & reporting
   - If time: AM to raise issue relating to the inclusion of upstream Scope 3 emissions in the scope for GHG emissions intensity
1. Minutes and process points

- Minutes

Actions arising:

- MWS to reach out to participants 1:1 re: averaging and disclosure, and bring proposal to meeting on 2nd Dec: DONE
- Update on timeline
- Update on GHG thresholds/ levels
Process and updated draft timeline for ‘Certified Steel’ requirements

To end of Dec
- Continuing discussions with members and stakeholders
- End of Dec: Next draft versions of the GHG and responsible sourcing requirements sent to members for review by everybody who needs to see it (legal, senior management, etc.)

Jan - Mar
- Jan and Feb: Members to review internally. 1:1 and small group calls with Secretariat, as requested. Google doc visible to all members so they can see what changes we are making and can get in touch with us if they see anything they wish to discuss
- 03 March: Online webinar to present final drafts (GHG and responsible sourcing) to members, final drafts sent to members
- By 17 March: Members to have done their final review

April
- 11 April: Membership vote on GHG and responsible sourcing requirements to be completed by end of April 30th
- Board ratification of requirements. Announced at AGM (which is by end of May at latest)

Confirmed by the RS Board on 08 December
Update on GHG thresholds/ levels

• Process to date reviewed by Board Standards Assurance & Claims Committee
• Agreed that Secretariat should continue the drafting process on the basis of the proposed approach, while continuing to see if we can improve it as we work on the detail in discussion with BMW and other members
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Proposed modifications/ clarifications:

• Reporting/ disclosure of the GHG footprint data will follow the requirements for the specified national/regional standard used to determine the GHG footprint under R8.6.3

• RS will require that the applicable standard used to determine the GHG footprint is clearly disclosed

• If the EU approves ‘product environment footprint’ rules that meet the requirements of R8.6.3, then footprint data could be disclosed on that basis
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.
R8.7.1

Proposed modifications/ clarifications:

• Disclosure should be aligned with the specification of site level GHG reduction targets, which are for sites or a defined portfolio of sites, and which must show linkage to the company’s corporate GHG reductions trajectory as per C8.5

• The medium-term GHG reduction target(s) for the site or defined portfolio of sites, as specified under 8.5.1 & 8.5.2, should also be disclosed. R8.7.1 would then allow progress towards the target to be monitored publicly over time.

• The standard that has been used as the basis for measurement, and the level of assurance provided (e.g. ‘reasonable’ vs ‘moderate’) must be disclosed.

• If an average is used there must be clarity and disclosure as to which sites have been included in the portfolio average e.g. through the RS website

• Site specific data must be disclosed to ResponsibleSteel itself

• Under these assumptions, averaging across a portfolio of sites as proposed under the June 2021 ‘Urgent Revision’ will be permitted
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.

Discussions to date:

• On the call on 2\textsuperscript{nd} December, on the basis of the draft proposals presented at that meeting, and taking account of discussions on the call, a majority of those present agreed that averaging should be permitted, with a significant minority disagreeing.

The standard should allow averaging for certified STEEL data (8.7.2)
R8.7.2: Secretariat proposal for discussion

Proposed rules:

• As a minimum, the site level GHG emissions intensity for crude steel production, % scrap input, and the resulting ResponsibleSteel performance level will be disclosed. These data will be published on the ResponsibleSteel together with the data specified in R8.7.1 and R8.7.3. Sites may disclose additional data as they see fit.

• The data for the determination of the site level GHG emissions intensity for crude steel production, and the % scrap input must be independently verified in accordance with the requirements of R8.7.4 and in accordance with the requirements of ISO 14064:1 (2018) Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

• All sites producing ResponsibleSteel certified crude steel must meet the GHG requirements for ResponsibleSteel ‘steel certification’, including the achievement of the basic ResponsibleSteel crude steel GHG intensity threshold in their own right

• Site level crude steel GHG emissions intensity data under R8.7.2 may be disclosed as an average of the data for multiple sites in a group if the sites within the group:
  • Are managed within the same business unit; and
  • Produce the same type of steel: carbon and low alloy steels (<8% alloys and other elements); stainless steels (>10.5% chromium); high alloy steels (>=8% alloys and <10.5% chromium)

• [continued on next slide]
Proposed rules (continued):

- When an average is used:
  - The average must be weighted by volume of production at the different sites in the group
  - It must be clearly specified that the disclosed data is an average across multiple sites
  - There must be full public disclosure as to which sites are included in the average, and the list of sites included in the average will be disclosed on the ResponsibleSteel website together with the average performance data
  - Individual site specific data must be disclosed confidentially to ResponsibleSteel
Guidance notes

• There would be no obligation for companies operating multiple certified sites to disclose data as an average.
• Averaged data could not include emissions data relating to sites which are not part of the defined group of certified sites.
• So long as every site in the group meets the basic threshold level of performance, it would be permissible for the group to include sites that individually achieve different RS levels of performance. For example, a group of five sites whose average level of performance is disclosed as achieving ResponsibleSteel level 2 might include one site achieving RS level 1, three sites achieving RS level 2, and one site achieving RS level 3.
• If a newly certified site is added to an existing group of certified sites, or a site is removed from the group for whatever reason, the average data for the group would be re-calculated, and the new average would replace the previous average for all sites within the group.
• Sites within a group would not be permitted to disclose their own individual crude steel GHG emissions intensity performance data publicly or to customers. If a site were to do this it would be removed from the group and the average performance for the group recalculated accordingly.
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