

THE SUSTAINABLE STEEL PRINCIPLES ASSOCIATION GOVERNANCE RULES

Dated September 2022

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1. INTRODUCTION

This document sets out the rules of the Sustainable STEEL Principles Association, a non-profit, unincorporated association having the objects set out in Rule 3.

2. DEFINITIONS

"**Accession Date**" means, in relation to a Signatory, the date on which that Signatory adopts the Principles and becomes a member of the Association.

"**Accession Instrument**" or "**Deed of Accession**" means, in relation to a Signatory, the instrument pursuant to which a Signatory agrees to adopt and become bound by the Rules in order to become a member of (and, in respect of the founding members, establish) the Association (the form of which is appended to these Rules).

"**Administrative Representative**" means, in respect of any Signatory from time to time, the individual that has been designated by that Signatory in accordance with paragraph (a) of Rule 8.3.

"**Advisory**" means any third-party entity that provides technical guidance or expertise in relation to the Principles from time to time.

"**Annual Fee**" means the annual fee payable by each Signatory, as further described in Rule 18.

"**Annual Meeting**" means the meeting of Signatories to be held once a year, as further described in Rule 15.

"**Association**" means the unincorporated association of Relevant Institutions whose object is the management, administration and development of the Principles.

"**Auditor**" has the meaning given in Rule 18.13.

"**Business Day**" means a day on which banks are open for business in England and Wales excluding Saturdays and Sundays.

"**Chair**" means the Signatory elected to chair the Steering Committee, as further described in Rule 10.

"**Financial Year**" means 1 January to 31 December.

"**Insolvency Event**" means, in relation to a Relevant Institution that it: (1) is dissolved (other than pursuant to a consolidation amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment or insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding –up or liquidation by it or such regulator, supervisor or similar official; (5) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (4) above and: (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within thirty (30) days of the

institution or presentation thereof; (6) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009; (7) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (8) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which may be made, or is made, by a person or entity described in paragraph (4) above); (9) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter; (10) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in items (1) to (9) (inclusive); or (11) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Principles" means the principles setting out a measurement and disclosure framework to enable Relevant Institutions to assess the climate alignment of their steel lending portfolios, providing lenders with the tools necessary to advance the decarbonization of the steel sector, entitled the "Sustainable STEEL Principles", the current version of which can be found on the Association's website.

"Relevant Institution" means any financial institution (including, but not limited to, lenders, finance lessors, financial services provider, export credit agencies or financial guarantors) which carries out any business with a Steel Industry Participant.

"Rules" means the rules of this Association set out in this document as may be amended from time to time in accordance with Rule 8.4.

"Sanctioned Person" means a person or entity that is: (a) formally listed on any Sanctions List; (b) resident in or incorporated under the laws of any comprehensively sanctioned country, (being as at the date these Rules were first adopted, Crimea, Cuba, Donetsk region of Ukraine, Iran, Luhansk region of Ukraine, North Korea and Syria); or (c) owned or controlled by, or acting on behalf of or at the direction of, a person or entity referred to in paragraphs (a) or (b); or (d) otherwise a target of Sanctions;

"Sanctions" means the economic, financial and trade embargoes and sanctions laws, regulations, rules and/or restrictive measures administered, enacted or enforced by any Sanctions Authority;

"Sanctions Authority" means the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, any other U.S. government entity, the United Nations Security Council, any United Nations Security Council Sanctions Committee, the European Union, any Member State of the European Union, the United Kingdom and/or any other applicable government, public or regulatory authority or body (including but not limited to the Office of Financial Sanctions Implementation (OFSI));

"Sanctions List" the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Consolidated List of Persons and Entities subject to Financial Sanctions maintained by the European Commission, the Consolidated List of Financial Sanctions Targets maintained by OFSI or any similar list maintained by, or any public announcement of a Sanctions designation made by, any Sanctions Authority, in each case as updated, amended, supplemented and replaced from time to time;

"Secretariat" means a third-party entity which manages administrative functions on behalf of the Association as further described in Rule 19, the name and contact details of which are specified on the Association's website.

"Self-Assessment" means a self-assessment in substantially the form set out on the Association's website and which can be supplied by the Secretariat from time to time.

"Signatory" means a Relevant Institution that has adopted and has become and remains a signatory to the Principles in accordance with the Principles and these Rules and whose name appears on the list of Signatories on the Association's website.

"Signatory Application" means the agreement to be entered into by intended Signatories to adopt the Principles and become a member of the Association in the form supplied by the Secretariat from time to time.

"Signatory Fee" means the signatory fee specified on the Association's website from time to time.

"Stakeholders" means those entities and individuals with a direct or indirect interest in the achievement of the aims of the Principles, who shall include but are not limited to: civil society; clients of Signatories; development finance institutions; industry associations; non-government organisations (NGOs); organisations sharing similar aims; public financial institutions; and shareholders, directors or managers of the Signatories.

"Steel Industry Participant" means any business involved in the production or trading of steel, steel products, or steel production inputs.

"Steering Committee" means the committee appointed to manage the Association as further defined in Rule 9.

"Treasurer" means the member of the Steering Committee elected by simple majority vote of the Steering Committee to be an authorised signatory of the bank accounts of the Association, as designated in writing by the Steering Committee to the Secretariat from time to time. The Chair or the Vice Chair can be the Treasurer, if elected in accordance with these Rules.

"Vice Chair" means the member of the Steering Committee elected to assume the role of the Chair if the Chair is unable to do so, as further described in Rule 11.

"Working Group" means any group of Signatories convened by the Steering Committee that meets from time to time to discuss and provide guidance to members of the Association on particular issues associated with the management, administration or development of the Principles, as further described in Rule 12.

3. OBJECTS OF THE ASSOCIATION

The objects of the Association are to:

- (a) support the measurement and disclosure of the climate-alignment of steel lending portfolios, in support of the low-carbon transition of the steel industry;
- (b) promote the adoption of the Principles by additional Relevant Institutions;
- (c) encourage the implementation of the Principles by the Signatories;
- (d) develop the Principles as the Signatories think fit to measure carbon dioxide emissions from the international steel industry;
- (e) develop and maintain relations with other bodies who are involved in decarbonisation efforts of the international steel industry to update and ensure consistency with the Principles methodology (as provided by the Advisory) as needed;
- (f) manage the Association for the benefit of the Signatories; and
- (g) do any other such things to further any of the above.

4. AIM OF THE PRINCIPLES

The aim of the Principles is to provide a common measurement and disclosure framework, enabling banks to measure the climate alignment of their steel lending portfolios by providing insight into their clients' emissions intensity, compared to net-zero pathways, and to support the decarbonization of the steel sector (as may be modified from time to time by the Signatories in accordance with these Rules).

5. DISCLOSURE OF INFORMATION AND COMPLIANCE WITH LAWS

- 5.1. These Rules provide the framework for the administration, management and development of the Principles by the Signatories to promote the decarbonization of the steel production value chain for the benefit of the environment, the Signatories, and society as a whole.
- 5.2. Each Signatory shall ensure that the Principles and any discussions or other contact with other Signatories are not used in any way that may breach any relevant applicable law relating to concerted practices, agreements or exchanges of information that may restrict competition or any other anti-competitive practices.
- 5.3. Each Signatory shall comply with all relevant applicable laws relating to client confidentiality in its implementation of the Principles.
- 5.4. The Association and each Signatory acknowledge that they shall each act as a separate and independent controller in relation to any personal data which they process in connection with the management or administration of the Principles and the Association. The Association and each Signatory agree that they shall comply with all relevant applicable data protection laws (including the General Data Protection Regulation (EU) 2016/679 (**EU GDPR**) and the EU GDPR to the extent that it forms part of retained European Union law under the European Union (Withdrawal) Act 2018 (as amended from time to time)) (**Data Protection Laws**) in relation to the protection, use, processing and/or transfer of personal data of any individual that it receives in connection with the management or administration of the Principles and the Association.

- 5.5. Each Signatory shall ensure, and the Association may assume, that when personal data of an individual is disclosed to the Association by a Signatory, such disclosure will not give rise to any breach of any Data Protection Laws, duty of confidentiality or contractual obligation, and all legal requirements have been satisfied to enable the Association to lawfully use, process and/or transfer that personal data, including where necessary, each Signatory providing a fair processing notice to individuals whose personal data is to be disclosed in connection with the management or administration of the Principles and the Association.
- 5.6. Personal data received from a Signatory will be processed by the Association in accordance with the Association's privacy notice, which can be accessed on the Association's website.
- 5.7. Each Signatory shall ensure it has in place internal procedures that reflect its obligations under this Rule 5.
- 5.8. No Signatory shall hold itself out as representing the Association other than the Chair and other members of the Steering Committee from time to time in their capacity as such unless otherwise agreed with the Chair.

6. BECOMING A SIGNATORY

- 6.1. Any Relevant Institution may become a Signatory if it:
 - (a) is not and has not at any time during the five years preceding the Signatory Application been subject to an Insolvency Event;
 - (b) is not, and has not been, a Sanctioned Person;
 - (c) meets the requirements set out in Rule 6.4; and
 - (d) agrees to meet the annual reporting obligations.
 - (e) Whilst the decision to become a Signatory is voluntary, a Signatory must take all appropriate steps to implement the Principles.
- 6.3. Relevant Institutions are encouraged to become a Signatory through a group holding company to enable compliance and reporting at the group level.
- 6.4. To become a Signatory, a Relevant Institution must:
 - (a) execute the relevant form of the Deed of Accession; and
 - (b) complete the Standard Declaration in the form provided by the Secretariat and execute it, ensuring that it has first been signed off by a representative of the Relevant Institution with authority to enter into such commitment and that any signatory of the declaration has authority to bind the proposed Signatory;
 - (c) complete and execute the Signatory Application (ensuring that any signatory of the Signatory Application has authority to bind the proposed Signatory), which requires the Relevant Institution to provide contact names and details; and
 - (d) submit the documents referred to in paragraphs (a) to (c) above to the Secretariat for consideration.

- 6.5. The Secretariat will check that such Relevant Institution has complied with this Rule 6 and, if it has, will accept the Signatory Application, and shall agree an Accession Date with the proposed new Signatory.
- 6.6. On its Accession Date, the relevant Deed of Accession shall be entered into and:
- (a) the new Signatory shall:
 - i. if it is not a partner to the Center for Climate-Aligned Finance at RMI, pay the Signatory Fee;
 - ii. if it is a partner to the Center for Climate-Aligned Finance at RMI, not pay the Signatory Fee on the basis that such amount is included in their financial contribution to the Center for Climate-Aligned Finance at RMI;
 - (b) the new Signatory will become a member of the Association;
 - (c) the Secretariat will update the Association's website to include the new Signatory in the list of Signatories; and
 - (d) the new Signatory will be entitled to display the logo of the Principles, but the logo of the Principles is the exclusive property of the Association.
 - (e) the new Signatory will issue a press release announcing that it has adopted the Principles within three months time;
- 6.7. The Relevant Institutions responsible for the establishment of the Association (the "**Founding Signatories**") shall indicate their agreement thereto by entering into the Deed of Accession for Founding Signatories (the forms of which is appended hereto). The provisions of this Rule 6 shall apply in relation to the Founding Signatories as if they were new Signatories *mutatis mutandis*.

7. SIGNATORY OBLIGATIONS

- 7.1. Each Signatory shall:
- (a) within three months of becoming a Signatory, complete and submit a Self-Assessment to the Secretariat;
 - (b) comply with its reporting requirements as set out in the Principles within the timescales specified there;
 - (c) pay the Annual Fee as provided in Rule 18;
 - (d) remain eligible for membership in accordance with Rule 6.1; and
 - (e) comply with all other provisions of these Rules.
- 7.2. For the avoidance of doubt, no Signatory is required to publish information where disclosure would breach any relevant applicable law or regulation.
- 7.3. If material changes to the Principles have been made, the Steering Committee may agree to exceptions to the reporting requirements for a defined transition period.

8. GOVERNANCE OF THE ASSOCIATION

- 8.1. The Steering Committee and, where appropriate, one or more Working Groups shall be responsible for the management of the Association and the development of the Principles.
- 8.2. Each Signatory is encouraged to participate in the management of the Association and the development of the Principles. Where possible, management of the Principles operates by consensus with the Signatories being consulted to ensure any proposal to amend the Principles or any other decision has the support of the majority of the Signatories.
- 8.3. Each Signatory will designate in writing to the Secretariat from time to time:
- (a) one individual who is authorised to deal with all administrative, process and reporting aspects of the Signatory being a member of the Association and in relation to the Principles, save for invoices relating to the Signatory Fee or Annual Fee;
 - (b) one individual who is authorised to deal with invoices addressed to the Signatory relating to the Signatory Fee and Annual Fee;
 - (c) where applicable, up to two individuals in its employment to represent it in the Steering Committee or any other Working Group of which it forms part. For the avoidance of doubt, save where those individuals are elected as the Chair or the Vice Chair, only one such individual may attend and vote at a meeting of the Steering Committee or relevant Working Group at any one time. If one or both of such two individuals is elected as Chair and/or Vice Chair, both of such individuals may attend at a meeting of the Steering Committee or the relevant Working Group but only one such individual may vote at such meeting; and
 - (d) up to two individuals who may represent it at any meeting of the Association and exercise its voting rights (although, for the avoidance of doubt, only one may vote at any one time),

and shall ensure that all individuals designated in accordance with paragraphs (c) and (d) have sufficient steel industry experience or sustainability experience.

- 8.4. Decisions shall be made by the Signatories as members of the Association as follows:
- (a) Subject to Rule 17.2, each Signatory shall have one vote.
 - (b) Any proposal that would, if passed:
 - (i) materially amend the Principles or these Rules;
 - (ii) in the opinion of the Steering Committee, materially reduce the rights or materially increase the liability or obligations of the Signatories;
 - (iii) result in a change to the Secretariat; or
 - (iv) fall outside the objects of the Association,requires at least half of the Signatories to cast a vote and, of those that vote at least two thirds must vote in favour of the proposal for it to be validly approved.
 - (c) Any proposal that would, if passed:

- (i) in the opinion of the Steering Committee, amend the Principles or these Rules in a minor way (for example to provide a clarification or correct an error);
- (ii) elect a Signatory to the Steering Committee;
- (iii) approve the annual budget; or
- (iv) set the level of the Signatory Fee or the Annual Fee,

or any other proposal put to the members of the Association that does not fall within paragraph (b) above requires more than half of those Signatories that cast a vote to vote in favour of that proposal for it to be validly approved.

9. THE STEERING COMMITTEE

- 9.1. The administration, management and development of the Association (including its assets) and the Principles are delegated by the Association to the Steering Committee other than those matters referred to in Rule 8.4.
- 9.2. The Steering Committee shall consist of between five and fifteen members, all of which must be Signatories, and shall, so far as practicable, include a diverse mix of financial institutions.
- 9.3. The members of the Steering Committee shall be appointed by a vote of the Signatories as members of the Association in accordance with paragraph (c) of Rule 8.4. Each member of the Steering Committee shall designate up to two individuals to represent it as provided in paragraph (c) of Rule 8.3 but, for the avoidance of doubt, each Signatory shall only have one vote in respect of any decision by the Steering Committee.
- 9.4. The Steering Committee shall meet on an *ad hoc* basis. The members of the Steering Committee may where convenient arrange such meetings to be held in a location to be agreed and participants may attend the meetings by any means, such as telephone conference call or video conferencing, as well as in person or a mix of any of these. Where possible, two weeks' notice in writing will be given for any meeting and a note of any decision or recommendation made by the Steering Committee at any meeting shall subsequently be circulated to all Signatories.
- 9.5. The quorum for meetings of the Steering Committee shall be two-thirds of its members at the relevant time and more than half of the members of the Steering Committee participating in a vote must vote in favour of the relevant proposal for it to be validly approved.
- 9.6. Any decision made by the Steering Committee in accordance with this Rule 9 (excluding for the avoidance of doubt any decision that requires the approval of the Signatories as members of the Association as described in Rule 8.4) shall bind the other Signatories.
- 9.7. The duties of the Steering Committee shall include:
 - (a) reviewing the scope of the Principles and whether any changes should be made and, if so, arranging for a revised draft to be considered by the Signatories;
 - (b) consulting with the Advisory for technical advice where appropriate;
 - (c) reviewing and approving the Association's annual budget and approving its circulation to the Signatories together with the end of year financial statements;

- (d) making decisions and approving contracts with third parties including the Secretariat and members of the Advisory, conducting a formal tender process where necessary or appropriate;
- (e) reviewing and approving the scope of work of the Secretariat and the Advisory and their respective charges;
- (f) procuring that any costs and expenses of the Association, including any tax, are paid when due;
- (g) arranging for meetings of the Association and agreeing the relevant agenda;
- (h) approving changes to the authorised Signatories for the bank accounts of the Association;
- (i) deciding how to re-allocate any surplus monies from the Association budget; and
- (j) electing the Chair, Vice Chair, and Treasurer.

9.8. Any Signatory may nominate itself for election to the Steering Committee if:

- (a) it has complied with its obligations under Rule 7 within the relevant timescales; and
- (b) it is confident that it can meet its obligations as a member of the Steering Committee and, if required, could assume the role of Chair, Vice Chair, or Treasurer.

9.9. Each member of the Steering Committee, including the Chair, Vice Chair, or Treasurer shall, during their appointment:

- (a) maintain at least two individuals to represent it on the Steering Committee as provided in Rule 9.2 and ensure that one of them attends each Steering Committee and formal Association meeting; and
- (b) actively participate in the work and decision making of the Steering Committee and at formal Association meetings.

9.10. Subject to the other provisions of this Rule 9, members of the Steering Committee shall retire at the Annual Meeting by rotation after two years of service but may apply for re-election.

9.11. A Signatory may not serve more than two consecutive terms on the Steering Committee but may nominate itself for re-election not less than one year after the end of its second consecutive term.

9.12. Rules 9.10 and 9.11 are subject to the following:

- (a) the two-year period of service might be slightly longer or shorter depending on the dates of the relevant Annual Meetings;
- (b) a Signatory may nominate itself for re-election at the end of a second consecutive term if there are expected to be insufficient nominations to meet the minimum of five members of the Steering Committee;
- (c) membership of the first Steering Committee referred to in Rule 9.14 shall not be considered as a term for the purposes of Rule 9.11; and

- (d) if a Signatory has been elected as the next Chair it shall not retire by rotation until it has ceased to be the Chair.
- 9.13. Any Signatory may resign at any time from the Steering Committee by giving notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory.
- 9.14. The first Steering Committee shall consist of the first 10 Relevant Institutions (or, if fewer than 10 Relevant Institutions successfully apply, the relevant number of Relevant Institutions provided that it is 5 or more) which successfully apply to become Signatories and they shall all retire at the first Annual Meeting.
- 9.15. Before each election process, the Secretariat will notify the Signatories and request them to consider nominating themselves, within a specified timescale.
- 9.16. To nominate itself for election to the Steering Committee, a Signatory must confirm to the Secretariat in writing within the relevant timescale:
 - (a) its commitment and capacity to fulfil the general responsibilities of members of the Steering Committee and, if necessary, of the Chair or the Vice Chair; and
 - (b) the names of the individuals that would represent it on the Steering Committee as specified in paragraph (c) of Rule 8.3.

10. THE CHAIR

- 10.1 The Steering Committee shall elect one of their number to be the Chair by simple majority vote.
- 10.2 The Chair shall chair the Steering Committee and coordinate the Steering Committee and any Working Groups to promote the Principles and the objects of the Association.
- 10.3 The Chair shall retire at the end of a period of two years but may nominate itself for a further two-year period.
- 10.4 The Chair may resign before the end of the two-year period by three months' notice in writing to the Vice Chair and shall be deemed to have resigned if it ceases to be a Signatory.

11. THE VICE CHAIR

- 11.1 The Steering Committee shall elect one of their number to be the Vice Chair by simple majority vote.
- 11.2 The Vice Chair shall support the Chair as necessary and assume the role of Chair if the Chair is unable to do so.
- 11.3 The Vice Chair shall retire at the end of a period of two years but may nominate itself for a further two-year period.
- 11.4 The Vice Chair may resign before the end of the two-year period by three months' notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory.

12. WORKING GROUPS

- 12.1 The Steering Committee may form Working Groups at its discretion in order to consider issues in detail and report to the Steering Committee.

- 12.2 Working Groups may include any of the Signatories, members of the Advisory and other relevant third parties for their technical or other relevant expertise.
- 12.3 The leader of any Working Group must be a Signatory and shall be selected by the Steering Committee.
- 12.4 The leader of a Working Group may resign by notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory and, in each case, a new leader shall be selected by the Steering Committee.

13. SIGNATORY POWERS

The Association is bound by the joint signatures of an individual representing the Chair or Vice Chair, and an individual representing another member of the Steering Committee, the Treasurer, provided that such individuals have been duly designated in accordance with paragraph (c) of Rule 8.3. The Signatory powers can be delegated by a written instruction by the Steering Committee.

14. GENERAL WAIVER OF LIABILITY, INDEMNITIES AND DISCLAIMER

- 14.1 No Signatory shall owe any duty of care or have any liability to any person, including without limitation any Stakeholder or Signatory, arising from its adoption of the Principles, its membership of this Association, its participation in a Working Group or its participation in the Steering Committee or as Chair, Vice Chair or Treasurer, save that in the case of fraud by the Chair, Vice Chair or Treasurer or any Steering Committee member, a duty shall be owed to Signatories.
- 14.2 Decisions made by the Signatories or by the Steering Committee in accordance with these Rules are binding on all Signatories and each Signatory waives all rights of action it may have against other Signatories, including in their capacity as members of the Steering Committee or Chair, Vice Chair or Treasurer in respect of such decisions (save always in the case of fraud), subject to any right to withdraw/ terminate.
- 14.3 This document sets out the Rules of the Association and also provides guidance to existing and prospective Relevant Institutions on the processes for the management and administration of the Sustainable STEEL Principles. It does not create any rights in, or liability to, any person, public or private, and does not confer any rights on any person who is not a member of the Association. No Signatory (nor any individual authorised by such Signatory to represent it in Association activities) shall owe any duty of care or have any liability to any third party arising out of their membership of the Association, engagement in Association meetings or activities, or their actions as Chair, Vice Chair or Treasurer as a Steering Committee or Working Group member.

15. ASSOCIATION MEETINGS

- 15.1 *Annual Meeting:*
 - (a) The Association shall, in addition to any other meetings in that year, hold a meeting in every calendar year as its Annual Meeting at such time and place as may be determined by the Steering Committee, and shall specify the meeting as such in the notices calling it. Each Annual Meeting shall be held no more than six months after the end of the last preceding Financial Year of the Association.

- (b) The quorum for meetings shall be more than half (50.1%) of signatories at the relevant time (including all persons who have provided votes via email).
- (c) The meeting shall be held at varying locations with teleconferencing and video conferencing to facilitate attendance in an environmentally sustainable manner.
- (d) Not less than eight weeks' notice shall be given to members for each Annual Meeting and an agenda shall be circulated at least two weeks before the relevant meeting.
- (e) The agenda must include:
 - (i) a statement concerning the last preceding Financial Year from the Chair;
 - (ii) a report from the Chair on activities undertaken and anticipated;
 - (iii) presentation for approval of the Association's annual report for the last preceding Financial Year;
 - (iv) election or re-election to the Steering Committee;
 - (v) the budget approved by the Steering Committee for the forthcoming year;
 - (vi) any item requested by a group of at least five Signatories by notice in writing received by the Secretariat not less than four weeks before the proposed date of the meeting;
 - (vii) election of the Auditor; and
 - (viii) any other business.

15.2 *Other meetings and decision taking:*

- (a) In addition to the Annual Meeting, in order for other decisions to be taken by the Signatories, one of the following options may be used:
 - (i) the Chair, acting on behalf of the Steering Committee or at the request of not less than five Signatories in accordance with paragraph (b) below, may propose a resolution to the Signatories by email, specifying a date by which the Signatories must vote by email for their vote to be included together with the address to which the vote should be sent. Such period shall, where possible, be not less than two weeks but shall be shorter should the Steering Committee consider it appropriate, provided that it shall be no shorter than three Business Days; or
 - (ii) the Chair, acting on behalf of the Steering Committee or at the request of not less than five Signatories in accordance with paragraph (b) below, may call a meeting of the Association which shall be called and held as if it were an Annual Meeting save that the agenda shall reflect the proposal(s) to be considered.
- (b) A proposal may be submitted by not less than 5 Signatories in writing to the Secretariat for consideration by the Signatories in accordance with paragraph (a) above provided that any such proposal received within six weeks before an Annual Meeting shall be considered at that Annual Meeting.

- (c) Any Signatory unable to attend any meeting may submit its vote by email to the Secretariat and it shall be taken into account if it is received by the Secretariat by the time and date specified in the notice of the relevant meeting.
- 15.3 The accidental failure to give notice of any meeting or send an agenda to or failure by a Signatory to receive either or both of these shall not invalidate the proceedings or any decision taken at the relevant meeting.
- 15.4 Minutes of each meeting will be circulated to the Signatories by the Secretariat as soon as practicable after the relevant meeting.

16. FAILURE TO COMPLY WITH SIGNATORY OBLIGATIONS

- 16.1 If a Signatory fails to comply with its reporting requirements as specified in paragraph (b) of Rule 7.1 then the following shall apply:
- (a) If such failure to comply continues for one month after the relevant submission deadline, the Signatory will be excluded from the annual report and the Secretariat shall send a written reminder to the Administrative Representatives of that Signatory, copied to the Chair notifying the Signatory of the consequences of continued failure to comply as set out in paragraphs (b) and (c) below.
 - (b) If such failure to comply continues for three months after the relevant submission deadline, the Secretariat shall note the Signatory's failure to report on the Association's website and send a further written reminder to the Administrative Representatives of that Signatory, copied both to the chief sustainability officer (or equivalent officeholder) of that Signatory and the Chair.
 - (c) If such failure to comply continues for six months after the relevant submission deadline, and without explanation or exemption granted, the Secretariat shall remove the name of the Signatory from the list of Signatories on the Association's website and the relevant Signatory shall cease to be a Signatory or a member of the Association.
 - (d) If it has ceased to be a Signatory by operation of paragraph (c) above, should it wish to become a Signatory again, the former Signatory must reapply in accordance with the provisions of Rule 6.
- 16.2 If a Signatory fails to pay any amount payable by it under these Rules, then the following shall apply:
- (a) If such failure to pay continues for one month after the relevant payment deadline, the Secretariat shall send a written reminder to the Administrative Representatives of that Signatory, including details of the consequences of continued failure to comply as set out in paragraphs (b) and (c) below.
 - (b) If such failure to pay continues for six months after the relevant payment deadline the Secretariat shall note the Signatory's failure to pay on the Association's website and send a further written reminder to the Administrative Representatives of that Signatory, copied both to the chief sustainability officer (or equivalent officeholder) of that Signatory and the Chair.
 - (c) If such failure to pay continues for seven months after the relevant payment deadline, without exemption, the Secretariat shall remove the name of the Signatory from the list

of Signatories on the Association's website and the relevant Signatory shall cease to be a Signatory or a member of the Association.

- (d) If the relevant Signatory pays all amounts then due by it within nine months of the relevant payment deadline and has not previously ceased to be a Signatory by reason of this Rule 16.2 then its name will be restored to the list of Signatories on the Association's website and it shall be reinstated as a member of the Association but not to any other role that it had in the Association before its removal (such as membership of the Steering Committee).

- 16.3 Upon ceasing to be a Signatory, the former Signatory may no longer use the logo of the Principles and shall remove it from all its literature and any website.

17. EFFECT OF REORGANISATIONS OF SIGNATORIES, MULTIPLE MEMBERSHIPS AND LEAVING THE ASSOCIATION

- 17.1 Signatories may be affected by corporate transactions such as mergers, acquisitions and disposals and such transactions might have an impact on that Signatory's membership of the Association and its ability to comply with the Principles. Any Relevant Institution affected by any such transaction is encouraged to remain or become a Signatory and may request that the Steering Committee grant a suspension of its reporting obligations to allow a reasonable period for integration. Any such allowance shall be noted against the name of the relevant Signatory on the Association's website.
- 17.2 If, as a result of a corporate transaction or otherwise, more than one Signatory is a member of the same financial group and the Steering Committee considers that this could undermine the principle of "one Signatory, one vote", the Steering Committee shall recommend to the Signatories how many votes that financial group shall be allowed. This recommendation shall be implemented unless the relevant financial group requests the matter to be decided by the Signatories. In any such voting process, the relevant financial group shall only be entitled to one vote on behalf of all the Signatories forming part of it.
- 17.3 If a Signatory ceases to be a Relevant Institution or wishes to withdraw from the Association and its adoption of the Principles it shall give notice to the Secretariat and the Chair in writing whereupon it shall cease to be a member and its name shall be removed from the list of Signatories on the Association's website.

18. FINANCE

- 18.1 The fees payable by each Signatory, including the Annual Fee, shall be used to meet the management and administrative costs of the Association and the costs of the management, administration, updating and further development of the Principles.
- 18.2 Each Signatory shall bear its own costs and expenses in relation to the adoption and implementation of the Principles.
- 18.3 Each Signatory acknowledges that the Association's costs will vary.
- 18.4 To meet such variable costs the Annual Fee will be:
 - (a) variable;
 - (b) if applicable, included in the financial contribution made by a partner of the Center for Climate-Aligned Finance at RMI together with the Signatory Fee;

- (c) paid separately by a Signatory that is not a partner of the Center for Climate-Aligned Finance, in addition to the Signatory Fee in respect of such Signatory in its year of accession;
 - (d) based on the budget prepared by the Secretariat and the Steering Committee setting out categories of expenditure, including an amount for contingencies, and presented to Signatories at the relevant Annual Meeting; and
 - (e) approved by the Signatories in accordance with the procedures in paragraph (c) of Rule 8.4.
- 18.5 If applicable, the Annual Fee and the Signatory Fee in respect of a Signatory in its year of accession, is payable by the Signatories whose names appear on the list of Signatories on the Association's website as of 31 December of the preceding year. The Annual Fee is due annually in respect of each Financial Year and shall be paid no later than the end of the first quarter of the relevant year and is non-refundable in the event that a Signatory ceases to be a member of the Association.
- 18.6 If a Signatory ceases to be a member of the Association or fails to comply with its obligations under these Rules, the Signatory is not released from its obligations to pay the Annual Fee. Any outstanding payments for the relevant year will fall due immediately upon a Signatory ceasing to be a member of the Association.
- 18.7 If a Signatory becomes a member of the Association during the year it shall pay, upon becoming a member, a proportionate amount of the Annual Fee, calculated on the number of full months remaining before the following 31 December.
- 18.8 The amount of the Signatory Fee may not be changed without the approval of the Signatories in accordance with the procedures in paragraph (c) of Rule 8.4.
- 18.9 Any surplus funds shall be carried forward to and used in the following year(s) in order to meet, amongst other things, costs incurred, which will be reflected in the relevant budget and, where possible, a reduced Annual Fee.
- 18.10 Expenditure should be within the relevant budget presented to the Signatories at the Annual Meeting or as otherwise approved by the Steering Committee or the Signatories as appropriate.
- 18.11 Funds will be held in a bank account in the name of the Association. The Association's annual report will be prepared in such currency as may be determined by the Steering Committee.
- 18.12 Changes to the authorised Signatories for any bank account must be approved by two members of the Steering Committee, including the Chair and the Vice Chair.
- 18.13 The Association's annual reports shall be audited by an English state-authorized public accountant or registered public accountant elected at the Annual Meeting for one year at a time (the "**Auditor**"). The Association's Financial Year runs from 1 January to 31 December and the first Financial Year of the Association shall commence on the date of formation of the Association and end on 31 December 2022. Copies of the Association's annual reports will be circulated annually to all Signatories. The annual reports shall be prepared by a firm of chartered or certified accountants appointed by the Steering Committee.

19. THE SECRETARIAT

- 19.1 The Secretariat shall be responsible for the day-to-day administration of the Association including:
- (a) record keeping and financial administration;
 - (b) internal and external communication including updating the website, issuing press releases and sending notices of meetings;
 - (c) membership administration; and
 - (d) the collection of fees.
- 19.2 The scope of work and fees payable to the Secretariat shall be agreed by the Steering Committee following submission by a relevant third-party entity fulfilling the role of the Secretariat of a services provision proposal agreed by the Steering Committee, subject to the approval of the Signatories of the fees as an item of the budget and any change to the Secretariat as specified in Rule 8.4.

20. THE ADVISORY

- 20.1 The Steering Committee and the Working Groups may consult with the Advisory for technical guidance to:
- (a) ensure that the Principles are up to date; and
 - (b) if appropriate, further develop the Principles to reflect developments pertaining to the field of sustainable finance.
- 20.2 The scope of work and fees payable to the members of the Advisory shall be agreed by the Steering Committee following submission by a relevant third-party entity fulfilling the role of the Advisory of a services provision proposal agreed by the Steering Committee, subject to the approval of the Signatories of the fees as an item of the budget as specified in Rule 8.4.

21. DISSOLUTION OF THE ASSOCIATION

- 21.1 The Association shall not be dissolved except by a resolution passed at an Annual Meeting in accordance with the procedures as specified in Rule 8.4.
- 21.2 In the event of the dissolution of the Association, any surplus funds, after payment of all expenses and outstanding accounts, shall be disposed of to any non-profit organisation as may be decided by a simple majority of those present and entitled to vote at the Annual Meeting resolving such dissolution.

22. GOVERNING LAW AND JURISDICTION

- 22.1 These Rules and any non-contractual obligations and any dispute arising out of or in connection with these Rules are and shall be governed by and construed in accordance with English law.
- 22.2 Any dispute arising out of or in connection with these Rules, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules (which Rules are deemed to be incorporated by reference into this Clause 22).

22.3 The number of arbitrators shall be three. The seat, or legal place, of arbitration shall be London, United Kingdom. The language to be used in the arbitral proceedings shall be English. The governing law of the contract shall be the substantive law of England and Wales.

APPENDIX 1 – FORMS OF ACCESSION INSTRUMENTS

Part A – Founding Signatories

THIS DEED is made on _____

BY

(1) _____

(2) _____

(3) _____

(4) _____

(5) _____

(each a "**Founding Signatory**")

WHEREAS

We, the Founding Signatories of the unincorporated association that shall be known as the Sustainable STEEL Principles Association (the "**Association**") intend that:

- (A) the Association shall be established; and
- (B) the affairs of, and the relationship between, the members of the Association shall be guided by the terms of the agreed form rules (the "**Rules**"), a copy of which is appended hereto.

NOW IT IS HEREBY AGREED

- 1 As contemplated by Rule 6.7, the Association is hereby established.
- 2 Each Founding Signatory hereby undertakes and covenants with all other members of the Association (from time to time) to comply with the provisions of and to perform all the obligations contemplated in the Rules so far as they may remain to be observed and performed.

THIS DEED has been executed by or on behalf of the Founding Signatories and has, on the date stated at the beginning of it, been delivered as a deed.

SIGNED as a **DEED** by

on behalf of

in the presence of:

Witness' signature:

Witness' name:

Witness' address:

Part B – New Signatories

THIS DEED is made on _____

BY

(1) _____

(2) All the Signatories to the Rules (as hereinafter defined).

(the "**New Signatory**")

WHEREAS

- (C) The affairs of the Sustainable STEEL Principles Association (the "**Association**") and the relationship between the members of the Association is regulated by the terms of the agreed form rules (the "**Rules**"), a copy of which is appended hereto.
- (D) Pursuant to Rule 6.4, any person who wishes to become a member of the Association and a Signatory to the Rules must, among other things, agree in writing by deed to be bound by the terms of the Rules.
- (E) The New Signatory wishes to become a Signatory and to enter into this deed pursuant to the Agreement.

NOW IT IS HEREBY AGREED

- 1 Expressions defined in the Rules shall (unless the context otherwise requires) have the same meaning when used in this Deed. Clauses 1 (Definitions and Interpretation), and 22 (Governing Law and Jurisdiction) of the Rules shall apply, *mutatis mutandis*, to the terms of this Deed.
- 2 The New Signatory acknowledges that if they meet the criteria in Rule 6, the Secretariat agrees to admit them.
- 3 Subject to the New Signatory being accepted as a Signatory, the New Signatory hereby undertakes and covenants with all the Signatories to comply with the provisions of, and to perform all the obligations in, the Rules, in so far as they may remain to be observed and performed, including (without limitation) in relation to its proposed admission as a Signatory and for the full duration of its membership of the Association.

THIS DEED has been executed by or on behalf of the New Signatory and by the Association for itself and on behalf of the other Signatories and has, on the date stated at the beginning of it, been delivered as a deed.

SIGNED as a **DEED** by

on behalf of **THE SUSTAINABLE STEEL PRINCIPLES ASSOCIATION**

in the presence of:

Witness' signature:

Witness' name:

Witness' address:

SIGNED as a **DEED** by

on behalf of

in the presence of:

Witness' signature:

Witness' name:

Witness' address: