

Steel Construction Agreement

Valuechain-wide agreements towards a circular economy.



Bouwakkoord Staal

Involved parties

1. Basic industry

Hans van den Berg on behalf of Tata Steel Netherlands

Geert Bettens on behalf of ArcelorMittal Commercial Netherlands BV

Govert Kockelkoren on behalf of SAB Profiel

2. Steel trade

Jurgen van Gils on behalf of Brink Staal

Dick de Jong on behalf of Overdie

Yorick Liefvering on behalf of the Royal Steel Federation (Koninklijke Staalfederatie)

3. Steel builders

Robert Kwintenberg on behalf of Brink Staalbouw

Aniek Aversch on behalf of Circular Steel ®

Bob Soetekouw on behalf of GB Steel Group

Nardo Hoogendijk on behalf of Hollandia

Bob Evers on behalf of Samenwerkende Nederlandse Staalbouw (Dutch association for steel construction firms)

4. Engineering consultancy firms/Knowledge institutions

Lecturer: Marcel den Hollander on behalf of Hogeschool Rotterdam

Architect: Menno Rubbens on behalf of cepezeprojects bv

Constructor: Sabine Delrue on behalf of Arup

Advisor: Cor van Dijken on behalf of Stichting Building for Good

Constructor/advisor: Herman van der Horst on behalf of Movares

Knowledge institute: Frank Maatje on behalf of Bouwen met Staal

5. Public clients (RWS, ProRail BV, Provinces and Municipalities)

Robert de Roos on behalf of RWS

Ans Rietstra on behalf of ProRail

Marten Klein on behalf of the Municipality of Amsterdam

Alexander Bletsis on behalf of the province of North Holland

6. Private clients

Coert Zachariasse on behalf of Delta Development

7. Suppliers: producers of primary and secondary raw materials and additives

Job Coenen on behalf of AkzoNobel

Rob Ikink (ZINQ) on behalf of Zinkinfo Benelux

8. Construction companies (main contractors)

Thijs Huijsmans on behalf of Heijmans

9. Demolition and dismantling companies

Kees de Groot on behalf of CA de Groot

10. Recycling and scrap companies

Dick de Jong on behalf of Overdie Metals Group

Nathalie van de Poel on behalf of PMC (Purified Metal Company)

Considering:

1. Due to the rapid industrialisation and growth of the world population, the living environment has been seriously affected. Global warming, the enormous consumption of raw materials, the loss of biodiversity and all associated environmental problems have taken on alarming proportions. To ensure that Earth remains habitable for current and future generations, agreements have been made in the Netherlands, the EU and internationally.
 - In Glasgow at COP25 international agreements were reconfirmed in 2021 that the global temperature may not rise more than 1.5 degrees compared to the end of the 19th century¹. On this basis, the Rutte IV cabinet (NL) has tightened the targets in the Climate Act to a minimum of 55% CO₂ reduction and adjusted the policy to now aim for a 60% CO₂ reduction by 2030.
 - To improve the efficiency of resource use, the European Commission introduced the EU Circular Economy Action Plan in 2020. This action plan build on the Circular Economy introduced in 2015 Package ' Closing the Loop: An Action Plan for a Circular Economy '. Both of these action plans are in line with the Netherlands national government-wide Circular Economy program and an Implementation programme that aims to halve the use of primary raw materials by 2030.
 - International agreements have been made to reduce biodiversity loss, including the international Biodiversity Convention. In addition, there are various European agreements on biodiversity, which are binding for the Netherlands.
2. Ambitious sustainability improvement is central to the coalition agreement of the Rutte IV cabinet. For construction, this means circular, climatechange resistant and environmental inclusivity, according to the Coalition Agreement. Part of this task is that all building materials including steel must become sustainable.

The Parties united in the Steel Construction Agreement share this vision and realise that improving the sustainability of steel in construction can positively support the reduction the environmental problems outlined under item one (1) above. The starting point is that the quality and safety of steel in construction (i.e. resistance to external influencing factors and other essential requirements) is secured.

3. This agreement covers diverging interests, connects organizations in the value chain and ensures that the stated ambitions are jointly realised. The Parties realize that the collective interest in making steel in construction more sustainable far exceeds individual and separate organisational

¹ <https://www.knmi.nl/over-het-knmi/nieuws/ipcc-humane-affecting-van-het-climatesystem-vaststanding-feit-1-5-graden-grens-tien-jaar-earlier-reached- than expected>

interests. And that achieving the shared sustainability ambitions will be a growth path for the construction industry. For this reason, commitments made in this Steel Construction Agreement for the period up to and including 2030; progress will be evaluated at various times (2024, 2026, 2028) to verify that the joint efforts contribute sufficiently to be able to achieve the stated ambitions. Longer-term ambitions for 2040 and 2050 will also be outlined by further elaboration of the Steel Construction Agreement. The Parties are aware of the fact that verified metrics or reporting methods are important for this purpose.

4. In the implementation of the agreement, the parties take the responsibility appropriate to their role or function in the entire steel construction value chain. Roles and responsibilities will be further defined at the start of the implementation of the Steel Construction Agreement.
5. For a transition to a sustainable steel construction chain, a consistent and realistic, but challenging request from public and private clients is required, which motivates the market and stimulates renewal and innovation in the construction industry directly and indirectly. To this end, the parties take the 'leader approach' as a starting point. Frontrunners are the valuechain partners who, with proven innovations, can meet stricter environmental requirements than the close followers to the agreement. The Frontrunners performance indicate what the followers should also be able to meet in a few years. In this context, innovation and sustainability will have to be inextricably linked concepts.
6. To create a level playing field, harmonized procurement guidelines are needed that apply to all clients. The Environmental Cost Indicator (ECI, MKI) and the Environmental Performance of Buildings (EPB, MPG) are used as a basis. Since the reduction of the environmental impact in the preliminary design phase can only be measured to a limited extent with the ECI, MKI and EPG, MPG, this will need to be calculated separately and included in the agreement. The Construction Value model is used for this². This model offers the possibility to formulate additional tender requirements in the field of design, material reduction, re-use and recycling.
7. The parties realise that the future major construction demand in the Netherlands could increase the use of steel in construction. Making steel in the construction industry more sustainable also depends on the timely availability of affordable clean electricity, green hydrogen, green steel, the effective implementation of the Carbon Border Adjustment Mechanism (CBAM) and the European proposal for the new waste shipment regulation, which aims to ensure that the EU does not export its waste challenges to third countries and supports a clean and circular economy. Because 60% of the steel used in construction is imported from abroad (particularly the EU), the chain is highly dependent on foreign companies and the pace at which they become more

² <https://www.youtube.com/watch?v=fqHVtQcVGEo>

sustainable. To this end, the parties are seeking connections with other international steel initiatives in this area. The Environmental Product Declaration (EPD) can be a building block to gain insight into the environmental impact of foreign steel products.

8. Measures in the Netherlands that discourage activities in the steel value chain due to their major environmental impact are not effective if this leads to a shift of activities abroad where production takes place with the same or greater environmental impact. However, this does not alter the fact that the parties involved in the Steel Construction Agreement are making efforts to minimize the environmental impact of steel in construction. In this context, a Digital Product Passport (DPPd) can be a good instrument for positively influencing the environmental impact from the source on the buyer's or user's side.

9. Until recently, roughly 3/5 (60%) was ³exported annually as steel scrap and only 2/5 (40%) recycled in the Netherlands. Now that circular design, construction and demolition are becoming more common in the Netherlands and companies are starting to specialize in high-quality product re-use and the reprocessing of ferrous streams, the export of ferrous streams is expected to decrease and more will become available for high-quality product re-use and recycling. However, if the demand for ferrous metal to be recycled also increases from abroad, scarcity may arise again. The more steel is re-used as a product/component or recycled, the less new steel needs to be manufactured. One consideration here, however, is that we do not (yet) have infrastructure/facilities (such as electric furnaces) in the Netherlands to make steel products that consist of 100% recycled steel.

10. The parties are focusing on three priority sustainability ambitions. It is expected that the most sustainability gains can be made in the Netherlands with steel in the construction industry.

It's about:

- CO₂ reduction and application of renewable energy and energy saving measures throughout the supply chain⁴.
 - Retaining the value of steel by developing the highest possible level of circularity ;
 - Reducing the environmental impact of substances that increase risk to people and environment.
11. The extraction of raw materials elsewhere causes loss of biodiversity and environmental pollution and can lead to the violation of human rights. Although the Parties realize the

³J. Cramer and J. van Driel: Milieu Magazine 2019-1 - Perspective on closing the metal chain, February 2019

⁴ This not only includes scope 1 (direct CO₂ emissions caused by own buildings, transport and production-related activities), but also scope 2 (indirect CO₂ emissions due to the generation of purchased and consumed electricity or heat) and, if and where applicable, scope 3 (indirect CO₂ emissions caused by business activities of another organization) included in accordance with the Greenhouse Gas Protocol.

seriousness of this, initiatives are already being taken in this respect within the framework of the IMVO (International Corporate Social Responsibility, CSR) Covenant for the Metal Sector (supported by the SER) and via the Responsible Steel Initiative. The Covenant for the Metal Sector focuses in particular on potential human rights violations and the Responsible Steel Initiative also focuses on loss of biodiversity and environmental pollution. Since the Steel Construction Agreement mainly focuses on the environmental aspects of steel production and application in construction, it will align the agreement with the Responsible Steel Initiative. In the development of the Steel Construction Agreement, it will be determined when application for certification to the Responsible Steel standard is appropriate. How this relates to the currently applied BES6001 guideline in the context of BREEAM will need to be clarified.

Agree to the following:

Mission:

The purpose of the Steel Construction Agreement is that the Parties jointly implement a steel construction sector and value chain-wide commitment to significantly improve the sustainability of their activities by 2030.

At the same time, the aim is to:

- improve innovative and economic strength;
- strengthen competitiveness;
- increase the attractiveness of the construction sector for current and future employees.

The scope of the Steel Construction Agreement covers all steel applications, both structural and non-structural within the Sustainability performance (B&U) and the civil engineering sectors (GWW).

The parties focus on the following ambitions by 2030:

1. Reduction of CO₂ emissions by at least 60% compared to 1990, to be achieved throughout the entire steel construction value chain, with a clear ambition to reach an even a higher CO₂ intensity reduction. This reduction target is defined in an absolute sense, ie it takes into account the growth in construction demand in the Netherlands.

2. Value retention at the highest possible level of the following items, all components, materials and raw materials.

This can be achieved by:

2a: Promoting the highest possible re-use, re-function of the current steel inventory, or reusable steel in the construction industry;

2b: Ensuring that available scrap can be used as much as possible in the Netherlands market for the production of new steel products for construction;

2c: Smart, modular and circular design for demountable and remountable construction, to increase the chance of future high-quality re-use of components and adaptability of constructions;

2d: Smart design with a view to material savings;

2e: Promoting less steel volume / weight in use per unit of product (for example by using high-strength steel);

2f: Stimulate far-reaching pre-fabrication, which reduces material loss (reduces yield losses);

2g: Making steel more sustainable through collaboration in the design, construction and production phases, so that optimal lifespan of steel structures can be achieved in the re-use cycles.

After signing the agreement, specific ambitions and target percentages will be worked out for these options in the agreement development phase.

In order to realize the above application possibilities, standardization of design principles, circular demolition and traceability and recognisability of materials.

3. Reducing the environmental impact of substances that concern risks for humans and the environment. The Environmental Cost Indicator (ECI, MKI) (as applied in tendering guidelines) is used for the value chain and the production of steel is based on the guidelines in the context of Responsible Steel.
4. Timely and transparent communication to all partners involved and to external stakeholders about proposed measures.
5. Promoting innovations throughout the steel chain and directly related sectors in construction.
6. Strengthening of knowledge development, education and training among market parties, clients and knowledge institutions, and also increasing knowledge sharing and transparency of environmental data among market parties, with due consideration of the protection of confidential business information (IP), anti trust consideration.

The above goals can only be achieved if:

- Parties in the steel construction value chain commit themselves to a long-term cooperation in which each party takes on the agreed role and responsibility and makes maximum effort for this. If the Parties so request, the input of the National Central Government is also expected.
- The private and public clients (government) commit themselves to using the jointly drawn up requests for tenders and tendering guidelines within the agreement in the same way. Every two to three years the (CSI, MKI) and (EPG, MPG) are adjusted downwards. The same applies to the additional procurement requirements in circularity in the design, construction and use phases where CB23 can be used ⁵.

⁵CB'23 has developed the guidelines 'Measuring circular construction (update 2021-2022)', 'Circular Design (2020-2021)' and 'Passports for construction (2021-2022)'.

Governance

1. Steel Construction Agreement, Steering group, Progress Committee, Secretariat

- The parties will set up a Steering Group and a Progress Committee.
- The Steering Group is composed of:
 - o An independent chairman;
 - o Members on behalf of Parties, in such a way that the various groups of Parties are knowingly represented;
 - o The steering group consists of a maximum of 10 members.
- The secretariat, together with the independent chairman, prepares the meetings of the Steering Committee and prepares the necessary documents. The secretary is also the key contact person for the Steel Construction Agreement.
- The Progress Committee is composed of experts who are considered able to determine the progress of agreements from the Steel Building Agreement. In the performance of duties, the Secretary of the Steel Construction Agreement acts as the recorder of minutes and ensures that the necessary information is supplied by the value chain partners and clients.
- In order to keep control and monitoring / assurance separate, the Progress Committee is independent of the Steering Committee.

2. Steel Construction Agreement, Steering Group

- The Steering Group's primary task is to steer towards the achievement of the targets agreed in this Steel Building Agreement and the fulfillment of agreements made.
- The Steering Committee will organize at least one formal meeting per year for all Parties.

3. Steel Construction Agreement, Progress Committee

- The Progress Committee has the task of monitoring, evaluating and reporting on the agreements made in, and the sustainability effects of the Steel Building Agreement. And to ensure confidential business information provided by the Parties to the Progress Committee is kept strictly confidential where necessary. Furthermore, no competitively sensitive information will be exchanged.
- It is under discussion with the Concrete Construction Agreement whether the Steel Building Agreement can use the same monitoring and reporting system as the Concrete Construction Agreement and whether use can also be made of the same Progress Committee.

4. Ad hoc working groups

- During the implementation phase of the Steel Building Agreement, the Steering Group will set up ad hoc working groups to work out certain matters in more detail. Signatories will make every effort to make their own employees available or to enable the use of experts.

5. Communication

- The parties communicate regularly within the entire Bouwen met Staal membership about the Steel Construction Agreement and results.
- Each Party undertakes not to disclose in any way whatsoever to third parties anything that comes to its knowledge during the implementation of the Steel Construction Agreement, and of which it knows or can reasonably suspect the (company) confidential nature, until 1 year after the term of the Steel Construction Agreement. Except insofar as any statutory regulation or court order obliges him to disclose this information.

Final Provisions

1. Generic appointments:

- The parties that have signed this Steel Construction Agreement will make every effort, based on their role and place in the chain, to make a maximum contribution to the realization of the common goals on which they have an influence. With this agreement, the parties record their involvement in terms of the ambitions, the indicated measures and the associated safeguards. If there is no satisfactory result due to insufficient efforts, the Parties will hold each other accountable. The parties are therefore responsible for their own efforts.
- The parties will make every effort to adjust their standards based for their own role and responsibility, where these impede and promote the achievement of the ambitions from the Steel Construction Agreement, without hindering other laws, regulations or goals of the national government.
- This Steel Construction Agreement is aimed at integral sustainability, to be optimized on a project basis, in the chain and across life cycles. The Parties are therefore expected to take into account all aspects of this Steel Construction Agreement in all works in which steel plays a role in the construction industry.
- The Steel Construction Agreement will be adjusted if the national government formulates new policy if political agreement has been reached.

2. Execution in accordance with the law

- The agreements of this Steel Construction Agreement and the further elaboration thereof will be implemented in accordance with Dutch law and the law of the European Union, in particular insofar as the agreements fall under the scope of European and Dutch rules with regard to tendering, competition, state aid, and technical standards and regulations.

3. Evaluation

- The parties agree to evaluate the effects of the agreements in the Steel Construction Agreement every two years and to adjust them where necessary.

4. Data provision

- In order to determine the collective progress, information related to the progress of the agreements is often required from individual Parties. All Parties agree to provide relevant information to the Progress Committee (see 'Governance'). Where necessary, the reliability and accuracy of the data will be improved in consultation. Requested information is harmonized as much as possible with questions from other entities.
- With regard to mutual data provision, the parties want to link up with existing forms and agreements on this. The parties will ensure that no unnecessary new reporting forms, programs or institutions are set up, but that they use the existing ones. Where necessary, existing forms and agreements can be adapted and improved in consultation with the relevant parties.
- The Parties will make such agreements about any personal data or other data provided in the context of this agreement, such as company and manufacturing data, competitively sensitive information, and the processing thereof in compliance with all applicable laws and regulations.
- The mutual provision of data may not lead to the exchange of competition-sensitive information between the Parties, either directly or indirectly through the intervention of the Steering Committee, Progress Committee, Secretariat and working groups.

5. Report

- Reports referred to in this Steel Construction Agreement are in principle intended for the Progress Committee so that the cumulative results and progress can be determined and evaluated.
- The Progress Committee on the Steel Construction Agreement will report to the Parties every two years on the results achieved.

6. Entry of New Parties

- New parties can join this Steel Construction Agreement by signing this agreement.
- Signing is particularly relevant in the first two phases of the Steel Construction Agreement, when the agreement is drawn up (preparatory phase) and all preparatory work is carried out for scaling up (development phase). When the scaling-up phase starts, signing no longer has any added value, since all parties commit to participate in the implementation of the Steel Construction Agreement.
- An up-to-date list of Parties that have signed is maintained and published on a publicly accessible website.

7. Cancellation

- Any signed up party may immediately terminate its participation to this Steel Building Agreement at any time by reporting this in writing to the Steering Committee. The party will then no longer be listed as a participant in the Steel Construction Agreement.
- In the event of termination of the Steel Building Agreement by virtue of notice, none of the Members is liable to pay compensation to another member.

8. Compliance & Dispute Resolution

- The parties agree that compliance to the agreements in the Steel Construction Agreement is not legally enforceable.
- The Parties will attempt to resolve all disputes in connection with this Steel Construction Agreement with mutual consultation. If the Parties fail to reach agreement, the dispute is to be submitted to the Steering Committee.
- The Steering Committee seeks a solution to the dispute and offers the Parties involved in the dispute the opportunity to express their views or claims. If no solution can be found after six months period, the Steering Committee will issue a written advice to the Parties involved in the dispute.
- Insofar as the dispute concerns the failure of a Party to comply with its obligations under this Steel Construction Agreement, the Steering Committee may, in its written advice, urge that Party to still comply with the obligations within a period of three months, unless the Party decides to terminate its participation of the steel construction agreement.
- If the Party does not comply with the advice after the expiry of the term referred to in paragraph 4, the Steering Committee will request the other Parties to terminate its participation of the Steel Construction Agreement vis-à-vis the failing Party. With the consent of a 2/3rd majority of the Parties, the Steering Committee will inform the failing Party that the Steel Construction Agreement membership will be terminated in respect of it by the other Parties and that it can no longer derive any rights from this Steel Construction Agreement.

9. Dissolution

- The Steel Construction Agreement can be dissolved at the request of a 2/3rd majority of the Parties. The request for this will be formally signed and submitted to the Steering Committee and placed on the agenda for the next consultation between all Parties with due observance of a notice of at least 4 weeks.

10. Duration and entry into force

- This Steel Construction Agreement is entered into for a period from the date of entry into force up to and including 31 December 2030.
- When the preparatory and development phases of the Steel Construction Agreement have been completed (expected to be the end of 2022), the implementation phase will follow. From that moment on, the aim is to involve

all parties in the steel construction value chain. These parties therefore no longer need to sign the Agreement. The aim is to declare the requests for tenders and tendering guidelines (including the formulated CSI's, MKIs) that have been prepared in the development phase 2 in the context of the Steel Construction Agreement and generically apply to all private and public clients. This means that all parties are then expected to comply with the applicable performance requirements, which clients will lay down in their procurement guidelines. The commitment of the national government is necessary to enshrine this harmonization in law.

- The parties will implement all agreements referred to in this Steel Construction Agreement as soon as possible after they come into force.

Colophon

This publication is the English translation of the Dutch vision document 'Bouwakkoord Staal', content compiled by representants of companies and organisations that are [frontrunning in sustainability](#) of steel within the building industry. The [Dutch version](#) was issued in March 2022.

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