



Downstream chain of custody standard: Terms of reference

18th January 2024

The proposed scope of the Standard

1. *The Standard shall be applicable to:*
 - i) *steel makers that are certified by an approved ResponsibleSteel certification body as meeting the requirements of the ResponsibleSteel International Standard and that wish to sell their steel products, co-products or by-products as ResponsibleSteel certified steel products, co-products or by-products*
 - ii) *steel manufacturers, steel processors, steel traders and steel end users that wish to make claims about their purchasing, manufacturing, processing, trading or sales of ResponsibleSteel certified steel products, co-products or by-products*
2. *The Standard shall not be applicable to:*
 - i) *Steel makers that are not certified by an approved ResponsibleSteel certification body as meeting the requirements of the ResponsibleSteel International Standard*
 - ii) *Producers, manufacturers, processors or traders of products other than ResponsibleSteel certified steel products, co-products or by-products. This includes, until further notice, producers of pig-iron, direct reduced iron (DRI), hot briquetted iron (HBI), etc, unless they themselves also produce ResponsibleSteel certified steel products, co-products or by-products.*
3. *ResponsibleSteel may develop further chain of custody standards and/or requirements applicable to producers, manufacturers, processors or traders of input materials for steelmaking, including, potentially, the production of pig-iron, direct reduced iron (DRI), hot briquetted iron (HBI), etc, in the future.*

4. *The Standard shall specify the requirements that must be met for steel manufacturers, steel processors, steel traders and steel end users to make claims about the quantity and/or the ResponsibleSteel progress level of the ResponsibleSteel certified steel products, co-products or by-products that they purchase.*
5. *The Standard shall specify the requirements that must be met for steel makers, steel manufacturers, steel processors, steel traders and steel end users to market or sell steel products, co-products or by-products as ResponsibleSteel certified steel products, co-products or by-products at specified ResponsibleSteel progress levels.*
 - i. *The requirements shall specify that 100% of the steel products, steel co-products or steel by-products they contain are themselves ResponsibleSteel certified steel products, steel co-products or steel by-products;*
 - ii. *The Standard shall include definitions for ResponsibleSteel certified steel, steel products, steel co-products, steel by-products, and related terms, that are compatible with this specification*
 - iii. *The requirements may include social and/or environmental requirements that must be met by steel manufacturers, steel processors, steel traders and steel end users in order to achieve ResponsibleSteel chain of custody certification.*
6. *The Standard shall be applicable to all steel products, steel co-products and steel by-products that meet the specified requirements, irrespective of the technology by which the steel is produced, and shall be internationally applicable, irrespective of the country or region of the steel's production or subsequent manufacturing or processing.*

The objective of the Standard development process

1. *The objectives of the standard development process are to develop an international standard that:*
 - i) *Allows steel makers, manufacturers, processors, traders and end users to purchase, manufacture, process, trade, sell and make claims about ResponsibleSteel certified steel products, co-products and by-products;*
 - ii) *Promotes the recognition of ResponsibleSteel certified steel products, co-products and by-products*
 - iii) *Maximises the overall positive social and environmental impacts from the production and use of ResponsibleSteel certified steel products, co-products and by-products*
 - iv) *Supports the achievement of the goals of the Paris Agreement, by supporting decarbonisation of the steel sector globally*
 - v) *Provides a basis for the identification of the ‘ResponsibleSteel progress level’ in relation to decarbonisation and the responsible sourcing of input materials for steel products, co-products and by-products in trade*
 - vi) *Could be used as a tool by governments that wish to promote the procurement and/or trade of steel products that support the achievement of the goals of the Paris Agreement and other intergovernmental agreements relating to impacts on biodiversity, human rights, etc.*
 - vii) *Is compliant with the requirements for green claims under Australian law and with specified* international guidelines in relation to ‘green claims’ and the avoidance of ‘greenwashing’.*

** To be specified in the standards development process*

The intended sustainability outcomes of the Standard

- To support positive environmental and social impacts at the site level for steelmaking worldwide, by enabling steel demand to create market value for ResponsibleSteel certified sites and certified steel.
- To maximise the speed of the transition to the use of responsibly sourced input materials for steelmaking worldwide, thereby mitigating negative social and environmental impacts from the production and processing of these materials
- To maximise the speed of the transition to 'near zero' GHG emission steelmaking worldwide, thereby mitigating the impacts of human-induced climate change while supporting the needs and aspirations of developing countries

How the outcomes are aligned to the ResponsibleSteel Objects

1. ResponsibleSteel has the following Objects:

- (a) to maximise steel's contribution to a sustainable society;*
- (b) to enhance the responsible sourcing, production, use and recycling of steel by:*
 - (1) providing a multi-stakeholder forum to build trust and achieve consensus in relation to the responsible production, processing, transportation, use and recycling of steel including aspects associated with the responsible production, processing and supply of raw materials for steelmaking;*
 - (2) developing international standards and certification and related tools; and*
 - (3) driving positive change through the recognition and use of responsible steel.*

(From: ResponsibleSteel Constitution, para 3.1)

2. The Standard is explicitly aligned with Objects (a)2 and (a)3. In addition, the standards development process will involve stakeholders in the consideration of the application of ESG requirements to manufacturers and other downstream steel users.

The decision-making procedure, how decisions are made and who will make them

1. The Standard will be approved by the ResponsibleSteel Board of Directors following 'Procedure A – Board Approval' as specified in paragraph 3.9 of the ResponsibleSteel International Standards Development Procedures, Version 3-0.

Note: according to Procedure A the Board will approve a final version of the Chain of Custody Standard, after the required public stakeholder consultations, without the need for a formal vote of the ResponsibleSteel membership. This approach was previously approved in principle by SACC at its meeting on the 15th of February 2023.

A justification of the need for the Standard, including how the Standard complements existing standards or those with overlapping scopes

1. A unique ResponsibleSteel chain of custody standard is necessary in order to define and regulate claims that may be made by downstream processors, manufacturers, traders, and end users of steel produced by ResponsibleSteel certified steelmakers. Only ResponsibleSteel can define the requirements for claims made using the ResponsibleSteel name and logo(s).
2. The standard will be developed taking account the terminology and general requirements of *ISO 22095: Chain of custody – General terminology and models*
3. ResponsibleSteel has included the steel standards and certification organisation CARES in the development of the specifications and consideration of options for the design of a ResponsibleSteel chain of custody standard, and expects to continue these discussions as the standards development process proceeds.
4. ResponsibleSteel has sought the views of representatives from the Aluminium Stewardship Initiative (ASI) and the Forest Stewardship Council (FSC) in relation to the different chain of custody model options.
5. ResponsibleSteel has consulted closely with the Climate Group, as co-developer of the SteelZero initiative, to ensure that the proposed chain of custody standard will meet the needs of SteelZero members worldwide.

The intended sustainability claims that the Standard will substantiate

1. The Standard will specify claims that may be made about the production and use of ResponsibleSteel certified steel products, co-products and by-products on the basis of conformity with the requirements of the Standard.
2. The Standard will substantiate claims:
 - i. About the quantity of ResponsibleSteel certified steel products, co-products or by-products that a steelmaker sells over a given period of time, and at a given 'progress level' in relation to decarbonisation and the responsible sourcing of input materials for steelmaking
 - ii. About the quantity of ResponsibleSteel certified steel products, co-products or by-products that a company purchases over a given period of time, and at a given 'progress level' in relation to decarbonisation and the responsible sourcing of input materials for steelmaking
3. The Standard will support, but will not define, claims that may be made in relation to the use of ResponsibleSteel certified steel products within composite products (e.g. cars, white goods, or buildings) that comprise the use of multiple materials in addition to steel itself.
4. The Standard will support, but not duplicate, the specifications, guidance and licencing of claims covered in the *ResponsibleSteel Claims and Logo Use Guidelines*.