ResponsibleSteel GHG Requirements Finalisation
Meeting 9: 2\textsuperscript{nd} December 2021
Meeting starts at 11.00am (UK)
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:
   - Proposed approach to GHG emissions intensity performance thresholds
   - GHG disclosure & reporting
1. Minutes and process points

- Minutes

Actions arising:

- Agenda for 2\textsuperscript{nd} Dec to include consideration of proposed approach to GHG emissions intensity performance thresholds - DONE
- MWS to reach out to participants 1:1 re: averaging and disclosure, and bring proposal to meeting on 2\textsuperscript{nd} Dec: ONGOING
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)

Note that the RS Board will review and agree on the timeline on 08 December, so this is currently a draft
1. Minutes and process points

2. Issues for resolution:
   • Proposed approach to GHG emissions intensity performance thresholds
   • GHG disclosure & reporting
Proposed approach to GHG emissions intensity performance levels:

- There will be 3 ResponsibleSteel GHG emissions intensity performance levels (1 - 3, as described in the figure)
- Specific, quantified thresholds will be specified after the GHG accounting rules have been agreed, based on the application of those rules
- Thresholds will be reviewed every 5 years, with the expectation that they will be reduced over time to support progress towards ‘near zero’ performance being achieved in 2050
- Revised thresholds, as agreed, will be applicable after a 2-year transition

**Level 1: ResponsibleSteel certification threshold**, aiming to ensure that 50% of sites are below the threshold, based on 2020 data, for both high and low proportions of scrap input, but with a slightly shallower gradient in favour of scrap

**Level 2: ResponsibleSteel ‘lower embodied carbon’ level**, intermediate to the level 1 certification threshold, and the level 3 ‘near zero’ level

**Level 3: ResponsibleSteel ‘near zero’ level**, aiming to identify steelmaking which is close to the lowest practicable emissions for known, innovative technologies
Discussion (20 minutes)
Is the proposed approach to GHG emissions intensity performance levels settled in principle?
Poll: ‘show of hands’

Is the proposed approach to GHG emissions intensity performance levels settled in principle?

- One person only to vote for each organisation
- Looking for a majority of business and a majority of civil society members
1. Minutes and process points

2. Issues for resolution:
   • Proposed approach to GHG emissions intensity performance thresholds
   • **GHG disclosure & reporting**
     • Secretariat proposal for discussion
     • Discussion
### Secretariat proposal for discussion: in summary

| R8.7.1 | Public reporting of data for ResponsibleSteel certified sites ('site certification'):  
|  | a) Total GHG emissions for the site  
|  | b) Basis for the determination of the site’s total GHG emissions | Allow averaging across sites, as proposed in the ‘urgent revision’ in June  
|  | • Main market driver intended to focus on performance of ResponsibleSteel certified steel – R8.7.2  
|  | • Site level measurements may be based on different international/ regional standards (C8.3), so will not have same level of consistency and comparability as for certified steel (C8.4)  
|  | • Site level disclosure should be aligned with the specification of site level GHG reduction targets (C8.5) which are for sites or a defined portfolio of sites (to show linkage to the company’s corporate GHG reductions trajectory) – but these targets should then be made publicly available as a requirement for ‘site certification’.

R8.7.2 | Public reporting of additional data for sites producing ResponsibleSteel certified crude steel ('steel certification') | Allow averaging across sites, with clear rules and a strong emphasis on transparency  
|  | • Some steelmakers consider averaging central to their ability to manage production efficiently across multiple sites and meet customer needs  
|  | • Within a group of sites disclosing (weighted) average performance some sites will look better than actual, but others will look worse – the overall average will still be accurate  
|  | • As long as there is transparency, customers can make their own judgments as to whether they accept averaged data, or exercise a preference for site specific data  
|  | • The market can act on average or site specific data to recognise and reward performance

R8.7.3 | Reporting of embodied carbon - ‘carbon footprint’ in line with existing standards – available on request for all certified products | Follow requirements in the international/ regional standard used by the site  
|  | • There is broad agreement across the membership to follow existing standards.
## Summary of certified site and certified steel GHG performance drivers

<table>
<thead>
<tr>
<th>Certified sites</th>
<th>Requirements:</th>
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</table>
| ![Certified Site]() | • The company has a science-based decarbonization target (SBTi/Net Zero) aligned with the achievement of the goals of the Paris Agreement  
• The site has medium-term decarbonization target & plan, with measurement, monitoring and disclosure |
| Performance driver(s): |
| ![Performance driver(s)]() | • Drives and rewards forward planning, commitment and the investments required by steelmakers to reduce their GHG emissions in the medium and long term |

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| ![Certified Steel]() | • GHG emissions intensity performance for crude steel production meets threshold for steel certification  
• Distinction between performance levels 1, 2, 3  
• The carbon footprint of steel products is also available to customers, in line with existing international standards |
| Performance driver(s): |
| ![Performance driver(s)]() | • Drives and rewards low GHG steel production for both scrap-based and iron-ore based steelmaking, irrespective of specific technology  
• Data on embodied carbon is available to customers in line with existing standards, supporting downstream users’ measurement and reduction of their absolute upstream emissions over time |

<table>
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<th>Level 1</th>
<th>GHG product footprint</th>
<th>1.85 t CO(_2)e / tonne</th>
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[ responsiblesteel.org ](http://responsiblesteel.org)
Public consultation responses showed general agreement for proposed approach:

- Existing epd/ LCA standards are detailed, well established and generally accepted by steelmakers and customers
- If ResponsibleSteel were to agree different rules it would be hard to implement them, and likely to create confusion
- Efforts to change existing standards’ approach to disclosure would be better directed to the existing standards’ owners in the first instance
### Secretariat proposal for discussion: R8.7.2

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**Do you agree that averaging should be permitted for 8.7.2 (‘steel certification’)? (from call on 18th November):**

- Small number of organisations present and only 10 voting on issue.
- 1 organisation strongly agrees, 1 strongly disagrees – balance ‘generally’ agrees
- Proposed rules:
  - Must be clear whether the claimed performance level is site-specific, or an average across multiple sites
  - If the disclosed performance is an average, there must be disclosure about which sites have been included in the average, e.g. through the RS website
  - The average must be weighted by volume of production
  - All sites must meet the basic ‘RS certified steel’ (level 1) threshold in their own right
  - There must be consistency to avoid ‘double counting’ – if sites in the group are disclosing average data, better performing sites cannot also disclose site specific performance where this is to their advantage
  - Sites within the group must be regionally ‘linked’
## Secretariat proposal for discussion: R8.7.1

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### Do you agree that averaging should be permitted for 8.7.1 (‘site certification’)? (from call on 18th November):

- **Small number of organisations present and only 9 voting on issue.**
  - 1 organisation strongly agrees, 1 strongly disagrees – remainder slightly in favour

### Proposal:

#### 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.

- **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:**
  - 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 then allows progress towards the target to be monitored publicly over time.
Navigating the issues: Requirement C8.7.1

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.
Navigating the issues: Requirements 8.7.2 and 8.7.3

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.