

Standard Update Summary

**Flat and Long Steel Products
(EC 41-25)**



Eco[®]
Choice
Aotearoa



Ministry for the
Environment
Manatū Mō Te Taiao

Introduction

In alignment with Eco Choice Aotearoa's continued commitment to ensure our certifications reflect the best ethical and environmental standards possible, this document summarises the changes to the Flat and Long Steel Products (EC 41). EC 41-25 underwent a review and now include two new requirements: **Environmental Management Systems and Modern Slavery and Social Accountability**.

In addition to including the Environmental Management Systems and Modern Slavery and Social Accountability requirements, ECA updated the **Legal Requirements, Hazardous Substances, Energy Management and Greenhouse Gas Emissions, and Waste Management** sections.

How to read this document:

Each update and inclusion of new requirements are identified by the section name, section number, and page number where the changes are located in the standard. A screenshot of the relevant section is also included for reference. Text changes/updates to previously existing requirements in the standard are indicated in **red**.

Update to Legal Requirements (Section 5.1; page 10)

The Legal Requirements section has been updated to align with the wording in other recently updated ECA standards. Please note that the additional language is regarding instances where the production of the product is not under the direct control of the licence applicant/holder. Please read the **Explanatory Notes** section for more information regarding relevant laws/regulations and documentation.

The section reads as follows:

Criteria

- a. The product must comply with the provisions of all relevant environmental laws and regulations that are applicable during the product's life cycle.
- b. Materials or processes involved in the production of a flat steel product may not be under the direct control of a licence applicant/holder. Where this is the case, the licence applicant/holder must have and implement a formal supplier regulatory compliance management/assurance programme that:
 - Includes documented requirements for suppliers to provide raw materials or services compliant with applicable environmental regulatory requirements (for example in supply contract conditions).
 - Identifies suppliers, materials or processes that involve, or would be expected to be subject to a high level of regulatory control and/or which present a high potential risk of regulatory non-compliance.
 - Includes appropriate requirements (based on the risk assessment) for suppliers to provide assurance to the licence applicant/holder on the supplier's environmental regulatory compliance.

Verification Required

Conformance with this requirement shall be demonstrated by providing a written statement on regulatory compliance, signed by the Chief Executive Officer or other authorised representative of the applicant company. This statement shall be supported by documentation identifying the applicable regulatory requirements and demonstrating how compliance is monitored and maintained. In cases where there is a high potential risk associated with environmental regulatory compliance and limited assurance provided by the licence applicant/holder's supplier regulatory compliance management programme, the Trust's assessor may require an on-site inspection at the relevant supplier's premises.

Introduction of the Environmental Management Systems or Process (Section 5.2; page 11)

The Environmental Management Systems or Process section firmly introduces the requirement that applicants/licence holders or manufacturers must have an appropriate environmental management process or system (EMS). To demonstrate compliance, the applicant/licence holder or manufacturer must have a written statement of compliance signed by the Chief Executive Officer or other otherwise authorised representative and documentation of an EMS based on ISO 14001 or a detailed process for controlling environmental risks (hazardous substances, discharges to air land and water or other relevant environmental impacts).

The section reads as follows:

Criteria

The applicant / licence holder or manufacturer must have (or establish, if necessary) appropriate environmental management processes or an environmental management system (EMS), to manage the environmental impacts from the manufacturing of the product.

Verification required

Conformance with this requirement shall be demonstrated by providing a written statement on compliance, signed by the Chief Executive Officer or other authorised representative of the applicant/licence holder or manufacturer. The statement shall be supported by an EMS based on ISO 14001, or details of the processes for controlling hazardous substances, discharges to air, land and water or other relevant environmental impacts.

Introduction of the Modern Slavery and Social Accountability (Section 5.3; pages 11-12)

The Modern Slavery and Social Accountability section introduces requirements for the applicant/license holder and manufacturer to have a publicly available document (example: easily accessible link on company webpage) outlining policies and procedures addressing human rights, diversity & inclusion and anti-bullying. The policy/policies should include explicit commitments based on international policies (The International Bill of Rights and the International Labour Organization), explicitly outline the company's expectations regarding conduct and process for how the company will implement its commitment and monitor compliance. A written and signed statement by the Chief Executive Officer or other authorised representative of the applicant/licence holder is required to demonstrate compliance and evidence of compliance (e.g., copies of policies and plans of implementation).

Please read **Appendix C** of the EC-41 Standard for more information.

Introduction of the Modern Slavery and Social Accountability (Section 5.3; pages 11-12)

The section reads as follows:

Criteria

- a The applicant / licence holder and manufacturer must have a publicly available policy / policies on human rights, diversity & inclusion, and anti-bullying. At a minimum, it should comprise:
- An explicit, commitment to respect all internationally recognized human rights standards – understood, at a minimum, as the International Bill of Rights and the International Labour Organization (ILO) Declaration on the Fundamental Principles (see below) and Rights at Work;
 - Stipulations concerning the company's expectations of personnel, business partners and other relevant parties e.g. a code of conduct; and
 - Information on how the company will implement its commitment and monitor compliance with it.

Note: The Trust expects the applicant / licence holder and manufacturer to show that it is undertaking activities to create more equitable conditions for those affected by, or involved in, the sourcing and manufacturing of products and materials, supported by a publicly available document.

- b Where an applicant / licence holder and manufacturer has found instances of modern slavery in their business operations and or supply chains* in the past two years, there shall be evidence of corrective action.

- c In addition to the above, the applicant / licence holder and manufacturer shall consider:
- Providing information to confirm whether the requirements of Social Accountability International Standard, SA8000 have been considered;
 - Being a Living Wage employer (or equivalent); and
 - Having a senior member (example: manager, director, or C-suite level roles) of its organisation responsible for social and environmental sustainability.

Note: From ILO Declaration on the Fundamental Principles and Rights at Work, there are the following core labour standards:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
- Forced Labour Convention, 1930 (No. 29);
- Abolition of Forced Labour Convention, 1957 (No. 105);
- Minimum Age Convention, 1973 (No. 138);
- Worst Forms of Child Labour Convention, 1999 (No. 182);
- Equal Remuneration Convention, 1951 (No. 100); and
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

***Supply chains refer to the products and services (including labour) that contribute to the ECA-licensed products and services. This includes products and services sourced in NZ or overseas and extends beyond direct suppliers.**

Verification Required:

Conformance with this requirement shall be stated in writing and signed by the Chief Executive Officer or other authorised representative of the applicant/licence holder. This statement shall be accompanied by documentation that:

- copies of the relevant policies, procedures and plans; and
- records demonstrating the plans are being effectively implemented (including monitoring results).

Update to Hazardous Substances (Section 5.5; pages 13-14)

The General Hazardous Substances section have been updated to include criteria (e) regarding applicants providing publicly available documents of chemical ingredients to align with recently updated standards and the requirements of GBCA. Please read the final bullet point in the Verification required section regarding the requirements for criteria e.

The section reads as follows:

Criteria

a Licence holders must report annually to The Trust on hazardous heavy metals in the steel product, including:

- Results of analysis of hazardous heavy metals (lead and cadmium) concentrations in the steel; and
- Initiatives taken to minimise levels of hazardous heavy metals in the steel.

AND

b The steel products shall not be treated with:

- Compounds containing mercury, lead, cadmium, hexavalent chromium, arsenic or their compounds (except as allowed under clause c);
- Halogenated organic compounds;
- Any chemicals that are included in the International Agency for Research on Cancer (IARC) lists for proven (Group 1) or probably (Group 2A) carcinogens; and
- Slushing oil.

AND

c Zinc and zinc alloy coated steel may be passivated with chromate solutions containing hexavalent chromium (chrome 6+). Licence holders must report annually to The Trust on measures to reduce and, where possible eliminate chromate passivation, including:

- Total volume of chromate solution used;
- Total quantity of steel passivated using chromate solution;
- The findings of any investigations undertaken into alternatives to chromate passivation;
- A proposed programme for future investigations into alternatives to chromate passivation.

AND

d Small parts such as screws, hinges, bolts etc are exempt from the requirements in b) unless they are parts that are intended to come into frequent contact with skin.

AND

e *A publicly available document (example: safety data sheet or technical data sheet) which discloses all hazardous substances and chemicals of concern in accordance with the Globally Harmonized System (GHS).*

Verification Required:

Conformance with these requirements shall be demonstrated by providing a written statement on compliance, signed by the Chief Executive Officer or other authorised representative of the applicant company. The statement shall be supported by documentation that includes:

- A description of the policies, procedures and programmes in place to minimise undesirable heavy metals in the feedstock and finished product; and
- Testing results of heavy metal concentrations in steel undertaken in accordance with the relevant ISO or ASTM test methods.
- An annual report to the Trust report on measures to reduce and, where possible eliminate chromate passivation (if applicable).
- *a publicly available Safety Data Sheet (SDS) or Technical Data Sheet (TDS) may meet the requirements, provided it lists all hazardous substances in the product and other information to confirm that the requirements in a)-c) are met.. Hazardous substances should be identified in accordance with the New Zealand Health & Safety at Work Act and Hazardous Substances and New Organisms Act, or local equivalent legislation in the country where the product is manufactured. SDS for products sold in New Zealand must meet New Zealand legislative requirements. Hazardous substance classifications should be in accordance with the Globally Harmonised System (GHS).*

Update to Energy management and greenhouse gas emissions (Section 5.8; pages 16-17)

Several changes/additions have been made to Energy management and greenhouse gas emissions (previously known as Carbon). The changes include the addition of criteria a, which requires improved objects and targets for reducing energy use related to the production of ECA products and greenhouse gas emissions on a year-by-year basis, as well as public disclosure of a commitment to decarbonize between now and 2050 on a 1.5 °C trajectory, with a significant reduction by 2030.

Please be aware that an EPD is **not mandatory** to fulfil the reporting requirements for the Energy Management and Greenhouse and Gas Emissions requirement. As indicated on **page 17** of EC 41-25, data generated from programs such as **The Climate Action Toolbox** from the Ministry of Business, Innovation & Employment are acceptable means for providing evidence for this requirement.

Update to Energy management and greenhouse gas emissions (Section 5.8; pages 16-17)

The section reads as follows:

Criteria

- a *The applicant / licence holder must have improvement objectives and targets to reduce energy use related to production (of ECA-licensed products), and associated greenhouse gas emissions on a year-by-year basis. Furthermore, ECA licence holders must publicly disclose a commitment to decarbonise between now and 2050 on a 1.5°C trajectory, with a significant reduction prior to 2030. Any divergence from objectives or targets should be explained in the annual report.*
- b Electricity consumption in the EAF must not exceed 500 kWh / tonne of liquid steel, based on a rolling 12-month average.
- c There must be no external energy input (e.g.: electrical energy) into the BOP during normal operations (excludes reheating following relining or maintenance or ladle pre-heating to avoid tipping).
- d The steel product manufacturer must have and implement effective energy management policies and procedures and/or an energy management programme.
- e Licence holders must report annually to the Trust on energy management, including:
 - the energy input for ladle pre-heating;
 - the percentage of iron tipped requiring re-melting;
 - the total external energy use (e.g.: electricity) associated with re-melting of tipped iron;
 - the total energy use in the BOP due to breakdowns, following relining or maintenance and ladle pre-heating; and
 - initiatives to consider or implement recovery of energy from the BOP exhaust gases;
 - initiatives to reduce iron tipping and use of ladle pre-heating;
 - total energy use;
 - breakdown of total energy use to types of energy used (electrical, chemical, fuel, etc) **including energy from renewable sources;**
 - breakdown of energy use in the EAF;
 - breakdown of energy use in the rolling mills and total energy use;
 - energy use related to production **(i.e. the embodied energy of a product);**
 - energy use related to distribution of steel and steel products;
 - **energy use during transport* of raw materials (if the licence holder is the manufacturer), or transport of flat and long steel products that are imported from overseas manufacturers (if the licence holder is an importer/supplier).;**
 - energy recovered in the form of heat or co-generation of electricity;
 - initiatives taken to reduce energy use and improve energy efficiency; and
 - initiatives taken to calculate and reduce embodied energy and CO₂ emissions associated with energy use.
 - **initiatives or requirements for suppliers or contract manufacturers.**
 - **information on energy use and management, including use of renewable energy, where that information is available to the licence holder.**

Verification Required:

Conformance with these requirements shall be stated in writing and signed by the Chief Executive Officer, or other authorised representative, of the applicant/licence holder company. This statement shall be supported by documentation (as relevant) that:

- describes the energy management policies, procedures and programmes.
- **improvement objectives and targets for reduction of energy use related to production of ECA-licensed products and associated greenhouse gas emissions;**
- **confirms the licence holder has publicly committed to decarbonise between now and 2050 on a 1.5°C trajectory, with incremental reduction up to 2030 (any divergence from objectives or targets should be explained in the annual report); and**
- includes annual reports to the Trust on energy use and management.

Update to Waste Management (Section 5.10; pages 18- 19)

The **Waste Management requirement** received a minor update, including criteria **e**, which requires that the licence holder has continual improvement objectives and targets regarding reducing waste generation and increasing reuse and recycling.

Criteria

- a The steel product manufacturer must have and implement systems to maximise the recovery of dedusting dusts and sludges;
- b Uprisings (excluding slags and dusts covered by (a) above), pre-consumer steel scrap and millscale shall be recycled;
- c The steel product manufacturer must have and implement effective waste management policies and procedures and/or a waste management programme (including improvement plans) covering manufacturing operations.
- d Licence holders must report annually to the Trust on waste management, including:
 - Quantities and types of waste recovered for reuse internally and externally;
 - Quantities and types of waste recycled internally and externally;
 - Quantities and types of waste disposed of to landfill;
 - Quantities and types of waste burned internally for energy recovery;
 - Waste generation related to production;
 - Initiatives taken to reduce waste generation and improve recovery/recycling of waste;
 - All ferrous wastes must be diverted from the waste stream and recycled;
 - Quantities of slag generated and recycled;
 - Initiatives undertaken at other steel plants to re-use or recycled steelmaking slags; and
 - Quantities of pre-consumer steel scrap, uprisings and millscale and volumes recycled on-site, or exported for recycling.
- e Licence holders must have continuous improvement objectives and targets relating to the reduction of waste generation, and the increase of reuse and recycling rates over time, year on year (when averaged over five years). Any divergence from objectives or targets should be explained in the annual report**

Verification Required

Conformance with this requirement shall be stated in writing and signed by the Chief Executive Officer or other authorised representative of the applicant company. This statement shall be accompanied by documentation that:

- describes the waste management policies, procedures and programmes; and
- includes annual reports to the Trust on waste generation and management.
- **details the improvement objectives and targets relating to the reduction of waste generation and the increase of reuse and recycling rates (any divergence from objectives or targets should be explained in the annual report).**

Uprisings from abnormal conditions or that are contaminated such that they cannot be recycled, are excluded from 5.10(b) above. They are still included in the material efficiency calculation in 5.6 and reporting required in 5.10(d) which includes requirements to report on initiatives taken to reduce waste generation and improve recovery/ recycling. A specific discussion on the cause of contamination and abnormal conditions and why the uprisings cannot be recycled is to be included in the report.