Sustainable Constructional Steel Scheme

Guidance: Steel Manufacturers

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Annex 1	Self-Assessment and Audit Workbook	Separate document
Annex 2	Schedule of Operations	Separate document

Amendment Control Sheet

Section	Amendment	Date of Issue
V10 draft	New version 10 – Steel Manufacturers (Steel Mills and Rolling Mills). Guidance separated from Annex 1 Self-Assessment and Audit Workbook, updated and edited in this document. Substantive changes to several criteria, minor edits and amendments to several criteria, several criteria have been moved, some deleted, resultant changes to numbering. For a full list of changes, see Change log and Q&A supplement.	Nov 2025

Terminology

Within this Guidance, the following terminology is adopted:

The term **"shall"** is used to indicate a mandatory requirement.
The term **"should"** is used to indicate a recommendation, rather than a requirement.
The term **"may"** is used to indicate an option that is permissible.
The term **"can"** is used to indicate a possibility or a capability.

Other terminology and definitions are contained in a separate glossary.

Introduction

i. The Sustainable Constructional Steels (SCS) Scheme

The objective of the SCS scheme is to enable approved firms to demonstrate sustainability management and performance through high quality independent 3rd party certification. This provides reliable information and data to enable construction stakeholders to make informed decisions that drives asset level sustainability performance and responsible sourcing.

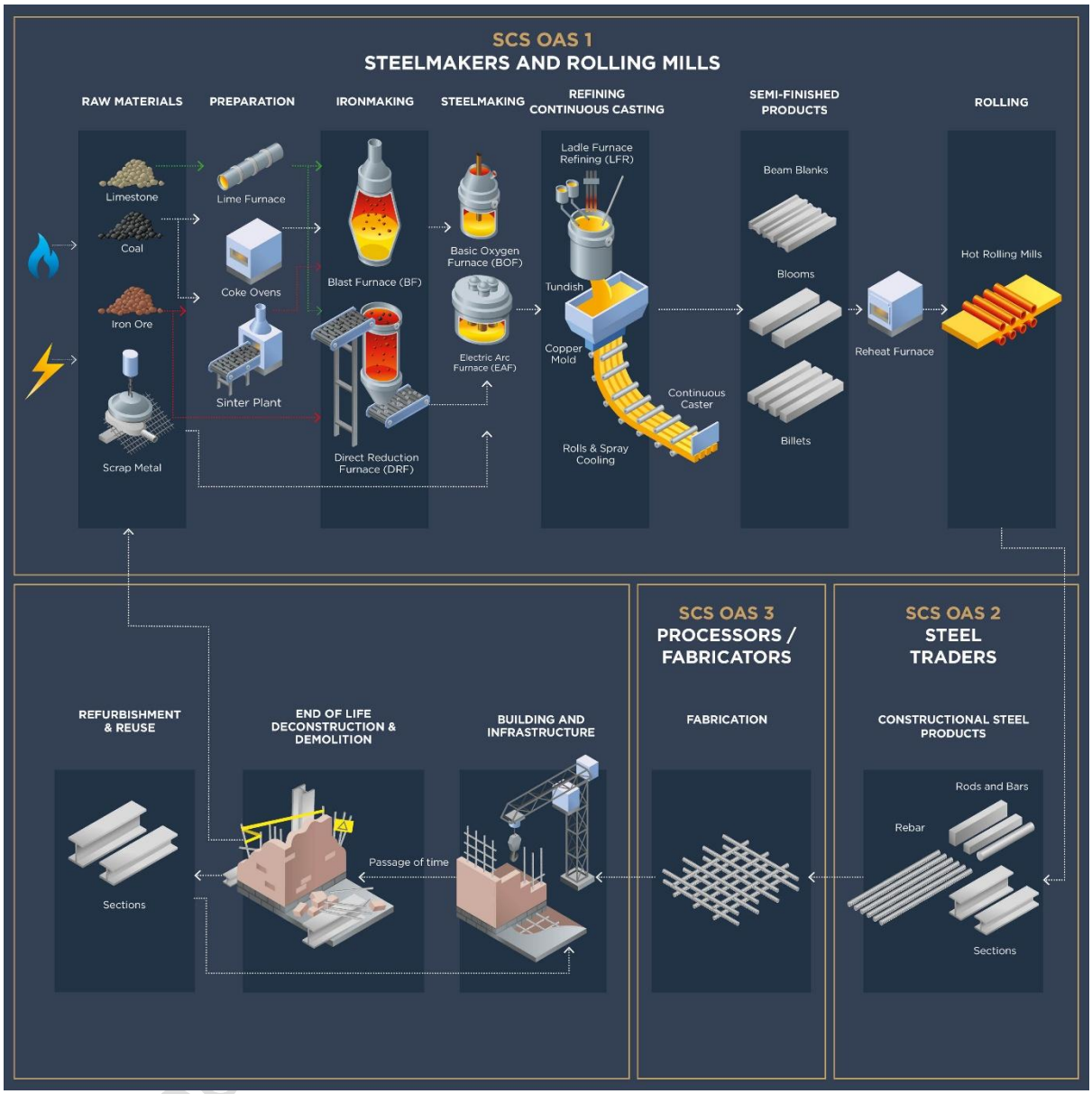
The SCS scheme supports CARES mission: to make the CARES assured steel supply chain the safest, most effective, efficient, digital assured and sustainable in the World. It does this through ensuring steel products are quality assured, responsibly sourced and evidenced by a CARES Digital Record.

The SCS scheme provides a high level of assurance through its traceability and certification processes. One hundred percent of product is fully traceable from manufacture to use in a building or infrastructure on site using the CARES traceability system and digital product passport. The SCS scheme is based on a single site (multiple site combined certification is not allowed), a single, specified production route (additional certifications can be sought for different production routes) and is product specific.

ii. About this Guidance

Firms seeking approval should use this guidance to information how to meet the requirements of the Operational Assessment Schedule (OAS). It is one of a series of guides within the CARES SCS scheme. Figure 1. Illustrates the scope boundaries for each OAS.

Figure 1: Certification boundaries for the SCS scheme Operational Assessment Schedules (OAS)



This Guidance document is designed to support steel manufacturers (steel mills and rolling mills) seeking certification to the scheme. It supports an understanding of the requirements of the Operational Assessment Schedule (OAS – 'the Schedule'), including for mandatory requirements *which organisations **shall** demonstrate to gain certification* and voluntary performance credits *which organisations **should** try to meet* and can use to demonstrate and be recognised for additional management and performance.

It is designed to be read alongside the Schedule, and when completing the *Annex 1 - Self-Assessment and Audit Workbook* which organisations shall use to complete their self-assessment. The completed Annex 1 will be reviewed and form the basis of the audit documentation under an independent third-party audit conducted by CARES approved and competent specialist auditors.

The procedures relevant to this Schedule in operation at the time of the audit leading to approval shall be documented and maintained in *Annex 2 - Schedule of Operations*. The Scheme Manual defines the certification rules and application of them, as well as outlining the scheme governance requirements.

A separate glossary is available that explains the meaning of terms used within all SCS scheme documents and should be used as a reference when seeking certification. Where a term specifies a requirement in the glossary, this shall be normative. For example, there are requirements as to what constitutes 'Publicly reported' which need to be followed to gain or maintain certification.

Official documentation for the scheme is summarised in Figure 2.

Figure 2: The relationships between the scheme documents.

iii. Scoring and rating system

Scores are assigned by the auditors during the audit on the basis of the evidence provided and its alignment to the requirements of each mandatory criterion within the Schedule. Mandatory requirements are scored 0 for non-compliance and 2 for compliance. There is no partial compliance for mandatory criteria.

The voluntary credit scores are assigned by the auditors during the audit on the basis of the evidence provided and its alignment to the requirements of each voluntary credit criterion within the Schedule. Credit scores can be 1, 2, 4, 6 and 10 as follows; 1 = partially met, 2 = fully met, 4 = best practice demonstrated, 6 = additional credit for material change, 10 = additional credit for material change. The full range of credit scores are not necessarily available for all credit criteria. When credit scores are assigned for annualised data then an average over the preceding three years performance should be used. The scores for each section are added together and contribute towards evaluation of an organisations Rosette Rating.

CARES operates its Rosette Rating System (RRS), which is designed to recognise the differing levels of progress and investment in effective sustainability management and the resultant performance made by approved firms. The Rosette Rating levels are designed to provide a pathway of performance improvement linked to the best available science and stakeholder expectations. The 4 Rosette Rating is intended to provide an aspirational level of performance that is as close to ‘sustainable’ as possible. Approved Firms are encouraged to progress through the Rosette Rating levels over time.

Score ranges for each Rosette Rating level are assessed by section. The organisations final Rosette Rating is the minimum achieved in any section. Full details of the scoring system are available in Annex 1.

Scheme requirements and certification guidance

1. Company information and certifications

Mandatory Requirements

Factory production control certificate or Product conformity certificate

ISO 9001 Quality Management Systems (QMS) certificate

ISO 14001 Environmental Management Systems (EMS) certificate

ISO 45001 Occupational Health and Safety Management Systems (OH&SMS) certificate

Annex 1 – Annually Completed Self-Assessment and Audit Workbook

Annex 2 - CARES Schedule of Operations

Scope:

The Scheme is applicable to the following steel value chain stages and product types

- Producers of carbon steel billets, carbon steel bars/coils and wire rod for further processing into carbon steel bar, coil or rod for the reinforcement of concrete to national and international steel standards acceptable to CARES.
- Producers of stainless-steel billets and stainless steel bars/coils for the reinforcement of concrete to national and international stainless steel standards acceptable to CARES.
- Producers of cold worked bar, wire, fabric (mesh), prestressing wire and prestressing strand to national and international standards acceptable to CARES.
- Producers of cold worked bar, wire, fabric (mesh), to national and international stainless steel standards acceptable to CARES.
- Producers of steel billets/blooms/beam-blank and structural steels to national and international steel standards acceptable to CARES.
- Producers of steel slabs and hot rolled flat steel products to national and international steel standards acceptable to CARES.
- Producers of steel billets/blooms/beam-blank and track rail and rail steel products to national and international steel standards acceptable to CARES.
- And/or other steel products made to national and international steel standards acceptable to CARES

It relates to:

- The purchase and receipt of input materials for ironmaking and/or steelmaking,
- The production of feedstock (semi-finished steel products: billet, bloom, slab, beam-blank, wire rods),
- The manufacture of steel products,
- The finishing of steel products,

This Schedule shall only apply to organisations possessing valid certificates from CARES or from an accredited certification body acceptable to CARES covering:

- Factory production control certificate or Product conformity certificate ISO 9001 QMS
- ISO 14001 EMS
- ISO 45001 OH&SMS

Approved producers under the scheme shall have been deemed to have satisfied the sustainable constructional steel criteria in this Schedule as documented in the Annex 1.

The procedures relevant to this Schedule in operation at the time of the assessment leading to approval shall be documented in Annex 2 - Schedule of Operations. This will be maintained in an updatable form and be used in subsequent CARES audits.

SDG Alignment – 1. Company Information and Certifications

2. Sustainability governance and management

The organisation shall have a defined approach to governing and managing its impacts on sustainable development - a Sustainability Management System (SMS).

Senior management shall demonstrate leadership and publicly commit to work to improve sustainability performance through operating an effective management system. There shall be objective evidence that top management is actively involved in the development, implementation and continual improvement of the SMS.

Where the organisation subcontracts work that is the subject of this schedule there shall be a documented procedure(s) to ensure those acting on the organisation's behalf (contractor) comply with the organisation's sustainability policy requirements that relate to them.

If the feedstock is purchased externally there shall be a documented procedure(s) for purchasing materials which ensures that feedstock is supplied from a CARES Sustainable Constructional Steel scheme certified producer or from organisations possessing a valid sustainability certificate acceptable to CARES. Purchasing procedure(s) shall include all aspects of the material specification which are important in ensuring satisfactory material quality, identification, traceability and sustainability performance.

The management system requirements shall be documented in a SMS Manual or another Manual in any format, implemented and maintained. Its scope shall be appropriate to the nature and scale of its activities, products and services and impacts from them.

Mandatory Requirements:

- Documented information as evidence of SMS Manual or another Manual acceptable to CARES
- Documented Procedure(s) to control subcontract works and contractors
- Documented Procedure(s) for purchasing feedstock

SDG Alignment – 2. Sustainability governance and management

2.1. Sustainability Policy, Principles and Leadership

2.1.1 Policy

The organisation shall approve and publish a Sustainability Policy(ies) which shall cover at a minimum the organisations commitments to:

- Engage with stakeholders to understand their concerns, risks and opportunities
- Operate with integrity, adopt and follow ethical business practices and good corporate governance to avoid bribery and corruption
- Establish material sustainability impacts and to produce a statement which describes them and which recognises the interactions between them. The scope of material impacts considered shall include: Environmental, health and safety, employee wellbeing and mental health, human rights, labour rights, community, social and economic impacts
- Comply with applicable legislation, regulations and voluntary compliance commitments and obligations
- Responsible sourcing in the supply chain and to minimising negative impacts and maximising positive impacts across the whole value chain
- Measure, monitor and publicly report on its material impacts, summary plans and targets to manage them and associated performance
- Continual improvement on a pathway towards fully sustainable and responsible practices.
- Minimise negative environmental, health and safety, employee wellbeing and mental health impacts and maximise positive outcomes
- Assess and respect human and labour rights including avoiding, mitigating and remedying modern slavery and other human rights violations where identified in value chains
- Decarbonise operations and products over time aligned to nationally determined contributions and sector decarbonisation pathways aligned to the Paris Agreement or a science-based decarbonisation pathway acceptable to CARES
- Maximise material efficiency and optimise the use of recycled materials
- Reduce energy intensity
- Minimise impacts relating to water use
- Monitor and minimise transport impacts
- Contribute to fair employment and to a diverse and stable local economy
- Implement an effective and fair grievance mechanism

Document and act on any breaches to this policy and/or code and providing evidence that the organisation has addressed any concerns and complaints.

Guidance

The scope of the policy indicates the issues to be implemented and managed by the SMS. It should be informed by the material impacts of the organisation and provide a framework for improvement.

The policy should indicate intent and shall be signed by an accountable Director or Executive. It can be published in one or more policy documents.

2.1.2 Commitment to Principles
The organisations leadership shall commit to sustainability principles (inclusivity, integrity, stewardship and transparency) and the organisation shall communicate this commitment, ensuring it is publicly and freely available

Guidance
The commitment to the principles in 2.1.2, and the statement of leadership and accountability in 2.1.3 can be integrated into the policy(ies) or these can be provided separately.

2.1.3 Leadership and Accountability
A single defined Director or equivalent role shall be designated as accountable for the implementation and maintenance of the SMS. Responsibility for ensuring sustainability principles, values and policies is implemented and sustainability performance is monitored shall be assigned to the sites Directors or the most senior oversight body.

Guidance
Policies that cover the site and products being certified may be published at a group level.

Accountability for implementation of principles, values, policy and performance rests with a defined Director or equivalent at the site level. An effective process is in place at Board level to monitor implementation and to make changes where gaps in performance or behaviours are identified. Top management should have discussed the implications of the policies and principles on the organisations strategies and management.

Where a corporate owner defines values, policies and performance expectations, the site's Board or the most senior management forum periodically, at least once per year, reviews performance and reports on implementation at the site level.

2.1 Evidence
Publicly available and accessible Policy(ies) and commitments meeting the required scope and signed by an accountable party. Documented information as evidence of communications, understanding and implementation of the policy(ies) at the site, Management Review meeting minutes, Board meeting minutes, review and annual reporting.

2.2. Stakeholder engagement

Guidance

Effective stakeholder engagement is key to developing a strategic response to sustainability challenges and opportunities.

2.2.1 Stakeholder identification
The organisation shall identify its key stakeholders and make this information publicly available.

Guidance

Inclusive identification of stakeholders is the foundation of this process recognising that not all stakeholders have the same resources or capabilities to engage. Freely enabling an inclusive, full range of stakeholders to engage is therefore dependent on careful engagement design, understanding stakeholder preferences and a systematic approach.

2.2.1 Evidence
Documented and publicly available list of key internal and external stakeholders or Stakeholder Map.

2.2.2 Engagement types
The organisation shall determine the best channels, tools, frequency and format of engagements that enable its range of stakeholders to contribute to decisions in relation to improving sustainability performance.

Guidance

The organisation can choose the most efficient and effective channels and tools for good quality, effective engagement. Examples include:

- Internal Tools: Meetings (in-person and/or online), site tours, intranet, notice boards, electronic information displays, posters, company magazines, newsletters, email, directed reading, employee representation, union/employee/company forum, suggestion schemes, shift change talks, inductions and training
- External Tools: Academic research and projects, opinion surveys, focus groups, media tracking, helpline, contact point, one to one conversations, involvement in community activity, advertisements, newsletters, workshops, open days, public meetings, site tours, publication of company sustainability report and/or site based reporting, third-party opinion/verification/audit reports

2.2.2 Evidence
Documented information as evidence of engagement channels and tools.

2.2.3 Communicating engagement outcomes
The organisation shall document stakeholder engagements, expectations, concerns and outcomes and make a summary publicly available.

Guidance

Documenting engagement outcomes demonstrates the organisation understands the various perspectives and points of view of its stakeholders.

2.2.3 Evidence

Documented information of engagements and evidence of stakeholder expectations, concerns and any agreed outcomes. A public summary of the key concerns and expectations of stakeholders.

2.2.4 Prioritising material impacts

The organisation should document a process to prioritise impacts informed by stakeholder expectations and concerns, science and the organisational context.

Guidance

This information can then feed into a determination and prioritisation of material impacts and the development of appropriate responses. A materiality process is the identification of an organisation's significant and relevant impacts. It informs strategy development, sustainability objectives, the allocation of resources and prioritisation of actions in order to reduce material negative impacts and maximise positive impacts.

Three perspectives should inform the process: sustainability impacts on the organisation including its financial performance; risks and impacts of the organisation on stakeholders and sustainability/non-financial performance (so called 'double materiality') and; scientific consensus and contextual ambition.

'Informed by science' means reflecting international consensus, for example climate change, biodiversity loss and freshwater use are recognised as having breaching planetary capacities that enable humanity to develop and thrive. These are represented by international organisations such as the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). 'Contextual ambition' concerns taking a similar approach for social performance, for example, equal treatment regardless of who you are, and using science to drive equity measures such as equal gender representation in governance and pay. This in turn can be informed through stakeholder engagement outcomes, international declarations and societal norms.

A clear materiality process can be used to inform audit emphasis and to demonstrate appropriate responses to the range of sustainability impacts.

2.2.4 Evidence

This can include development and publication of a list of material impacts, a materiality matrix or other documented information as evidence of a materiality process.

Rating:

To score 1, A materiality process, resulting in a materiality matrix within the Annex 1, a list of material issues or an equivalent should be completed and should be reviewed on a yearly basis.

To score 2, A materiality process, resulting in a materiality matrix within the Annex 1, a list of material issues or an equivalent should be reviewed on yearly basis and

should be publicly available to any interested party, e.g. in report available on the web.

Reference:

- The AA1000 Stakeholder Engagement series of standards
- The Global Reporting Initiative (GRI) Standards
- The International Financial Reporting Standards (IFRS) S1 Standard - General Requirements for Disclosure of Sustainability-related Financial Information
- The EU Corporate Sustainability Reporting Directive
- Planetary boundaries research from the Stockholm Resilience Centre
- UN Sustainable Development Goals

2.3. Assessing risk and opportunities

2.3.1 Risk and opportunity review
The organisation shall complete an initial risk and opportunity review by assessing and documenting its adverse impacts (risks) and beneficial impacts (opportunities). It shall consider these using a life cycle perspective, a right's holder perspective, the degree of influence or control it has over the impacts and periodically update them should it identify a change.

Guidance

Risk and opportunity assessment is necessary to prioritise those impacts requiring control, monitoring and changes to management approach. This process can also identify the most suitable means of control through operating procedures, practices, site instructions, rules, work permits, authorisations, due diligence, training, capacity building, collaboration with other parts of the steel value chain and wider stakeholders.

When first completed this activity, it may take the form of an initial review. The assessment
should be periodically reviewed to ensure it is up to date.

Risks and opportunities can be considered from a range of perspectives: likelihood and consequence of each risk and opportunity, including potential financial and non-financial changes on the organisation; risks and opportunities that the organisation presents to others (right's holders) directly or indirectly through its supply chain or downstream through product use and end of life; and risks and opportunities from changes in perception of the organisation. Risks and opportunities may present in different timeframes, be cumulative, temporary or lasting and the assessment of them and mitigation and exploitation options is influenced by the degree of influence and control the organisation has over them.

The scope of the risk and opportunity assessment should include business integrity and ethical practices, environmental impacts, social, labour, human rights, community and socio-economic aspects. Supply chain risk assessment and due diligence is defined in greater detail under 2.10. and can be used as evidence to support this criterion.

2.3.1 Evidence
Documented information as evidence of assessment; e.g. stakeholder engagement outputs, completed materiality matrix, due diligence documentation, risk and opportunity analysis, supply chain risk assessment and evaluation, risk register covering ethical, environment, social and economic risks and opportunities.

2.3.2 Compliance register
The organisation shall identify and access its compliance obligations related to its full range of sustainability impacts and determine how these compliance obligations apply to the organisation.

Guidance

Organisations can maintain formal registers that identify and detail how to access its compliance obligations related to its full range of sustainability impacts and determine how these compliance obligations apply to the organisation. It can be informed by various sources and should be kept up to date.

2.3.3 Non-Compliance risk assessment

The organisation shall assess the risks of non-compliance.

Guidance

An up-to-date compliance register enables compliance obligations and reporting requirements to be maintained. Collating relevant laws, regulations and other obligations enables an understanding and assessment of how these obligations apply to the organisation, the risks of not meeting them and how to meet them. Proprietary services, industry associations, professional memberships and other mechanisms can be used to inform the register.

2.3.3 Evidence

Documented information as evidence of methods the organisation uses to ensure it is up to date with its legal and compliance obligations, compliance and risk assessment, compliance register.

Reference:

- ISO 31000 Risk Management Guidelines standard

2.4. Monitoring performance and setting objectives

2.4.1 Monitoring
The organisation shall establish, document, implement and maintain sustainable development key performance indicators (KPIs) to monitor:

1. Sustainability management, including ethical practices and performance
2. Environmental performance
3. Social including human rights, labour conditions and health, safety and wellbeing performance
4. Economic performance

Guidance

Organisational performance is measured by comparing actual results against desired performance established in objectives. An objective is an overarching goal that the organisation aims to achieve. It provides the general direction and purpose for actions and decisions. A target is a specific, measurable goal that is set to help achieve the objective. Objectives may be qualitative and quantitative, short or long term and need to be robust and cover the range of impact areas identified, with a focus on those areas of highest materiality. Targets should be SMART (Specific, Measurable, Achievable, Realistic and Time Framed).

2.4.2 Objective and target setting
The organisation shall identify and adopt sustainable development objectives and science-based targets, which result in an unambiguous positive effect on each impact and which have been informed by stakeholder review.

Guidance

Collaboration is key to delivering sustainable development performance improvements therefore objectives and targets and the objective and target setting process should be subject to stakeholder scrutiny while objectives are being set. Objectives should be reviewed and open to stakeholder feedback at least annually. An unambiguous positive effect on the impact means that the outcomes and change sought by setting the objectives deliver sustainability performance improvement for the organisation and or for its stakeholders.

When objectives and targets are already in place, they can be ratified and adjusted if required after considering stakeholder feedback and formal review processes. Justifications for final objective setting should be made publicly available. If an objective is deemed confidential, the rationale should be explained to the auditor and it does not need to be made public.

A range of performance indicators should be introduced and maintained including the KPI's within the Annex 1. Effective measurement includes the use of leading and lagging indicators. Leading indicators look forward and measure the factors that will deliver the objectives that are sought. Lagging indicators look backwards and measure the outcomes. Leading indicators tend to measure tactical and short-term changes to influence a lagging indicator, which will become apparent after a longer time frame.

Organisations can introduce other relevant KPI's and more frequent monitoring dependent on the nature of the impact and the relevant indicator.

2.4.3 Action planning
The organisation shall establish, document, implement and maintain programme(s) and plan(s) for achieving its objectives.

Guidance
Action plans provide details on how the organisation is going to meet its objectives and can include information on resourcing, training and competencies, business systems, technologies and equipment, financing, engagement, communications, collaboration and any other necessary changes or requirements needed to deliver them. This criterion is about developing and implementing approved and fully resourced action plans. Current status of action plans should be documented.

2.4.3 Evidence
Documented information as evidence of fully resourced action plans.

2.4.4 Transparency
The objectives and summary of plans to meet them shall be publicly available and effectively communicated with interested stakeholders and its effectiveness monitored.

Guidance
Publication of action plans and the sharing of relevant plans with interested stakeholders helps build engagement, trust and accountability. This can be through summaries in Annual or Sustainability Reports or other communications. There is not a requirement to publish information that is deemed commercially confidential or full detail of all plans. The intention is to provide sufficient information to interested parties on the actions being taken (or planned) to manage material impacts.

2.4.4 Evidence
Documented information as evidence of publication of action plans.

2.5. Resource allocation and competence building

2.5.1 Allocating sufficient resources
The organisation leadership shall ensure that appropriate resources are allocated to achieve its sustainable development objectives, company values and commitments.

Guidance

Sustainable development objectives, company values and commitments mean those impacts and aspects covered within the OAS at least to a mandatory level and other formal agreements and commitments made by the organisation. The required types and extent of resources are informed by the risk and opportunity assessment, objective setting and governance structure. Types of resources required might be financial, human or manufactured (such as information systems, metering tools or customer surveys).

An organisation's planning and budgeting processes can be utilised to make these resources available, establish clear responsibilities and authority so that the planned actions can be undertaken effectively.

2.5.1 Evidence
Documented Management Review, Budgets, Company strategies and plans.

2.5.2 Coordinating role for SMS
The organisation shall appoint a management representative with defined and documented authority and responsibilities for coordination and implementation of the SMS.

Guidance

Specific responsibility for sustainability management can be assigned to an individual or combined with another role. Responsibility for managing different aspects of the SMS can be delegated, e.g. Health and Safety Manager, Environmental Manager, Human Resources Manager, Business Ethics Manager.

2.5.2 Evidence
Documented Management Representative Assignment in Job Description or equivalent. Job Description or equivalent to define the responsibility and authority of the management representative(s), their access to records and information, and their avenues of communication with both non-management and management personnel.

2.5.3 Learning and development needs
The organisation shall identify the learning and development needs of employees working in different roles, particularly those with special responsibility for meeting stated objectives and improving sustainability performance.

Guidance

Developing competence and capacity to meet policy expectations and sustainability objectives are foundations for an effective SMS. The learning and development needs of employees working in different levels, particularly those with special responsibility for meeting stated objectives and improving sustainability performance can be assessed and documented.

This may include sustainability primers, for example, basic climate change literacy training for all employees and detailed role specific training needs. This should cover the range of material impacts across environmental, social business ethics, code of conduct, H&S, fundamental rights at work and other areas as identified.

2.5.3 Evidence
Competence Matrix, Training Plan, Documented information as evidence of training on material sustainability impacts and responses to them.

2.6. Achieving progress and review

2.6.1 Management review
The organisation shall conduct a management review that shall include, at a minimum:

- Sustainability Policy(ies)
- Stakeholder's expectations and concerns
- Material impacts, risks and opportunities
- Responsible sourcing and due diligence progress and outcomes
- Review of the outcomes from previous reviews
- Sufficiency of resources to manage impacts
- Progress of its key performance indicators (KPIs) and against its sustainable development objectives
- Improvement of objectives and targets

Internal and external performance reporting

Guidance

The management review shall be informed by the nature and extent of changes that may be required in light of the latest science and stakeholder expectations. It shall consider the organisations obligations and objectives and progress towards them, if longer-term strategic changes are required as well as shorter-term tactical management.

The Management review criterion supports step 4 of the OECD due diligence process – 'track implementation and results'.

2.6.1 Evidence
Documented information as evidence required for each impact category (e.g. minutes of management review meeting, performance reporting, stakeholder engagement review, responsible sourcing review).

2.6.2 Maturity matrix
The organisation shall complete the Maturity Matrix within Annex 1.

Guidance

A maturity matrix shall be used to track the evolution and maturity of sustainability management at an organisation based on characteristics that you would expect to see at different levels of organisational maturity.

Reference:

- BS 8902 Annex A - The maturity matrix worksheet within Annex 1

2.6.2 Evidence
Documented information as evidence of Maturity Matrix within the Annex 1 or equivalent and if made publicly available.

2.7. Building confidence through transparency

2.7.1 Transparency and Accountability
The organisation shall determine methods to increase transparency, accountability and integrity of its operations, supply and distribution chains and shall publicly report strategies, sustainability management practices and performance of its material sustainability impacts.

Guidance

Public disclosure of the organisation's values, principles, strategies, policies, standards, norms, plans and performance increases transparency, accountability and integrity. Failure to manage the expectations of key stakeholders can damage reputation, organisational and or shareholder value.

At a minimum, public reporting shall cover: a description of the organisation its activities and its material sustainability impacts; the value chain/life cycle stage (from sourcing to final product delivery) indicating where the impacts occur; performance relating to the organisations material impacts; sufficient context to improve stakeholder understanding of the organisational impacts; information on relevant policies; a summary of sustainability strategies for its material impacts; a summary of sustainability objectives and targets; plans and actions the organisation is taking to reduce negative material impacts and increase positive ones; its policies, approach and targets for the responsible sourcing of key input materials.

This transparency and accountability criterion supports step 5 of the OECD due diligence process 'communicate how impacts are addressed'.

2.7.1 Evidence
Environmental, Social, Ethical, Sustainability and Annual Reports and disclosures - can be one or more documents, information on websites and in other formats.

2.7.2 Report assurance and verification
The quality and reliability of the report(s) should be assured and verified by an independent third-party.

Guidance

Independent third-party assurance adds confidence to internal and external stakeholders. It should be done by competent parties, with no conflict of interest, following a systematic approach to a defined standard and to a defined level, that results in a published statement that accompanies the reporting. The assurance scope should be broad enough to cover the most material impact areas. Reporting assurance can be to a set of principles which cover the effectiveness of the stakeholder engagement process in determining material impacts, effective organisational responses and overall impact. They can also include verification of specified data sets.

Rating:
To score 2, the report(s) should be assured and material data verified by an independent third-party.

References:

- The Global Reporting Initiative (GRI) Standards and Guidance
- The International Financial Reporting Standards (IFRS) S1 Standard 'General Requirements for Disclosure of Sustainability-related Financial Information' and S2 Standard 'IFRS S2 Climate-related Disclosures' Initiatives based guidance, e.g. Task Force for Nature Related Financial disclosures. National and Industry reporting guidance, e.g. from a government and/or worldsteel
- The AA1000 series of standards including Sustainability Principles Standard, Stakeholder Engagement Standard and International Standard on Assurance Engagements
- ISAE 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' to be superseded by ISSA 5000 'General Requirements for Sustainability Assurance Engagements'

2.7.2 Evidence

Documented information as evidence of independent third-party assurance.

Note: CARES does not provide these services and shall not be considered as an independent third-party report assurance organisation in this context.

2.8. Product Stewardship and Traceability

2.8.1 Life Cycle Analysis and Environmental Product Declaration (EPD)
Life Cycle Analysis (LCA) shall be carried out on the product(s) that results in an EPD to a defined standard that is made available on request.

Guidance

Life cycle is consecutive and interlinked stages of a product system, from input material acquisition or generation from natural resources to end-of-life treatment. LCA is compilation and evaluation of the inputs, outputs and the potential environmental impacts of a product system throughout its life cycle. These can include; the extraction and transport of resources for input material inputs, processing and manufacturing of all feedstocks and final products, distribution, use and treatment at end of use. Life cycle principles consider local as well as global impacts.

An EPD is a standardised way of presenting LCA information. LCA's, EPD's and Carbon Footprints shall be completed to defined standards, ISO 14025 and/or EN 15804. Mandatory requirements for the EPD are contained in the CARES Product Category Rules (PCR).

For rolling mills only or for steel mills purchasing feedstock, the upstream feedstock supplies (e.g. Billet) Global Warming Potential (GWP) A1-A3, recycled content and manufacturing process route shall be reported by taking into account third-party verified EPDs acceptable to CARES and using the weighted average since the most recent certification or over the most recent three calendar years. In the absence of supplier's recycled content and GWP from a third-party verified EPD acceptable to CARES, the CARES sector averages are to be used.

2.8.1 Evidence
Documented information as evidence of LCA, EPD covering 'cradle-to-gate with options' LCA (Product, Transport, Installation, Use, End of Life stages) issued by CARES EPD Programme or other EPD Programme acceptable to CARES; and that this information is made available to customers and other stakeholders.

Additional reporting of GWP at the feedstock or crude steel process stage.

2.8.2 Traceability
The organisation shall ensure traceability throughout the full life cycle and make the extent of traceability publicly available.

Guidance

The ability of any customer to trace a specific order back to the specific Batch (cast/heat) is a mandatory requirement of the scheme. All CARES approved steels are 100% traceable at a batch and product level to the original steel producer using an Identity Preserved chain of custody model to ISO 22095. Traceability can be ascertained using the CARES digital product passport, accessible via the CARES Cloud and App.

Organisations shall seek to understand and document the current boundaries of their knowledge across the whole value chain and network. This should be considered upstream to the origins of key input materials and downstream to the ultimate client and users of the product. Limitations of traceability should be understood and documented. Acceptable reasons for not being able to trace further back up the supply chain include: where materials come from a commodity market whereby some of the upstream sources are currently unidentifiable, e.g. this may be the case for some iron ores and steel scrap for recycling; or another justifiable reason, which should be documented.

Basic controls shall be placed on any 'untraced' parts of the supply chain. These can include an assessment of where the key sustainability impacts occur across the value chain and efforts taken to reduce these impacts. Documented OECD or equivalent aligned, due diligence processes and engagement in industry or multi-stakeholder initiatives seeking to provide solutions to identified risks in the untraced parts of the supply chain meet these requirements.

Reference:

- ISO 14025, Environmental labels and declarations – Type III Environmental declarations – Principles and procedures
- EN 15804, Sustainability of construction works – Environmental product declarations – Core rules for the product category of construction products
- CARES General Instructions – EPD Programme
- CARES Product Category Rules (PCR)

2.8.2 Evidence

Documented Procedure(s) for identification, traceability and labelling. 100% of Tier 1 suppliers (by mass and volume) and 90% of their upstream suppliers (Tier 2), as far as is reasonable, shall be traceable. Documented justification for how far back up the supply chain the organisation can influence and trace shall be made publicly available.

Documented product data sheets or equivalent information

2.9. Ethical Business Practices

2.9.1 Business ethics policy
The organisation shall implement a Policy(ies) detailing its approach to ethical business practices.

Guidance
Ethical business practices are reflected in day to day business, transactions and employee behaviours through professional and morally responsible conduct. These types of practices typically seek to implement organisational values and a defined code, promoting the goals of the company while protecting employees and customers, respecting fair competition and avoiding bribery and corruption.

2.9.1 Evidence
Policy(ies), Codes of Conduct, Codes of Ethics, Codes of Ethical Business Practices, Procurement codes.

2.9.2 Business ethics system
The organisation shall implement a system to maintain ethical business practices and avoid bribery and corruption.

Guidance
Ethical business practices can be maintained through systems, culture and means of recourse if ethical standards are not met. Where ethical practices risk falling below defined standards, there are inclusive mechanisms in place that provide for or enable cooperation in remediation through legitimate processes in line with the UN Guiding Principles on Business and Human Rights.

This can include grievance mechanisms, programs to ensure fair hiring and promotion within a company, issuing guidance on expected behaviours in interactions with customers and other stakeholders and through acting according to Code of Conduct and with integrity in any communications, marketing and sales.

Additional codes, guidance and requirements may apply to any higher risk employees, for example, those with transactional or budgetary authority, such as procurement and purchasing teams.

2.9.2 Evidence
Documented information as evidence of Policy(ies), Codes of Conduct, Codes of Ethics, Codes of Ethical Business Practices, Procedures for implementation, Grievance mechanism (see section 3.1.12), Complaint Procedure and Whistleblowing Procedures.

2.9.3 Customer Service
The organisation's customer service provision shall include, at a minimum:

1. Customer enquiry procedures
2. Customer complaints procedures
3. Product and service literature
4. Product Health, Safety and Environmental (HSE) disclosures
5. Risk and opportunity control measures

Guidance

Customer Service procedures should be publicly available and easily accessible for enquiry and complaints, including in product and service literature.

In addition to accurate and timely product and service information, the organisation shall provide appropriate documented information to customers to enable them to understand the HSE impacts of the product in use and at subsequent life-cycle stages and any measures that are needed to manage associated risks and opportunities.

Product HSE information that shall be included in customer communication and product data sheets, includes, for example:
- The composition of the steel products does not change during use.
- Steel products do not cause adverse health effects under normal conditions of use.
- There are no risks to the environment and living organisms are known to result from the mechanical destruction of the steel product itself.
- That steel is 100% recyclable and at end of life should be separated for reuse or recycling.

2.9.3 Evidence

Documented information as evidence required in each category.
Documented product data sheets or equivalent information.

2.9.4 Grievance Mechanism

The organisation shall have a system(s) for dealing with incidents, external stakeholder complaints and prosecutions.

Guidance

The grievance system should be aligned to the UN Guiding Principles of Human Rights and Business Criterion 31 which sets out the following effectiveness criteria for non-judicial grievance mechanisms; Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, A source of continuous learning, Based on engagement. The scope of the grievance procedure(s) shall include all sustainability aspects; ethical breaches, environmental incidents, working conditions, human rights, fair marketing and communications, anticompetitive behaviours and other economic complaints. Organisations should be able to demonstrate how complaints are evidenced, evaluated and brought to a resolution, through appropriate responses. Data that enables the monitoring of numbers of grievances and complaints raised, in evaluation and resolved should be maintained.

Stakeholders shall be made aware of the grievance mechanism and how to use it. This might include publication of a visible, easily accessible weblink and or hotline number on the company website, on supplier communication, site posters and other employee communications and through employee training. The ability to report a grievance anonymously can add credibility to the mechanism. Many third-party solutions are available in the marketplace for this purpose.

2.9.4 Evidence

Documented information as evidence of grievance procedure(s), stakeholder complaint monitoring, prosecutions management and system to manage complaints and

prosecutions (e.g. emergency procedure, incident investigation procedure, grievance and complaint management procedure, communication procedure, helpline/recognised way to contact the organisation, provision for emergency access to the organisation).

2.9.5 Complaints and prosecutions

The organisation shall complete the "KPI" within the Annex 1 for "Stakeholder Complaints and Prosecutions."

Guidance

CARES requires the recording of the total number of ethical, environmental, social and economic incidents recorded and reported to an external Regulator in the data collection/reporting period; those that resulted in the issuance of enforcement and/or prohibition notices by an external Regulator in the data collection/reporting period; and those that resulted in a successful prosecution by an external Regulator in the data collection/reporting period. The total value of fines per calendar year for the past three years on a rolling basis shall be recorded.

Reference:

- UN Guiding Principles of Human Rights and Business (Criteria 31 indicate the key requirements that make a good quality grievance mechanism)

2.9.5 Evidence

Completed KPI's contained within Annex 1.

2.10. Sustainable Supply Chain Management Practices (Responsible Sourcing)

Guidance

This section is concerned with the sustainable supply chain management practices and the implementation of an effective responsible sourcing system. It is aligned to the core requirements of OECD due diligence guidelines and equivalent approaches acceptable to CARES. It builds on the SCS requirements for an organisations sustainability management system with a focus on the supply chain.

'Aligned to' in this context means that the standard or guidance has been through a formal OECD alignment assessment process. The methodology for such an alignment assessment has been determined by the OECD and where this specific methodology has been applied in the assessment by a credible party and the standard or guidance has been found to align to the requirements as stated within the method, the standard or guidance is deemed to be 'aligned'.

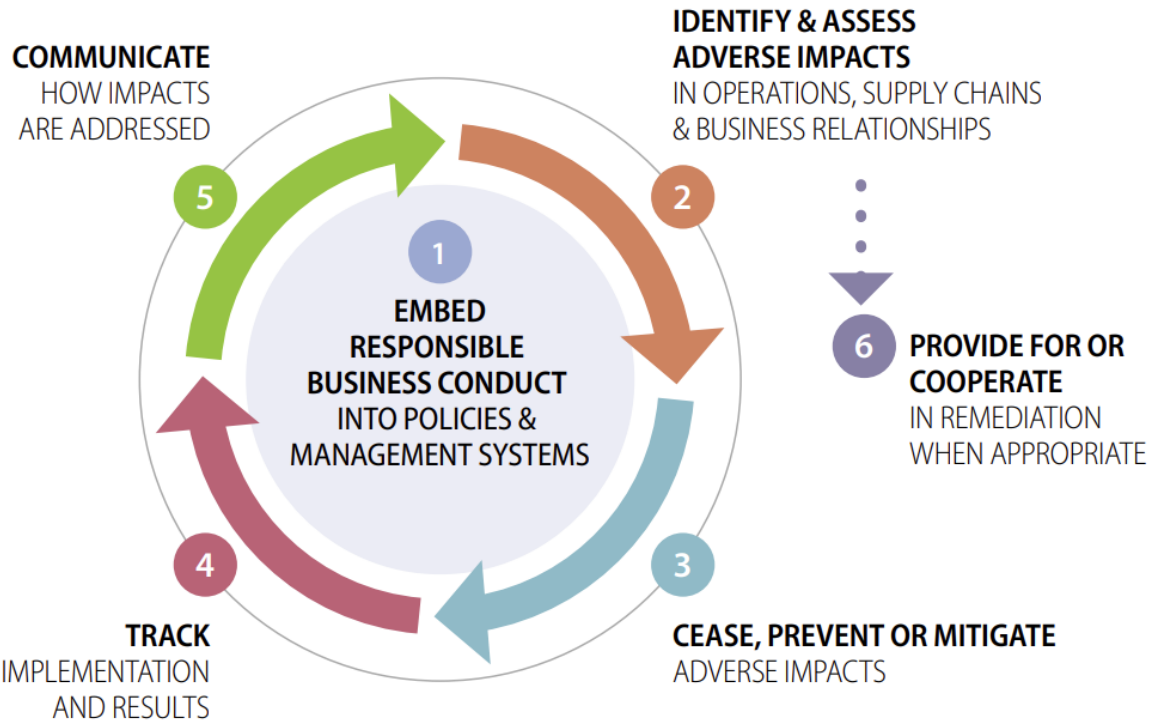
Due diligence is an ongoing process that can inform supplier selection and evaluation. OECD due diligence refers to The OECD Due Diligence Guidance for Responsible Business Conduct, OECD Due Diligence Guidance for Minerals from Conflict and High-Risk Areas, and the OECD Handbook on Environmental Due Diligence in Mineral Supply Chains. These guidelines have developed over time and as such, the scope of due diligence has expanded.

The scope of the supply chain due diligence process within the SCS scheme should cover human rights, labour rights, environmental impacts and ethical business practices and it should be aligned to OECD guidance as referenced and additional guidance for this scope contained in the SCS scheme guidance.

Human Rights and environmental infringements can be difficult to uncover and the highest risks may be in its supply network, for example, in relation to site security arrangements, cleaning, logistics or in parts of the value chain that are not controlled by the organisation, such as mining or post-consumer and post-use product or ship/infrastructure recycling.

The high-level, six step process is summarised in Figure 3.

Figure 3 – OECD aligned supply chain due diligence process.



Source: The OECD Due Diligence Guidance for Responsible Business Conduct (2018)

The organisations due diligence process shall be based on the identification and assessment of human rights-related risks and impacts, the development of time-bound mitigation plans for high risks, shall be updated on a regular basis, informed by input from internal and external stakeholders, shall cover the organisation value chain and shall be reviewed by the organisations Board or most senior leadership team.

Where infringements are identified, the organisation implements effective procedures to identify the root causes and to define actions to prevent and mitigate these risks and adverse impacts and these are communicated to employees and other relevant stakeholders in languages and using modes appropriate to them.

Further guidance is found in the references. At a minimum there should be documented evidence of risk evaluation (at a minimum with specified risk criteria and evaluation to high, medium or low risk), time-bound plans in place to mitigate high risks and responses to medium risks.

Due diligence does not mean that you should necessarily avoid high risk suppliers or supply locations. Engaging with suppliers and collaborating to avoid, reduce and mitigate risks is part of effective due diligence and the purpose of this process is to deliver performance improvements. Reduced orders can be used to leverage action and supplier suspension is the ultimate sanction of last resort should engagement, collaboration and action plans not result in improvements after a reasonable defined time period.

Criteria within section 2 align to parts of the OECD defined due diligence process and how each align is highlighted in the guidance for each criterion.

2.10.1 Responsible sourcing policy
The organisation shall approve and publish a Responsible Sourcing Policy/an Ethical Supply Chain Practices Policy/ a Sustainable Procurement Policy or equivalent.

Guidance

Responsible sourcing is the management of sustainable development and ethical business practices in the provision or procurement of a product or materials. Its scope includes from the points at which a material is extracted in its input state, through manufacture and processing, until its arrival at the organisations site for use. The content of the policy should clarify the scope of potential sustainability impacts and risks in the supply chain, provide guidance on the organisations specific approach to managing these risks and should be publicly available.

It is supported by a commitment from senior management to continual improvement of performance in relation to environmental, labour and human right impacts, ethical business practices, stakeholder engagement and management practices across supply chains. Fair treatment of suppliers is part of ethical business practices and a statement affirming the organisations commitment to treat suppliers fairly shall be included within a Policy(ies) and/or Codes of Conduct.

The responsible sourcing policy requirement aligns with part of step 1, of the OECD due diligence process 'embed responsible business conduct into policies'.

The Responsible Sourcing Policy shall be communicated to relevant employees, at least all Tier 1 suppliers and they shall be required to communicate it or equivalent requirements to its suppliers and to further tiers of the supply network. Its scope shall be aligned to the material sustainability impacts covered by this scheme.

2.10.1 Evidence
Relevant Policy(ies), Codes of Ethics, Supplier Code of Conduct, Codes of Ethical Business Practices and communications of expectations that relate to suppliers and which define the organisations approach to responsible sourcing. Any policies should be approved by senior managers and include a commitment to fair treatment of suppliers and to continuous improvement.

2.10.2 Responsible sourcing and due diligence system
The organisation shall document a system to implement the responsible sourcing policy., and implement a supply chain Due Diligence process covering Human Rights, Labour Rights, Environmental Impacts and Ethical business practices that is aligned to OECD guidance.

Guidance

The process of conducting due diligence may involve a range of procurement, sustainability, legal and other business functions. Responsible sourcing practices should be assigned to relevant senior managers and there should be accountability for reviewing the effectiveness of the overall responsible sourcing management system at the most senior decision making level of the organisation. Cross functional groups and teams can collaborate to enable the responsible sourcing system to be

clear, targeted and effective. Managers with responsibility for a part of responsible sourcing should be trained.

Management should be targeted, encouraged and incentivised to track and progress responsible sourcing practices. Responsible sourcing approach including the due diligence process and key outcomes should be communicated internally and summarised externally in the organisations sustainability report or equivalent.

The responsible sourcing management system requirement aligns with the second part of step 1, of the OECD due diligence process 'embed responsible business conduct into policies and management systems'.

2.10.2 Evidence

Documented information as evidence of a systematic approach to responsible sourcing.

2.10.3 Supply Chain mapping and risk assessment

The organisation shall map sustainability impacts to purchase categories, relevant suppliers and indirect supply networks back to input materials.

Guidance

The supply chain is the network of businesses involved in the purchase and supply of materials and goods from input materials to final product. Many organisations seek to optimise their supply chain as a means of gaining competitive advantage. Responsible sourcing should be seen as part of this optimisation. Whilst supply networks are normally very large, an organisation can seek a positive sustainability impact where it has most influence and can tackle the most significant (material) issues. This may be in collaboration with others in particular Tier 1 suppliers. It can communicate expectations and collaborate with others about issues it has less influence over and that may be further up the supply chain.

Mapping of supply chain sustainability impacts and risks can be completed by category, by supplier and by supplier location. This should include the identification of specific suppliers, agents or traders. Criterion 2.8.2 Traceability, is fundamental to an informed due diligence based risk assessment. Where input materials cannot be specifically traced to their origin, reasonable efforts to ascertain risks associated with the materials procured should be taken and documented. The "Transport Impact" worksheet within the Annex 1 provides information about supplier locations and the provenance of input materials and feedstock.

Mapping of suppliers and risks can be informed through research, import/export data, global trade data, transit data, supplier declarations (including commercial documentation like certifications of origins, import declarations, bill of ladings, delivery notes, contracts, purchase orders), supplier sustainability reports, subscription to supply chain platforms, reports by civil society organisations, industry associations and initiatives, Chain of Custody certificates and other sources. Risks assessment should cover the scope of impacts as described in the general guidance above and should indicate the magnitude, likelihood and severity of sustainability impacts and the stakeholders or environmental receptors impacted.
Criterion

Supply chain mapping and risk assessment shall be conducted for key input materials and energy carriers. These include iron ore pellets, secondary material for recycling (steel scrap), ores, coal, dolomite, limestone and other mined materials, gas, ferro-alloys, Hot Briquetted Iron (HBI), Direct Reduced Iron (DRI), Fluorspar.

Significant volumes of scrap are used in the production of steels. Previously, OECD aligned due diligence processes have only required the confirmation that the materials are for recycling. Research and evidence suggest that significant ethical business, environmental, labour and human rights risks are apparent in scrap metal supply chains and especially associated with post-consumer materials for recycling. This can include health and safety and environmental impacts of shipbreaking, risks associated with the collection and dismantling of steel containing products and equipment as well as transactional risks. Further details on the potential risks are included in the risk profile published by the Roundtable on the Responsible Recycling of Metals. Firms seeking approval will be expected to demonstrate due diligence over its scrap supply chain.

Over time there is an expectation that the due diligence system effectively prioritises the highest risk areas and is expanded to effectively manage all significant supply chain risks. Human rights risks may also be found in service contracts, for example in cleaning catering, logistics and shipping and other services. Therefore service providers should be brought into scope of sustainability due diligence over time. Centralised corporate procurement and any local procurement should align to these requirements with a focus on highest risk categories.

The supply chain mapping and risk assessment requirement aligns with step 2, of the OECD due diligence process ‘identify and assess adverse impacts in [operations], supply chain and business relationships.’ Operational and downstream risks are addressed in section 2.3 above.

2.10.3 Evidence
Documented information as evidence of supply chain impact mapping and risk assessment. The organisation should indicate which categories of supply are most important in terms of the magnitude, likelihood and severity of sustainability impacts and identify any particular high risk locations of supply or suppliers.

2.10.4 Conflict Affected and High-Risk Areas (CAHRA)
The organisation shall document its process to ascertain that it does not contribute directly or indirectly to armed conflict, human rights abuses or risks for workers and communities in conflict-affected and/or high-risk areas.

Guidance

Where an organisation or supplier operates in a high-risk area, which can be characterised by the presence of active conflict, political instability, repression, armed militias or other destabilising factors, the risks to human rights and environmental infringements rise significantly. For more information see the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Rating:

To score 2, the organisation can demonstrate it is not operating in a high risk location or that it has relevant policy and procedures in place to manage the increased risks.

2.10.4 Evidence
In these circumstances, the organisation should have documentary information as evidence of a public policy confirming that it does not tolerate any direct or indirect support to non-state armed groups or their affiliates and procedures in place to monitor its transactions, funding and resourcing to ensure it is not supporting non-state armed groups and to suspend engagement with business partners where there is a reasonable risk that they are doing so.

2.10.5 Responsible sourcing evaluation scope
The organisation shall complete the "KPI" within Annex 1 for "Responsible Sourcing evaluation scope" and meet the thresholds described.

For rolling mills only or for steel mills purchasing feedstock:
The organisation shall purchase feedstock only from SCS approved mills or mills with an equivalent certification acceptable to CARES.'

Guidance
For steel mills only:
A minimum of 60% of suppliers by mass of key input materials (or which can include suppliers with lower purchase mass but where due diligence has identified significant risks, e.g. to Human Rights holders or to the environment in the supply chain), shall be evaluated for ethical, environmental, social and economic impacts.

For rolling mills only or for steel mills purchasing feedstock.
Where feedstock is purchased externally it shall be purchased from a CARES SCS certificated supplier(s) or from organisations possessing valid sustainability certificate acceptable to CARES.

2.10.5 Evidence
Documented information as evidence of supplier selection and evaluation system (e.g. supplier questionnaire, supplier evaluation form, approved supplier list, supplier statement, supplier due diligence) and the organisation shall complete the "KPI" within the Annex 1 for "Responsible Sourcing evaluation scope" or Documented information as evidence of purchase from CARES SCS certified suppliers or equivalent acceptable to CARES.

2.10.6 Responsible sourcing risk assessment and evaluation extent
The coverage of the supplier risk assessment, evaluation and selection system should expand to cover all suppliers.

Guidance
This criterion is to recognise and credit those approved firms with more extensive supply chain evaluations. The evaluation of the extent of responsible sourcing is also a requirement to align to building rating system requirements. It is expected that the risk assessment will focus evaluations on higher risk input material categories, locations and suppliers. Ongoing evaluation of lower risk materials, categories and suppliers should be proportionate to the level of risk and documented.

Rating:
For steel mills only:
To score 1, Between 70-89% of suppliers, by mass of input materials, evaluated for sustainability impact during supplier selection and evaluation process.
To score 2, Over 90% of suppliers, by mass of input materials, evaluated for sustainability impact during supplier selection and evaluation process.

For rolling mills only or for steel mills purchasing feedstock:
Score 2 automatically as over95% of feedstock shall be purchased from SCS or equivalent approved suppliers. A 5% contingency is allowed to ensure contracted delivery where there are unusual market conditions or supply disruption.

2.10.7 Responsible sourcing certifications

The organisation shall complete the "KPI" within the Annex 1 for "Suppliers' Management System Approvals" (ISO 9001 QMS, ISO 14001 EMS, ISO 45001 OH&SMS).

Guidance

This set of criteria are concerned with the recognition and tracking of how suppliers implement other third-party certifications to systematically manage impact, risk and opportunity relevant to the scope of the SCS scheme.

Steel industry suppliers have significant effect on product quality and sustainability performance. A continual improvement expectation of the SCS scheme is that key suppliers should be able to demonstrate they are managing their relevant environmental, social and ethical impacts. Certified management systems based on risk assessments and/or due diligence based approaches are a way to demonstrate this.

To encourage the full supply chain to adopt responsibility and sustainability assurance mechanisms, including third-party certifications CARES recognises wider schemes operating in steel supply chains as follows: BES 6001 Responsible Sourcing of Construction Products, ResponsibleSteel International Production Standard (for the production of feedstock), The Global Steel Climate Council, Steel Climate Standard, The Low Emission Steel Standard (LESS), The China Iron and Steel Association C2F standard (for GHG emissions impacts of feedstock), The Recycling Materials Association (REMA) Recycling Industry Operating Standard (RIOS) (for steel scrap), Bettercoal (for coking coal, anthracite coal), The Zinc/Nickel/Molybdenum Marks (for ferro-alloys used in stainless steel and specialist steel production). Additional schemes used by organisations can be submitted to CARES for consideration of recognition.

This criterion is designed to measure the extent of the supply chain that is covered by such certifications. To ensure this is focused on the key input materials used, the metric is measured as a % by mass of purchases.

For rolling mills only or for steel mills purchasing feedstock for further processing, this criterion is automatically met where it can demonstrate that feedstock has been purchased from a CARES SCS certificated supplier(s) or from organisations possessing a valid sustainability certificate acceptable to CARES

2.10.7 Evidence

The organisation shall complete the "KPI" within the Annex 1 for "Suppliers' Management System Approvals"

or

for rolling mills only or for steel mills purchasing feedstock, documented information as evidence that feedstock has been purchased from a CARES SCS certificated supplier(s) or from organisations possessing a valid sustainability certificate acceptable to CARES

2.10.8 Responsible sourcing certification – ISO 9001 QMS
The organisation should assess extent of suppliers' QMS approvals.

Guidance

Suppliers will be providing products or services to CARES approved companies as well as the wider market. This criterion is designed to ensure a high proportion of its suppliers are using management systems to manage quality and that this proportion grows over time.

For mills purchasing feedstock for further processing into steel products, the extent of management system approvals across its feedstock suppliers should also be completed.

Rating:
To score 1, the organisation should purchase between 30% and 49% of constituent materials, from ISO 9001 QMS certificated suppliers.
To score 2, the organisation should purchase between 50% and 89% of constituent materials, from ISO 9001 QMS certificated suppliers.
To score 4, the organisation should purchase 90% or more of constituent materials, from ISO 9001 QMS certificated suppliers.

2.10.8 Evidence
Documented information as evidence of supplier certification (e.g. supplier management system certificates SCS scheme). Where pig iron, iron ore or commodity materials are purchased the certification should be from the extraction stage, i.e. the mining operation (not the trader).

2.10.9 Responsible sourcing certification – ISO 14001 EMS
The organisation should assess extent of suppliers' EMS approvals.

Guidance

This criterion is designed to ensure a reasonable proportion of its suppliers are using management systems to manage environmental impact and that this proportion grows over time.

For mills purchasing feedstock for further processing into steel products, the extent of management system approvals should also be completed.

Rating:

To score 1, the organisation should purchase between 30% and 49% of constituent materials, from ISO 14001 EMS certificated suppliers.
To score 2, the organisation should purchase between 50% and 89% of constituent materials, from ISO 14001 EMS certificated suppliers.
To score 4, the organisation should purchase 90% or more of constituent materials, from ISO 14001 EMS certificated suppliers.

2.10.9 Evidence
Documented information as evidence of supplier certification (e.g. supplier management system certificates or SCS scheme). Where pig iron, iron ore or commodity materials are purchased, the certification shall be from the extraction stage, i.e. the mining operation (not the trader).

2.10.10 Responsible sourcing certification – ISO 45001 OHSMS
The organisation should assess extent of suppliers' OHSMS approvals.

Guidance
This criterion is designed to ensure a reasonable proportion of its suppliers are using management systems to manage Health and Safety impact and that this proportion grows over time.

For mills purchasing feedstock for further processing into steel products, the extent of management system approvals should also be completed.

Rating:
To score 1, the organisation should purchase between 30% and 49% of constituent materials, from ISO 45001 OH&SMS certificated suppliers.
To score 2, the organisation should purchase between 50% and 89% of constituent materials, from ISO 45001 OH&SMS certificated suppliers.
To score 4, the organisation should purchase 90% or more of constituent materials, from ISO 45001 OH&SMS certificated suppliers.

2.10.10 Evidence
Documented information as evidence of supplier certification (e.g. supplier management system certificates or SCS scheme). Where pig iron, iron ore or commodity materials are purchased, the certification should be from the extraction stage, i.e. the mining operation (not the trader).

2.10.11 Responsible sourcing training
Sustainability training should be offered and provided to suppliers and a training record kept.

Guidance
Management system certifications offer valuable evidence of responsible sourcing practices however, the scope may be limited and they do not necessarily cover all the expectations of the approved firms Responsible Sourcing Policy or the scope of the SCS scheme. As such additional training can help to close knowledge and competence gaps and to share expectations with suppliers.

The responsible sourcing - Training criterion supports alignment to step 3 of the OECD due diligence process, cease, prevent and mitigate sustainability risks.

Rating:
To score 2, the organisation can provide documentary information as evidence of supplier training on sustainability aligned to the scope of the SCS scheme and relevant risks.

2.10.11 Evidence
Documented information as evidence of training content provided. Training register listing locations, durations, trainers, attendees.

Note: Suppliers may be invited to attend internal training.

2.10.12 Cease, prevent and mitigate adverse impacts
Where supplier risk assessment and evaluation has identified significant sustainability risks, the organisation should put in place a timebound corrective action plan, with specified actions, owners and deadlines in order to cease, prevent and mitigate adverse impacts.

Guidance
These Corrective Action Plans CAP's should be designed to address the root cause of the risk and to reduce the risk of repetition of the adverse impact. They may include improvements to procedures, processes, equipment, training, reporting, and any other activity that supports the prevention and mitigation of risks identified.

The plans may also include a requirement to provide redress to those impacted and remediation of the impacts.

Progress against the corrective action plans should be monitored and reviewed on a periodic basis guided by the significance of the adverse impacts. Where appropriate, independent third-party audits should be used to assess and confirm the implementation of the corrective action plans.

The cease, prevent, mitigate adverse impacts criterion supports alignment to step 3 of the OECD due diligence process. Where redress and remediation is also included, this aligns with step 6 of the OECD due diligence guidance.

Rating:
To score 1, the organisation should demonstrate it has not identified any significant risk in its supply chain using a legitimate risk assessment process or are developing corrective action plans
To score 2, the organisation should demonstrate that Corrective Action Plans which may include remediation activities are being implemented or have been concluded

2.10.12 Evidence
Documented information as evidence of supply chain risk corrective action plans, third-party audit reports, remediation if appropriate.

2.10.13 Fair Treatment of Suppliers – Monitoring

The organisation shall complete the "KPI" within Annex 1 for "Fair Treatment of Suppliers".

Guidance

This criterion is about complaints against the organisation by suppliers. There can be a separate complaints mechanism for monitoring supplier complaints or it can be part of the organisations wider grievance mechanism.

The Fair Treatment of Suppliers – Monitoring criterion supports alignment to step 5 of the OECD due diligence process, track implementation and results.

2.10.13 Evidence
the "KPI" within the Annex 1 for "Fair Treatment of Suppliers"

2.10.14 Fair Treatment of Suppliers – Performance
The organisation should reduce supplier complaints as measured using the "KPI" within the Annex 1 for "Fair Treatment of Suppliers".

Guidance

This criterion enables changes in complaints against the organisation by suppliers to be tracked. The organisation should use the information about the nature of supplier complaints to assess and, as necessary act on the reasons for supplier complaints and to reduce them over time.

The Fair Treatment of Suppliers – Performance criterion supports alignment to step 5 of the OECD due diligence process, track implementation and results.

Rating:
To score 2, the organisation should reduce number of supplier complaints compared to previous reporting year OR have had no supplier complaints in previous reporting year.

2.10.14 Evidence
Completed "KPI" sheet within the Annex 1 for "Fair Treatment of Suppliers".

Reference:

- The OECD Due Diligence Guidance for Responsible Business Conduct (2018)
- The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas (2016)
- The OECD Handbook on Environmental Due Diligence in Mineral Supply Chains
- Equivalent aligned guidance as defined by OECD alignment assessment methodology, such as, the Chinese Due Diligence Guidance, The Zinc/Nickel/Molybdenum Mark certification.
- The OECD Due Diligence Alignment Assessment Process
- Roundtable on the Responsible Recycling of Metals – Summary Report and Recommendations Report Enabling Responsible Metals Recycling

- ISO 9001 Quality Management System (QMS) Standard
- ISO 14001 Environmental Management System (EMS) Standard
- ISO 45001 Occupational Health and Safety Management System (OH&SMS) Standard
- BES 6001 Framework Standard for Responsible Sourcing of Construction Products
- ResponsibleSteel International Production Standard
- The Global Steel Climate Council, Steel Climate Standard
- The Low Emission Steel Standard (LESS)
- The China Iron and Steel Association C2F standard
- The Recycling Materials Association (REMA) Recycling Industry Operating Standard (RIOS) (for steel scrap)
- Bettercoal (for coking coal, anthracite coal)
- The Zinc/Nickel/Molybdenum Marks (for ferro-alloys used in stainless steel and specialist steel production

2.11. Significant changes, closure and decommissioning

2.11.1 Significant changes, decommissioning and closure provisions –
The organisation shall make provisions to minimise short and long-term social, economic and environmental implications of significant changes to the production site, decommissioning and closure.

Guidance

This criterion is only applicable to organisations where there are plans for significant changes to the production site, full or partial decommissioning or closure is announced while an organisation is certified. Organisations may have significant changes, decommissioning and closure procedures as part of group provisions.

Significant changes, full or partial decommissioning and closure of steel operations can span many years and have major adverse environmental, social and economic impacts on local communities. Transparency and engagement are critical to a successful process. Local stakeholders shall be engaged in the development of mitigating actions to ensure a positive legacy and fair transition as a result of any changes.

Significant changes are defined as those that result in a reduction of more than 10% of the workforce, a closure of a major production process stage, any production process change that changes material environmental or social KPI's by more than 10%.

Plans shall include: implementation cost and timelines; engagement and communication needs, mitigation measures on community and socio-economic impact; local ecosystem mitigation and restoration activities; contingency and response planning; and in the case of closure: describe community preferences; future plans for site; monitoring and maintenance provision; plan costings and financial liabilities and guarantee and insurance provisions; a third-party opinion on the feasibility of the plan. Public reporting of key information and elements of the plan.

2.11.1 Evidence
Documented information as evidence of engagement in relation to significant changes, full or partial decommissioning and/or closure and of a plan to manage the transition.
If not applicable, and acceptable reasoning documented, this is sufficient to meet the mandatory requirement.

3. Environment

The organisation shall have a defined approach to managing its impacts on the environment at a local, regional, national and global level.

Mandatory Requirements:

- Documented information as evidence of the management of environmental impacts
- Documented Procedure(s) to control subcontract works and contractors

Documented Procedure(s) for purchasing feedstock

SDG Alignment – 3. Environment

3.1 Harvesting or extraction impacts

Guidance

Originally made from Iron Ore, a finite resource, harvesting does not apply.
This impact is highlighted as it is important to building performance certification schemes and a key impact of the iron ore mining industry.
CARES supports the raising of sustainability management and performance in the mining industry and in the extraction of other alloying elements as well as in all other procurement categories.
Responsible Sourcing criteria (Criterion 2.10), including having an effective due diligence process in place, measuring the extent of accredited management system and other certifications at input material suppliers and working with suppliers to reduce extraction impacts further up the supply chain, where relevant, are expectations of the scheme. See section 2.10 for more information.

3.1.1 Harvesting
No requirement - For information only

3.1.2 Extraction impacts
No requirement. For information only

3.2. Primary Material Use, Materials Efficiency, Recyclability and Recycled Content

3.2.1 Material efficiency
The organisation shall include a commitment to maximise material efficiency and optimise the use of recycled materials in its sustainability policy, implement a process to maximise material efficiency and use of recycled materials and complete the "KPI" within the Annex 1 for "Primary Material Use and Material Efficiency" or 'Material Efficiency".

Guidance
Careful selection and efficient use of materials is critical to the commercial success of steel manufacturing. Materials use efficiencies are approaching technical maximums in efficient operations. These factors also determine material sustainability impacts from iron ore and limestone extraction, processing to create pellets, lime, ferro-alloys, Hot Briquetted Iron (HBI) and Direct Reduced Iron (DRI), scrap collection to the technically feasible production efficiencies.

The efficiency of scrap use in Basic Oxygen Furnace (BOF) for cooling and scrap based Electric Arc Furnace (EAF) and Induction Furnace (IF) production routes is partly dependent on the quality and cleanliness of the scrap inputs. High quality sorting including using advanced technologies can support increased efficiencies.

For the EAF process, primary materials includes DRI, HBI and ferro-alloys.
For DRI/EAF plants, primary material starts from iron ore pellets.

3.2.1 Evidence: Documented information as evidence of policy commitment and the organisation shall complete the "KPI" within the Annex 1 for "Primary Material Use and Material Efficiency" or 'Material Efficiency".

3.2.2 Recycled content
The organisation shall measure, in accordance with the KPI calculation, document and report to CARES the recycled content in accordance with ISO 14021 by completing the "KPI" within the Annex 1 for "Recycled Content". The EPD (Criterion 2.8.1) shall report outcome of “Recycled Content’ calculation.

Guidance
Steel is the most recycled material in the world, with over 650 million tonnes recycled annually, including pre- and post-consumer scrap. It can be recycled indefinitely with minimal losses, which helps to save energy and input materials, reduce CO_2 emissions and reduce the waste generated from input materials extraction. Scrap from steel production and downstream processing is collected and recycled directly into steel production. Recycling accounts for significant energy and input material savings: over 1,400 kg of iron ore, 740 kg of coal, and 120 kg of limestone are saved for every tonne of steel scrap made into new steel. Recycled content is defined in accordance with ISO 14021.

High levels of recycling are a key characteristic of the EAF and IF steelmaking route and recycled steel is used in other steelmaking processes. Up to 100% of inputs in the secondary production route come from steel scrap. Up to 25-30% of iron content

in primary steel production can come from scrap inputs, typically at the Basic Oxygen Furnace steelmaking stage to manage temperatures in the furnace. Recycled Content is included in the EPD LCA calculations.

3.2.2 Evidence

The organisation shall complete the "KPI" within the Annex 1 for "Recycled Content"

3.2.3 Recyclability

No requirement - For information only.

Guidance

Recyclability is 100% as steel can be indefinitely recycled without losing its physical properties. This is included for information only. No action is required.

3.2.4 Renewability

No requirement - For information only.

Guidance

Originally made from Iron Ore, a finite resource, 'renewability' does not apply. This is included for information only. No action is required.

3.3. Energy and Water Use

3.3.1 Energy intensity
The organisation shall include a commitment to reduce energy intensity in its sustainability policy, implement a process to reduce energy intensity and complete the "KPI" within the Annex 1 for "Energy Intensity".

Guidance

Energy intensity is measured by the quantity of energy required per unit output or activity, so that using less energy to produce a product reduces the intensity. Energy efficiency refers to the activity or product that can be produced with a given amount of energy; for example, the number of tonnes of steel that can be melted with a megawatt hour of electricity. At the level of a specific technology, the difference between efficiency and energy intensity is insignificant — one is simply the inverse of the other. In this example, energy intensity is the number of megawatt hours used to melt one tonne of steel.

Unit outputs can include semi-products and products at the same time. For example, a steelmaking plant can produce billets and use these in rolling mill and sell excess billets to the market. In this example, billets (semi-product) hold the melting burden only, whereas reinforcement bars (products) cover both melting and rolling energy. Another example is when a steel mill has a higher rolling capacity compared to its steel production capacity requiring the purchase of external billets. In both these examples, the energy intensity can be calculated for each energy unit output separately for semi's and products and adding them together using the output ratio between the production types.

Input energy (active power) to the transformer, visible in electricity bills or as metered going into the transformer should be used as the point of measurement.

3.3.1 Evidence
Policy commitment and completed "KPI" within the Annex 1 for "Energy Intensity".

3.3.2 Renewable and low carbon energy
The organisation shall complete the "KPI" within the Annex 1 for "Renewable and Low Carbon Energy" and shall publicly report the value.

Guidance

As part of efforts to decarbonise primary and secondary production, leading steel producers globally are reducing carbon intensity by utilising electricity produced from renewable (or zero carbon) energy and using renewably produced heat. This approach has considerable potential to reduce steel's GWP and to move steel production towards a circular, sustainable model.

One of the easiest ways for EAF or IF steel producers, to reduce their GWP, and to a lesser degree for Blast and Basic Oxygen Furnace producers, is to self-generate or purchase renewable or low carbon electricity. Renewable electricity is generated from renewable resources such as the sun, the wind and the flows of water including tidal and hydropower, as well as well managed biofuel generated electricity. Low carbon generation includes nuclear power, which is not renewable but produces

significantly lower GHG emissions than fossil fuel produced power. Renewable heat technologies include the use of renewable biofuels, which may also be used as reducing agents in primary production, solar pre-heating, heat pumps and heat exchangers to recover lost heat.

While the re-use of by-product process gases, such as in integrated steel plant's Coke Oven Gas, Blast Furnace (BF) and Basic Oxygen Furnaces (BOF) gases can be utilised to reduce primary fuels, they cannot be considered renewable as they are derived from fossil fuels, which are non-renewable resources.

Claims on renewable energy or low carbon sources should be substantiated with verifiable documented evidence such as certified renewable energy generation certificates (RECS) and shall be consistent with a specified, recognised international or national standard or regulation and be publicly reported. Recognised standards include the quality criteria set in the GHG Protocol Scope 2 guidance and the RE100 credible claims guidance. REC's shall be applied for the quantity and time period specified and retired to qualify.

Best practices to improve accuracy, incentivise investment where it is needed most and in the most effective technologies is for approved firms to match their energy consumption with clean energy production hour by hour, not just annually and to buy RECS from the same grid region where the energy is consumed.

For the proportion of electricity supplied through a national grid, the inclusion of a percentage representing renewable energy generation in national electricity grid mixes is acceptable. These grid factors shall be for the most recent year available, shall be based on official national grid mix emissions factors where available and IEA grid mix emissions factors where not.

The use of biofuels within electricity generation to reduce GHG emissions is controversial as many scientists argue that in the time frames available to us to reduce GHG emissions to keep within Paris aligned pathways, biofuels use will not reduce emissions. There are many questions over the broader sustainability of biofuel products including deforestation, land use changes and labour conditions. However, current national grid factors include biofuel generated electricity as renewable and so are included in the scope of this criterion.

Hydrogen is an energy carrier and when produced using renewable energy 'green hydrogen' can be classed as a low energy source, when used. Any such claims need to be substantiated by suitable third-party verified LCA with the same rules for use of REC's as described above and following a standard acceptable to CARES, such as the UK Low Carbon Hydrogen Standard. Natural hydrogen has potential to be an energy source, and is classed as a low emissions energy source, although there is no commercial availability currently. Other forms of hydrogen are not low emissions energy sources.

3.3.2 Evidence

Completed "KPI" within the Annex 1 for "Renewable Energy".

3.3.3 High decarbonisation quality REC's

The organisation should avoid low quality REC's, prioritise high decarbonisation quality REC's, which incentivize investment in on-site renewables and local Power Purchase Agreements (PPA's) and drive decarbonisation.

Guidance

The use of renewable energy certificates (REC's) can support Scope 2 – electricity decarbonisation. However, standards have allowed companies to claim "100% clean energy" by purchasing RECs without regard to when or where the energy was produced, and from unbundled legacy sources, leading to misleading claims and which have little impact on decarbonisation.

Best practices to improve accuracy, incentivise investment where it is needed most and in the most effective technologies is for approved firms to match their energy consumption with clean energy production hour by hour, not just annually and to buy REC's from the same grid region where the energy is consumed. Reducing the use of cheap, unbundled RECs from legacy public hydro or nuclear sources can also support renewables additionality and real decarbonisation.

Organisations should match electricity consumption with clean energy production on an hourly and regional grid basis, rather than using annual averages or RECs from distant grids. Organisations that update their emissions reporting systems to reflect local grid carbon intensity and market-based procurement more accurately and make appropriate claims following these guidelines should be rewarded.

Rating:

To score 1, the organisation should demonstrate 50% of its claimed REC's are hourly and geographically matched.
To score 2, the organisation should demonstrate 100% of its claimed REC's are hourly and geographically matched.

3.3.3 Evidence

Documented information as evidence of hourly and geographic electricity consumption matching, the use of high quality REC's and associated claims

3.3.4 Energy use objectives

The organisation shall assess the environmental impacts of its Energy Use and set related objective(s). This shall include its use of direct and indirect renewable energy and its objectives and timeline for investment and increased usage.

Guidance

Energy use, efficiency and reductions, as well as energy source selection are part of an overall energy management programme. As well as an overall site based approach, significant energy using processes can be determined and improvement objectives defined. When more than one objective is in place, e.g. objectives per process, then the organisation should justify the balance of whether its overall objectives have been met. Clear time bound and costed plans with priority actions should be in place to enable implementation and tracking of the plans.

Rating:

To score 1, the organisation should set an overall objective(s) to reduce environmental impacts of Energy Use.

To score 2, the organisation should set and achieve its overall objective(s) to reduce environmental impacts of Energy Use.

3.3.4 Evidence
Documented information as evidence of Energy Use impact assessment, objective(s) to reduce environmental impacts of Energy Use, programme(s) and plan(s) for achieving its objective(s).

3.3.5 Water use and stewardship
The organisation shall include a commitment to minimise the impacts related to its water use in its sustainability policy, implement a process to reduce water use, where water use is a material impact, and complete the "KPI" within the Annex 1 for "Water Use".

Guidance
Global pressures on fresh water are rising, with increasing populations, increased economic activity, changes to land-use, climate change, pollution all contributing to water stress. Demand from many other sectors and sources such as agriculture adds to the social, environmental and economic impacts. Water is an essential resource to the steel industry but its use needs to be managed efficiently to minimise demand on water supplies based on availability and the needs of other users of water in the catchment/watershed area, together with its treatment and return to the water cycle. Taken together this is seen as good water stewardship.

The water impact assessment should reflect the local context, the catchment, consider availability and quality, other local users and needs, any seasonal or temporal variability, extreme events and potential changes due to climate change. Where water risks are identified the site should implement an action plan to address water related challenges.

Developing a water inventory and a water balance which tracks all water inputs into the operational site, all losses, treatment and return to water courses can be an effective way of identifying improvement opportunities.

3.3.5 Evidence
Documented information as evidence of Water Use impact assessment, relevant stakeholder input, objective(s) to reduce the environmental, social and economic impacts of Water Use and emissions to water, programme(s) and plan(s) for achieving its objective(s).

3.3.6 Water use objectives
The organisation should assess the environmental impacts of Water Use and Emissions and should set related objective(s).

Guidance
Understanding water risks can be enhanced by the use of tools such as the World Resources Institute 'Aqueduct' tool which can help identify water stressed locations. Good water stewardship relies on a contextual view of the operations in light of the catchment and other water users, including the natural world and ecosystem services it provides.

Rating:
To score 1, the organisation should set objective(s) to reduce the environmental impacts of water use and emissions.

Score 2, the organisation should set and achieve objective(s) to reduce the environmental impacts of water use and emissions or if the organisation can demonstrate that impact on water is not a material impact (on materiality matrix) and there is a reasonable explanation (e.g. very low water use and already taken steps to minimise this) and that no further improvement actions can be taken no further evidence is required.

3.3.6 Evidence

Policy commitment to minimise the impacts related to its water use and completed "KPI" within the Annex 1 to measure "Water Use"

Reference:

- ISO 50001, “Energy Management Systems - Requirements with guidance for use” provides more information on energy management systems.
- World Resources Institute (WRI) Greenhouse Gas Protocol
- International Energy Agency (IEA) Emissions Factors
- World Resources Institute 'Aqueduct' tool
- WWF’s Water Risk Filter and WWF’s Contextual Water Targets guide
- Alliance for Water Stewardship – International Water Stewardship Standard
- ISO 14046, “Environmental management - Water footprint - Principles, requirements and guidelines” provides detail on water inventories and footprinting
- Climate Groups RE100 credible claims guidance.
- UK Low Carbon Hydrogen Standard.
- Greenhouse Gas Protocol – Scope 2 guidance

3.4. Biodiversity and Ecotoxicity

3.4.1 Biodiversity impact assessment and management plan
The organisation shall conduct a review to identify how its operations and activities impact (directly and indirectly) on biodiversity, shall have a system to enhance the biodiversity of the site and shall have objective(s) to improve biodiversity and programme(s) and plan(s) for achieving its objective(s) that aligns to the biodiversity mitigation hierarchy.

Guidance

The Convention on Biological Diversity defines biodiversity as the variability among living organisms from all sources including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within species, between species and among ecosystems. High biodiversity is an attribute which supports healthy natural ecosystems and the provision of ecosystem services. Some organisations refer to this as natural capital or the management of nature, flora and fauna or wildlife.

Dramatic falls in biodiversity have been recorded in recent years. Biodiversity is essential for ecosystem functioning and to deliver the ecosystem services that we depend on such as clean air, water, soil generation, crop pollination and for the development of drugs, food and resources. Biodiverse ecosystems help to support species diversity, contributing to maintaining genetic diversity, in turn helping avoid diseases and healthy flora and fauna populations.

The steel industry can contribute to society by following the biodiversity mitigation hierarchy (avoiding impact, mitigating impact, restoring biodiversity and offsetting as least desirable measure), by enhancing the biodiversity in its immediate environment and avoiding biodiversity loss or ecosystem loss in any site expansion or change or from current operations in the impact area of the organisation. Responsible site stewardship includes recognising the importance of national heritage, biodiversity and geodiversity during site development planning, in use and after the end of life of each site. Any change to natural habitat shall only be done further to consultation with relevant stakeholders and shall result in no net loss of biodiversity or ecosystem services. Changes to critical habitats should be avoided. Identification of Alien Species shall be included in any biodiversity impact assessment.

Initial assessments for biodiversity are often legal requirements and where these have been done, this remain sufficient evidence unless there is a significant change in operation or activities on site planned, in which case a biodiversity assessment should be completed.

When conducting biodiversity impact assessments, the organisation should include in scope impacts related to the area that is influenced by the organisations activities – the impact area of the site. This might include from associated facilities, such as power plants, ports, pipelines, transmission lines, waste water treatment plants, storage areas or other infrastructure that is in place to service the construction or operational needs of the site. These facilities might be outside of the site boundary.

3.4.1 Evidence
Documented information as evidence of biodiversity assessment, objectives, plans and implementation of actions taken that enhance biodiversity. ISO 14001 EMS Operational

Control Procedures, Documented Procedure(s) showing biodiversity as a managed impact.

3.4.2 Ecotoxicity
The organisation shall conduct a review to identify how its operations and activities impact (directly and indirectly) on ecotoxicity, shall have a system to reduce the impacts of ecotoxicity and shall have objective(s) to reduce ecotoxicity and programme(s) and plan(s) for achieving its objective(s).

Guidance
Ecotoxicity is the potential of a biological or chemical substance or physical agent to harm an ecosystem and the organisms that live in it. It can also refer to the negative effects of an activity on the environment. Hazard assessments shall be completed and management processes put in place to avoid and minimise ecotoxicity. More benign materials can be identified for materials substitution and new technologies and processes can support ecotoxicity reduction.

3.4.2 Evidence
Documented information as evidence of an understanding of the ecotoxicity of operations gained through a hazard assessment of chemicals and other biological or physical agents procured and used for steelmaking and any other processes, e.g. lubricants, cleaners, solvents, chemical additives etc. The scope of the assessment shall include all Substances of Very High Concern (SVHC) in Annex XIV of European Regulation (EC) No 1907/2006 (REACH); and Substances on the SVHC Candidate List.

ISO 14001 EMS Operational Control Procedures, Documented Procedure(s) showing ecotoxicity as a managed impact. Objectives, Plans and Implementation evidence of actions taken to reduce ecotoxicity, where ecotoxic substances, SVHC or candidate list substances have been identified, shall be maintained.

3.4.3 Protected sites
The organisation shall identify legally designated sites, sites of special scientific interest or other protected and natural heritage sites on or in the impact area of its operations, whether the organisation impacts on them and how it impacts on them. It shall comply with any regulations, laws or agreements relating to these areas and implement management plans to ensure the organisation does not adversely impact the protected sites or ecosystems and attributes the site is protected for.

Guidance
Protected sites include legally designated sites, sites of special scientific interest or other protected and natural heritage sites close to its operations. Sites may have special cultural and historical significance including to indigenous and other local people. Consideration of cultural and historical significance should be included and highlighted in assessments of protected areas.

The organisation shall not instigate activities in : World Heritage sites; Protected areas of the IUCN protected area management categories I-VI and conservation areas protected under national or local law; Indigenous and community-conserved areas (ICCAs) unless such activities are endorsed with the Free, Prior and Informed

Consent (FPIC) of the affected peoples and communities; Ramsar sites; Key Biodiversity Areas (KBAs).

The organisation shall identify and comply with any regulations, laws or agreements relating to these areas and implement management plans to ensure the organisation does not adversely impact the protected sites or ecosystems and attributes the site is protected for.

3.4.3 Evidence
Documented information as evidence of social and environmental impact assessment that includes an identification of any protected sites and attributes of these sites that may be impacted by operations, legal or agreed duties in relation to the site and a management plan if there is operational impact on the protected site. Completing this action once is enough to achieve this requirement unless there is a change in local circumstances.

3.4.4 Protected species
The organisation shall identify any protected, endangered (red list) species, species of importance to local people, species of importance to local economy in the impact area of its operations. It shall comply with any regulations, laws or agreements relating to these protected species and implement management plans to ensure the organisation does not adversely impact the protected species.

Guidance
Protected species include any protected, endangered (IUCN red list) species, species of importance to local people and species of importance to the local economy in the impact area of its operations.

If protected species are identified the organisation shall comply with any regulations, laws or agreements relating to these protected species and implement management plans to ensure the organisation does not adversely impact the protected species.

3.4.4 Evidence
Documented information as evidence of environmental impact assessment. Completing this action once is enough to achieve this requirement unless there is a change in local fauna or local stakeholder expectations.

3.4.5 Biodiversity risk tracking
The organisation shall complete the "KPI" within the Self- Assessment and Audit workbook for "Land Use and Biodiversity Rich Habitats".

Guidance
'Biodiversity Rich Habitats' are defined as those areas officially recognised by a designation as a local, state or national park, any statutory protected area or any area which is habitat locally recognised as being rich in biodiversity. The organisation should avoid expanding into biodiverse rich habitats.

Effective stakeholder engagement is key to understanding local recognition and ecosystem service use of biodiversity rich habitats.

3.4.5 Evidence

Completed "KPI" within the Self- Assessment and Audit workbook for "Land Use and Biodiversity Rich Habitats"

3.4.6 Biodiversity projects

The organisation should run projects or initiatives which either reduce ecotoxicity and/or improve local biodiversity and ecosystems.

Guidance

Credit can be gained for projects or initiatives which either reduce ecotoxicity and/or improve local biodiversity and ecosystems. Examples include where sites have created wetlands and reedbeds as part of water treatment processes, substituted and procured less toxic chemicals, improved the management of them, introduced landscaping and planting in ways that are good for biodiversity, created or maintained particular habitats on site or in adjacent and neighbouring areas in collaboration with local communities and organisations.

Rating:

To score 1, the organisation should complete an action to reduce or better manage the ecotoxicity of operations or to improve the biodiversity of the site or surrounding area, e.g. a volunteer project to enhance the future biodiversity of the site and surroundings during reporting period.

To score 2, the organisation should request that their key suppliers conduct ecotoxicity and biodiversity assessments.

3.4.6 Evidence

Documented information as evidence of a project or initiative that reduces the ecotoxicity of operations, removes any alien species and/or improves local biodiversity.

3.4.7 Reporting

The organisation should monitor and report the impact of ecotoxicity and other impacts on local biodiversity on a yearly basis.

Guidance

Monitoring and reporting the impact of ecotoxicity and other impacts on local biodiversity on a yearly basis is good practice.

Rating:

To score 1, Biodiversity impact assessment findings should be reported to internal stakeholders on yearly basis.

To score 2, Biodiversity impact assessment findings should be reported on yearly basis and should be publicly available to any interested party.

3.4.7 Evidence

Documented information as evidence of biodiversity impact assessment and management reporting including of performance against set objectives.

3.4.8 Task Force for Nature Related Financial Disclosures (TNFD) aligned reporting

The organisation should report its impact according to the recommendations of the Task Force for Nature Related Financial Disclosures.

Guidance

The TNFD has four disclosure pillars building on TCFD recommendations (Governance, Strategy, risk and Impact Management and Metrics and Targets). Designed to align to ISSB's IFRS Sustainability Disclosure Standards and the Global Biodiversity Framework Target 15 requirement to disclose dependencies, impacts and risks, it has 14 recommended disclosures. Integrated climate and nature reporting is recommended. It adopts the 'LEAP' framework for identification and assessment of nature related issues: Locate your interface with nature; Evaluate your dependencies and impacts on nature; Assess your nature-related risks and opportunities; Prepare to respond to nature-related risks and opportunities and to report on your material nature-related issues. Credit is available within the Scheme for organisations which have utilised a LEAP based approach and reported in alignment with the four disclosure pillars of TNFD.

Rating:
To score 2, the organisation should publish a TNFD aligned report.

3.4.8 Evidence: Documented information as evidence of LEAP approach and TNFD aligned public reporting.

Reference:

- The Convention on Biological Diversity (CBD) includes 12 principles for implementing an ecosystem approach.
- The Biodiversity Consultancy publishes information on the biodiversity mitigation hierarchy and other resources.
- The Integrated Biodiversity Assessment Tool (IBAT) Alliance (source of a variety of databases, tools and resources)
- The International Union on the Conservation of Nature (IUCN) Red List of Threatened Species
- World Database of Key Biodiversity Areas
- World Heritage List
- Protected Planet (protected areas database)
- The Task Force for Nature Related Financial Disclosures - Getting started with adoption of the TNFD recommendations and other publications.
- Expedition Engineering - The Embodied Biodiversity Impacts of Construction Materials

3.5. Greenhouse Gas (GHG) Emissions and Global Warming Potential (GWP)

3.5.1 Greenhouse Gas Measurement, Monitoring and Reporting
The organisation shall have a system for measuring and monitoring its GWP and reducing its GHG Emissions. It shall report its GWP emissions in the defined format.

Guidance

The global steel industry is responsible for 7-9% of GHG emissions. The Paris Agreement and national implementing agreements and legislation mean that GHG emissions need to be reduced to net-zero by around the middle of this century for the world to reduce the risks of global overheating to level deemed acceptable, 2ºC above pre-industrial levels with efforts to limit temperature increases to 1.5ºC.

The world is not currently on track to achieve these reductions with average temperatures exceeding the 1.5ºC above pre-industrial levels threshold in recent years. Therefore, to minimise risks according to the Paris Agreement, even quicker reductions are now required.

Global Warming Potential (GWP) is an impact assessment with global effect and a relative measure of how much heat a GHG traps in the atmosphere when calculated over 100 years; in the steel industry, GWP is mainly caused by CO_2 and CH_4 emissions in production, and other GHG, such as N_2O, may contribute to overall GWP. GWP is measured by kg-CO_2 equivalent per tonne of steel produced. Processes can be continually improved to increase energy efficiency and reduce the GWP, novel production technologies can be adopted and renewable energies can be used to provide some process based energy inputs, especially for EAF and IF production routes.

CARES role is to provide third-party verified GHG emissions data based on robust methodologies that can inform decarbonisation decision making by steel producers and construction and infrastructure stakeholders. CARES adopts and has used the GWP data within third-party verified EPD to determine organisational impact on global heating as EPD to defined standards are widely recognised within the construction industry and readily available. A third-party verified EPD is mandatory under the CARES SCS scheme.

CARES is a signatory to the Steel Standards Principles (SSP), an initiative convened by the World Trade Organisation, which calls for common methodologies on measuring GHG emissions within the iron and steel sector in order to accelerate the transition to near-zero emissions. The main focal areas are transparency, interoperability and mutual recognition.

The SSP will be publishing a glossary document to encourage consistent use of terminology and an reporting alignment document relating to transparent GHG measurement and monitoring across the steel industry. Currently CARES uses Product Category Rules (PCR) and EPD standards within its mandatory EPD reporting to define measurement and monitoring factors which influence its GWP. CARES will track progress of the SSP and, where necessary, publish further guidance to clarify GHG measurement and monitoring practices.

While secondary production route produces significantly less GHG emissions on average than primary steel production, there is a lag between primary steel production and these stocks of steel materials becoming available for recycling. With worldsteel estimating that the average life-cycle of steel is over 40 years, it will take decades for sufficient material to become available to feed a fully circular economic model and there may need to be residual primary production for specialist applications and other purposes. Therefore both primary and secondary steel production should decarbonise.

CARES seeks to operate an inclusive approach to joining the SCS scheme and it recognises that timescales for investment and development of decarbonisation technologies at each organisation are dependent on many factors and are likely to go through step rather than linear changes. It uses the principles of transparency and accuracy to support decarbonisation.

Steel producers may have two EPDs: the first EPD without Renewable Energy Certificates (REC) and the second including REC. This enables any 'book and claim' reductions through the purchase of REC to be transparent.

The GWP is publicly available in the EPD. To make it easier for stakeholders to access this information and to demonstrate the decarbonisation performance of the steel product, the organisation shall additionally publicly report its GWP performance using the CARES balanced scorecard, and the CARES decarbonisation label. This label can be added to product marketing materials and labelling.

3.5.1 Evidence

Completed "KPI" sheet within the Self- Assessment and Audit workbook for GWP.

A third-party verified EPD Report to EN 15804 for cradle-to-gate with options, showing stages A1-A3, with emission levels under the maximum emission thresholds for Life Cycle stage A1-A3 satisfies this requirement.
Public reporting of GWP performance using the EPD, CARES balanced scorecard and through the CARES decarbonisation label.

3.5.2 Climate Change - Global Warming Potential (GWP) performance

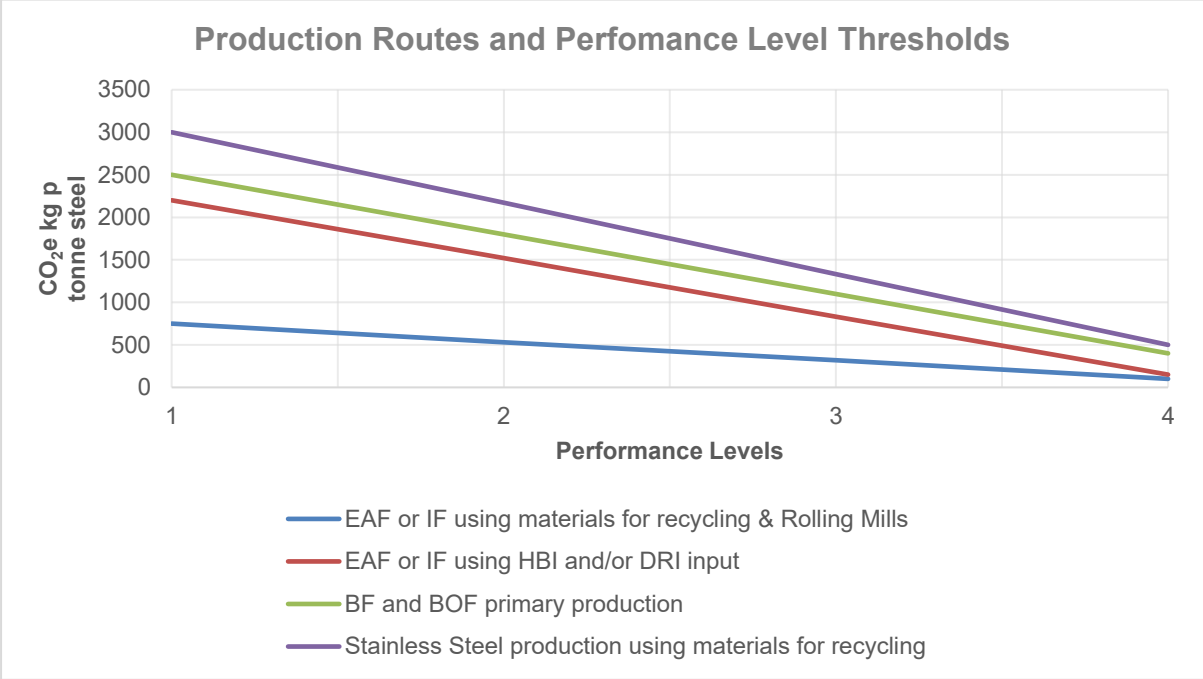
The organisation should assess GWP performance against scoring thresholds.

Guidance

The intention of this criterion is to incentivise GHG emissions reductions aligned to a science based decarbonisation pathway, which is illustrated in Figure 4. and to credit lower emission steel production.

The pathway is aligned to a Science-Based Targets Initiative (SBTi) trajectory.

Figure 4. Decarbonisation Pathway and Performance Level Thresholds



Measurement against the thresholds are based on product, site and production route specific GWP A1-A3 as calculated in a CARES EPD or an EPD acceptable to CARES as per Table 1.:

Table 1.Decarbonisation Performance Level Thresholds

	Performance Level Thresholds			
Production Route	**1**	**2**	**3**	**4**
EAF or IF using materials for recycling and Rolling Mills using feedstock as input*	750	530	320	100
EAF or IF using HBI and/or DRI input	2200	1520	830	150
BF and BOF primary production	2500	1800	1100	400
Stainless Steel production using materials for recycling	3000	2170	1330	500

*: Feedstock billet GWP to be used

All data relates to a compliant EPD GWP data point (kg-CO2 equivalent per tonne of steel produced for stages A1-A3). For rolling mills only or for steel mills purchasing feedstock, this is based on a weighted average of producer's GWPs for stages A1-A3 of purchased steel based on mass purchased in the previous year together with their own emissions. A calculator tool is available in Annex 1 to calculate the weighted average of supplier GWPs based on the ratio of quantities from each supplier.

Performance level threshold 1 values are based on the most recent CARES sector average data where available or estimates using CARES sector knowledge if not.

Thresholds 2-4 are based on a GHG emission reduction pathway, between threshold 1 (broadly the sector average) and threshold 4 representing very low, near zero GHG emissions.

Rating:
Achieving Performance Level threshold 1 scores 1, threshold 2 scores 2 and threshold 3 scores 4 and threshold 4 scores 10 in the Rosette Rating System.

3.5.2 Evidence
Completed "KPI" sheet within the Self- Assessment and Audit workbook for GWP.

A third-party verified EPD Report to EN 15804 for cradle-to-gate with options, showing stages A1-A3, with emission levels compared to the values in the table above to assess emission performance level for Life Cycle stage A1-A3 satisfies this requirement. Publication of decarbonisation performance level in defined format.

3.5.3 Semi-level GWP reporting
The organisation shall publish GWP at the first point of the casting of crude steel into semi-products.

Guidance
CARES is a signatory of the Steel Standards Principles (SSP). Its recommendations that steel producers should report CO_2e GHG emissions per tonne at the point of first casting of crude steel to enable a production route agnostic comparison of GHG emissions. There are immaterial differences between the GHG emissions per tonne at liquid crude stage and semi-product stage. CARES has enabled separate reporting of GWP at this level through its LCA tool. The semi-level includes the production of feedstock covering billets, blooms, beam-blanks and slabs to also more accurately enable rolling mill buyers of this feedstock to accurately calculate product level GWP. Together with the percentage recycled content metric available in the CARES EPD, this enables steel producers to demonstrate their alignment to other steel decarbonisation pathways and thresholds used in a variety of standards.

3.5.3 Evidence
Public reporting of Third-party verified semi level, GHG emissions data point compiled according to the accounting rules and other mandatory guidance in the CARES PCR and additional requirements defined within the CARES LCA tool.

3.5.4 Decarbonisation Strategy
The organisation's corporate owner shall define, make publicly available and implement a long- and medium-term strategy to reduce its GHG emissions to levels that are compatible with the achievement of the goals of the Paris Agreement, with an aspiration to achieve near-zero GHG emissions through work with policy makers and others.

Guidance
The organisations corporate owner shall put in place a credible strategy for change across its portfolio of sites that is aligned to the transition pathway. Any assumptions relating to public policy or other key enabling conditions it is based on to meet any of these actions should be stated and the actions the organisation's corporate owner is

taken to manifest the changes. The organisations corporate owner shall review and update the strategy on a regular basis and demonstrate its effectiveness in delivering change aligned to the transition pathway starting from the base line year.

3.5.4 Evidence:
Documented information as evidence of the corporate owner's strategy and the elements of the strategy stated above. Quantitative science based targets, such as those validated by the Science Based Targets Initiative (SBTi) are acceptable.

3.5.5 GHG emissions reduction targets and plan
The organisation shall have a medium term (5-15 years) GHG emission target for the site that is aligned with the organisation's corporate owner's strategy and GHG emissions reduction targets and a plan on how the organisation will meet them. The targets and plan shall be publicly reported.

Guidance

The organisation shall develop a decarbonisation plan which includes objectives and medium term targets that demonstrate it is working towards measurable decarbonisation that aligns with Paris aligned steel sector decarbonisation pathways. Decarbonisation plans can include the adoption of best currently available technologies (BAT), which typically help to optimise existing technologies and processes and investment in emerging technologies which support GHG emissions reductions. Process design and colocation of operations can also support emissions reductions.

The site target should be at or below the trajectory required for the corporate owner to meet its corporate transition pathway targets for its entire portfolio of sites. This should include any imported energy, including electricity where significant, contain milestones towards the achievement of the medium term target, should specify the basis of the quantification and validation of the emissions targets, should contain details about changes to technologies, processes, equipment and other options to achieve the target. It should consider the costs of making the changes and provide detail of how the changes will be financed.

Any assumptions concerning external conditions that need to be in place to deliver the plan, such as policy changes, should explicitly be stated. The organisation should regularly review the plans and report to the organisation's corporate owner. Where offsetting or the procurement of renewable energy are proposed to meet the target, they should be consistent with a specified recognised, national or internationally verifiable standard and schemes.

Production routes can have significantly different emissions profiles, with secondary production offering lower emissions. Moving to secondary production can decarbonise a production site however, limits to global scrap availability means there will be insufficient scrap to decarbonise total steel production for decades to come and a residual demand for primary inputs will likely remain. Scrap availability is dependent on the production of primary steel, the stocks that become available for recycling, the time it takes to reach end of life in the particular use or application, and the rates of collection, losses and efficiency of recycling.

There is some potential to improve the collection rate (End of Life recycling input rate), the sorting of scrap and the recycling efficiency (End of Life recycling rate) in the value chain. There is also potential to increase the use of scrap especially in BOF. At a global system level, due to scrap availability limits, the increased use in scrap in one place may displace the availability in another. Therefore, care should be taken not to avoid focusing only on increasing recycled content as the way to decarbonise. The SCS scheme requires all sites to have a decarbonisation plan, within the context of its owner's portfolio of sites, global, regional and national emission reduction agreements.

Best available technologies (BAT) include a range of technologies with some illustrative examples provided in this guidance. For example, for integrated production routes, BF off-gas recycling can be utilised. This is where the reducing agents are recycled from the gas leaving the top of the BF after CO_2 removal. Recycling this stream reduces the demand for coke and hence reduces energy use and carbon emissions from the coking plant. BOF, EAF and IF can utilise off-gas recycling to recover heat for pre-heating before scrap charging. This can result in up to a 10-15% reduction of energy and/or can be used to generate power (e.g. through steam) and/or hot water. Off-gas recycling can also be combusted in other processes as fuel (e.g. heating BF stoves used to supply hot blast air to the BF, in coke ovens and other processes). Similarly other off-gas streams can be utilised. Coke oven gas (COG) has a much higher calorific value (as it contains CH_4 and H_2) and BOF gas can be reused. Steam can be added as an energy recycling agent.

A range of emerging technologies are being developed and many are progressing through technology readiness levels to become commercially viable at scale. The steelmaking process uses electrical and/or chemical energy and therefore the energy transition to reach Paris aligned GHG emission reduction targets requires increased utilisation of fossil free energy resources (Renewables or Nuclear power) and the substitution of coal or natural gas as reducing agents and in other processes by alternative fuels (e.g. Hydrogen). The production of alternative fuels should be carbon-free and the remaining electricity used in the production process should originate from renewable energy sources.

Hydrogen reduction in steelmaking involves using hydrogen gas instead of coal to convert iron ore into iron. Iron ore pellets are fed into a reactor where they are reduced by hydrogen gas at a relatively lower temperature than blast furnaces, resulting in DRI or HBI. This produces water vapour rather than CO_2 emissions. These iron inputs are then melted in an EAF using electricity to produce liquid steel. Effective decarbonisation can only happen where there is sufficient production of green hydrogen and availability of renewable energy. Green hydrogen is hydrogen produced using 100% renewable electricity. Blue, brown and grey hydrogen is produced using fossil fuels and therefore its utilisation will not deliver similar decarbonisation. While green hydrogen DRI production is not commercially available, under current market conditions, it remains an expensive production route and this is limiting adoption.

Hydrogen can also partially substitute coal based products in BFs. Hydrogen is injected into the BF as a reductant but cannot displace all fossil inputs as a BF requires coal to function effectively. Hydrogen can also be used as a feedstock in a

carbon capture and utilisation (CCU) processes such as the production of by-products including fuels.

Carbon capture, utilisation and storage (CCUS) are the processes by which CO_2 can be captured, cleaned, dehydrated, liquefied, transported and either utilised or stored at a final location. CCU and CCUS can only offer a palliative solution. CCS is yet to be proven commercially and technically in terms of guaranteed long-term storage and should not be considered as the first priority in decarbonisation. CCU can enable another cycle of use for the carbon before it is then released into the atmosphere, reducing its life cycle impacts, for example, as a vehicle fuel.

Other technologies are under development, with one, molten oxide electrolysis (MOE) involving direct electrification-based ironmaking, without the need for an energy-rich gas offering near zero emission steelmaking. However, this is at a lower technology readiness level and not commercially available at scale.

Rating:
To score 1, the organisation is developing compliant targets and a decarbonisation plan

To score 2, the organisation has developed compliant targets and a detailed internal decarbonisation plan

To score 4, the organisation has developed and is publicly reporting compliant targets, a summary decarbonisation plan and progress against the targets and plans.

3.5.5 Evidence

Documented information as evidence of medium-term (5-15 years) GHG emissions reduction targets with detailed internal plan containing process specific, time bound, decarbonisation plans for the operation and any limitations and assumptions. Public reporting of the emissions baseline, emission reduction targets, outline plan and implementation progress, noting that commercially sensitive detail does not need to be publicly reported.

3.5.6 GHG emissions reduction innovations

The organisation should be credited for investment in solutions that can demonstrably reduce GHG emissions at a system level.

Guidance

The development of targets and plans is the foundation step towards decarbonisation, however true decarbonisation will only happen when investment is made and implementation happens. This criterion is designed to recognise investment and implementation and wider innovation that can reduce global systems level emissions.

Systems level mean that the emissions reduction potential can include emissions reductions in wider construction or other systems, such as reducing concrete based emissions through use of a by-product.

The examples in 3.5.5 above can be included in consideration for scoring in this criterion, together with wider GHG emissions reduction innovation. For example, in

EAF production, innovations include the Cambridge Electric Cement process which uses recovered cement paste (RCP) as a substitute for the lime used in the steel recycling process and produces new cement as well as supporting lower emission steel making.

Rating:
To score 1, the organisation is developing an investment strategy that can demonstrably reduce GHG emissions by at least 10% within 5-10 years compared to current business as usual and incumbent technologies.

To score 2, the organisation has developed an investment strategy and started making the investments that can demonstrably reduce GHG emissions by at least 10% within 5-10 years.

To score 4, the organisation has developed an investment strategy and started making the investments that can demonstrably reduce GHG emissions by at least 25% within 5-10 years.

Baseline year is the most recent annual data set when audited.

3.5.6 Evidence
Documented information as evidence of investment strategy, secured funding and emissions reduction potential.

3.5.7 Climate Related Financial Disclosures
The organisation's corporate owner should implement the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) as incorporated into the IFRS S2 standard.

Guidance
The Task Force of Climate Related Financial Disclosures (TCFD) was set up by the Financial Standards Board and has now been adopted and taken forward by the IFRS S2 standard. IFRS S2 applies to climate-related physical and transition risks to which the entity is exposed, and climate-related opportunities available to the entity. It sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. In particular, it requires an entity to disclose information that enables users of general purpose financial reports to understand:

- the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;
- the entity's strategy for managing climate-related risks and opportunities;
- the processes the entity uses to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
- the entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

Rating:
To score 1, the corporate owner is preparing compliant disclosures
To score 4, the corporate owner has published a compliant disclosure

3.5.7 Evidence
Documented information as evidence of a plan to report on the disclosure requirements of the IFRS S2 guidance including in relation to: Governance, Strategy, Risk Management, and Metrics and Targets.

3.6. Transport Impacts

3.6.1 Transport impacts - Policy
The organisation shall include a commitment to monitor and minimise transport impacts in its sustainability policy, implement a process to minimise transport impacts and complete the "Transport Impact" sheet within the Annex 1 to measure its impacts.

Guidance

The environmental impacts of transport are significant due to major use of energy and fossil fuels (e.g. diesel, shipping fuel). This creates air pollution, including nitrous oxides and particulates and is a significant contributor to global warming through emission of CO_2. Transport impacts include transport impacts of supplying input materials, feedstock and auxiliary materials to the site, transport on-site, nuisance impacts on the local community such as dust, congestion and health and safety risks and the impacts of shipping product from the steel mill to the customer.

Transport impacts shall be monitored, assessed and reduced. Monitor the transport impacts of the supply of input materials from source rather than from agents or resellers. Transport distances should be recorded as far back up the supply chain as can be reasonably ascertained. If there are any limits to your understanding of the source of the materials and hence the transport modes and distances, this shall be documented, with the reasons for the limitation.

This criterion also supports responsible sourcing and supply chain due diligence (2.10) including the assessment of supply chain risk.

3.6.1 Evidence
Policy commitment to minimise transport impacts and completed "Transport Impact" sheet within the Annex 1.

3.6.2 Transport impacts - Assessment
The organisation should assess the environmental (and other) impacts of transport and set objective(s) to reduce these impacts.

Guidance

Using the risk assessment, responsible sourcing evaluation and the Transport impact sheet in Annex 2, the organisation should prioritise its most significant transport impacts and the ones it has control or sufficient influence over and define objectives to reduce these impacts. Potential objectives include for example; reducing fuel consumption, increasing capacity utilisation, reducing travel distances, changing to a more preferable travel mode, reducing dust associated with vehicle movements, putting pedestrian crossings in place.

Rating:
To score 1, the organisation should set objective(s) to reduce environmental (and any other) impacts of transport.
To score 2, the organisation should set and achieve objective(s) to reduce environmental (and any other) impacts of transport.

3.6.2 Evidence

Documented information as evidence of transport impact assessment, objective(s) to reduce environmental (and where appropriate, other e.g., congestion, safety) impacts of transport, programme(s) and plan(s) for achieving its objective(s).

3.6.3 Transport impacts – Employee Travel
The organisation should record and assess employee transport patterns and set objective(s) to reduce these impacts.

Guidance
While the transport impacts of employee travel are small compared to input materials, operational and product transport, monitoring and reducing the impact of employee travel can benefit communities and support the transition to net-zero. Data on employee travel is also sought by customers as part of complete carbon footprints of their scope 3 procurement and for Scope 3 reporting.

Rating:
To score 1 the organisation should record employee travel modes and distances and produce an annual summary.

To score 2 the organisation should have implemented projects to reduce employee transport impacts.

3.6.3 Evidence
Documented information as evidence of transport mode used by employees, kilometres travelled to and from work and, any projects to reduce impact.

3.6.4 Transport impacts – Business Travel
The organisation should record and assess business travel patterns and set objective(s) to reduce these impacts.

Guidance
While the transport impacts of business travel are small compared to operations, monitoring and reducing the impact of business travel can benefit communities and also help support the transition to net-zero through education of the impacts. It is also sought by customers as part of complete carbon footprints of their scope 3 procurement and for Scope 3 reporting.

Should organisations wish to calculate the GHG emissions associated with business travel, then the modes of transport can be split further to increase accuracy, e.g. petrol, diesel and electric cars, long haul and short haul flights. The most recent national reporting emission conversion factors shall be used and the source documented. In the absence of national conversion factors the IEA or other reputable conversion factors can be used with the sources documented.

Rating:
To score 1, the organisation should record business travel modes and distances and produce an annual summary for internal review.

To score 2, the organisation should convert distances to GHG emissions and have projects/initiatives to reduce business travel impacts.

3.6.4 Evidence
Documented information as evidence of transport mode used by employees on company business, total km's travelled and any projects to reduce impact. Section 'Business Travel' at bottom of 'Transport Impacts' worksheet within Annex 1.

3.7. Resources, Waste, Recycling, By-Product Management, Emissions and Releases

3.7.1 Resource and waste management plan
The organisation shall assess and document its different resource, waste and by-product streams, identify opportunities and set objectives to increase circularity, minimise waste and maximise reuse and recycling of materials.

Guidance

Principles of Circularity include eliminating waste and pollution, circulating products and materials (at their highest value), and regenerating nature. Resource management practices shall be systematically improved through the application of circularity principles and these shall be reflected in the objectives within the plans.

Materials categorisation supports effective management and compliance. For example, the European Waste Catalogue (EWC) is a hierarchical list of waste descriptions established by Commission Decision 2000/532/EC. It is divided into twenty main chapters, each of which has a two-digit code between 01 and 20 (of most relevance are 10 02 - Wastes from the iron and steel industry).

An organisation should seek to maximize the yield of quality compliant product obtained from the inputs. Waste streams should be minimised and waste management should follow the waste hierarchy which, going from most to least preferable, is: avoid, reuse, recycle, incinerate with energy recovery, incinerate/landfill.

3.7.1 Evidence
Documented information as evidence of Waste and By-Product Management impact assessment, objective(s) to minimise waste and by-products, programme(s) and plan(s) for achieving its objective(s), e.g. Waste Management Plan (WMP), Waste Transfer Notes.

3.7.2 By-product
The organisation should complete the "KPI" within the Annex 1 for "By-Product production"

Guidance

By product are outputs that are able to be sold on for another use, avoiding waste. Reuse is reusing the output as it is without further processing. Recycling is processing material back into the same material for further use. Care should be taken to avoid double counting in waste data. The steel industry generates significant amount of by-products from different operations (e.g. Coking - coke gas; Sintering - dust; BF/BOF, EAF and IF - slag, dust, sludge, mill scale; Rolling / Fabrication / Finishing). By-products help create a circular process where all wastes should be considered as new inputs into other processes.

Rating:
To score 1, the organisation should set objective(s) to optimise by-product production.

To score 2, the organisation should set and achieve its objective(s) to optimise by-product production.

3.7.2 Evidence
Completed "KPI" sheet within the Annex 1 for "By-Product production"
Note: The total waste amount should be balanced across criterion s 3.7.2 - 3.7.5, i.e. none of the waste management streams should be duplicated.

3.7.3 Recycling
The organisation should complete the "KPI" within the Annex 1 for "Waste recycled"

Guidance
The organisation should complete the "KPI" within the Annex 1 for "Waste recycled"

As well as other recyclable materials, pre-consumer steel scrap (offcut, skull, cobbles etc), should be included as physical properties have not been changed.

Rating:
To score 1, the organisation should set objective(s) to maximise waste recycling rather than incineration or landfill.

To score 2, the organisation should set and achieve objective(s) to maximise waste recycling rather than incineration or landfill

3.7.3 Evidence
Completed "KPI" sheet within the Annex 1 for "Waste recycled"

Note: The total waste amount should be balanced across criterion s 3.7.2 - 3.7.5, i.e. none of the waste management streams should be duplicated.

3.7.4 Incineration
The organisation should complete the "KPI" within the Annex 1 for "Waste to incineration"

Guidance
Incineration of waste materials is thermal treatment of waste with or without recovery of the combustion heat generated. This includes the incineration by oxidation of waste as well as other thermal treatment processes such as pyrolysis, gasification or plasma processes. Wastes can only be accepted to incineration if they meet the waste acceptance criteria of local legislation. The organisation should set standards to reduce waste to incineration and the environmental impact of wastes incinerated. While incineration should be avoided, there may be a regulatory requirement for hygiene or infection control reasons such as for medical waste streams.

Rating:
To score 1, the organisation should set objective(s) to minimise waste to incineration.
To score 2, the organisation should set and achieve objective(s) to minimise waste to incineration

3.7.4 Evidence
Completed "KPI" sheet within the Annex 1 for "Waste to incineration"

Note: The total waste amount should be balanced across criterion s 3.7.2 - 3.7.5, i.e. none of the waste management streams should be duplicated.

3.7.5 Landfill
The organisation should complete the "KPI" within the Annex 1 for "Waste to landfill"

Guidance
A landfill site is a site for the disposal of waste. Some sites have landfill sites within their boundaries and others send wastes offsite for landfilling. Wastes can only be accepted at a landfill if they meet the waste acceptance criteria of local legislation. The organisation should set standards to reduce waste to landfill and the environmental impact of wastes disposed to landfill. Waste storage heaps or other areas within the site boundaries, if used for long-term storage of waste streams, shall be deemed to be landfill and appropriate waste management practices and controls applied.

Rating:
To score 1, the organisation should set objective(s) to minimise waste to landfill.

To score 2, the organisation should set and achieve objective(s) to minimise waste to landfill.

3.7.5 Evidence
Completed "KPI" sheet within the Annex 1 for "Waste to landfill"

Note: The total waste amount should be balanced across criterion s 3.7.2 - 3.7.5, i.e. none of the resource and waste management streams should be duplicated.

3.7.6 Emissions to air and releases to water
The organisation shall monitor emissions and implement plans to prevent and reduce emissions that have adverse impacts on communities or the environment.

Guidance
As ISO 14001 is a mandatory requirement of the Scheme, this requirement is covered within the scope of that certification.

3.7.6 Evidence
Documented information as evidence of emissions monitoring, procedures, plans and targets to prevent and reduce emissions that have adverse impacts on communities or the environment.

Certification to ISO 14001 is sufficient to meet this requirement.
(To be automatically scored, EMS certificate is prerequisite of the scheme)

Reference:
- European Waste Catalogue (EWC)

3.8. Spills, Leaks and Land Remediation

3.8.1 Spills and Leaks
The organisation shall work to effectively prevent, detect, mitigate and remedy spills and leakage that cause harm to communities or the environment.

Guidance
Spills and leaks can cause land, air and water pollution. These are unplanned releases. These shall be within the aspect register and scope of the certification to ISO 14001 EMS and is sufficient to meet this requirement. (To be automatically scored, ISO 14001 EMS certificate is prerequisite of the scheme)

3.8.1 Evidence
Documented information as evidence of preventative maintenance programme, procedures for managing the impacts of spills and leaks. Certification to ISO 14001 is sufficient to meet this requirement.

3.8.2 Land Remediation
The organisation shall include the remediation of contaminated land as part of its initial environmental review or should complete an environmental impact assessment and where necessary develop and implement land remediation plans, if there has been an unplanned release or a change in land use, to reduce any negative impacts of contaminated land and to remediate the land to make it safe for other uses.

Guidance
Where an organisation has discontinued using land, or further to an unplanned release into the environment, or a change in land use, the land should be made suitable for its intended use. Should there be contamination caused by the steelmaking or processing, then the organisation has a duty to remediate the land or water course. Contamination is taken to mean where substances could cause significant harm to people or protected species or significant pollution of surface waters or groundwater or land. There may be local statutory requirements.

The organisation should assess and document land contamination, its extent and remediation options at initial site review stage, after an unplanned release into the environment or after significant change in land use. Should contaminated land be identified, a remediation plan should be put in place or if the initial review has identified that there is no contaminated land and no remediation need, that is sufficient to meet this criterion.

Rating:
To score 2, Documented information as evidence of Contaminated Land Remediation plan or evidence that there is no contaminated land and no remediation need.

3.8.2 Evidence
Documented information as evidence of Contaminated Land Remediation plan.

4. Social

The organisation shall have a defined approach to managing its impacts on society at a local, regional, national and global level.

Mandatory Requirements:

- Documented information as evidence of the management of social impacts
- Documented information as evidence of meeting the requirements listed below designated by 'the organisation shall'
- Documented Procedure(s) to control subcontract works and contractors

SDG Alignment – 4. Social

4.1. Human Rights, Non-discrimination and Ethical Labour Practices

Guidance

This section is focused on employees and contractors working on site. For additional human and labour rights requirements relating to supply chains and downstream, please see the responsible sourcing criterion 2.10.

4.1.1 Human rights, non-discrimination and ethical labour policy

The organisation shall approve and publish a Policy(ies) and/or Codes of Conduct which commits the organisation, its employees and contractors to:

1. Comply with human rights legislation, international norms of behaviour and avoid complicity with human rights abuses
2. Avoid use of or be complicit in forced labour or child labour
3. Comply with applicable laws and industry standards on fair labour conditions and fair payment practices
4. Implement and promote equal opportunity, non-discrimination, diversity and inclusion practices in employment and contracting and actively prevent all forms of discrimination
5. Promote respect for workers dignity and labour rights including in disciplinary practices

Guidance

The organisation shall promote and implement practices that align with the UN Guiding Principles on Business and Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and the standards of the ILO.

This section includes all aspects of Human Rights and Ethical Labour Practices including but not limited to: Slave Labour/Modern Slavery, Child Labour, Workers' Conditions, Fair Labour Conditions, Fair Treatment, Fair Wages, Employment Equality and Non-discrimination in respect of Gender, Ethnicity, Religion, Political Persuasion, Sexuality, Disability), Working Hours, Overtime, Holidays, Freedom to join Trade Unions (Freedom of Association)
Employment equity means that employees shall be paid equal pay for comparable work or work deemed to be of equal or equivalent value.
Approve and publish means; a policy(ies) is approved by the organisations most senior governance committee, made publicly available, is communicated to employees, contractors and other relevant stakeholders and employees and other relevant stakeholders are made aware of its contents, for example, through training and that it is reviewed periodically.

Employee training shall ensure employees are aware of the policy requirements including those related to their own rights and non-discrimination (ethnic, cultural, gender, disability, religious, political or any other).

4.1.1 Evidence

Policy(ies), Codes of Conduct, Documented information as evidence of training, employee and stakeholder awareness of policy (e.g. human resources training records, contract terms and conditions, contractor contracts and training)

4.1.2 Child, juvenile and forced labour
The organisation shall document and implement processes and procedures to detect, investigate and address any incidents of child, juvenile or forced labour.

Guidance

The organisation shall only employ persons who are at least 15 years old, have reached the applicable minimum legal age for employment, or who have passed the applicable age for compulsory education, whichever is highest. Where juvenile workers are present on site, a risk assessment of their work role shall be completed and they should not perform work that requires significant experience or specialist training, to ensure they are not exposed to activities that might be hazardous or harmful to their health or safety.

The organisation shall not use or tolerate forced or compulsory labour (Modern Slavery) and effectively addresses any detected incidents of forced or compulsory labour. Risks of forced labour are higher in temporary workforces and outsourced contractors. Contracts with employment and recruitment agencies and with other external providers of workers shall explicitly prohibit the use of forced and compulsory labour.

According to the ILO, Forced Labour or Modern Slavery refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception and abuse of power. Force Labour and Modern Slavery may be hard to identify. Potential signs include the person: is not in possession of identity documents, show signs that their movements are restricted, may not be able to communicate freely (others always answer for them), has unexplained injuries, may not have appropriate clothing, depend on work or a third-party for accommodation and the job, may work long hours and have limited time off, may not be paid to their account, might accrue debts for accommodation, transport and other reasons, be unfamiliar with local languages, always follows instructions from another person/people, be distrustful of authorities, may not know their address or may live in substandard accommodation.

Stating that the organisation complies with local legislation that prohibits child and forced labour is not sufficient evidence on its own.

4.1.2 Evidence
Documented information as evidence of risk assessment of child, juvenile and forced labour on site. Controls to enable policy checks to be completed, e.g. age checks, bank account checks. Where risks or incidents are identified, there are procedures in place to investigate and address the risks, take action to remove the child or worker from the risk and to provide for the continued welfare of the child or worker. Recruitment agency and outsourced contractor contracts. Training records of training for procurement, purchasing teams and other workers.

4.1.3 Employee Terms of Employment
The organisation shall ensure that workers have a written contract and understand their current employment terms with regards to wages, working hours, overtime, holidays, paid leave and other employment conditions.

Guidance

Terms of employment shall be laid out in written contracts for all workers and communicated to them at the beginning of the working relationship and when there are changes to the terms using languages, methods and channels that are understood and are easily accessible to workers. The terms of employment shall include: Workers' rights under national labour and employment law; working times, days and hours of work, holiday and days off entitlement, remuneration and payments, overtime, other forms of compensation, and benefits; Applicable collective agreements; Pay structure and pay periods.

4.1.3 Evidence
Example worker contracts and evidence of communications to employees about their contracts.

4.1.4 Working time
The organisation shall have a system in place to monitor working hours and limit them to thresholds defined under International Labour Organisation convention 1 and shall comply with legal thresholds for holidays.

Guidance
Limits to working hours are designed to protect workers and to provide effective fatigue management to reduce incident risks. This criterion shall also apply to contracted workers. While not in themselves legally enforceable without national implementing legislation, the International Labour Organisation conventions provide international standards and thresholds to support the maintenance of labour rights. The relevant ILO conventions are: ILO Convention No. 1 (1919): The Hours of Work (Industry) Convention which sets the international standard for an 8-hour workday and a 48-hour workweek in industrial undertakings. It also specifies that employees should have at least one day off every seven days.

Voluntary paid overtime is in addition to these standard working hours. Regular overtime and working excessive hours have been shown to increase health and safety risks. Where long hours working above the ILO Convention 1 threshold is common in the workplace, fatigue management plans should be place.

Paid holidays should be granted at least to legal minimums.

4.1.4 Evidence
Human resources and payroll system to measure and monitor employee working hours and documentation as evidence of working hours review. Fatigue management and harm mitigation plans where appropriate. Contractor agreements.

4.1.5 Freedom to join trade unions (Freedom of Association)
The organisation shall allow workers and employees to form and join organisations of their own choosing. The organisation shall complete the "KPI" within the Annex 1 for "Freedom of Association".

Guidance
The right of workers and employers to form and join organisations of their own choosing is an integral part of a free and open society. Collective bargaining plays an

important role to obtain a fair share of the benefits and in providing a measure of security against the risk of unemployment and negative changes to salaries.

4.1.5 Evidence:
Completed "KPI" within the Annex 1 for "Freedom of Association"

Note: The rate is recorded for our information and will not be published - you can either have freedom of association or not. Where legislation does not allow recording of this data, if freedom of association is enshrined in law then this criterion is deemed to be met.

4.1.6 Fair wage policy
The organisation's Wage Policy shall comply with the national legal standard for minimum wage and wage increases. The organisation shall complete the "KPI" within the Annex 1 for "Wage Policy".

Guidance
A wage is monetary compensation (or remuneration) paid by an employer to an employee in exchange for work done. Wage Policy is underpinned by national legal standard for minimum wage and wage increases.

4.1.6 Evidence
Completed "KPI" within Annex 1 for "Wage Policy"

4.1.7 Wage policy assessment
The organisation should assess the social impacts of its Wage Policy.

Guidance
A number of locations have now adopted local living wages which represent minimum where the cost of living may be significantly higher than national averages. Assessments of living wages are provided by a number of organisations such as the Global Living Wage Coalition. This assessment should include all support roles such as cleaners and caterers.

Rating:
To score 1, the organisation should reduce % of employees employed at minimum rate level compared to previous data collection/reporting period.

To score 2, the organisation should demonstrate all employees are paid at least the local living wage.

4.1.7 Evidence
Documented evidence of social impact assessment of Wage Policy, objective(s) to reduce social impacts of wage policy. An understanding of the local living wage is desirable. Where a local living wage is not available, the local legal minimum should be considered.

4.1.8 Additional payments
The organisation shall have a system in place to ensure hourly employees are paid overtime at a minimum premium of 25%, if they work over the typical full working week

and that maternity, paternity and compassionate leave time and payments shall at a minimum meet legal requirements.

Guidance

ILO Convention C001 - Hours of Work (Industry) specifies that the rate of pay for overtime shall not be less than one and one-quarter times the regular rate. Overtime can be compensated with time off in lieu rather than a financial payment.

A typical working week may be defined in national legislation, a collective bargaining agreement and or in employment terms and conditions. Many organisations pay overtime for any hours worked above 40 hours per week. In the absence of a defined typical working week, 48 hours should be used.

Payments and time off for maternity, paternity and compassionate leave shall, at a minimum, meet legal requirements.

4.1.8 Evidence

Documented evidence of a system to ensure payments meet the defined thresholds. Collective Bargaining Agreement and or employment terms and conditions.

4.1.9 Gender pay equality

The organisation should assess equality in its pay structures and publicly report on its gender pay gap.

Guidance

The organisation should assess equality in its pay structures and publicly report on its gender pay gap.

The gender pay gap is an indicator of the relative amount of women occupying senior positions in companies in relation to men. The gender pay gap is the difference between the average (median) income of men and women, expressed relative to men's income. A positive % indicates that men, on average, occupy positions which pay more than the average positions women occupy. A negative % indicates the reverse.

According to the World Economic Forum (Dec 2024 data), at current rates, it will take 134 years to close the Gender Pay Gap. Office and operational workers should be included and part-time workers salaries should be taken as full time equivalent salaries. Reporting the gender pay gap is a legal requirement in some jurisdictions, for example, in the UK.

Rating:

To score 1, the organisation shall compete the KPI
To score 2, the organisation shall publicly report the KPI value and context

4.1.9 Evidence:

Completed "KPI" within the Annex 1 for "Gender pay equality".

4.1.10 Gender equality

The organisation should assess equality in its employment structures and publicly report on its gender balance.

Guidance

The gender balance of workers is an indicator of equal opportunities being provided. Office and operational positions should be included. Some organisations record this information by role categories or job area to provide them with more insight.

Rating:
To score 1, the organisation shall compete the KPI.
To score 2, the organisation shall publicly report the KPI value and context.

4.1.10 Evidence
Completed "KPI" within the Annex 1 for "Gender employment balance" (%Male/% Female).

4.1.11 Fair disciplinary practices
The organisation shall prohibit and avoid the use of disciplinary practices that undermine workers dignity.

Guidance

Unreasonable disciplinary practices include being forced to do exercise, or stand in the
sun for extended periods, being beaten or hit, threats of violence, sexual or racial harassment, bullying, verbal abuse and withholding of food or services. Deductions from salary should not be made as a disciplinary measure for Worker behaviour, except where explicitly provided for in employment contracts or collective bargaining agreements.

4.1.11 Evidence
Policy commitment to prohibit and avoid undermining disciplinary practices. Details of prohibitions and examples in Human Resources procedures and process. Absence of undignified disciplinary practices in employee complaints.

4.1.12 Employee grievance mechanism
The organisation shall have a formal system for considering and acting on employee complaints and grievances.

Guidance

For the protection of both managers and employees, the organisation should have an internal, formal system for employees to protest, or register a grievance or complaint (e.g. human rights, safety, health, worker's conditions, business ethics, of bullying or any other concern) without fear of reprisal and with an expectation it will be fairly considered. Organisations may operate grievance systems for all stakeholders or different systems. Organisations should encourage their suppliers to adopt similar systems.

The grievance system should be aligned to the UN Guiding Principles of Human Rights and Business criteria that indicate a good quality grievance mechanism. These include: accessible, including in the main languages of potential users and

using various modes to access it where required based on an understanding of potential users; legitimate and predictable, including potentially being run by an independent third-party which enables anonymous reporting and reduces any fear of reprisal; fair and impartial including having a clear procedure and timescales for recording and responding to grievances; known by potential users, therefore evidence that the existence of the mechanism and how to use it has been well communicated may be sought by auditors.

4.1.12 Evidence
Documented information as evidence of complaints and grievance system, procedure to operate system, example anonymised records of grievance going through procedure to resolution. Effective communication of the grievance system.

4.1.13 Employee grievance assessment
The organisation shall complete "KPI" sheet within the Annex 1 for "Grievance System".

Guidance
Tracking levels of grievances raised, the categories and types of grievances allows management to understand employee concerns and to focus improvements.

4.1.13 Evidence
Completed "KPI" within the Annex 1 for "Employee Grievance System"

4.1.14 Employee grievance resolution
The organisation should resolve employee complaints and grievances.

Guidance
Bringing grievances to a conclusion in a timely manner is critical to an effective mechanism. The grievance system should also result in appropriate remedy if a grievance is upheld and this might include compensation, restoration of rights and issuing apologies, as well as changing business processes, training and influencing working culture.

Rating:
To score 2, the organisation should have no employee grievances OR the organisation should increase grievance resolution rate compared to previous data collection/reporting period.

4.1.14 Evidence
Documented information as evidence of Grievance system effectiveness. Objective(s) to increase effectiveness of grievance system and resolution of complaints

4.1.15 Employee satisfaction measurement
The organisation shall periodically measure employee satisfaction and document the results and consequential actions.

Guidance
The organisation needs to be informed about the opinions of its workforce and employees should be able to provide their opinions in an anonymised way without

fear of reprisal. Anonymous means that no individual should be identifiable from their inputs into the survey. Employee opinion surveys can be run annually, or periodically as defined by the human resources department. Pulse surveys can be run additionally to understand specific issues at a point in time.

4.1.15 Evidence
Documented information as evidence of anonymous employee opinion survey and how the results inform decision making.

4.1.16 Employee turnover
The organisation shall complete the "KPI" within the Annex 1 for "Employee Turnover".

Guidance
Turnover is the act of replacing an employee with a new employee. It costs upwards of twice an employee's salary to find and train a replacement and high employee turnover can damage morale among remaining employees.

4.1.16 Evidence
Completed "KPI" within Annex 1 for "Employee Turnover"

4.1.17 Employee turnover reduction
The organisation should assess the social impacts of Employee Turnover.

Guidance
Evaluating and acting on employee feedback and retention data supports higher retention rates. The organisation should work to reduce its turnover rate. Where employees may need to be made redundant, evidence of actions taken to reduce negative impact on employees should be documented.

Rating:
To score 2, the organisation should reduce employee turnover rate compared to previous data collection/reporting period.

References:
- The World Economic Forum: Global Gender Gap Report 2024
- The Ethical Trading Initiative (ETI) Base Code
- Social Accountability International SA 8000:2014 Standard
- ISO 26000 Guidance on Social Responsibility
- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work and the standards of the ILO.
- ILO conventions

4.1.17 Evidence
Documented information as evidence of social impact assessment of Employee Turnover, objective(s) to reduce social impacts of employee turnover.

4.2. Safe and Healthy Working Conditions

4.2.1 Lost time injuries
The organisation shall complete the "KPI" within the Annex 1 for "Lost time injury frequency rate (LTIFR) - Injuries/million hours worked" and shall publicly report its performance.

Guidance

A lost time injury is an industrial injury causing loss of time from the job on which the injured person is normally employed beyond the day or shift on which the injury occurred. In addition, cases where loss of time does not immediately follow the injury, but where there is a direct relation between absence and injury, are generally regarded as lost time injuries.

The lost time injury frequency rate is the number of lost time injuries for each 1,000,000 working hours. LTIFR = (number of lost time injuries per fiscal year)/(number of hours worked per 12 month period or recent full or fiscal year/ 1,000,000 working hours)
Result is expressed as: Injuries / 1,000,000 Hours Worked.

Publication of these data/ transparency is the first step to encourage a shift in safety culture and performance. LTIFR is a lagging indicator measuring an outcome. Effective Health and Safety programmes include a range of leading indicators which seek to measure efforts taken to reduce the risk of incidents happening. Measurement and publication of leading indicators such as the amount of training, toolbox talks, availability of correct PPE and other relevant lagging safety metrics, such as near misses, potential serious incidents and other measures should be considered for internal monitoring and external publication.

Publication of LTIFR in the CARES Balanced Scorecard which accompanies the certificate, on its own is not sufficient to meet this requirement as publicly available means accessible in all relevant languages locally and using methods of communication familiar to stakeholders.

4.2.1 Evidence:
Completed "KPI" within the Annex 1 for "Lost time injury frequency rate (LTIFR) - Injuries/million hours worked" and publicly reported performance.

4.2.2 Health and safety incident reduction
The organisation should reduce health and safety incidents.

Guidance

worldsteel average LTIFR's, for those companies that report to its data set, was 0.76 in 2023. Health and Safety performance levels are linked to organisational culture and behaviours of employees and contractors. The CARES SCS scheme wants to incentivise actions that improve performance and bring approved firms at least in line with worldsteel averages.

Where fatalities have occurred at the organisation, during the assessed reporting period, it is unable to score any credit scores under this criterion.

Rating:
To score 1, the organisation should demonstrate improvement of 25% or more on its previous reporting year LTIFR score
To score 2, the organisations should achieve LTIFR <8
To score 4, the organisation should achieve LTIFR <2

4.2.2 Evidence
Documented information as evidence of health and safety performance.

4.2.3 Health and Safety incident support and compensation
The organisation should provide workers with support and compensation for work-related injuries or illness and care for their dependents in case of work-related death.

Guidance
In countries in which compensation for work-related injury, illness or death is not provided through a government scheme, collective bargaining agreement or mandatory benefits by law, the organisation should make a commitment to cover the costs and losses associated with work-related injury, illness or death.

Rating:
To score 2, this is a requirement of law, collective bargaining agreement terms or the organisation has the required documented information in place

4.2.3 Evidence
Documented information as evidence of: Processes to provide care and support to injured or ill workers and support rehabilitation, including health and wellbeing; Procedures to determine and provide compensation to workers for work-related injury or illness, consider medical expenses, wages during the recovery and rehabilitation period, suitable duties during recovery and rehabilitation and, where recovery is not possible, lost future earnings; Procedures to determine and provide compensation to workers if an occupational illness connected to the worker's duties manifests after a worker has retired; Procedures to determine and provide compensation to worker's dependents in the event of work-related death.

Record keeping for all of above.

4.2.4 Employee wellbeing
The organisation should take steps to support employee mental health and wellbeing, recognise the right to a private life and support work-life balance.

Guidance
Employers should support employee mental health and wellbeing, through the provision of mental health training, wellbeing monitoring programmes, access to sport and fitness facilities and through other measures. The employer should recognise the right to a private life and support work-life balance, offering a degree of flexible working and compassionate and family time off as defined in the organisations policy or employment Terms and Conditions.

Rating:

To score 2, the organisation can demonstrate evidence of employee wellbeing programmes.

4.2.4 Evidence
Documented information as evidence of employee wellbeing programmes.

4.2.5 Workplace hygiene
The organisation shall ensure it provides and maintains adequate facilities commensurate with the number and gender of employees and contracting workers. This shall include clean and hygienic food storage and meal break areas with seating, access to free safe drinking water, sanitary facilities and adequate heating and cooling. Where worker housing is provided the provision of electric power supply shall be provided in addition.

Guidance
This shall include clean and hygienic food storage and meal break areas with seating, access to free safe drinking water, sanitary facilities and adequate heating and cooling. Where worker housing is provided the provision of electric power supply and cooking facilities shall be provided in addition.

4.2.5 Evidence
Documented information as evidence of adequate facilities.

4.3 Skills and Training (Development of Employees)

4.3.1 Skills and training – sustainable development
The organisation shall provide appropriate training and incentives to employees so that they understand how their work may impact on sustainable development.

Guidance
The ability of an organisation to effect improvements to sustainability performance is dependent on the knowledge and skills of its employees. Employee satisfaction, recruitment and retention are supported through effective training and an understanding of career development opportunities. While training courses are essential, practical experience is also necessary to develop personal competencies and to properly understand the skills needs of roles for new starts, therefore this should also include practical 'on-the-job' training.

4.3.1 Evidence
Documented information as evidence of training specific to sustainability impacts (e.g. within induction, training procedure, yearly training plan, 'on-the-job' training), evidence of Sustainability / Environment / Community champions within business units and teams, internal communication programmes in related subjects, and connections to incentive processes (appraisal process, link to performance objectives/ remuneration/ bonuses and overall compensation packages).

4.3.2 Skills and training – career development
The organisation shall implement training-based career development programs for the employees.

Guidance
Understanding the variety of skills needs within an organisation and how employees can progress through continual learning opportunities supports personal and professional development and organisational performance.

4.3.2 Evidence
Documented information as evidence of career planning, training planning, appraisal process, competence matrix.

4.3.3 Skills and training – training hours
The organisation shall complete the "KPI" within the Annex 1 for "Skills and Training (Development of Employees)".

Guidance
The organisation shall complete the "KPI" within the Annex 1 for "Skills and Training (Development of Employees)".

Recording of training hours supports claims made about the delivery of training.

4.3.3 Evidence
Completed "KPI" within the Annex 1 for "Skills and Training (Development of Employees)" as evidence of training hours.

4.3.4 Skills and training - effectiveness
The organisation shall implement training effectiveness measurement modelling.

Guidance
Measuring training hours alone does not necessarily mean that training has been targeted or effective in delivering relevant skills. Therefore, additional measures should also be considered.

4.3.4 Evidence
Training effectiveness measurement models (e.g. Kirkpatrick Model, Phillips Model) or tailor made measurement techniques.

4.3.5 Skills and training – objectives
The organisation should set objective(s) for skills development and training.

Guidance
Building on the recording of training hours and effectiveness the organisation should set objectives to increase relevant training and effectiveness.

Rating:
To score 1, the organisation should set objective(s) to increase training hours and/or effectiveness compared to previous data collection/reporting period.

To score 2, the organisation should achieve objective(s) to increase training hours and/or effectiveness compared to previous data collection/reporting period.

4.3.5 Evidence
Documented information as evidence of training hours and/or effectiveness.

4.3.6 Skills and training – apprentices
The organisation should complete the "KPI" within the Annex 1 for "Apprentices employed in reporting year" and "Graduate trainees employed in reporting year".

Guidance
Employing apprentices supports bringing young people into the skilled workforce and is frequently aligned to government programmes.

Rating:
To score 1, 1 person fitting this category has been employed.
To score 2, More than 1 person fitting this category has been employed.

4.3.6 Evidence
Completed "KPI" within the Annex 1 for "Skills and Training (Development of Employees)" as evidence of "Apprentices employed in reporting year" and “Graduate trainees employed in reporting year"

4.3.7 Skills and training – long-term unemployed

The organisation should complete the "KPI" within the Annex 1 for "Long-term unemployed people it has trained with a view to employment in reporting year".

Guidance

Long-term unemployed people are people unemployed for more than 1 year. This criterion is about supporting disadvantaged people through training. The intention is that they are trained with a view to employ them. The focus of the evidence should be on the training, i.e. they do not have to be employed yet to meet this criterion.

Rating:
To score 1, 1 person fits this category.
To score 2, More than 1 person fits this category.

4.3.7 Evidence
Completed "KPI" within the Annex 1 for "Long-term unemployed people in a training programme with a view to employment in the reporting year"

4.3.8 Skills, training and employment of people with a disability
The organisation should complete the "KPIs" within the Annex 1 for "Skills, training and employment of people with a disability".

Guidance

A disabled person is defined as someone with a physical or mental impairment that has a ‘substantial’ and ‘long-term’ effect on their ability to do normal daily activities. Employment of disabled people enables businesses to better reflect the diverse range of customers, can increase the pool of high quality applicants to positions and bring in valuable skills and approaches to teams. It helps break down societal barriers and often supports government policies. Enabling people with diverse abilities, physical or mental impairment to take up employment can be achieved through reasonable adjustments to working environments and matching skills to job roles.

Rating:
To score 1, 1 person fitting this category is employed during the reporting period.
To score 2, More than 1 person fitting this category is employed during the reporting period.

4.3.8 Evidence
Completed "KPI" within the Annex 1 for "Skills, training and employment of disabled people". Additional evidence of reasonable adjustments made and programmes to support the employment of disabled people can also be provided.

4.4. Community Relations and Community Initiatives

4.4.1 Community engagement policy
The organisation shall implement a Policy(ies) to ensure effective engagement with community stakeholders.

Guidance

The operations of a steel producer can impact on the local community (e.g. noise, odours, dust, increased heavy transportation and other nuisances), health impacts from emissions and impact of the site and associated facilities. In order to minimise the disruption caused to the local community it is important to understand any issues or concerns they may have and address them accordingly. Community engagement shall; Ensure that the full range of community stakeholders can have their voices heard without exclusion, Support positive involvement in the community, provide mechanisms to deal with local community complaints and enquiries. Community stakeholders are identified as people who the operations of a steel production site impact upon and other local people who may have an interest in the site.

4.4.1 Evidence
Policy(ies), Codes of Conduct, Documented information as evidence of engagement with community stakeholders, external stakeholder management procedure(s). Please note that this evidence should relate specifically to community stakeholders and evidence for requirements under 2.2 Stakeholder identification, engagement and ongoing management may contribute to this requirement.

4.4.2 Community engagement
The organisation shall complete the "KPI" within the Annex 1 for "Community Relations" (Community initiatives).

Guidance

The organisation should identify and, as appropriate, be actively involved in community initiatives (e.g. Partnerships, philanthropy and volunteerism, educational programmes, voluntary work, charitable donations, community forums, regular newsletters, support for local initiatives).

4.4.2 Evidence
Completed "KPI" sheet within the Annex 1 for "Community Relations".

4.4.3 Community initiatives
The organisation should carry out targeted initiatives which benefit local communities.

Guidance

Community initiatives can take many forms. For example; Organisations securing access to affordable, reliable and sustainable energy and other essential services can consider community needs during the planning process to support and enable their rights to essential utility services, such as electricity, gas, water, wastewater services, drainage, sewage and communication. It can also include the promotion and protection of culture, heritage and local languages and encouragement to

participate in the arts, sports and recreation. This can also be pursued through supply chain engagement.

Rating:
To score 1, the community initiative expenditure (funding) or volunteering rate should be increased by 5% compared to previous reporting.

To score 2, the community initiative expenditure (funding) or volunteering rate should be increased by 10% compared to previous reporting year.

4.4.3 Evidence
Documented information as evidence of expenditure or volunteering rate.

4.5. Social Management System

4.5.1 Management systems
The organisation shall establish, document, implement, maintain and continually improve a Management System covering Labour Conditions and Human Rights.

Guidance
A social management system is similar to any management system, i.e. it shall have core elements: leadership, issue/risk/opportunity identification, resources in place to manage issues, training and competence, measurement, monitoring, objectives/targets, action plans, and reporting. It shall result in continual improvement and organisational learning. Social management systems shall have these in place for the range of issues including; managing human resources, human rights, labour conditions, community engagement and other relevant issues. Existing human resources, community engagement and other systems may cover many of the elements of a social management system.

4.5.1 Evidence
Documented information as evidence of management system covering labour conditions and human rights issues. This may be integrated into other systems or be separate systems.

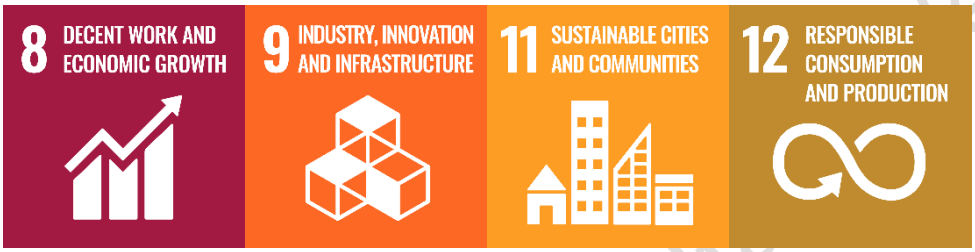
5. Economic

The organisation shall have a defined approach to managing its impacts on the economy at a local, regional and national level.

Mandatory Requirements:

- Documented information as evidence of the management of economic impacts
- Documented information as evidence of meeting the requirements listed below designated by 'the organisation shall'
- Documented Procedure(s) to control subcontract works and contractors

SDG Alignment – 5. Economic



5.1. Contribution to Diversity and Stability of the Local Economy

5.1.1 Local purchasing rate
The organisation shall complete the "KPI" within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy" (Local Purchases).

Guidance
Local in this case is taken to mean within the country of operation or local market region if operations are in smaller countries unless 'local' is defined in a different way by government policy.

5.1.1 Evidence
Completed "KPI" sheet within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy - (Local Purchases)".

5.1.2 Local purchasing
The organisation should contribute to the local economy by seeking to increase local purchasing.

Guidance
Rating:
To score 2, the organisation should increase local purchases compared to previous reporting year.

5.1.2 Evidence
Documented information as evidence of increases in local purchasing.

5.1.3 Local purchasing, SME's & VCSE
The organisation should complete the "KPI" within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy" (SME, VCSE Purchases).

Guidance
A SME is defined as a company with less than 250 employees. A VCSE are often purpose driven enterprises seeking to achieve social objectives through commercial activities. For example, they may support getting vulnerable groups into employment. There are many forms of VCSE's for example Charities, Community Interest Company, Benefit Corporations (B-Corps) and other entities which may vary by jurisdiction.

Rating:
To score 1, the organisation should complete the KPI for this criterion and demonstrate some SME and/or VCSE spend.

To score 2, the organisations should demonstrate increased spend on SME/VCSE from the previous reporting year.

5.1.3 Evidence
Completed "KPI" sheet within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy - (SME Purchases)".

Note: In the evidence section if you provide other in-kind support to VCSE's, e.g. Expert business advice, Equipment or resources, Volunteering hours.

5.1.4 Fair payment practices

The organisation should implement a payment policy to pay SME's within 30 days and other organisations within 60 days from receipt of invoice.

Guidance

Fair payment of suppliers is part of ethical business practices and is important in the support of local economies. Late payment of invoices and long payment terms can negatively impact cashflow and make some businesses unviable. All companies should be paid according to their contract terms. The organisation should aim to pay all SME suppliers within 30 days of receipt of invoice and all organisations should be paid within 60 days of receipt of invoice (this is met by paying 95% of invoices within this period) unless invoices are disputed. Suppliers should be provided with clear and easily accessible guidance on payment procedures. Reporting on the time an organisation takes to make payments to SME's and other suppliers is law in some jurisdictions such as the UK.

Rating:

To score 1, the organisation shall have a Payment Practices Policy.

To score 2, the organisation is able to demonstrate it is meeting the requirements of this criterion.

5.1.4 Evidence

Documented information as evidence of Payment Practices Policy, payment data split by SME's/other company's demonstrating performance in line with description.

5.2. Employment Opportunities

5.2.1 Employment
The organisation shall complete "KPI" sheet within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy" (Stable Employment).

Guidance
Employment provides significant direct and indirect benefits to local communities and wider regions through provision of jobs, payments of remuneration and benefits, tax payments and the indirect benefits of the spend by employees in their communities.

5.2.1 Evidence
Completed "KPI" sheet within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy (Sustainable Employment)".

5.2.2 Employment changes
The organisation should contribute to the economy through Employment.

Guidance
This criterion looks at the impact of any changes to the numbers of people employed full and part-time.

Rating:
To score 2, the organisation should maintain or increase total number of employees and permanent contractors compared to previous reporting year.

5.2.2 Evidence
Documented information as evidence of employment changes.

5.2.3 Local employment
The organisation shall complete "KPI" sheet within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy" (Local Employment).

Guidance
Total average number of employees and permanent contractors (if any) from local community/area at all sites during the data collection/reporting period. Local in this case is taken to mean employment of people resident within a 150 km radius of the site unless 'local' is defined in a different way by government policy. If there is a sound rationale for an alternative definition or approach to demonstrating local employment, this should be documented for consideration by the auditor.

5.2.3 Evidence
Completed "KPI" sheet within the Annex 1 for "Contribution to Diversity and Stability of the Local Economy (Local Employment)".
Any additional evidence of local employment

5.2.4 Local employment changes
The organisation should contribute to the economy by Local Employment.

Guidance

This criterion enables credit to be gained for increasing the employment of people from the local area.

Rating:

To score 2, the organisation should maintain or increase total number of local employees and permanent contractors compared to previous reporting year.

5.2.4 Evidence

Documented information as evidence of local employment.

5.3. Pursuing Innovation in processes, products and management methods

5.3.1 Innovation
The organisation shall identify and document innovation opportunities in processes, products and management methods that contribute to sustainable development and shall complete the "KPI" within the Annex 1 for "Pursuing Innovation".

Guidance
The key characteristics of innovative activities in the steel industry cover innovations in infrastructure, process, equipment and products with inputs from research and development, engineering teams, specialist third-parties and may also include sectoral and value chain partnerships and involvement in government and regional schemes. Innovation activities focus on energy sources, energy efficiency, environmental technologies and new products and services. This criterion can include innovation in decarbonisation and also other innovations.

5.3.1 Evidence
Completed "KPI" sheet within the Annex 1 for "Pursuing Innovation".

5.3.2 Innovation investment change
The organisation should contribute to the local economy and sustainable development principles by increasing innovation in processes, products and management methods.

Guidance
Significant capital investment is required for the steel industry to transition to a more sustainable operational basis. For example, decarbonisation typically involves a change in energy inputs, improvements to scrap quality, other input materials and technologies to create iron and steel inputs that produce significantly less GHG emissions. This criterion seeks to recognise those organisations which have created and started implemented these innovations.

Rating:
To score 2, the organisation should increase innovation and investment expenditure compared to previous reporting year.

To score 4, the organisation should demonstrate that innovation and investment expenditure has led to performance improvement against any metric within the SCS scheme of over 30% on pre-investment performance.

To score 6 the organisation should demonstrate increased innovation and investment expenditure has led to performance improvement against any metric within the SCS scheme of over 60% on pre-investment performance.

5.3.2 Evidence
Documented information as evidence of changes to investment expenditure.

5.3.3 Innovation project

The organisation should complete an innovation project considering the impacts across all life cycle stages and value chain.

Guidance

The innovation project should address relative impacts, their magnitude and their likelihood to materialise. The scope of the project may cover climate action, energy performance/efficiency, scrap quality, water management, waste management, circularity, biodiversity, health and safety, responsible sourcing and new technologies. The project should be assessed and recognised by an independent, impartial and expert organisation or body.

Rating:

To score 2, the organisation should complete the innovation project and the project should be recognised by an independent, impartial and expert organisation or body.

Note: The innovation project may be funded by independent and impartial organisation or body.

5.3.3 Evidence

Documented information as evidence of innovation project.

5.4. Contribution to the built environment

5.4.1 Contribution to the built environment

No requirement - For information only

Guidance

The constructional steel supply chain is a key contributor to the built environment, its sustainability impacts and to future advances in the field of sustainable construction. Reinforcing and structural steels are fundamental products in the construction industry globally and are material contributors to a range of sustainability impacts, including embodied GHG emissions. Steel is 100% recyclable, is highly durable and can be indefinitely recycled without losing its properties and with very minor process losses.

This criterion is included for information only as it is a requirement of some building rating schemes - no action is needed.

5.5. Financial Transparency

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5.5.1 Financial reporting
The organisation shall produce externally audited accounts and financial reports for the latest financial reporting period

Guidance
Ethical business practices include the transparent and timely publication of audited financial statements. The financial statements shall meet local legislative requirements aligned to international financial norms. They shall be audited according to local legislative requirements aligned to international financial norms.

5.5.1 Evidence
Publicly available Annual Financial Reports and Accounts with Auditor statement, name and date that meet local legislative requirements aligned to international financial norms.

6. Performance improvement

The organisation shall commit to improving performance, reducing its negative and enhancing its positive sustainability impacts. This includes improving the effectiveness of systems used to manage; business ethics, environmental, social, community, health and safety, labour and human rights, and economic impacts across direct operations, supply, distribution and sales chains.

Performance improvement is enabled by many factors including: effective collaboration, clear policy commitments, objective setting, ensuring appropriate competencies and adequate resources, implementing internal and independent third-party audit regimes and corrective action planning, analysis of data, incident investigation, evaluation of suppliers, customer satisfaction monitoring and analysis, annual performance monitoring, management and maturity review and public reporting.

There shall be a documented procedure(s) for identifying the cause of non-conformance and implementing the necessary corrective action including implementing or modifying controls necessary to avoid repetition of the non-conformance. The procedure(s) shall define the responsibility and authority for handling and investigating non-conformances and for initiating and completing corrective action. Any corrective action taken to eliminate the causes of actual and potential non-conformances shall be appropriate to the magnitude of problems and commensurate with the impact encountered.

The corrective action procedure(s) shall provide for dealing with stakeholder complaints. Documented information of all stakeholder complaints received, and action taken shall be retained for a minimum of three years. Action shall include modification to the sustainability operational procedures where appropriate.

Performance indicators shall be developed and implemented to monitor the sustainable constructional steel criteria for internal management use, performance, reporting, and for assessment against conformance with this scheme including for mandatory requirements of voluntary credit requirements that feed into the Rosette Rating System (RRS) evaluation.

Performance improvement targets should take account of climate and ecological science, society and community expectations and the organisations operational context. The targets should seek to align or better expectations expressed in international standards, agreements and norms. For example, targets for GHG emission reductions should align to a Paris Agreement aligned transition pathway.

The organisation shall meet all mandatory requirements to achieve a “Pass” level. The RRS is designed to give an opportunity to the organisation to demonstrate additional performance across the full range of material sustainability impacts. The voluntary performance credits are available by completing the credit rating criteria in the Annex 1 and the provision of suitable evidence. Procedures and systems shall be in place to provide an audit trail and allow data and evidence collected to be verifiable.

The Annex 1 Self-Assessment and Audit workbook, self-assessment shall be completed and submitted to CARES once per year ***at least two weeks*** before the CARES audit takes place in the prescribed format. The Annex 1 self-assessment will be analysed at CARES and will form part of the subsequent CARES audit assessment and rating.

The product performance is additionally required to be demonstrated through an independently verified triennial EPD that conforms to the requirements of ISO 14025 and EN 15804, which shall be publicly available.

Mandatory Requirement:

- Documented information as evidence of continual improvement
- Documented Procedure(s) for identification of non-conformances and implementing corrective actions
- Documented information as evidence of internal audit
- Annually Completed - Annex 1 - Self-Assessment and Audit Workbook
- Environmental Product Declaration (EPD)

7. Declarations and product labelling

Steel shall be labelled and supplied with the necessary electronic documentation to enable the products to be traced. Product conformity schemes such as CARES Steel for the Reinforcement of Concrete (SRC) shall ensure that steel supplied to the end user consistently satisfies the requirements of the product standard and is digitally traceable (See CARES Cloud - https://cares.cloud/) from initial production to final use.

Declarations of product conformity with the Scheme, including product labelling, shall be made only for products which fully conform, and which have been handled in compliance with the requirements of this Scheme.

Statements of conformity to this Scheme shall take the following form: “This steel has been produced in compliance with the requirements of the CARES Sustainable Constructional Steel Scheme v10 that conforms to BS 8902.”

Statements of conformity can additionally include a statement on the Rosette Rating where one has been achieved following the form: “This steel achieved a [1, 2, 3 or 4] Rosette Rating”

Any product environmental performance claims shall align to information contained in the EPD.

When a Rosette Rating has been achieved, the associated number of CARES Rosettes (logo) can be included on the organisation’s website, product labelling and associated literature for as long as the approvals and Rosette Rating are maintained. Any change in approval or Rosette Rating requires the immediate removal or adjustment of such marks in line with the current approval.

The Rosettes shall be reproduced as they are on certificate of approval issued to approved firms as per Figure 2. Therefore, they should be in CARES Red (Pantone 193; GB: 211/46/63
CMYK 0/91/65/11 HEX: C95163), accompanied by the word ‘Rating’ sized no bigger than 1.5 x the size of the text size used for the word ‘Rating’ and neither shall be bigger than 7.5mm when presented on A4 and proportionate to these dimensions when presented larger or smaller. The text ‘Rating’ can be above or before the Rosettes.

Figure 2. Rosette Rating reproduction requirements.

Labelling and claims in relation to traceability, including barmarks and QR code labelling, are covered by the CARES Steel for the Reinforcement of Concrete (SRC) schemes using the CARES Digital Record and this shall be followed.

Mandatory Requirement:

- Documented information as evidence of compliant product labelling.

8. Additional References

The following documents, guidance, standards have been reviewed and contributed to the development of the SCS scheme requirements:

AA1000 Stakeholder Engagement Standard (AA 1000SES) 2015

Aluminium Stewardship Initiative – Performance Standard v3.0 May 2022

BES 6001: Framework Standard for Responsible Sourcing Issue 4 Nov 2022

BES 6002: Ethical-Labour-Sourcing-Standard Issue 2 July 2018

BREEAM: Criteria for the evaluation of responsible sourcing certification schemes within BREEAM v4.0.'

BS 8902:2009 Responsible sourcing sector certification schemes for construction products - Specification

EN 15804:2012+A1:2013+A2:2019 Sustainability of construction works. Environmental product declarations. Core rules for the product category of construction products

Ethical Trading Initiative (ETI) Base Code

EU Corporate Sustainability Reporting Directive

Global Reporting Initiative (GRI) Standards

Global Reporting Initiative (GRI) Sustainability Reporting Standards

International Financial Reporting Standards (IFRS) S1 Standard - General Requirements for Disclosure of Sustainability-related Financial Information

International Financial Reporting Standards (IFRS) S2 Standard – Climate Related Disclosures

International Labour Organisation (ILO) Conventions

International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work

ISO 14001:2015+A1:2024 Environmental management systems - Requirements with guidance for use

ISO 14025:2006 Environmental labels and declarations. Type III environmental declarations. Principles and procedures

ISO 14040:2006+A1:2020 Environmental management. Life cycle assessment. Principles and framework

ISO 14044:2006+A1:2017+A2:2020 Environmental management. Life cycle assessment. Requirements and guidelines

ISO 14046:2014 Environmental management — Water footprint — Principles, requirements and guidelines

ISO 14050:2020 Environmental management - Vocabulary

ISO 20400:2017 Sustainable procurement – Guidance

ISO 22095:2020 Chain of custody - General terminology and models

ISO 26000:2010 Guidance on Social Responsibility

ISO 45001:2023+A1:2024 Occupational health and safety management systems - Requirements with guidance for use

ISO 50001:2018+A1:2024 Energy management systems - Requirements with guidance for use

ISO 9001:2015+A1:2024 Quality management systems. Requirements

OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

PAS 2050:2011 Specification for the assessment of the life cycle greenhouse gas emissions of goods and services

PAS 2080:2023 Carbon management in infrastructure

ResponsibleSteel International Production Standard v2.1

SA 8000:2014 Social Accountability International Standard

Steel Standards Principles (SSP)

UN Guiding Principles on Business and Human Rights

UN Sustainable Development Goals

Universal Declaration of Human Rights

Better for customers

Product Quality certification

Full traceability from steel mill to construction site

Sustainable Constructional Steel certification

Attract credits in Building and Infrastructure Rating Systems

CARES Cloud and digital ecosystem

CARES Cloud App

Assured Steel Certification

Independent | Impartial | Trusted

carescertification.com

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