ResponsibleSteel GHG Requirements:
Upstream Scope 3 emissions (including default data)

24th January 2022, 4.00pm – 5.30pm (GMT)
25th January 2022, 8.00am – 9.30am (GMT)
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. Schedule overview
2. Upstream Scope 3 emissions
Overview of next steps

- **January and February**: Members to review internally. ResponsibleSteel Secretariat to discuss the draft with members in 1:1 and small group calls, as requested.
- ResponsibleSteel Secretariat to publish proposed revisions to Draft 2-1 on an ongoing basis through a ‘track changes’ document accessible through the internet.
- ResponsibleSteel Secretariat to convene discussions with broader membership to resolve issues as required.
- **03 March**: ResponsibleSteel Secretariat circulates final draft proposals to members and presents the proposals on an online webinar.
- **03 to 17 March**: Members to carry out final review.
- From **17 March**: ResponsibleSteel Board to review process in accordance with the ResponsibleSteel Standard Development Procedure v2-0 (June 2020) and determine whether the Standard should be submitted to membership for vote on approval.
- **11 April**: Final version circulated to ResponsibleSteel members for vote on approval.
- **30 April**: Completion of membership vote.
- **May**: Board ratification, with decision to be announced at the ResponsibleSteel AGM (date to be announced).
Virtual meetings summary (all times GMT)

January
- **Mon 24 Jan: 16.00 – 17.30**: Upstream Scope 3 emissions (including default data)
- **Tue 25 Jan: 08:00 - 09.30**: Upstream Scope 3 emissions (including default data) – repeat session
- **Tue 25 Jan: 16.00 – 17.30**: GHG accounting rules, Criterion 8-4
- **Wed 26 Jan: 06:30 - 08.00**: GHG accounting rules, Criterion 8-4 – repeat session
- **Thur 27 Jan: 10.00 – 11.30**: Stainless/High Alloy Steel sub-group

February
- **Tue 1 Feb: 08:00 - 09.30**: Upstream Scope 3 emissions (including default data) – **repeat session at 16.00 – 17.30**
- **Wed 2 Feb: 08:00 - 09.30**: GHG accounting rules, Criterion 8-4 - **repeat session at 16.00 – 17.30**
- **Thur 3 Feb: 10.00 – 11.30**: Stainless/High Alloy Steel sub-group
- **Thursday 10 Feb: 08.00 – 09.30**: to present draft 2-2 and identify requirements that are still not resolved – **repeat session at 16.00 – 17.30**
- **Thursday 17 Feb: 10.00 – 11.30**: webinar session for all interested RS members to work through any remaining unresolved GHG issues.
- **Thursday 24 Feb: 10.00 – 11.30**: webinar session for all interested RS members to work through any remaining unresolved GHG issues.

March
- **Thursday 3rd March: 07:00 – 08:30**: webinar presentation of the final draft of GHG + input materials requirements for ‘certified steel’ – repeat session at 16.00 – 17.30
1. Schedule overview
2. Upstream Scope 3 emissions
Upstream Scope 3 emissions: background

Context:
- R8.3.1 for ‘certified sites’ requires that sites have a system in place to estimate their upstream Scope 3 emissions.
- Guidance gives further specifications on:
  - the range of input materials that need to be considered, including mined materials, hydrogen, and the materials listed in Table 2 of ISO 14404-1:2013.
  - Materials need to be included in the estimate if their emissions are likely to constitute more than 5% of the total upstream scope 3 emissions.
  - More resources should be committed to the sources of larger emissions.
  - The site needs to provide an explanation of the basis for its calculation. The site may use default emission factors as the basis for its calculation, except in the case of pig iron or imported steel, for which primary data is required.
- R8.3.1 is intentionally flexible – the logic is that the specified requirements are sufficient for certified sites, and as the basis for site specific GHG reduction target setting and reporting, when the focus is on the site itself over time, rather than on comparisons between different sites.
- However, for steel certification, where the focus is comparisons between different sites (or groups of sites, in the case of averaging) it is critically important to ensure international consistency and comparability.
Approach needs to be:

**Practicable**: should not impose excessive costs on steelmakers, and should align with existing approaches so long as these are compatible with other requirements.

**Consistent**: internationally, but also consistent across steelmakers with different site configurations or making steel through different production routes.

**Inclusive**: the approach should include all significant upstream emissions so that it provides a true comparison of crude steel GHG emissions intensity between different sites.
Agreement in principle:

• Generally high level of support for general approach of Criterion 8.4
• The basis for determining the GHG emissions intensity of steel should take a ‘mine to crude steel’ approach

Key issues for finalisation (8.4.2, 8.4.3):

• Scope to include upstream emissions associated with extraction, processing and transportation of input materials (8.4.2.a)
• Which input materials should be considered? (see list, 8.4.3.a)
• Specific guidance on the requirements applicable to different types of input materials (8.4.3.b, and see guidance notes and table)
• The use of supply-specific data vs industry-average, supplier-average or ‘indicative’ upstream emissions factors (8.4.1.d, and 8.4.3.d)
Scope to include upstream emissions associated with extraction, processing and transportation of input materials (8.4.2.a)

• Not controversial in principle: leading mining companies already measure their emissions and have set challenging emissions reduction targets
• Guidance needed to ensure level playing field and consistency:
  • focus on mines’ Scope 1 and Scope 2 emissions – their Scope 3 emissions not significant
  • Offsets not recognised
  • Guidance needed on inclusion of GHG emissions of transportation (who is responsible for this part of the estimate - the supplier or the purchaser)
• Mining companies want to know they will have access to steelmakers’ emissions data in return (see 8.7.1, 8.7.2) – their downstream Scope 3 emissions
• Guidance may be needed on the best way to make data available to steelmakers
• Other?
Which input materials should be considered? (see list, 8.4.3.a)

- List in 8.4.3. is based on ISO14404 Table 2, Table 4
- Aligned with subsequent ResponsibleSteel discussions on input materials
- Needs to be reviewed against data needs for default emissions data categories (see next slide)
- Needs to be reviewed against categories specified for worldsteel LCI methodology
Specific guidance on the requirements applicable to different types of input materials (8.4.3.b, and see guidance notes and table)

- Key ferrous materials need to be from ResponsibleSteel certified sources:
  - DRI, GPI, HBI, Pig iron
- This is intended to ensure that there is a level playing field with integrated sites in relation to ESG issues, and the collection of source specific GHG emissions data
- Concentrate, fines, lump ore, pellets, sinter do not have to come from ResponsibleSteel certified sources
The use of supply-specific data vs industry-average, supplier-average or ‘indicative’ upstream emissions factors (8.4.1.d, and 8.4.3.d)

- Source specific GHG data required for:
  - DRI, GPI, HBI, Pig iron

- For other input materials the most specific available data to be used, with preference for source-specific data over producer specific data. Where neither source-specific data nor producer specific data is available, default emission factors may be used

- Default emission factors:
  - to be specified by ResponsibleSteel
  - based on estimated highest decile emissions for the relevant input material
  - to be determined using available sources and in consultation with relevant industry and other bodies;
  - to be freely and publicly available