

Schnitzer Steel Industries, Inc.
Charter of the Audit Committee of the Board of Directors

Purpose

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Schnitzer Steel Industries, Inc. (the “Company”) is to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements and internal control over financial reporting, appoint the Company’s independent accountants and otherwise assist the Board of Directors (the “Board”) in achieving its oversight responsibilities in the following areas:

- Ensuring that management has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company; and
- Ensuring that management has established and maintained processes to ensure that an adequate system of internal control is functioning within the Company.

Membership

The Committee shall consist of at least three directors. Committee members will be appointed on an annual basis (normally immediately following the Company’s annual meeting of shareholders) by the Board upon the recommendation of the Nominating and Corporate Governance Committee in consultation with the Chairman of the Board and the Lead Director, if applicable. Vacancies on the Committee shall be filled through appointment by the Board upon the recommendation of the Nominating and Corporate Governance Committee in consultation with the Chairman of the Board and the Lead Director, if applicable. The Committee Chair shall be appointed by the Chairman of the Board after consultation with the Lead Director, if applicable, and the Chair of the Nominating and Corporate Governance Committee. Each member of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and the rules of the NASDAQ Stock Market as in effect from time to time and all other applicable rules, regulations, and statutes, as determined by the Board in the exercise of business judgment. All directors who are members of the Audit Committee must be able to read and understand fundamental financial statements. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including a current or past position as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Meetings

The Committee shall meet at least four times annually, and more frequently as circumstances dictate. As part of its responsibility to foster open communication, the Committee should meet quarterly with management, the internal audit director and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet (telephonically or in person) with the independent accountants and management quarterly to review the Company’s financial statements. Meetings may be called by the Chair of the Committee or any two Committee members. The Committee may permit attendance at meetings by management and consultants as the Committee may determine appropriate or advisable from time to time. A majority of the members shall constitute a quorum. Concurrence of a majority of the quorum present at a meeting shall be required to take formal action of the Committee. As permitted by ORS 60.354, the Committee may act by unanimous written consent and may conduct meetings by

conference telephone or similar communication equipment. The Committee shall report regularly to the Board on matters within the Committee's responsibilities and shall maintain minutes of Committee meetings.

Duties and Responsibilities

In fulfilling its purpose, the Committee shall schedule and carry out the following activities:

1. The broad areas of oversight activities include:

- General
- Reporting
- Independent Accountants
- Internal Audit
- Compliance Program

The specific activities in these areas are defined in Appendix A hereto.

2. The Committee shall also:

- Annually self-evaluate the performance of the Committee.
- At least annually review and assess the adequacy of the Company's compliance program, including its Code of Conduct, and recommend any proposed changes to the Board.
- Report to the Board on the results of all evaluations and reviews described above.
- Have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by the Committee in order to discharge its responsibilities.
- Periodically report to the Board regarding the Committee's actions and propose any necessary action to the Board.
- Perform such other duties and responsibilities as the Board may, from time to time, assign to the Committee.

3. The Committee shall oversee the Company's compliance program, including, in consultation with the Chief Executive Officer, the selection, retention and compensation of the Compliance Officer. The Committee shall meet on a regular basis with the Compliance Officer.

4. The Committee is authorized, to the extent it deems necessary or appropriate, to seek advice from internal and external legal counsel and other advisors or consultants as the Committee deems necessary or appropriate to assist in the performance of its duties. The Company will pay all compensation and expenses of legal counsel, advisors or consultants engaged by the Committee.

Appendix A
to
Charter of the Audit Committee
of the
Board of Directors of Schnitzer Steel Industries, Inc.

Activities	Timing			
	All Meetings	As Required	Quarterly	Annually
Area: GENERAL	X			
1. Determine that each Committee member is independent and free from any relationships that would interfere with the exercise of his or her judgment as a member of the Committee. Definition of independence excludes directors who have any relationship with the Company that precludes a finding of independence under NASDAQ or SEC rules.				
2. Determine that all members of the Committee are able to read and understand fundamental financial statements and that at least one member of the Committee has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including a current or past position as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Determine whether this last member also meets the definition of "audit committee financial expert" contained in SEC Regulation S-K, Item 401(h).				X
3. Review and update this Charter periodically, at least annually, as conditions dictate. Full Board approval is required for adoption as well as significant changes to the Charter.				X
4. Submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each meeting with, the full Board.			X	
5. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have authority to engage independent legal, accounting and other advisers as it determines necessary to carry out its duties. The Company will pay all compensation of such advisers approved by the Committee as well as all other ordinary administrative expenses of the Committee that are necessary or appropriate to carry out its duties.		X		
6. Establish and maintain procedures for: <ul style="list-style-type: none"> • the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters, and • the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters. 		X		
7. Review all transactions of the Company with related persons, as defined in Item 404 of Regulation S-K, or in which a related person has a direct or indirect interest, and, after reviewing the related person's interest in the transaction and the material facts, determine whether to ratify or approve the transaction, which transaction may only be ratified or approved if the Committee determines that the transaction is fair to the Company or that approval or ratification of the transaction is in the interest of the Company.		X		
8. Review the Company's hedging policies, including use of the end-user exemption for clearing swaps.				X
9. Review and discuss with management the Company's major financial risks (including risks associated with accounting, financial reporting, disclosure, and internal controls over financial reporting) and legal risks that could have a significant impact on the Company's financial statements.				

Activities	Timing			
	All Meetings	As Required	Quarterly	Annually
Area: REPORTING				X
1. Review the Company's annual financial statements, including any report rendered by the Company's independent public accountants (the "IPA").				
2. Review with management and the Company's IPA the applicability and impact of any new pronouncements issued by FASB or other applicable regulatory agencies.		X		
3. Prepare a report to shareholders for inclusion in the annual Proxy Statement. In addition to listing the names of each Committee member and indicating whether its members are independent, the report should state that the Committee has: <ul style="list-style-type: none"> • Adopted a written charter for the Committee; • Reviewed the financial statements with management; • Discussed with the IPA the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, "Communications with Audit Committees"; • Received from the IPA disclosures regarding their independence required by the Public Company Accounting Oversight Board ("PCAOB") and discussed with the IPA their independence; • Based on the review and discussions noted above, the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year with the SEC. 				X
4. Meet with (telephonic or in person) financial management following the completion of the IPA's review of the interim financial information and prior to the Form 10-Q filing/release of earnings.			X	

Activities	Timing			
	All Meetings	As Required	Quarterly	Annually
Area: INDEPENDENT ACCOUNTANTS		X		
1. Be directly responsible for the appointment, compensation, retention and oversight of the IPA engaged for the audit of the Company's annual financial statements and internal controls over financial reporting and related services. The IPA shall report directly to the Committee. The Committee shall resolve any disagreements between the IPA and management regarding financial reporting.		X		
2. Pre-approve all audit services and permissible non-audit services to be performed by the IPA for the Company. Alternatively, the Committee may establish pre-approval policies and procedures in accordance with applicable SEC rules. The Committee shall approve the fees and other terms of all such engagements.		X		
3. Review with the IPA the scope of their examinations of the books and records of the Company and its subsidiaries and the overall audit strategy, including the timing of the audit and the significant risks identified during the IPA's risk assessment procedures; direct the special attention of the IPA to specific matters or areas deemed by the Committee or the internal auditors to be of special significance; authorize them to perform such supplemental reviews or audits as the Committee may deem desirable.				X
4. On an annual basis, receive a formal written statement from the IPA as to all significant relationships the IPA has with the Company to determine the IPA's independence. Discuss any disclosed relationships or services that may impact the IPA's independence. It is the Committee's responsibility to oversee the independence of the IPA.				X
5. Review with management and the IPA their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices used or proposed and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.				X
6. Review with management and the IPA before the issuance of the IPA's audit report: <ul style="list-style-type: none"> • The existence of any fraud or illegal acts that the IPA may have become aware of; • Any significant deficiencies or material weaknesses in the design or operation of internal controls noted during the audit; • Selection of and changes in significant accounting policies or their application; • Process used by management in making critical accounting judgments or estimates; • Quality of the financial reporting and alternative accounting treatments; • Significant unusual transactions; • Relationships and transactions with related parties; • Significant identified misstatements; • Changes to the planned audit strategy; • Material uncertainties related to events and conditions (specifically going concern); • Review by the IPA of other information in the audited financial statements; • Disagreements with management; 				X

<ul style="list-style-type: none"> • Difficult or contentious matters encountered during the audit; • Departures from the auditor’s standard report; • Consultation, if any, with other auditors on significant accounting matters; and • Other material written communications and other matters arising from the audit that are significant to the oversight of the Company’s financial reporting process. 				
7. Consider recommendations from the IPA regarding internal controls, information technology controls and security and other matters relating to the Company and its subsidiaries and reviewing the correction of controls or processes deemed in need of improvement.				X
8. Provide sufficient opportunity for the IPA to meet with the members of the Committee without members of management present. Among the items to be discussed in these meetings are the IPA’s evaluation of the Company’s financial, accounting, and auditing personnel and the cooperation that the IPA received during the course of the audit.		X		
9. Meet with IPA quarterly to review the Company’s financial statements and internal controls over financial reporting and at least annually a private session should occur to discuss other matters.			X	X
10. Inquire from the IPA whether the audit of the Company’s financial statements has been selected by the PCAOB for inspection. To the extent the Company has been selected, the Committee should discuss with the IPA any areas of the Company’s financial statements, internal controls and the audits thereof that are under review and whether any concerns have been raised regarding the Company’s financial statements, internal controls and the audits thereof. The Committee shall be apprised on a “real time” basis of any material developments in connection with this inspection. Finally, following the issuance by the PCAOB of any inspection reports relating to the IPA, such firm shall discuss with the Committee any findings included in the report (whether the public or private portions of the report) to the extent such firm believes relevant to the Company.			X	

Activities	Timing			
	All Meetings	As Required	Quarterly	Annually
Area: INTERNAL AUDIT				X
1. Review and approve the selection and compensation of the Director of Internal Audit (“the Director”). It should be clear to the Director that the ultimate accountability is to the Board and the Committee as representatives of the shareholders.				
2. Review the Internal Audit charter and amend as needed.				X
3. Review the annual internal audit risk assessment to determine and approve the annual internal audit plan. This would include special attention to specific matters or areas deemed appropriate by the Committee or the IPA to be of special significance; authorize internal audit to perform such supplemental reviews or audits as the Committee may deem desirable.				X
4. Review the status of the annual audit plan to ascertain progress against the plan, changes made to the plan or other circumstances that may impact or have impacted the audit plan.			X	
5. Review resources available to the Director to enable internal audit to execute the adopted plan. Make appropriate inquiries of management and the Director to determine whether there are scope or budgetary limitations that impede the ability of internal audit to execute its responsibilities.				X
6. Review internal audit reports issued. Consider recommendations regarding internal controls, information technology controls, security, process improvements and other matters relating to the Company and its subsidiaries and review the correction of controls or processes deemed in need of improvement. Support implementation of all recommendations by the businesses.				X
7. Provide sufficient opportunity for the Director to meet with the members of the Committee without members of management present. Among the items to be discussed in these meetings are the evaluation of the Company’s financial, accounting, and auditing personnel and the cooperation that internal audit received during the course of its audits.		X		

Activities	Timing			
	All Meetings	As Required	Quarterly	Annually
Area: COMPLIANCE PROGRAM				X
1. Review and approve the selection and compensation of the Compliance Officer. It should be clear to the Compliance Officer that the ultimate accountability is to the Board and the Committee as representatives of the shareholders.				X
2. Review the compliance program, including the Code of Conduct, Anticorruption Policy and Anticorruption Manual, and recommend amendments as needed.				X
3. Review resources available to the Compliance Officer to enable the Compliance Officer to administer the compliance program and serve as the Company's compliance counsel. Make appropriate inquiries of management and the Compliance Officer to determine whether there are scope or budgetary limitations that impede the ability of the Compliance Officer to execute her or his responsibilities.				X
4. Provide sufficient opportunity for the Compliance Officer to meet with the members of the Committee without members of management present.		X		