Australian Steel Institute (ASI) Environmental Sustainability Charter (ESC) Revision

Stakeholder information guide for the revision of ASI's Environmental Sustainability Charter (ESC) to the *Steel Sustainability Australia* (SSA) certification program.

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Date: 8 August 2022

Environmental Sustainability Charter (ESC) Revision

Considers ESG sustainability impacts across entire supply chain

2022

Assesses environmental impacts for steel fabrication

ASI ENVIRONMENTAL SUSTAINABILITY CHARTER

2011

ASIs Environmental Sustainability Charter (ESC) Revision

- The Australian Steel Institute's (ASI), *Environmental Sustainability Charter* (ESC) is undergoing an in-depth revision to;

  (a) align with Green Building Council Australia's (GBCA) recently revised Green Star rating tool to include their Responsible Products Framework (RPF) which focusses on more rigorous social and environmental criteria to "drive the supply chain to deliver transparent, healthy, low-impact and net zero carbon products that are part of a circular economy (GBCA)" and,

  (b) to meet current and future expectations of multi-dimensional sustainability within the steel supply chain, and

  (c) to support our members with a program that allows recognition of compliance to these values.

- In the latter half of 2022, the former ESC will be **re-branded** and transitioned to the revised certification program, ***Steel Sustainability Australia (SSA).***

- The SSA program has been undergoing development in consultation with key stakeholders since February 2021 (refer to page 13). **ASI will continue to consult with stakeholders on the finalisation of the SSA program and its transition from ESC.**

SSA Proposed Governance Structure

The Australian Steel Institute (ASI) – Owner

Steel Sustainability Australia (SSA) – Program Manager and Certifying Body

Steel Sustainability Australia (SSA) Certification Program

SSA Independent Governing Committee

SSA members/certified companies

Member Sites 1,2,3 etc

External auditor recommends certification status to ASI-SSA (certifying body)

STEEL SUSTAINABILITY AUSTRALIA

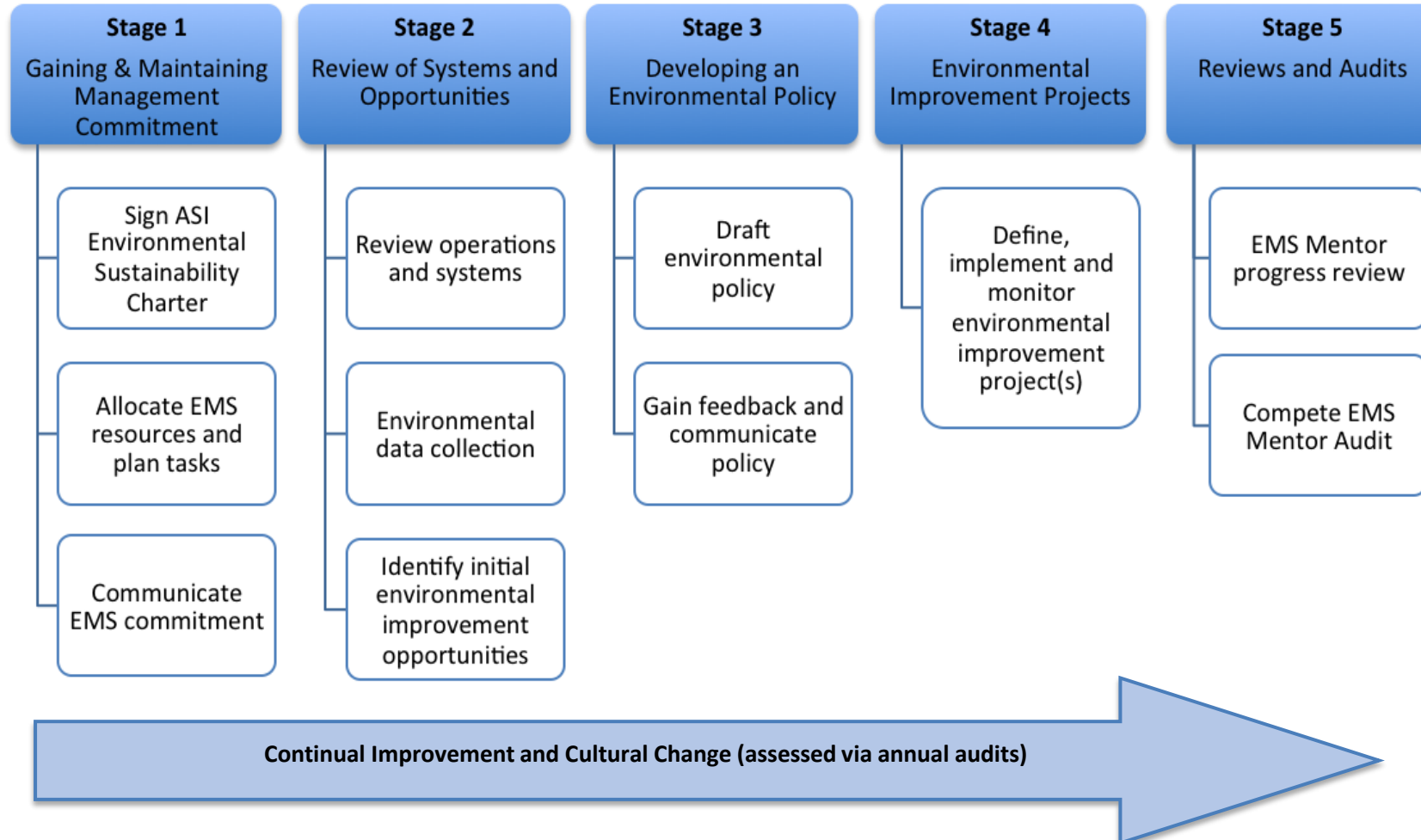# Key changes between ESC and SSA program

Program features	ESC	SSA
Membership base	Fabricators only	Fabricators, rollformers, reinforcing, manufacturers
Certification model	Bronze to Platinum performance bands	L1, L2 & L3 tiers of compliance
Steel supply requirements	Not verified	ESG requirements to be met by steel feedstock suppliers
Assessment criteria	Environmental management only	Wholistic ESG impact
Access to GBCA Green Star credit points	1 point	Up to 5 points
Audit conditions	Annual desktop	Annual desktop
Member benefits	Access to EMS Mentor (online EMS)	Access to new online EMS LCA at reduced rates (SSA L3)

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ASI Environmental Sustainability Charter (ECS) - Current Situation

Current Certification Criteria via EMS Mentor…

Stage 1
Gaining & Maintaining Management Commitment
- Sign ASI Environmental Sustainability Charter
- Allocate EMS resources and plan tasks
- Communicate EMS commitment

Stage 2
Review of Systems and Opportunities
- Review operations and systems
- Environmental data collection
- Identify initial environmental improvement opportunities

Stage 3
Developing an Environmental Policy
- Draft environmental policy
- Gain feedback and communicate policy

Stage 4
Environmental Improvement Projects
- Define, implement and monitor environmental improvement project(s)

Stage 5
Reviews and Audits
- EMS Mentor progress review
- Compete EMS Mentor Audit

Continual Improvement and Cultural Change (assessed via annual audits)

- Bronze, Silver, Gold or Platinum bands of certification available– assessed at annual audit.

Proposed Steel Sustainability Australia (SSA) Program

New certification model

Principle	Criteria	*RPV	Level 1	Level 2	Level 3
Governance	1.1 Business Integrity	-	✓	✓	✓
	1.2 Management Systems	-	✓	✓	✓
	1.3 Stakeholder Engagement	-	✓	✓	✓
Responsible	2.1 Environmental Management	1	✓	✓	✓
	2.2 Environmental Product Declaration	4		✓	✓
	2.3 Health Impacts Disclosure	1		✓	✓
Healthy	3.1 Chemicals of Concern	1		✓	✓
	3.2 Manufacturer OH&S management	2		✓	✓
	3.3 Modern Slavery	-		✓	✓
Positive	4.1 Steel Supply	-		✓	✓
	4.2 Energy Use Reduction	1		✓	✓
Additional criteria to be determined		5			✓
*RPV Total			**1**	**10**	**15**

1st SSA release (2022)   2nd SSA release (date tba)

ESC

*RPV = Green Star Buildings *Responsible Product Value*

- **3 levels of certification** avail. across the steel s/c – replaces ESC bands of performance

- **Level 1:** loosely equivalent to current ESC certification, excluding additional governance criteria

- **Level 2:** additional requirements around EPDs (2.2), health impacts of products (2.3), VOCs for coatings (3.1), site-specific OHS (3.2), modern slavery (3.3), requirements for steel (feedstock) suppliers (4.1), and annual energy reduction for steel suppliers and downstream processors

- **Level 3** (TBD following further consultation)**:** LCA, digital/tech innovation, leadership initiatives

Proposed Steel Sustainability Australia (SSA) Program

New certification model & *Responsible Product Values* (RPV) for Green Star

| Principle	Criteria	*RPV	Level 1	Level 2	Level 3
Governance	1.1 Business Integrity	-	✓	✓	✓
	1.2 Management Systems	-	✓	✓	✓
	1.3 Stakeholder Engagement	-	✓	✓	✓
Responsible	2.1 Environmental Management	1	✓	✓	✓
	2.2 Environmental Product Declaration	4		✓	✓
	2.3 Health Impacts Disclosure	1		✓	✓
Healthy	3.1 Chemicals of Concern	1		✓	✓
	3.2 Manufacturer OH&S management	2		✓	✓
	3.3 Modern Slavery	-		✓	✓
Positive	4.1 Steel Supply	-		✓	✓
	4.2 Energy Use Reduction	1		✓	✓
Additional criteria to be determined		*5*			✓
*RPV Total			**1**	**10**	**15**

*RPV = Green Star Buildings *Responsible Product Value*

- **Level 1** SSA certification will allow certified companies to continue to be recognised under GBCA's Green Star Design & As Built for the ESC membership point for steel fabrication

- **Level 2** SSA certification will allow certified companies to gain recognition for compliance to the new Responsible Products Framework in Green Star Buildings rating under the Responsible Structure credit with a "Credit Achievement" (RPV 10).

- **Level 3** is the aspirational level of SSA certification. Extended compliance requirements to meet the Green Star Buildings "Exceptional Performance" Responsible Structure credit with a *RPV of 15.*

Green Star Buildings – RPVs under Responsible Structure Credit
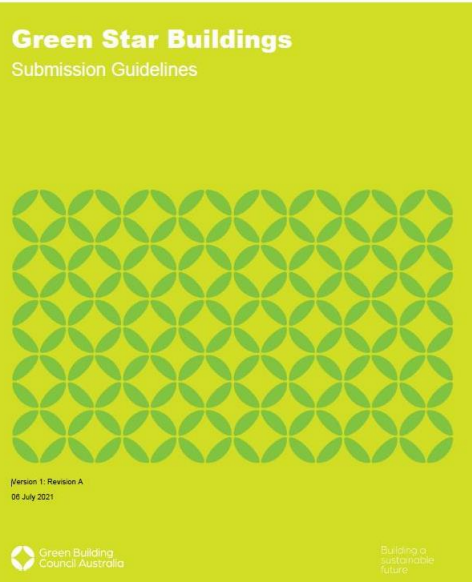
Responsible Structure

Responsible

Credit: 6

Points: 5

Outcome

The building's structure is comprised of responsibly manufactured products.

Criteria

Credit Achievement	**3 points**	• **50%** of all structural components (by cost) meet a Responsible Products Value of at least **10**.
Exceptional Performance	**2 points**	In conjunction with the *Credit Achievement*: • **10%** of all products in the structure (by cost) meet a Responsible Products Value of at least **15** Or • **80%** of all products in the structure (by cost) meet a Responsible Products Value of at least **10**.

- RPV of 10 (SSA Level 2) = 3 points under Responsible Structure Credit
- RPV of 15 (SSA Level 3) = Additional 2 points under Responsible Structure Credit

Proposed SSA Certification Rules and Procedures

Rules and procedures are in development…the key procedures and rules proposed are listed here

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- SSA members ("applicants") are certified to either SSA level 1 or 2 (or 3) on audit– replaces ESC bands

- Certification status dependent on a mandatory *annual* desktop audit. There will be an allowable selected timeframe from joining SSA to complete audit, otherwise members will be removed from SSA public directory (regardless of membership payment).

- Certification validity: 12 months based on certification date.

- Formalised non-conformance management: guidance notes will outline major and minor n/cs for criteria

  - Certification only awarded if no outstanding *major* n/cs (auditor manages close out)

  - Major n/cs must be rectified within 2 months of audit report. Minor n/cs within an agreed timeframe but at least by the time of next audit (12 months) otherwise escalates to major n/c.

Proposed SSA Certification Rules and Procedures

- Multi-site certification conditions: The annual audit assesses company policy/systems plus 1 chosen site which will be listed on the certification certificate. Additional sites can be audited at a small additional fee provided they are owned and managed by the certified company (i.e., operating under the same ABN)

- Transition plan ESC>SSA

  o Current members: 2022 FY audit certifies to current ESC – valid until 30 June 2023. Members have from SSA release date (late 2022) until 2023 audits (May-June 2023) to prepare for certification to SSA level 1 OR level 2.

  o New members audited to SSA on joining. Membership will be charged on anniversary joining date and not aligned to FY

SSA Pricing model

- 1 x joining fee (one off) - will be charged again if company resigns and re-joins after 6 months
- 1 x annual fee (re-occurring) - charged based on level of certification chosen each year.

- Tiered pricing structure (by level of certification).
- ASI members and non-ASI member rates applied
- Price increases based on cost recovery

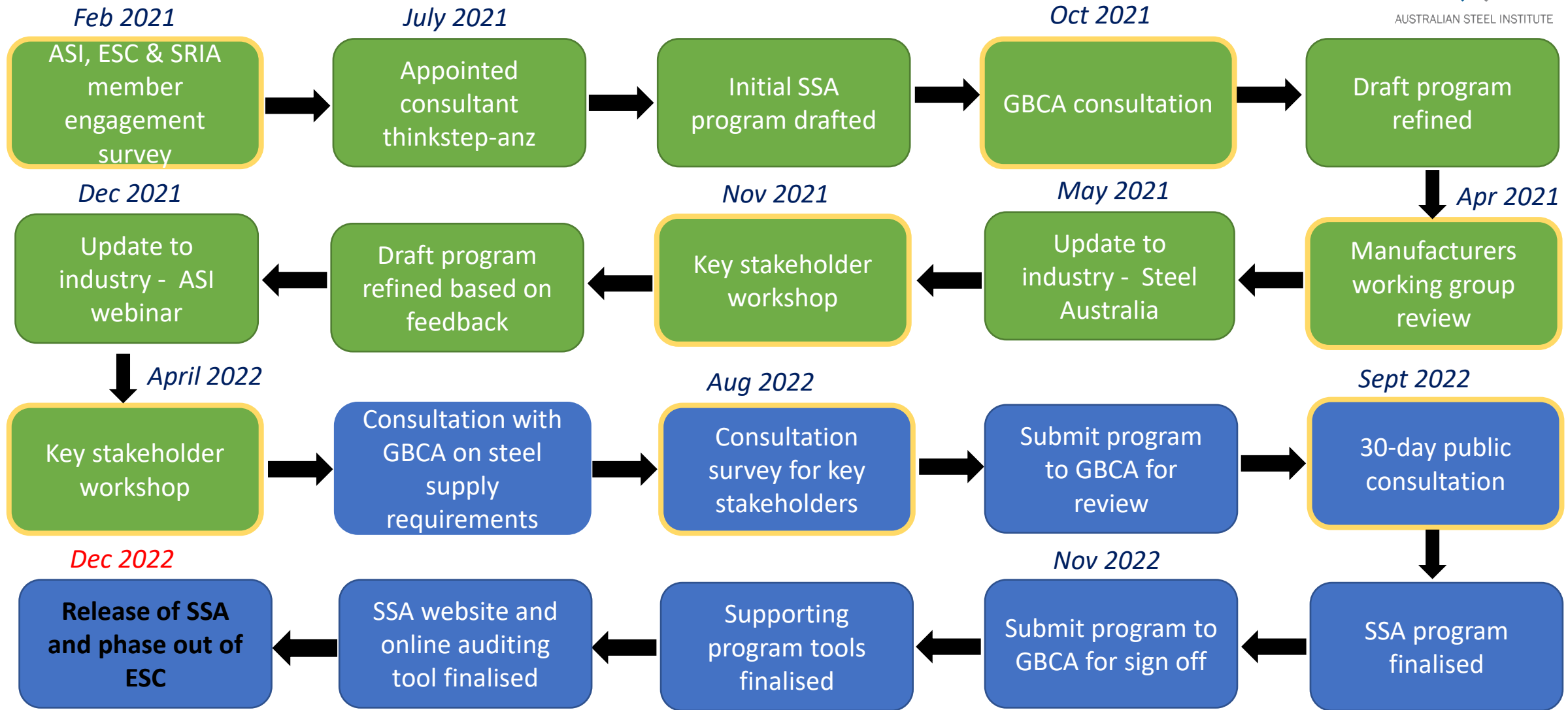| SSA certification level	SSA joining fee (one off)	SSA annual fee	Additional Audit (per site)
Level 1	Current fee + > for cost recovery	Current fee + CPI + > for L1 audit costs	C1
Level 2	Current fee + > for cost recovery	Current fee + CPI + > for L2 audit costs	C2
Level 3	Current fee + > for cost recovery	Current fee + CPI + > for L3 audit costs	C3
Cost inclusions	set up of company in SSA management system and training	Annual membership fee including 1x audit for chosen site	C= Cost recovery associated with costs for servicing additional site (audit plus admin)

SSA Program Development Process and Timeline

Key:
- Completed
- In progress/ upcoming

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Feb 2021
ASI, ESC & SRIA member engagement survey

→

July 2021
Appointed consultant thinkstep-anz

→

Initial SSA program drafted

→

Oct 2021
GBCA consultation

→

Draft program refined

↓

Dec 2021
Update to industry - ASI webinar

←

Draft program refined based on feedback

←

Nov 2021
Key stakeholder workshop

←

May 2021
Update to industry - Steel Australia

←

Apr 2021
Manufacturers working group review

↓

April 2022
Key stakeholder workshop

→

Consultation with GBCA on steel supply requirements

→

Aug 2022
Consultation survey for key stakeholders

→

Submit program to GBCA for review

→

Sept 2022
30-day public consultation

↓

Dec 2022
Release of SSA and phase out of ESC

←

SSA website and online auditing tool finalised

←

Supporting program tools finalised

←

Nov 2022
Submit program to GBCA for sign off

←

SSA program finalised

Australian Steel Institute (ASI)
Environmental Sustainability Charter (ESC) Revision

Have your say…

There will be a formal open consultation period to gain feedback on the revision of ESC to the proposed SSA program. Details to be advised.

For any enquiries, please contact ssa@steel.org.au.