FISCAL 2020 SUSTAINABILITY REPORT
RECYCLING TODAY FOR A SUSTAINABLE TOMORROW
For more than 100 years, Schnitzer has recycled ferrous and non-ferrous scrap metal—steel, aluminum, copper, and brass, among others—creating value from materials that others might consider obsolete. Extending the life of critical assets like metals that might otherwise end up in landfills is the very essence of being resourceful and provides sustainable solutions in today’s resource-constrained world.
Schnitzer has a proud legacy as a responsible business, balancing the needs of people, planet, and profit. We promote an inclusive, empowering workplace that takes care of our employees and supports the communities in which we operate. And, we make thoughtful business decisions that deliver long-term value for our shareholders.
Recycled metals not only help extend the life of limited resources but also help meet future global challenges. As economies around the world transition to low-carbon ones, metal intensity is projected to increase. Demand will grow for electric vehicles, solar and wind energy, and infrastructure needed for “smart cities.” By supplying a high-quality stream of recycled metal inputs, Schnitzer is proud to help make the world more resilient.
For over 100 years, from the Great Depression to the Great Recession to the COVID-19 pandemic, these qualities ensure that Schnitzer always steps up to do what is right to serve our people, our customers and suppliers, our shareholders, our communities, and our world. We are proud of how our 3,000–member team has delivered in extraordinary ways to manage through extraordinary times. This year’s report chronicles our journey.

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CEO Message

Just over a year ago, I signed Business Roundtable’s Statement on the Purpose of a Corporation, which has served as a guiding commitment for Schnitzer to create a lasting positive impact for our people, customers, suppliers, and communities, while continuing to deliver long-term value to our shareholders.

In fiscal 2020, this commitment was tested in ways we never could have imagined. Whether dealing with the effects of the COVID-19 pandemic, working to improve our struggling economy, or finding ways to address systemic racism, we’ve all grappled with how to make sense of our current state and how to move forward.

Schnitzer has operated continuously throughout the COVID-19 crisis. All of our operating facilities were identified as essential businesses, reflecting our Company’s vital role in supplying raw materials and finished steel products for construction of critical infrastructure. To ensure the safety of those who worked at or visited our sites, we deployed health, safety, and wellness protocols, rolled out training, and engaged in effective communications across our Company. While implementing these new work protocols, our team did not lose focus on operational safety. Our recordable incident rate in fiscal 2020 was the lowest and best rate recorded in our Company’s history and follows fiscal 2019, which was our previous best.

At the beginning of fiscal 2021, we completed the transition to our new “One Schnitzer” functionally-based and integrated operating model that we announced in April 2020. This is the culmination of our evolution to a more resilient and agile organization that will align with and further strengthen our sustainable business model—through which we transform salvaged material into inputs for new products. It will also improve our operational efficiency and enable greater focus on the critical drivers of our business, including innovative products and services that will help companies increase the sustainability of their own supply chains and reduce their carbon footprints.

Our One Schnitzer model is led by strong leaders and rising talent throughout all levels of our organization. And, we have a robust strategic plan centered around our sustainability framework of People, Planet, and Profit. Our People strategy includes three main focus areas: (i) continuing to improve our safety performance; (ii) strengthening our culture through increasing diversity and inclusion and expanding employee engagement; and (iii) giving back to the communities in which we operate through programs like our Volunteer Time Off (VTO) program.

Our Planet strategy is also centered on three critical areas: (i) progressing on our goals of reducing absolute greenhouse gas emissions from our recycling operations, (ii) increasing our use of carbon-free electricity; and (iii) continuing our investments in technologies that enable us to extract more recyclables from the material that we process that would otherwise be sent to landfills.
And, our Profit strategy is built upon three strategic pillars: (i) growing our volumes to leverage our existing processing capacity, (ii) expanding our margins through the successful deployment of advanced metal recovery technology, and (iii) developing new products and services to complement our core recycling and auto parts businesses.

Our operating and financial results in fiscal 2020 reflected the agility of our team, the strength of our culture, and the resiliency of our operating platform. We pivoted quickly to accommodate the changes needed for our Company to continue to operate safely and effectively in a volatile market. We kept our focus on optimizing our sales, aligning our operating costs with supply and production volumes, and moving ahead with our strategic investments.

There is no playbook for a year like this past one, but there certainly is a legacy at our Company of facing challenges head-on and successfully navigating through the toughest of times. Schnitzer and our stakeholders are meeting the challenges of our time because of several key strengths we have developed over the years. In our fiscal 2020 Sustainability Report, we share the importance of each of these strengths—not only for today, but also for the future.

In countries around the world, the long-term demand for ferrous and non-ferrous recycled metals is underpinned by several trends that are gaining increasing importance and relevance. Low-carbon economies are widely acknowledged as more metal-intensive economies. As countries transition to lower-carbon economies and as the number of electric arc furnace (EAF) steel mills operating in both the U.S. and Asia continue to grow, the need for metals, especially recycled metals, is expected to increase for many years to come.

Schnitzer is well-positioned to be a part of this more sustainable future, and we intend to continue to fulfill our commitment to support all our stakeholders

“There is no playbook for a year like this past one, but there certainly is a legacy at our Company of facing challenges head-on and successfully navigating through the toughest of times.”

Tamara L. Lundgren
Chairman, President, and CEO, Schnitzer
Our Business Value

Without metals recycling, many product life cycles, in industries such as construction and automotive, take resources from the cradle to the grave. In such cases the product life cycle begins with extraction, where virgin ore is mined from the earth. The ore is then manufactured into new products, and products are distributed, sold, and put to use.

Thanks to companies like Schnitzer, fewer non-renewable resources are needed. Salvaged materials stay out of landfills and instead become inputs for new products. Each of our businesses contributes to our cradle-to-cradle business model.
Corporate Profile

Public for NASDAQ In Operation
27 Years SCHN 114 Years

Headquarters

PORTLAND OREGON

Our Products Are Sold to Customers in
29 countries across 5 continents

Fiscal 2020 Revenue

$1.71 billion

96 Operating Facilities
7 Deep-Water Ports
6 Large-Scale Shredders
1 Steel Mill

3,032 Employees*

*Based in the U.S., including Puerto Rico, and Western Canada
Our Core Values

**Sustainability**

**Safety**

**Integrity**

What We Do

**Auto Dismantling & Auto Parts Recovery**

Through our Pick-n-Pull brand, we operate an industry-leading chain of 50 self-service used auto parts stores providing affordable auto parts to retail and wholesale customers. These stores purchased over 316,000 end-of-life vehicles in fiscal 2020. For over 30 years, Pick-n-Pull has offered quality auto parts for a wide variety of makes and models of domestic and foreign cars, vans, and light trucks. After vehicle parts are extracted for resale, remaining auto bodies are crushed and transported to Schnitzer’s metals recycling facilities, or to other metals recycling facilities within North America, to undergo shredding and sorting processes to recover the ferrous and non-ferrous metal content of the vehicles.

**Metals Recycling**

As one of North America’s largest recyclers of scrap metal, Schnitzer’s metals recycling facilities acquire, process, and recycle ferrous and non-ferrous metal. Our strategically located facilities on both the east and west coasts of North America, Hawaii, and Puerto Rico efficiently source and deliver recycled metals to mills and foundries around the world. Direct access to rail, major highways, and deep-water export terminals creates a competitive advantage and allows us to transport products in a cost-effective and energy-efficient manner. Strategic capital investments in facility infrastructure, equipment, and advanced metal recovery technologies deliver recycling solutions and provide high-quality scrap metal processing. We are increasingly offering recycling solutions to manufacturers and retailers that match our recycling services to their needs.

**Steel Manufacturing**

At our state-of-the-art electric arc furnace mini-mill, we melt and shape recycled metal into rebar, coiled rebar, wire rod, merchant bar, and other specialty products, which are used by manufacturers to produce a variety of products and to reinforce concrete in highways, bridges, buildings, and more. Our steel manufacturing operation, Cascade Steel, obtains the majority of its scrap metal feedstock from our own metals recycling operations. Cascade Steel sells its products to customers primarily located in the western U.S. and Canada from its mill in McMinnville, Oregon.
Resilient As Never Before

The COVID-19 pandemic has tested businesses in countless ways. Despite the challenges of the past year, Schnitzer’s performance against its ambitious sustainability goals remains strong.

For some time now, we have been focused on a sustainability strategy that not only delivers profitability, but also positively impacts our employees, communities, and the environment. This strategy has served us well in a year when so much is being asked of businesses beyond normal expectations. In fiscal 2019, we announced our first set of sustainability goals. While the pandemic has presented our Company with historic challenges, we are proud of what we have been able to accomplish.

New emissions controls at our shredder operations helped us work toward meeting our ambitious air emissions reduction goal. In addition, we exceeded our 90 percent carbon–free electricity goal well before our target date of fiscal 2025. That said, our Company aspires to do more. We are proud to announce in our fiscal 2020 Sustainability Report that we are now targeting 100 percent net carbon–free electricity use by the end of fiscal 2022.

While environmental and workforce protection have always been closely linked, in fiscal 2020 we integrated our environmental operations with our health and safety organizations, now overseen by one Vice President. This allows for greater sharing of best practices to improve both operational environmental and safety performance. In fiscal 2020, Schnitzer achieved the lowest reportable incident rate in our history with a Total Case Incident Rate (TCIR) of 1.91, and our continued commitment to our safety strategy will get us even closer to our 2025 TCIR target of 1.00 in the years ahead.

Also, in January 2020, we launched our Volunteer Time Off program to support our goal of donating at least 10,000 hours of paid time off by the end of fiscal 2025 to positively impact charitable causes related to education, the environment, hunger, and veterans. While the COVID-19 pandemic limited our in-person volunteer opportunities, we didn’t stop giving back. During this crisis, we procured and donated thousands of face masks to local hospitals, led successful contact–free food drives with the support of our customers, undertook Company–wide blood drives, and made cash donations to food banks and the American Red Cross.

In the face of adversity, our dedication to operating in accordance with our Core Values of Sustainability, Safety, and Integrity is stronger than ever. In the midst of a global pandemic, the likes of which the world has not seen in at least a century, our resilient business, operations, and employees have delivered like never before.
Sustainability Goals

Our sustainability goals are focused on People, Planet, and Profit, and aligned with Schnitzer’s long-term business success.

They are also aligned with the issues that matter to our stakeholders, as detailed in our Sustainability Materiality Assessment.

In fiscal 2019, Schnitzer established its first holistic set of enterprise-wide sustainability goals—focused on People, Planet and Profit. Even considering the diversity of challenges we faced in fiscal 2020 due to the pandemic, we made significant progress toward meeting these ambitious goals. For example, Schnitzer exceeded its 90 percent carbon-free electricity goal in fiscal 2020, well before our target date of fiscal 2025. Accordingly, we aimed even higher, and are now targeting 100 percent net carbon-free electricity use by the end of fiscal 2022.

<table>
<thead>
<tr>
<th>People</th>
<th>Goal</th>
<th>Fiscal 2020 Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>Achieve a 1.00 total case incident rate by end of fiscal 2025</td>
<td>1.91 total case incident rate, a 32% improvement in fiscal 2020</td>
</tr>
<tr>
<td>Volunteerism</td>
<td>Donate at least 10,000 hours of paid volunteerism time off (VTO) by end of fiscal 2025</td>
<td>116 VTO hours donated, as progress was impacted by COVID-19 restrictions</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Planet</th>
<th>Goal</th>
<th>Fiscal 2020 Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions (aka direct emissions or Scope 1)</td>
<td>Reduce absolute GHG emissions from recycling operations by 25% by end of fiscal 2025</td>
<td>15% reduction of GHG emissions from recycling operations in fiscal 2020</td>
</tr>
</tbody>
</table>
| Carbon-free Electricity Use (aka indirect emissions or Scope 2) | Achieve and maintain at least 90% carbon-free electricity use by end of fiscal 2025
Updated goal: Achieve 100% net carbon-free electricity use by end of fiscal 2022 | We exceeded our initial goal early with 93% carbon-free electricity use in fiscal 2020 |

<table>
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<tr>
<th>Profit</th>
<th>Goal</th>
</tr>
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<tbody>
<tr>
<td>Growth</td>
<td>Achieve a profitability improvement target of $15/ton using sustainability-based initiatives*</td>
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*Targets based on a fiscal 2019 baseline: $8/ton from new advanced metal recovery technology by end of fiscal 2021, $7/ton from ferrous volume growth to 5 million tons by end of fiscal 2023.
Sustainability Principles

Improving our sustainability performance requires important contributions from every Schnitzer employee. We make our Core Value of Sustainability tangible and actionable for our workforce through our Sustainability Principles. These principles connect with the holistic, triple-bottom-line concept of sustainability, which includes People, Planet, and Profit. Each Principle has an action statement that helps employees put sustainability into action through their daily work.

<table>
<thead>
<tr>
<th>Eliminate Waste</th>
<th>Continuous Improvement</th>
<th>Technology &amp; Innovation</th>
<th>Working with Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>We create sustainable value through safety improvement and operational efficiency.</td>
<td>We continuously explore and pursue practices that promote sustainable operations.</td>
<td>We embrace the sustainable benefits of technology and innovation.</td>
<td>We are committed to positively impacting our communities and supporting a diverse and inclusive workplace.</td>
</tr>
</tbody>
</table>

Waste can include wasted time and productivity, as well as wasted materials sent to landfills. We put the Eliminate Waste principle into action when we:

- Improve safety performance
- Increase operational efficiency
- Invest in technologies and service offerings that allow us to send less material to landfills
- Participate in office and facility recycling efforts and community environmental clean-up projects

The journey to becoming a more sustainable company has no endpoint. We put the Continuous Improvement principle into action when we:

- Identify new opportunities to reduce air and GHG emissions
- Identify opportunities for water reuse or recovery, including storm, waste, and process water recycling
- Identify opportunities to improve scrap quality to increase market access and market share
- Develop new processes and controls to improve the safety of our workplace environment

Sustainable technology and innovation protect our environment and the communities where we work and live. We put the Technology & Innovation principle into action when we:

- Implement new technologies such as advanced metals recovery technology systems
- Construct environmental control systems to benefit local community air and water quality
- Deploy technologies and equipment to significantly reduce GHG emissions
- Explore the implications of a changing metals stream, such as an increase in electric vehicles

Creating a purposeful workplace environment benefits not only our employees, but also customers, investors, and communities. We put the Working with Purpose principle into action when we:

- Support a workforce culture where everyone is treated with respect and fairness, and given equal opportunity to reach their full career potential
- Work to address the unconscious biases that affect the way we relate to one another
- Safeguard our employees’ health and well-being including during challenging circumstances like the COVID-19 pandemic
- Positively impact communities through volunteerism and charitable giving
Sustainability Governance

Sustainability is integrated into Schnitzer’s corporate governance and organizational structure, and we measure progress across a range of metrics.

Our Chief Sustainability Officer (CSO) reports directly to the CEO and provides regular updates to our Board of Directors, who oversee our sustainability strategy and execution. The CSO analyzes, builds consensus for, and manages sustainability–related initiatives, projects, and goals that are supported by executive–level leadership and are visible throughout the organization.

Schnitzer also has a Sustainability Leadership Group who collaborate on the development and deployment of sustainable and socially responsible business practices. This cross–functional team engages leaders across business lines, geographic regions, and job functions. The group seeks to mobilize our workforce to apply environmental and social considerations to operational decisions and planned product and service changes, support our culture of ethical behavior, and lead other stakeholder engagement events such as community food bank drives, natural disaster relief response, and environmental stewardship activities.
Reporting Practices & Materiality

This is Schnitzer’s seventh Sustainability Report, covering fiscal 2020, which ended August 31, 2020. It includes complete coverage of relevant updates and metrics across all our operations.

At the beginning of our fiscal 2021, Schnitzer completed the transition to a new operating model, and now reports a single set of financial results. We have reported our sustainability results to align with this new operating model.

Since 2014, we have engaged Trucost (part of S&P Global) to provide assurance of selected environmental Key Performance Indicators (KPIs), including greenhouse gas emissions, energy consumption, water withdrawal, and waste generated. Trucost undertook this assurance in accordance with AA1000AS (2008) Type 2 moderate-level assurance.

Circumstances may arise in which reconciliation of data from previous sustainability reports is appropriate. For example, this may be due to, among other things, reconciliation of source data, updates in conversion factors, internal methodology changes, or changes in overall reporting scope.

Reconciliations promote the transparency of our reporting and enable a more accurate assessment of Schnitzer’s progress on its KPIs. Even though the reconciliations do not significantly impact our historic sustainability performance, by retrospectively updating previous figures, we expect to improve the year-over-year comparability of our data. Throughout our report, any reconciliations of previous-year data will be noted.
Materiality

In 2018, we conducted a Sustainability Materiality Assessment (SMA) to identify, analyze, and act on environmental, social, and economic dimensions that may have significant impacts on Schnitzer and our stakeholders. Our key stakeholder groups include current and future employees, shareholders, regulators, local communities, customers, suppliers, and relevant non-profit associations. Combining surveys, meetings, a review of publicly available information regarding our industry sector, and internal stakeholder interviews, we assessed the importance of various sustainability-related issues to Schnitzer and its stakeholders. We plan to refresh our 2018 SMA in fiscal 2021.

Results of the 2018 SMA were averaged and plotted to identify the relative importance of each issue. The insights gained from our SMA help guide our sustainability strategy and communications, including this Sustainability Report, and our sustainability goals. As part of the fiscal 2021 refresh, we intend to realign our SMA with our new One Schnitzer operating model and progress made over the past three years.

Our top issues are:

- Diversity, inclusion, and equal opportunity
- Occupational health and safety
- Economic performance
- Anticorruption
- Supporting and engaging local communities
- Environmental compliance
- Career development and job security
- Compliance with competition laws
- Energy consumption and reduction

Other non-financial disclosures

As a participant in the Carbon Disclosure Project (CDP) over the past four years, Schnitzer is committed to voluntary disclosures of relevant climate change and water security–related information on our governance, risks and opportunities, business strategy, targets and performance, GHG emissions, energy use, water consumption, and stakeholder engagement. In 2019, we received CDP scores of B (Climate), A– (Water Security), and A– (Supplier Engagement). In 2020, Schnitzer elevated its scores to an A– for Climate, and became a distinguished member of CDP’s A List for Water Security. As a further benefit, responses to the CDP questionnaires align with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

We are also participants in the Corporate Sustainability Assessment (CSA) for the Dow Jones Sustainability Index (DJSI), administered by S&P Global. In the 2020 CSA we ranked ninth overall among global participants within our sector/industry classification. Additionally, Schnitzer received an MSCI ESG Rating of AA and earned an ISS Corporate rating of “ESG Prime,” with a “Very Transparent” recognition.

Additionally, Schnitzer reports on relevant metrics developed by the Sustainability Accounting Standards Board (SASB) for our Primary SICS Sector (Extractives & Minerals Processing) and Primary SICS Industry (Iron & Steel Producers).
Industry Engagement

We are an active member of a number of organizations and associations for the recycling and steel manufacturing industries. Schnitzer holds leadership roles in several of these organizations.

Our involvement allows us to learn and share best practices with our peers, as well as to develop and shape common sense policies that protect the environment while promoting sustainable business models. Our Director of Governmental & Public Affairs currently serves as national secretary and treasurer of the Institute of Scrap Recycling Industries (ISRI), and other employees hold leadership positions at national, regional, and local chapter levels.

We are proud to serve in leadership roles, or maintain general membership and representation, with:

- Alberta Automotive Recyclers & Dismantlers Association
- American Association of State Highway & Transportation Officials (AASHTO)
- American Wire Producers Association (AWPA)
- Automotive Recyclers Association (ARA)
- Automotive Retailers Association
- Bureau of International Recycling (BIR)
- Business Roundtable (BR)
- California Auto Dismantlers Association
- California Manufacturers & Technology Association (CMTA)
- California Metals Coalition
- Canadian Association of Recycling Industries (CARI–ACIR)
- Coast Waste Management Association (CWMA)
- Columbia Corridor Association (CCA)
- Concrete Reinforcing Steel Institute (CRSI)
- Environmental Business Council of New England (EBC)
- General Contractors Association of Hawaii
- Georgia Recyclers Association
- Georgia Recycling Coalition
- Institute of Scrap Recycling Industries (ISRI)
- International Longshoreman Association
- Maritime Fire and Safety Association
- Mystic River Watershed Association
- National Association of Manufacturers (NAM)
- National Freight Transportation Association (NFTA)
- National Tooling and Machine Association, San Francisco Bay Area Chapter
- Oregon Business & Industry Association (OBI)
- Oregon Refuse and Recycling Association
- Orting City Council
- Pacific Merchant Shipping Association
- Portland Business Alliance
- Propeller Club of the U.S.
- Reverse Logistics Association
- Rhode Island Trucking Association
- Scrap Recyclers Association of Alabama
- Steel Manufacturers Association (SMA)
- Washington Refuse and Recycling Association
- Washington Trucking Association (WTA)
National ISRI Officer

- Vice Chairman and Legislative Chair/Board Member for the New England Chapter

ISRI Councils (Chapters and Consumers)

- West Coast Chapter President
- New England Chapter Vice President
- Southeast Chapter Director-at-Large
- Pacific Northwest Chapter Legislative Vice Chair for Washington/Board Member
- Materials Theft, Trade, Shredder, Community Engagement, Automobile Recycling Committee
- Trade, RIOS Board Member

Chambers of Commerce

Involvement in the U.S. Chamber of Commerce and local chambers of commerce is another important way for our locations to stay attuned to the needs of our communities. In addition to involvement at a federal level, Schnitzer is actively involved at state and local levels as well. This participation was particularly valuable during the COVID-19 pandemic. In 2020, our Director of Governmental & Public Affairs, who serves as President of the Everett, Massachusetts Chamber of Commerce, was the lead spokesperson for small business loan programs and helped guide the city’s reopening plans.
Port Authorities

Schnitzer also engages with local port authorities and marine terminals on matters of local air quality and recycling efforts; energy usage and emissions; water and sediment quality; truck and rail transportation and logistics; and barge, container ship, and bulk cargo vessel transportation and logistics. Many port authorities and terminals that we work with, including the Port of Nanaimo, Port of Vancouver, Northwest Seaport Alliance, Kalealoo Harbor, Port of Tacoma, Port of Oakland, Port Metro Vancouver, and ProvPort, have sustainability programs, initiatives, and master plans, and some have obtained Green Marine or similar certifications.
RESILIENT BUSINESS

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OUR BUSINESS

The modern world was built with steel and other metals. Consider the buildings and infrastructure that make our way of life possible: bridges, highways, railroads, factories, skyscrapers, and more. All depend on strong, resilient steel, an iron alloy forged with carbon to increase its strength. Known for its toughness, durability, and corrosion resistance, steel is one of the world’s most valuable and versatile manufactured materials.

But while steel helped build the structures of yesterday, the risks of climate change today require that we rethink vital industries like energy, transportation, and building construction. Transition to the low-carbon economy of the future—one in which we rely less on fossil fuels and products made from virgin materials and more on renewable sources of energy, electric vehicles, and “smart cities” built with recycled materials—is widely acknowledged to be more metal-intensive than in the past.

Through our resourcefulness and resilience, Schnitzer is fulfilling its responsibility to rise to the challenges faced by our transitioning world. Schnitzer’s steel mill operates an electric arc furnace (EAF), which uses scrap steel as its primary raw material. Recycling scrap steel offers many environmental benefits compared with the use of virgin iron ore in steel manufacturing. Besides being more energy-, emissions-, and water-efficient, recycling scrap plays a fundamental role in keeping metal out of landfills—allowing yesterday’s scrap metal to become tomorrow’s infrastructure. Almost all the scrap steel used at our steel mill is obtained from one of our metal recycling facilities.

Helping BART Refresh Its Fleet

The Bay Area Rapid Transit (BART) system is decommissioning some of its oldest train cars, which have been in use since 1973. The retired cars went to Schnitzer’s Oakland metals facility, where each was dismantled into approximately 6 tons of aluminum, 1 ton of copper, and 15 tons of steel. These materials will support future infrastructure and transportation projects—while allowing BART to transition to a new, more sustainable fleet.
Also, as more EAFs begin operating around the world, demand for recycled metals will increase as well. Schnitzer’s business can help meet that demand, making the future even more sustainable.

We are further strengthening our business model—and our sustainable impact—by investing in technologies and processes to increase our recovery of non-ferrous metals that typically are contained in vehicles and heavy appliances. Non-ferrous metals include aluminum, copper, nickel, brass, titanium, stainless steel, and high-temperature alloys, as well as rare earth metals such as platinum, palladium, and rhodium. These metals are critical resources for a low-carbon future, supporting the manufacturing of electric vehicles, consumer electronics and appliances, and other more sustainable technologies. We are also expanding our recycling services and offering new recycling solutions to help customers meet their sustainability goals and maximize value from excess materials, including packaging and obsolete goods.
As one of North America’s largest recyclers of scrap metal, dismantlers of end-of-life vehicles, sellers of recycled auto parts, and manufacturers of finished steel products from recycled scrap, our role is to separate valuable materials into their component parts so that they can be reused or remade into new products.

Our strategically located facilities on the east and west coasts of North America, Hawaii, and Puerto Rico enable efficient sourcing and delivery of recycled metals to mills and foundries around the world for use in new metal product manufacturing.

While we play a vital part in the global economy, we are also proud of being a good neighbor in the communities in which we operate. With operations in 23 states and over 100 communities across the U.S. (including Puerto Rico) and Western Canada, Schnitzer also plays a prominent role as job creator, economic leader, and environmental steward.

In fiscal 2020, our direct and indirect contributions included:

- **16,400** U.S. jobs supported
- **$399M** in taxes generated
- **$1.0B** in wages earned
- **$3.4B** total economic impact*
- **12.7M** metric tons of CO2e emissions avoided**

*Based on ISRI economic impact data and our fiscal 2020 production volumes.

**The equivalent energy conserved to power 1.3 million homes per year.
Auto Dismantling & Auto Parts Recovery

Vehicles that are no longer roadworthy can still possess significant value. Individual components can be remanufactured, transferred to other vehicles, or made into new products—in other words, an end-of-life vehicle is much more than the sum of its parts.

Schnitzer’s Pick-n-Pull brand, an industry-leading chain of self-service used auto parts stores, provides affordable auto parts to more than 4.5 million customers annually. End-of-life vehicles are salvaged from a variety of sources, including municipalities and dealers, as well as streets and yards where they have been abandoned and would otherwise threaten the environment and public safety. Expert handling of fluids and other by-products via reclamation and recovery ensures responsible management of these materials. And, we process the ferrous and non-ferrous metals that remain once customers have removed wanted parts or purchased other items such as tires and batteries, creating new value and avoiding disposal in landfills.

How Pick-n-Pull Gets the Most Out of End-of-Life Vehicles

Pick-n-Pull finds a safe, environmentally friendly purpose for nearly every component found in the vehicles we receive. Here are some of the vehicle parts we handle:

- **Transmissions, wires, alternators, pumps, and other mechanical components**
  - Resold, refurbished, or else recycled.

- **Refrigerant gas, hydraulic fluids, and washer fluids**
  - Extracted into proper storage containers to prevent release into the environment, then responsibly recovered or disposed.

- **Tires, headlights, bumpers, mirrors, windows, seats, and other useful parts**
  - Picked, pulled, and purchased by our self-serve customers.

- **Other recyclables and leftover items**
  - Plastic bottles, aluminum cans, paper/cardboard, consumer electronics, and other household products and chemicals are collected and sorted for either resale, recycling, or responsible disposal.

- **Catalytic converters**
  - Recovery of platinum group metals (PGMs).

- **Batteries**
  - All types (lead-acid, lithium ion, and nickel metal hydride) are removed and tested, then resold, refurbished, or recycled for metal and plastic component recovery, depending on their condition.

- **Gasoline and diesel fuels, motor oil, and coolants**
  - Drained into holding tanks with secondary containment to prevent release into the environment, then recycled for energy recovery, refining, and reuse.

- **Vehicle bodies**
  - Crushed in one of our on-site crushers, then sent to a metals recycling facility.

- **Mercury switches**
  - Removed as an important safety precaution before vehicles are sent to recycling facilities.
Preventing release of potentially hazardous materials is an important part of the auto dismantling process. For example, some refrigerants recovered from older vehicles we receive may possess ozone-depleting properties or have high GHG potential. We typically reclaim more than 100,000 pounds of refrigerants from vehicles every year. Ensuring safe recovery and processing of these materials prevents harmful substances from entering the atmosphere and allows our recovery partners to generate valuable carbon credits. We also remove mercury switches used in the engine compartment and trunk. Beyond preventing the release of toxic chemicals, the removal of mercury switches is an example of how Schnitzer’s operations complement one another. Since 2006, through U.S. and Canadian national recycling programs and partnerships, we have responsibly and safely removed almost 1 million individual mercury-containing devices from the scrap metal stream, equating to almost 1 metric ton of mercury. Removing switches early on helps ensure product quality, occupational safety, public health, and environmental protection.

In addition to dismantling vehicles for sale at Pick-n-Pull stores, Schnitzer offers secure vehicle component destruction and recycling for customers who want to ensure protection of proprietary parts and technology. We tailor our approach to the needs of each customer, providing enhanced documentation of the destruction and recycling process to safeguard against product and environmental liabilities.

Dismantling By-products in Fiscal 2020

- 9.9M+ pounds of batteries
- 200K+ gallons of coolant
- 1.6M+ gallons of gasoline
- 8.1M+ pounds of tires recovered

Creating Satisfied Customers

Pick-n-Pull uses the Net Promoter Score metric, which we refer to as the Pick-n-Pull Customer Service Score, to measure customer satisfaction. For the past several years, nearly three-quarters of customers have said they would recommend our stores to their friends and family. We also have a Customer Service Pro Program through which we reward employees for outstanding customer service. Since the program’s inception, hundreds of Pick-n-Pull employees have been recognized, often multiple times by different customers.
Metals Recycling

Imagine a scrapyard, and you might picture clutter and disarray. But the reality is just the opposite. Our metals yards bring order to chaos, neatly sorting, sizing, and baling materials so that they can be put to new use.

We process ferrous metals—or those containing iron—by shearing, torching, baling, or sending them through shredders, which break down materials more efficiently than manual processing. The end product is denser and more suitable for use by steel mills.

We also process non-ferrous metals such as stainless steel, aluminum, copper, and brass; all products that can all be recycled into new products. In the past, we sold a significant portion of these materials as mixed grades, which we exported for further sorting. Today, to meet increased customer demand for more refined grades of metals, Schnitzer is upgrading and expanding enhanced separation capabilities in our non-ferrous metal recovery plants, also referred to as Joint Product Plants.

While Schnitzer’s recycling facilities have recycled and sold ferrous and non-ferrous metals for more than a century, we are seizing the opportunity to more precisely sort non-ferrous metals and other materials that form a growing component of the scrap stream. For example, household appliances and vehicles have been an important part of modern life for decades. With the increased use of complex electronic components in these products, our metals yards must recover a greater volume of highly complex scrap materials when they reach the end of their useful lives. This, in turn, requires the use of advanced sorting technologies that ensure consumer safety, protect the environment, and minimize the amount of material sent to landfills.

In addition to our investments in advanced sorting technology, we have invested significantly in equipment to reduce the emissions from our metals recycling operations. (Learn more on Page 34). We are also identifying additional customers for recycled products and working with a growing number of retailers and manufacturers in need of recycling services.
Investing in innovation

Recent investments include two cable processing systems installed on the U.S. west and east coasts. This equipment cuts insulated copper wire into small pieces, from which we then separate the copper from the plastic. This allows us to not only compete in international markets with stringent quality standards, like China, but also to sell significant amounts of copper directly into domestic markets.

In addition, we are taking action to upgrade our metal recovery technology at key facilities in the U.S. These systems will make use of advanced processes that will allow us to separate shredded metals into various streams of non-ferrous shredded metals. We anticipate these projects will be fully operational in Spring 2021.

All of these projects will allow us to increase product optionality, extract a greater volume of non-ferrous metal to sell, and reduce the material that we send to landfills. By the time our new non-ferrous processing systems and heavy media plants are complete, we expect that we will be able to recover 20 percent more non-ferrous material than before. Each year, approximately 2.1 million tons of end-of-life appliances end up in landfills in the U.S., so extracting more metal will not only provide us with enhanced revenue, but significantly reduce negative environmental impacts.

The upgraded equipment itself is also more efficient, requiring shorter run times, which means greater safety for operators, more time for routine maintenance, and reduced electricity use and associated emissions. And, because the higher-quality products we will be producing can be sold directly to smelters, we will eliminate a processing and transportation step, along with the associated emission impacts.

After we have extracted and diverted as much metal as possible from shredded material, what remains is shredder residue, a combination of plastic, foam, wood, rubber, glass, and more. Even here, there is potential to create sustainable value. Much of this material is beneficially reused as alternative daily cover by municipal solid waste landfills. (Learn more on Page 40).
Electric Vehicles and a Changing Metals Stream

As other industries evolve, the recyclables that eventually make their way to Schnitzer do too. As electric vehicles (EVs) gain popularity, we can expect to see a growing stream of these vehicles at our Pick-n-Pull facilities and metals yards in the years to come. EVs rely mainly on lithium-ion (Li-ion) and nickel–metal hydride (NiMH) batteries, which contain the critical materials nickel and cobalt. We are developing strategies for the efficient and safe collection, sortation, and sale of these materials.
Steel Manufacturing

Scrap steel has been used to make new steel for generations, making our industry one of the original recyclers. Today, 21st-century advancements in technology make this process safer, more streamlined, and more energy efficient than ever before.

A growing global population and a fast-industrializing world are putting strains on our planet’s natural resources. Trends regarding urbanization and infrastructure development show no signs of slowing, making it more important than ever that we make efficient use of resources that are in finite supply. One of those dwindling resources is iron ore, which is combined with other materials to make steel.

Electric arc furnace (EAF) and ladle refining furnace technologies, unlike conventional basic oxygen furnaces, use electric power to remanufacture steel from scrap metal rather than virgin ore. This saves energy and natural resources and reduces emissions.

As scrap steel can be recycled endlessly, EAF technology has a long-term beneficial impact on the environment. Over 90 percent of the raw material processed at Cascade Steel is recycled scrap metal, with the remainder consisting of alloys that allow us to tailor our products to unique customer specifications.

We are continually refining the technologies that support our EAF, including supersonic burners, off-gas recovery systems, and software systems that allow us to manage heat more effectively and efficiently.

We also find sustainable uses for the by-products of our steelmaking process, which may be sold for reprocessing and other industrial applications.

When our steel products, including straight and coiled reinforcing bar, are shaped, cooled, and ready for sale, they are transported efficiently to our valued customers. For example, our mill has direct access to rail service that provides a lower-emission mode of transport than road vehicles. Because our steel products are made from recycled materials that are often sourced within less than 50 miles of our Cascade Steel facility, they can be used in construction projects working toward green-building certifications such as LEED. From recycled inputs to efficient outputs, we enable resource conservation at every step.
RESILIENT OPERATIONS

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OUR OPERATIONS

The environmental benefits of Schnitzer’s business are considerable: the preservation of natural materials; conservation of energy and water associated with mining and manufacturing of new products; and the diversion of metal materials from landfills.

At the same time, steel manufacturing is an energy-intensive activity, and our metals recycling and auto dismantling operations involve processes that can affect air and water resources. That’s why it is so important for us to manage and mitigate these impacts by using the most advanced technologies, equipment, and process controls available.

Over the past several years, we have implemented several operational improvement projects to meet or exceed regulatory requirements throughout our Company. But we realize that the journey to becoming a more sustainable company has no end point. Our Sustainable Principle of “Continuous Improvement” drives us to constantly explore and pursue practices that promote sustainable operations.

We continue to plan, permit, and install state-of-the-art air emissions control technologies at our metal shredding facilities throughout the United States. These technologies will significantly reduce greenhouse gas (GHG) emissions and better protect the air quality in the communities in which we work and live.
Access to abundant, clean, and carbon–free energy for our major operating facilities reduces the emissions impact of our industrial processes. Our mill’s location in McMinnville, Oregon enables us to utilize electricity largely sourced from carbon–free hydroelectric power generated by the Columbia River Dam System. As a result, while 76 percent of the electricity we use is attributed to our steel manufacturing operations, the facility is responsible for only 16 percent of emissions from our electricity use. Likewise, a significant number of our autos and metals recycling operations are located in California, the Pacific Northwest, and British Columbia, which are also largely powered by carbon–free energy sources like solar, wind, geothermal, nuclear, and hydroelectric.

In fiscal 2020, our carbon–free electricity power mix was 93 percent, meaning that we exceeded our target of achieving and maintaining at least 90 percent carbon–free electricity use by the end of fiscal 2025. We remain enrolled in voluntary clean power procurement programs with several of our electricity utility service providers, which allows us to support the use of affordable power from renewable, carbon–free, or low–carbon sources within our communities. In addition, we are exploring the use of advanced battery energy storage systems and technologies for our metal shredding facilities.

In fiscal 2020, our carbon–free electricity power mix was **93%**, meaning that we exceeded our target of achieving and maintaining at least **90%** carbon–free electricity use by the end of fiscal 2025.
Air quality compliance

There is an evolving understanding within the metals recycling industry regarding the level of air emissions generated by shredding activities. Through extensive source testing conducted at our Oakland, California metals recycling facility, Schnitzer has taken a leadership position by properly quantifying our air emissions associated with shredding operations and taking appropriate steps to capture, treat, and ultimately reduce and avoid such emissions.

These steps include a multi-year initiative to install enclosures and emission control systems on our shredders. On our largest throughput shredders, we are also installing regenerative thermal oxidizers to treat volatile organic compound (VOC) emissions. VOC treatment protects air quality by both reducing the potential for ground-level ozone formation and significantly decreasing GHG emissions.

Enclosures have been used to reduce emissions from other industrial processes but are a relatively new technological application within the metals recycling industry. When added to a shredder and designed in a manner consistent with U.S. EPA protocols, they can capture more than 95 percent of the emissions produced during the shredding process. As these installations are completed over the next several years, they will help us to meet our goal of reducing, by 25 percent, our absolute direct GHG emissions from recycling operations.

Our Progress on Shredder Emissions Control Systems

<table>
<thead>
<tr>
<th>Location</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everett, MA</td>
<td>Commissioned and operational</td>
</tr>
<tr>
<td>Oakland, CA</td>
<td>Upgrading an existing enclosure and particulate control system to include VOC treatment and acid gas scrubbing systems</td>
</tr>
<tr>
<td>Tacoma, WA</td>
<td>Designing full emissions control, VOC treatment, and acid gas scrubbing systems</td>
</tr>
<tr>
<td>Portland, OR</td>
<td>Designing full emissions control, VOC treatment, and acid gas scrubbing systems</td>
</tr>
<tr>
<td>Kapolei, HI</td>
<td>Designing an enclosure and particulate emissions control system</td>
</tr>
</tbody>
</table>
Schnitzer continues to help prevent dirt, dust, and debris from impacting local air and water quality by washing and capturing the material from trucks that pass through our metals recycling yards. Custom wheel wash systems remove dirt and dust from truck wheels upon exit from several of our metals recycling facilities, thus reducing the volume of fine particles tracked onto surrounding roadways. We have also invested in paving projects on unimproved surfaces at various locations to further minimize “track-out” potential while also aiding in stormwater management.

A continuously improving equipment fleet

We reduce our energy use as well by regularly maintaining and upgrading our mobile and fixed equipment, seeking replacements that offer improved fuel efficiencies. In fiscal 2020, we invested more than $11 million to replace several pieces of front-line equipment, such as material handlers, loaders, hold trucks, and excavators, as part of a four-year plan to upgrade our fleet to more fuel-efficient models. Roughly 21 percent of the energy we consume is fuel used for these types of vehicles, including on- and off-road transportation vehicles and metal-working equipment.

As we replace and re-tool equipment, we ensure compliance with emissions regulations in each of our markets. For example, we purchase EPA-certified Tier IV internal combustion engines, which offer lower particulate and smog-related emissions. Other important equipment includes the car crushers used at our Pick-n-Pull stores. We are in the process of replacing diesel-powered crushers with electric models. Currently, 60 percent of our auto dismantling sites are operating electric car crushers.
Energy Efficiency & Emissions Reduction continued

Energy Consumption¹,⁴ (GJ)

Scope 1 Emissions²,⁴ (MTCO2e)

Scope 2 Emissions³,⁴ (MTCO2e)

¹ FY16–FY18 values represent restatements to adjust for reconciled Total Energy Consumption.
² FY16–FY18 values represent restatements to adjust for reconciled Total Scope 1 Emissions.
³ FY16–FY18 values represent restatements to adjust for reconciled Scope 2 (Location and Market–based) Emissions.
⁴ This graph shows normalized values against the sum of metric tons of finished steel sold, ferrous scrap shipped, and non–ferrous scrap shipped.
Reducing emissions across our value chain

Schnitzer works with major retailers who supply scrap, such as used household appliances, to our metal recycling facilities to minimize the emissions associated with their transportation. Before working with Schnitzer, one of our trade suppliers lacked a way to densify its shipments, meaning that it frequently delivered less-than-full truckloads of scrap material. Now, by using Schnitzer-provided portable balers and compactor trucks, the retailer is able to deliver fewer and fuller truckloads—burning less fuel in the process.

Improving Efficiency at Cascade Steel

Schnitzer is helping reduce the air emissions produced by melting scrap metal at our mill. Carbon is added to steel alloys to give it strength, using carbon injection systems. These systems, installed in fiscal 2020, allow us to add carbon in more precise amounts, reducing overall process emissions.
Responsible Water Use

Water is integral to Schnitzer’s business in several significant ways. We use it for cooling in our steelmaking and shredding operations, for dust suppression in our metals and auto yards, and for fire hazard prevention and response at all facilities. Scrap and vehicles are stored outdoors, which means we must also manage the effects of stormwater that passes through our yards on its way to local waterways.

In the context of climate change and water security risks globally, we are taking steps to assess our potential future water management risks and monitor current water management performance. Currently, the availability and quality of supply water to our operations is not considered a significant risk because all our sites are located within the U.S. (including Puerto Rico) and Western Canada. We annually invest capital to improve our overall water management and conservation capabilities.

As air quality emissions controls evolve, our water usage requirements may increase, making ongoing efficiency improvements even more important. Our water strategy focuses on maximizing direct use of recycled water, reducing reliance on freshwater, and decreasing the overall amount of water we use. Recent enhancements include a new cooling–water system for our electric arc furnace, which represents 58 percent of our total water withdrawal but has an 80 percent water re-use rate.

![Total Water Withdrawal](image)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Water Withdrawal¹</th>
<th>Water Withdrawal (Metric Tons)</th>
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<tbody>
<tr>
<td>FY16</td>
<td>1,151,894</td>
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<tr>
<td>FY17</td>
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<td>0.249</td>
</tr>
<tr>
<td>FY18</td>
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<tr>
<td>FY19</td>
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<tr>
<td>FY20</td>
<td>1,286,065</td>
<td>0.272</td>
</tr>
</tbody>
</table>

¹This graph shows normalized values against the sum of metric tons of finished steel sold, ferrous scrap shipped, and non-ferrous scrap shipped.

²FY16–FY18 values represent restatements to adjust for reconciled water withdrawal volumes.
Managing stormwater runoff

Managing stormwater is essential to preserving the quality of natural resources within the communities in which we operate. During fiscal 2020, we invested $8 million in environmental controls that help us better capture and clean stormwater.

Over the past year, we completed the design of new stormwater treatment systems for six Pick-n-Pull facilities in California. We are in the process of purchasing equipment for these systems, with construction set to begin at our Oakland, California facility in early fiscal 2021. Each treatment system is unique to the site; tailored to its geography, property size, and surface types present. The systems use a combination of technologies—from electrocoagulation, chemical treatment, media (rock, sand, and carbon) filtration, and expanded retention capacity.

A new installation at our Moss Landing, California Pick-n-Pull makes use of many of these approaches. The facility is located at the edge of Elkhorn Slough, a marine conservation area that is home to many sensitive species—making it especially important that discharge limits be met. Four retention ponds were installed on site, combined with separators for pretreatment, precisely engineered soil, and native plants that maximize filtration. The treatment system was installed in consultation with local Native American tribes, who advised on how to ensure minimal disruption to the surrounding area.

How We Use Water Responsibly

As a recognized member of CDP’s 2020 A List for Water Security, we are committed to using water responsibly. We take great care when using this precious resource for:

- Auto dismantling—Suppressing dust and irrigating landscaping
- Metals shredding—Cooling equipment, reducing air emissions, suppressing dust
- Steel manufacturing—Safely cooling metal as it is rolled into rebar—then reusing this water up to five times
Minimizing & Managing Waste

By its very nature, Schnitzer’s business model is about minimizing the volume of materials that ends up in landfills. Our recycling operations, recycled products, and recycling services all contribute to this goal, and much of our process waste finds new life in the form of reusable by-products.

Schnitzer facilities recover and recycle mercury switches, tires, fluids, lead–acid and EV batteries, catalytic converters, and other components from end–of–life vehicles and appliances. We use advanced separation technologies to further extract materials from shredded scrap. And we manufacture products using recycled steel. (Learn more at Page 30.)

Many of the outputs of our processes can be put to sustainable use. From the operations of our electric arc furnace (EAF), we produce three valuable co–products: steel dust, millscale, and slag. Steel dust is separated and analyzed, and may be resold to recover zinc, reducing virgin zinc mining and production. Similarly, millscale supports the reduction of iron ore mining and production, and slag reduces virgin cement and gravel production.

Given the number of end–of–life vehicles we recycle, our metals yards often handle non–metal materials that cannot be diverted to other recycling streams, such as seat cushions, insulation, glass, foam, and plastics. Once shredded, these mixed materials are referred to as automotive shredder residue (ASR). When possible, we send ASR for beneficial reuse as alternative daily cover (ADC) for landfills. ADC is applied at the end of each day to the active portion of landfills to protect wildlife, minimize dust, deter pests, control odors, and isolate wastes. As many landfills traditionally use topsoil as daily cover, using ASR effectively conserves topsoil and prevents the environmental impacts associated with topsoil mining. ASR is also more compactable than soil, which means that its use conserves landfill space. In fiscal 2020, 93 percent of ASR generated by our operations was beneficially used as ADC. As a result of all these diversion strategies—and the overall recycling focus of our business—the amount of material we send to landfills is negligible compared with the amount of material we divert from landfills.
RESILIENT WORKPLACE

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OUR PEOPLE

We’ve often said that what sets us apart from other companies is not what we do, but how we do it—how we conduct ourselves in our daily work and how we treat our people. But it’s during challenging times that the resilience of our values is truly put to the test.

During fiscal 2020, Schnitzer, along with the rest of the world, responded to the COVID–19 pandemic and its resulting implications for employee safety and well–being, remote work, and employee engagement. We also took steps to better support our Black employees amid a national reckoning with systemic racism.

We’ve weathered these changes thanks to a robust culture of transparency and ethical behavior that is part of our Company’s foundation. Further bolstering our approach is our transition this year to our new One Schnitzer operating model, enabling our business and our employees to be stronger together.

As we continue to make our way through an uncertain time, we’ll stay focused on our people, the continued source of our success.
Integrity, Ethics & Compliance

Integrity is more than a priority at Schnitzer—it is one of our Core Values. Working with integrity compels us to do the right thing even when no one is watching, or when it would be more convenient or advantageous to take another approach.

Our Core Value of Integrity underscores our commitment to operating from an ethics-based approach, which is why our program goes beyond ensuring compliance with the law to establishing and maintaining the framework for how we treat one another and our stakeholders. By integrating ethically sound behaviors, we establish an expectation of personal and organizational responsibility and build trust.

Maintaining a positive workplace and conducting business according to our Core Values requires a common set of ethical rules, which we present in our Code of Conduct. We recently refreshed and updated the Code to improve readability and accessibility, and to upgrade the content to further communicate the ways our shared values are reflected in our ethical standards and expectations for how we operate every day. We also have a Supplier Code of Conduct to communicate ethical guidelines and establish parameters governing our relationships with those in our supply chain. Our Codes drive our culture of compliance, ethical decision-making, and accountability.

As a business that engages in commercial transactions throughout the world, we have a responsibility to respect human rights everywhere we operate. Schnitzer’s Human Rights Policy reinforces our commitment to upholding the internationally recognized human rights as set forth in the United Nations’ Universal Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.

Ethics Program

Schnitzer has an independent Ethics and Compliance function, governed by a charter. Our Chief Ethics and Compliance Officer, who reports to the CEO and also to the Board of Directors through its Audit Committee, leads this function. Schnitzer’s Ethics and Compliance Program promotes the Code of Conduct, communicates and educates employees on the importance of making ethical decisions, and helps foster an environment where employees feel comfortable reporting concerns.

Across our workforce, 23 percent of employees belong to unions. All Schnitzer employees, both union and non-union, participate in annual training on our Company’s Core Values, which includes instruction on our Code of Conduct and ethical behavior. The training includes deep dives on important topics such as reporting misconduct, our prohibition against retaliation, unconscious bias, and diversity and inclusion. Because of the COVID-19 pandemic, we revised our fiscal 2020 training plan to align with the evolving situation, opting for streamlined courses complete with employee–provided videos.
Schnitzer’s employee community is rich in diversity and full of talented people with varied backgrounds and experiences, many of whom speak multiple languages. An ongoing emphasis of our Ethics and Compliance Program is ensuring that communications are inclusive and accessible to all. To this end, we make training content available in both English and Spanish, offer it in both written and audio formats, and produce communications such as posters and flyers to convey bilingual messages clearly.

We empower employees to raise issues and concerns regarding compliance with our Code of Conduct and the law by offering multiple reporting channels, including a third-party, confidential, multi-lingual hotline, where employees may choose to remain anonymous. No matter how employees choose to report concerns, we ensure all reports are promptly investigated.

Anticorruption Program

An essential part of operating ethically is ensuring that we follow anticorruption and antibribery laws and regulations. We scrutinize all our operations for corruption risks and constantly evolve our program to address those risks. In addition to our Code of Conduct, we have a comprehensive Anticorruption Policy available to all employees that details prohibitions against bribery, money laundering, and engaging with terrorists or other sanctioned entities. The policy prohibits facilitation payments and also requires that Schnitzer maintain accurate books and records.

Our Anticorruption Handbook, Anticorruption Internal Controls, and other reference guides help employees understand these prohibitions and requirements and, for those whose job functions are critical to our Anticorruption Program, specifies roles and responsibilities in order to create accountability. Our International Anticorruption Council, chaired by the Chief Ethics and Compliance Officer and comprising senior leaders in operations, finance, legal, sales, procurement, IT, and internal audit, monitors the execution of Schnitzer’s Anticorruption Program and promotes it within the organization.

Essential elements of the Schnitzer Anticorruption Program, summarized in our Anticorruption Handbook, are:

- International Anticorruption Council
- Key Employees
- Anticorruption Training
- Books and Records
- Corruption Risk Assessment
- Anticorruption Internal Controls
- International Due Diligence
- International Contract Administration
- Designated Party Screening
- Identifying Red Flags
Global Recognition

2020 was the sixth consecutive year in which Schnitzer was named one of the World’s Most Ethical Companies® by the Ethisphere Institute.* This prestigious award is given to companies that foster a culture of ethics and transparency at every level of the Company. Specifically, winners must demonstrate leadership in five key categories: ethics and compliance; environmental and societal impacts; culture of ethics; governance; and leadership, and reputation.

Through the annual process of applying for this award and analyzing our scores across all categories, we gain significant insight into current best practices and can plan and implement improvements to our Company-wide communications and training programs accordingly across all departments and functions.

*“World’s Most Ethical Companies” and “Ethisphere” names and marks are registered trademarks of Ethisphere LLC.

Ethics in Action Award

Behaving ethically requires courage and a commitment to doing what’s right. Schnitzer’s Ethics in Action award program recognizes employees who demonstrate ethical behavior in general or specific instances of ethical deeds. Recent honorees were celebrated for attributes like consistent ethical leadership, willingness to speak up and alert others to a potential hazard, and going above and beyond normal duties to help out another facility that was facing a staffing shortage. Employees can nominate their colleagues year-round using an online portal.
Safety

Safety is one of our Core Values, and our focus is ensuring everybody goes home safe and healthy every day. We believe all injuries are preventable. Schnitzer’s approach to safety is proactive, incorporating active leadership, as well as risk and hazard identification, management, and where possible, elimination. Creating a positive health and safety culture takes time and visible leadership that demonstrates care and concern for people’s health and safety.

At the end of fiscal 2020, Schnitzer completed the transition to a functionally based, integrated operating model that helps simplify and streamline processes across the Company. (Learn more at page 7). This new structure provides for greater integration of the environmental, health, and safety (EHS) functions and operations, supporting improved sharing and adoption of best practices.

Strengthening our culture of safety means reinforcing safe behaviors and encouraging a sense of mutual accountability to make sure people look out for one another. Across our Company, ensuring a work environment that protects employees, contractors and visitors, and surrounding communities is our joint responsibility.

To support our One Schnitzer structure, we have rolled out a new EHS Information Management System. The system will provide a streamlined and uniform platform to record and track all incidents, corrective actions, root causes, audit findings, and more related to EHS compliance. The platform enables greater use of mobile technology to capture and share EHS information.

Schnitzer’s health and safety policies and programs are based on leading industry practices and executed through the expertise of our health and safety team. Through industry organizations such as the ISRI and the Steel Manufacturers Association, we actively participate in dialogues regarding reporting standards, benchmarking, and sharing learnings from incidents.

Schnitzer’s Safety Strategy

- Prevent serious injuries and fatalities
- Achieve zero injuries
- Cultivate personal safety leadership
Safety Performance

We track health and safety performance using industry standard metrics and work continuously to improve all aspects of our performance. We are proud to have recorded the lowest Total Case Incident Rate (TCIR) in our Company’s history during fiscal 2020, which reflected a significant decrease from fiscal 2019, our previous best. We attribute this to the work we’ve done over the past several years to engage leaders and front-line employees in addressing the root causes of safety incidents. But there is more that we can and need to do. An analysis of Lost Time Injuries indicated over 54 percent were associated with handling, lifting, or other activities that resulted in muscle strains or overexertion. By educating our employees on proper work techniques such as safe lifting, avoiding twisting motions, completing warm-ups and stretching exercises to prepare for the workday, as well as redesigning jobs to reduce physiological impacts, we will continue to reduce injuries and incidents.

Our three-part safety strategy emphasizes prevention of serious injuries and fatalities, works toward achievement of zero injuries, and empowers employees to cultivate personal safety leadership. With zero injuries as our ultimate aspiration, we are working toward a near-term goal of a 1.00 TCIR by the end of fiscal 2025 (one recordable injury per 200,000 working hours).

Driving Safe in the Northeast

Congratulations to the drivers, service technicians, and leaders from Schnitzer facilities in Johnston, Rhode Island; Concord, New Hampshire; and Auburn, Maine, who earned ISRI’s Best Fleet Award—Small and Intermediate Class. The award was granted to ISRI members with the lowest vehicle accident rate and Department of Transportation severity rate for 2018 and 2019.
Serious Injury and Fatality (SIF) Prevention

We are committed to identifying, understanding, and controlling risks associated with hazards in the workplace. Everyone should return home safe and healthy every day. A Company–wide set of policies, operating procedures, and systems details accountabilities, controls, and minimum requirements for managing work–related health and safety risks, including elimination or mitigation of risks with the greatest potential to cause a serious injury or fatality. A very important focus for us is to prevent serious injuries and fatalities in the workplace. We started by conducting an in–depth analysis of all incidents occurring over a multi–year period and identified 14 Critical Risks throughout Schnitzer that pose the greatest risk to employee safety. The program defines a set of critical controls that are expected to be in place every time we undertake a task involving each risk. Site leaders perform frequent field–based observations to verify that the critical controls are in place and effective at the time the work occurs. Any deficiencies found during the verification must be addressed before resuming work. The COVID–19 pandemic delayed the full rollout of the program, which will be completed in fiscal 2021.

For example, as vehicle handling is a risk in all our businesses, we have implemented measures such as a safe driving camera system for over–the–road truck drivers and are exploring the use of GPS technology to track all vehicles at a facility, using data to optimize traffic flow and minimize interaction between pedestrians and trucks. A risk unique to Cascade Steel is molten metal, so we have created a “molten metal pathway” to keep employees, visitors, and vendors safe. When a melt is occurring, people must clear the area for their safety. Signage, floor markings, lights, and alarms send a clear signal to anyone present to move to a safe area.

14 Critical Risks

Fall from Heights
Entanglement
Mobile Equipment Operation
Vehicle Handling (Movement, Setting & Racking)
Lock–out/Tag–out
Rail Operations
Bypassing Safety Controls
Hot Metal Operations
Materials Handling and Receiving
Torching
Confined Space
Over–the–Road Transportation
Cranes & Lifting
Projectiles
For each task with high SIF potential, we establish controls to reduce or eliminate risk. These controls range from administrative to engineering aspects, such as how we set up areas for our torching and cutting activities, to machine guards to separate our employees from rotating equipment. Our front-line employees are empowered to stop work and speak to a supervisor at any time if a control is missing or ineffective. For leaders, reducing SIF potential means engaging teams to identify critical risks and verify that controls are in place. During fiscal 2021, we are rolling out additional training to further educate employees on the critical risks they may face on the job and reiterate the necessary controls to help keep them safe.

Beyond reducing individual injuries and fatalities, an important goal of this work is to create a shared learning environment that improves safety throughout the Company. We thoroughly investigate all incidents and incorporate any lessons we learn, knowing that accidents and near-misses rarely occur in isolation. Therefore, when we make a process improvement at one facility, we often make the same change at other facilities to stop potential incidents in their tracks.

**Working Toward Achieving Zero Injuries**

Our journey to zero focuses on the elimination, mitigation, and control of the most critical risks across Schnitzer. We start this journey by instilling in our employees the understanding that production is never more important than safety. This expectation is set during the initial on-boarding of every new Schnitzer employee and continually reinforced through daily safety huddles, layered safety observations (LSO), and monthly EHS town halls. These tools allow us the opportunity to positively influence the behavior of employees through engagement and coaching on acceptable behaviors. Reporting systems and monitoring processes allow us to ensure our controls are effective and that we are on track to meet our goals. Our stance is proactive, focusing on leading, rather than lagging, indicators as a measurement of our safety performance.
We utilize Field-Level Risk Assessments (FLRAs) to assist our employees in identifying hazards and managing risk. To complete an FLRA, employees break down the steps of the task to identify potential risks or hazards and then document the controls needed to complete the work safely.

To continuously evolve and improve our safety culture, we require that all incidents be investigated to determine the root cause and contributing factor(s). We then implement corrective actions and shared learnings to prevent similar incidents from occurring at other facilities.

Working toward zero incidents and injuries also requires adopting a holistic view of occupational health. This includes informal actions, such as speaking to employees and assessing if they are mentally and physically ready for work. If an employee appears to be in distress or unfit for work, we offer a 24-hour medical line for employees to speak with a registered medical professional.

Where employees face particular risks due to exposure to heat and potentially hazardous materials, a formal wellness program helps keep health and safety top of mind. Respirators and showers are provided to protect workers from potential lead exposures during the steelmaking process. In addition, we provide resources to encourage proper stretching to create an ergonomic work environment that reduces the potential for sprains, strains, or overexertion. As part of a pilot program, we have engaged a physical therapist to develop role- and task-specific exercises to help prevent ergonomic injuries.

Each morning our employees conduct stretch and flex exercises. Elimination of workplace injuries is a multi–faceted program that includes identifying hazards, implementing engineering and administrative controls, and stretching to reduce physical demands of manual handling and the occurrence of musculoskeletal disorders.
Personal Safety Leadership

The last and most important pillar of our safety strategy is Personal Safety Leadership. We cannot sustain our safety improvements without engaging all employees at every level and making this a true team effort. This pillar empowers employees to take accountability for their own safety and the safety of their coworkers.

To build empowered teams, leaders from all levels of Schnitzer spend time in the field engaging with employees about safety. Our leaders are responsible for verifying that our critical controls and our health, safety, and environmental procedures are working as intended. Through these engagements, we encourage positive behaviors and practices and identify at-risk behaviors and opportunities to improve our processes and practices.

During fiscal 2020 we have focused on:

• Embedding the practice of conducting quality LSOs
• Improving overall housekeeping standards
• Identifying learnings from critical incidents and implementing best practices

We are committed to learning from and sharing best practices with others. We actively participate in programs to improve our performance as members of the ISRI Health and Safety roundtable.

One way that managers engage their teams is through LSOs. During an LSO, managers at multiple levels observe a worker performing a task. After the task is complete, the employee and managers have a conversation during which they discuss potential hazards involved in the task and controls that have been put in place. Managers may offer constructive feedback, and employees have the opportunity to share their own concerns or suggestions for further improvement. We expect every facility manager across Schnitzer to conduct at least one LSO per week.

In fiscal 2020, we analyzed LSO data that had been collected at our steel mill. After reviewing the findings of hundreds of LSOs, we identified ways in which we can improve the LSO process, make the data more actionable, and ultimately reduce hazards and injuries in our workplace. LSOs and enhanced training for front-line supervisors are critical tools we utilize in our pursuit of an injury-free workplace. In fact, through the use of these tools, 72 of our facilities were injury-free in fiscal 2020.

An Attractive Safety Solution

Cascade Steel and Scrap recently installed magnetic cranes in a warehouse that is used to store finished steel products. In the past, employees attached chains from overhead cranes to bundles of steel, creating the potential for pinch point and ergonomic injuries. The magnetic system removes workers from the crane’s area of operation, using a lock-out/tag-out system as a further safeguard.
Health & Wellness

At Schnitzer, health and wellness have always been an integral part of our Core Value of Safety, but this year COVID-19 brought our efforts in this area to the forefront.

Protecting our workforce by managing health and safety risks inherent in our business included implementing a wide range of controls and other protective measures at our sites to detect and prevent the transmission of COVID-19.

The COVID-19 pandemic presented a host of challenges requiring businesses everywhere to adapt and adjust. Because our operations at Pick-n-Pull, our metals recycling facilities, and Cascade Steel were deemed essential businesses by the U.S. Department of Homeland Security, Cybersecurity & Infrastructure Security Agency, our response to this very fluid crisis had to be fast-moving and flexible. As news of the pandemic spread, we activated our Crisis Management Team comprised of senior leaders in operations and shared services. We also ensured that we had a comprehensive technology platform to enable employees to do their jobs remotely where feasible. By mid-March, we had established control measures across all businesses to protect our employees, contractors, and customers in line with guidance or directives from federal, state, provincial, and local governments and advice from the World Health Organization. Employees at our corporate offices, and many of those in offices at our operating facilities, began working remotely.

One of the main controls established was to monitor employee health. We utilize an independent 24-hour telemedicine service that allows any employee who exhibits COVID-like symptoms or who tests positive for COVID-19 to be connected with a licensed medical professional who helps assess the situation, provides direction for self-isolation and access to testing facilities, and provides a connection to healthcare providers. The HR Business Partner supporting the employee’s location follows up regularly throughout the employee’s illness, isolation, and recovery period.

During the COVID-19 health crisis, in those instances where an employee was a confirmed positive, the employee was compensated at their regular rate of pay while also retaining health and welfare benefits during their recovery, and until returning to their work schedule.

At our facilities, we instituted a range of safety practices and COVID prevention controls, such as temperature screening, symptom checks, wearing face coverings, hygiene and sanitation procedures, social and physical distancing, touch-less equipment, and other paperless reduction processes. To monitor the effectiveness of these controls, our Health and Safety team created a protocol for auditing facilities on their performance against our COVID-19 controls. The results of these audits are reported to senior leadership and used to make any necessary performance improvements.

Because many of our industry peers are also essential businesses, Schnitzer has been benchmarking our response against our fellow members of the Institute of Scrap Recycling Industries (ISRI) and sharing best practices. Regular and transparent employee communication also has been critical to our safe response. Weekly messages of support help to keep safe behaviors top of mind.
RESILIENT WORKPLACE

Strong Connections Amid Social Distance

In the early days of COVID-19–related stay-at-home orders, Dave Pagliuca and his wife decided to pass the time with some spring cleaning. Dave, a transportation supervisor who manages the railcar fleet in Schnitzer’s northeast region, overseeing the movement of scrap metal between customer sites, shredding facilities, and mills. Spring in New England is pollen season. And, as the Pagliucas aired out their home, they also brought on a bout of seasonal allergies—or so they thought.

The couple didn’t think much about their symptoms, including low-grade fevers and fatigue. But days later, their symptoms had worsened, and Dave’s wife reported a fever of 103 degrees. They contacted their doctor, who conducted a COVID-19 test and ordered the family to quarantine. Ultimately, both Dave and his wife tested positive.

When Dave got the news, one of his first calls was to Marco Liberal, Regional Logistics Manager and Dave’s supervisor. Marco offered to help with anything the Pagliucas needed, checking in daily on the family’s health. Dave also heard from Schnitzer colleagues in HR, as well as the Regional Director and VP of Operations, both of whom shared concern and offered support.

Dave, who experienced milder COVID-19 symptoms than his wife, continued to work remotely while serving as caretaker for the duration of their self-quarantine, which lasted nearly three weeks.

Now virus–free, Dave splits his time between remote work and periodic visits to Schnitzer facilities, where protocols like temperature checks, staggered arrival times, and mandatory mask–wearing are in place. He’s proud of the precautions Schnitzer is taking to keep employees safe, and of how cared for he felt during his own illness.

“Schnitzer provided an added support network outside of my family during a difficult time. Knowing they were there and willing to help was really important.”
Employee Engagement & Inclusion

Employee engagement took on a new meaning in fiscal 2020. While COVID-19 decreased opportunities for in-person connections, we found ways to connect virtually, which enabled us to address issues such as systemic racism and employee concerns during the pandemic.

We have a strong employee culture—and believe that continued engagement can make it even stronger. Our Engaging Employees Everyday (3Es) initiative enables us to continually increase cultural awareness, inspire employee engagement, and foster an environment where open and safe conversations can exist. An important element of this initiative, which began in 2018, has been our town hall meetings at each of our facilities, and virtual “town calls,” during which our Chairman and CEO and other Schnitzer leaders request candid feedback from employees about their experiences at the Company and ways we can improve our operations and work environment.

These virtual meetings became increasingly important during the COVID-19 crisis, when opportunities for in-person engagement were rare. During one such call, our leaders engaged in an open conversation about systemic racism and social injustice, and how Schnitzer is responding to inequity. The feedback we received from this meeting was overwhelmingly positive, and we have continued the conversation on this and other important issues. In fiscal 2020, we held three town hall video calls, and going forward, intend to hold them quarterly.

We know that creating lasting change requires more than just talk—it takes action. Building on the training on unconscious bias that was part of the Our Core Values training in the Fall of 2019, we launched a standalone module for leaders first, and then for all employees. On Juneteenth—the day that the last enslaved people in Texas learned that they had been emancipated—we challenged the entire Company to discuss the ways they could help end racial injustice. We shared talking points with leaders to help facilitate these ongoing conversations.

Responding to employee suggestions for more recognition programs, we added several new programs to our already existing Safety, Teamwork, Attitude, Resourcefulness (STAR) Award program, rewarding outstanding performance, and our Ethics in Action award program, recognizing employees for ethical behavior, among others. These include the STAR Finder program, which rewards employees for referring future team members, and a service award recognition program that honors employees for their years of service with the Company.
Employee Resource Groups

In fiscal 2020, we rolled out Employee Resource Groups (ERGs), which are voluntary, employee-led groups designed to celebrate diversity and foster an inclusive workplace aligned with Schnitzer’s mission, values, goals, business practices, and objectives. The first group to launch was a Veterans ERG. Schnitzer was named a Military Friendly® employer for 2020, and this group will help us continue to create a rewarding place to work for veterans, who make up 6 percent of our workforce, and the many employees who have veterans in their families.

We also launched our PRIDE (LGBTQ+) ERG during Pride Month 2020. While the launch occurred amid work changes necessitated by COVID-19, the group has organized virtual meetings, social events, and a hotline where employees can obtain support and advice.

We have two other active ERGs:
- Racial Inclusiveness, Support & Education (RISE); and
- Hispanic

“RISE was established as a forum for employees who share common interests in racial equality. We wanted to drive organizational change and positively impact Schnitzer’s diversity goals by ensuring our recruitment policies allow us access to diverse candidate pools, by creating awareness around some of the barriers and obstacles faced by Black employees, and by fostering connections across the Company.”

Rachel Jackson, Co-leader of RISE

“I have enjoyed the benefit of a strong military connection through my family at home, and it’s great to come to a workplace that tries to equal that support!”

Cameron Johnson, Facilities and Commercial Manager and U.S. Marine
A requirement of new ERGs is that they develop a business case that is linked to our Diversity and Inclusion (D&I) and corporate objectives. For example, the Veterans ERG will help Schnitzer attract, develop, and retain veterans at the Company; provide information to employees regarding resources for the military and veteran community; and support Schnitzer employees who serve in the military during their deployment. The Veterans ERG plans to organize community outreach events, host senior-level talks, and launch a mentorship program through which more senior members of the group will mentor other members.

There are a number of other ERGs currently in the planning process, including:

- Multicultural;
- Women; and
- Digital Wellness

“PRIDE serves to build and promote an inclusive community for all gender expressions at Schnitzer. Our initial focus has been to develop and provide education on the topics of gender identity and pronouns. In fiscal 2021, we will explore the concept of “safe spaces” and how they may support the broader Schnitzer ecosystem.”

Doug Campbell, Co-leader of PRIDE

“With the Hispanic Employee Resource Group (HERG) we are able to dialogue more directly with our Hispanic employees. With this open communication avenue, new ideas, information, and valuable development tools are shared between Hispanic, frontline employees, and leaders.”

Pedro Orbezo, Co-leader of HERG
Measuring Diversity and Inclusion Leadership

Our formal D&I program helps us better embrace employees of all backgrounds, actively recruit from diverse talent pools, and create a respectful workplace with a zero-tolerance policy on discrimination and harassment based on race, ethnicity, age, military status, sex, sexual orientation, gender identity, or religion.

To better understand our own employee population and identify opportunities to be even more inclusive, Schnitzer has undertaken significant efforts to collect and benchmark diversity statistics against industry averages. We are especially proud of Schnitzer’s representation of women at the executive level and on our Board of Directors. With four women out of nine directors (44.4 percent), our representation of women on the Board is almost twice the Russell 3000 average (22.6 percent). Additionally, we seek a diverse slate when undertaking searches for Company leadership positions and new Board candidates.

Schnitzer U.S. Workforce Ethnicity Association vs. EEO-1 by Industry Aggregate

- 51% White or Caucasian
- 30% Hispanic or Latino
- 9% Black or African American
- 3% Asian
- 3% Two or More Races
- 2% Not Specified
- 1% Native Hawaiian/Other Pacific Islander
- <1% American Indian/Alaskan Native

EEO-1 by Industry Aggregate

- 62% White or Caucasian
- 17% Hispanic or Latino
- 13% Black or African American
- 5% Asian
- 2% Two or More Races
- 1% American Indian/Alaska Native
- <1% Not Specified
- <1% Native Hawaiian/Other Pacific Islander

Schnitzer Board of Directors Gender Association vs. Russell 3000

- 44.4% Female
- 22.6% Male

Female Workforce Representation

- 22% Total Workforce
- 22% All Management Positions
- 17% Top Management Positions
- 26% Junior Management Positions
- 21% Revenue-Generating Management Positions

Schnitzer Workforce Age Representation

- 11% 18–25
- 24% 26–35
- 23% 36–45
- 23% 46–55
- 16% 56–65
- 3% 66+
Talent Management

Our Human Resources (HR) team spent much of fiscal 2020 focused on protecting and supporting employees during the COVID–19 pandemic. While employees were physically distanced from colleagues, we went to great lengths to ensure that despite the distance, team members did not feel alone and that they could continue to rely on our robust program of training, development, and benefits.

We believe that a safe and healthy workplace is fundamental to realizing the full potential of our talented workforce. As essential businesses, our first priority was ensuring that we were able to operate safely throughout the pandemic. Early on, we developed and implemented health, safety, and wellness protocols, rolled out training, and effectively communicated across our platform.

All of Schnitzer’s operating facilities were designated essential businesses, and therefore have continued to operate throughout the pandemic.

Actions included pre–entry temperature checks; wearing face coverings and other personal protective equipment; social distancing; frequently cleaning our work sites and washing our hands; and remote working arrangements, where applicable. During this entire process, we provided support to employees to help them navigate the changes and reduce stress as much as possible. (Read more at page 7).

Training and Development

While COVID–19 delayed some of our plans for new training, we continually look for opportunities to help employees grow. For example, we offer apprenticeship programs for key skill areas such as welders and electricians, partnering with local state and community colleges to deliver an accredited program that blends classroom curriculum with on–site job experience. Employees spend eight hours on classroom coursework, followed by four hours of on–site training. We also offer tuition reimbursement for eligible employees interested in furthering their education independently. As one specific example of how we adjusted our efforts to adapt to the pandemic, we developed training designed to assist those managers now leading teams virtually.
In fiscal 2020, we began implementing Communication Leadership Essentials, a third-party training program for our front-line supervisors. We were successful in training a network of internal trainers who will enable us to roll out training more fully in fiscal 2021.

**New Benefits**

In the wake of COVID-19, healthcare benefits became especially important. In January 2020, we enhanced our already comprehensive benefit package to include MDLive, a telemedicine resource that allows employees to meet with a healthcare provider without leaving home. We also created a two-tiered network for care under our Blue Cross Blue Shield network, which reduced costs for participants, and introduced Livongo, a comprehensive diabetes management program. We introduced a 401(k) plan for Puerto Rico-based employees for the first time; all U.S.-based employees now have access to a 401(k).

Also, we provided two additional opportunities for employees to take paid time off. We implemented a new annual floating holiday, known as Heritage Day, effective in fiscal 2021. This new holiday is intended to honor our diversity by enabling every employee to select a day of their choice to celebrate a cultural, religious, social, or other memorable event. We also now allow employees to utilize up to an additional eight hours per calendar year to volunteer in their community.

Further, in recognition of the challenges faced by our front-line employees, we awarded special cash bonuses, benefitting 85 percent of our workforce. When we did have to implement furloughs or make adjustments to work hours, we ensured that employees did not lose access to health coverage or other benefits. We also allowed employees to continue to accrue paid time off (PTO) while furloughed.

A full list of our expanding employee benefits can be found on our [careers website](#).
RESILIENT COMMUNITY

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OUR COMMUNITIES

If our Company is to thrive, our communities must too. We are an active member of more than 100 communities across North America. We strive to ensure that everywhere we operate, our presence positively impacts our local communities, through direct giving, employee volunteerism, supporting our fellow employees who have suffered hardships, and promoting safety.

As the COVID-19 pandemic put additional pressure on our communities, Schnitzer stepped up to provide additional support. For example, forced school closures put millions of children at risk to lose the daily meals that they and their families depend on. Our donations to five food banks in communities where we operate helped fill this gap. We also held blood drives as part of the “SleevesUp” campaign, with donors providing much-needed units of blood to support medical personnel in their critical life-saving efforts.

We donated more than 2,500 N95 respirator masks to local hospital and emergency services. We also were able to secure an additional 2,000 surgical masks that were deployed to various healthcare facilities in the northeastern United States.
We approach community engagement from a regional perspective, tailoring our efforts to local needs and priorities throughout the more than 100 communities in which we operate. An important part of this engagement involves working with local leaders and chambers of commerce to educate our communities about Schnitzer’s sustainable role as a recycler and share our perspective on business issues. We also support local non-profit organizations through board service, charitable giving, and volunteerism. Employees across Schnitzer are key contributors to this important effort.

Our paid volunteer time off (VTO) benefits program officially launched in fiscal 2020, and by 2025, we expect our employees to have contributed at least 10,000 hours giving back to their communities through this program.
Earth Day

As a proud steward of our planet’s natural resources, Schnitzer has long celebrated Earth Day with a day of service in our communities. We typically organize park cleanups and recycling collection events at our sites across the country. Unfortunately, the COVID–19 outbreak required us to cancel all April 2020 in–person events related to Earth Day. Instead, we marked the day—which happened to be Earth Day’s 50th anniversary—by sharing with employees a list of ways they can live more sustainably at home.

Fortunately, by summer, Schnitzer employees were able to engage in some safe, socially distanced events. For instance, seven Schnitzer employees masked up and helped pick up litter during the “Pick Up and Pitch In” event at Piedmont Park in Atlanta, Georgia.

In the Northeast, we also have provided financial support to the Mystic River Watershed Association between fiscal 2016 and fiscal 2020.

Disaster Relief

When natural disasters strike, employees across the Schnitzer family come together to help colleagues near and far. Our charitable foundation, known as Recycling for a Better Tomorrow, helps employees and their families recover from disasters that occur in areas where we operate. When an event occurs, we notify employees by email, on our internal website, and through flyers posted in our facilities. Employees may make donations to the foundation, which the Company matches. In fiscal 2020, the foundation provided relief to employees affected by the series of earthquakes that struck Puerto Rico in the winter of 2019 and those impacted by the wildfires that occurred in California, Oregon, and Washington in the summer of 2020.

Helping Those With Less

We’re always looking for more ways to help people in need. Across the U.S. and Canada, other organizations and causes that we supported in fiscal 2020 included:

- An annual holiday gift and donation drive for Raphael House of Portland, Oregon, a local women and children’s domestic violence shelter
- A toy drive for Open Arms, a homeless shelter in Albany, GA
- Support for the Etowah County Humane Society and Crossroads Youth Boxing in Attalla, AL
- Collection and donation of cold weather clothing, school supplies, and baby supplies in Atlanta, GA
- Assistance for tornado victims in Chattanooga, TN
- Support for Ronald McDonald House and Feeding the Valley in Macon, GA
- Support for The Crucible, an industrial arts organization in Oakland, CA

We also encourage our employees, as they are able, to make personal donations to philanthropic organizations that are meaningful to them. Just a few of the organizations supported by our employees include the Alzheimer’s Association, American Heart Association, United Way, and various arts organizations.
Hunger Relief

Schnitzer’s National Food Bank Initiative has been in place since 2010. Since that time, we’ve raised $2.6 million in nonperishable food donations, cash contributions, volunteer time, and Schnitzer matching contributions, all of which amounted to donating 7.9 million meals to 40 local food banks.

This support included helping food banks adapt to the challenges of COVID–19. For example, when the Emergency Food Network (EFN) in Pierce County, Washington began delivering food directly to recipients’ homes, they recognized that many individuals did not have can openers. Employees at Schnitzers’ Tacoma facility not only donated hundreds of can openers but organized a community scrap drive and provided the proceeds to EFN. Pick-n-Pull organizes food drives seasonally, routinely collecting more than $100,000 for local food banks. During the fiscal 2020 Summer Food Bank Fund Drive, Pick-n-Pull completed one of the most successful drives in our history, raising over $141,000, including a Company matching donation.

“The Atlanta Community Food Bank’s need has significantly increased since the beginning of the COVID–19 pandemic. We are thankful for the support of Schnitzer, which will help us fill the meal gap across Metro Atlanta and North Georgia by providing food to those in need during this time of crisis.”

Kyle Waide, President and CEO
Atlanta Community Food Bank

“Since the outbreak of the virus and rise in unemployment, the number of families frequenting the food pantry has climbed rapidly. The food pantry is thankful to have the ability to aid families facing food insecurity during this crisis. It takes a village, and without the dedication of companies like Schnitzer, this work wouldn’t be possible.”

Irene Cardillo, Managing Director
Everett Grace Food Pantry

“When the COVID–19 emergency took hold, we experienced a 1,000 percent increase in calls to the Food Bank’s emergency food helpline. More than half were from households that had never reached out for help before. Months into our emergency response effort, ACCFB and our network of member agencies continue to respond to unprecedented need, and we are bracing for a prolonged response. Our partners will be critical for the duration of this crisis and beyond, and we’re extremely grateful to Schnitzer for stepping up to nourish our neighbors, especially now.”

Suzan Bateson, Executive Director
Alameda County Community Food Bank
Community Safety

Schnitzer’s unique business model provides an opportunity for us to foster community safety.

For example, unneeded vehicles can be valuable training tools for police and fire departments. Pick-n-Pull locations regularly host K-9 Certification Training for dogs that assist law enforcement officers. The dogs practice sniffing out various materials and, when training is complete, the materials are safely removed by law enforcement personnel. Our yards also serve as training grounds for fire departments, where trainees learn to use specialized tools and techniques for extracting passengers from vehicles in the event of an auto accident.

We also enhance safety by keeping weapons out of circulation. Since 2009, 17 local police departments have brought guns from closed criminal cases to our Everett, Massachusetts metals recycling facility, where they are destroyed and the metal components of these items recycled. We have supported the recycling of more than 10,000 weapons since this program began.

“I am very proud we can partner with the Boston Police Department in this destruction and recycling program. It’s a great example of a successful public-private partnership.”

John Silva, Recycling Operations Director, Schnitzer Northeast
Education

We understand the importance of educating the next generation about the value of recycling and sustainability. That’s why we support a number of environmental education initiatives in partnership with schools and organizations near our facilities:

NORTHWEST

- In McMinnville, Oregon, we support organizations that include the Yamhill County Livestock Association in support of 4-H students, the McMinnville High School robotics team, and local trade school scholarships. Between fiscal 2016 and fiscal 2020, we made donations to the Chemeketa Community College Foundation.

- Schnitzer supports and serves on the board of the Tacoma Youth Marine Foundation, which provides an outlet for local youth to learn maritime skills, leadership, and environmental awareness. We donated to the Foundation between fiscal 2016 and fiscal 2020. We also partner with Citizens for a Healthy Bay on cleanups, patrols, and programs, and sponsor the organization’s annual gala.

- Schnitzer is an annual supporter of Civicorps’ Academic & Professional Pathway Program and sponsor of Civicorps’ High School Diploma Graduation for Resilient Young Adults. Between fiscal 2016 and fiscal 2020, we’ve sponsored scholarships for students. Civicorps is a charter school located directly across from our Oakland facility and has a recycling program at the school.

NORTHEAST

- In Everett, Massachusetts, we support a local high school’s mentorship program, including offering mock employment interviews.
The General Manager of our Macon, Georgia, metals facility advised the LEGO Robotics Club at Alexander II Magnet School. He helped guide the team in building a recycling robot that earned first place in a local competition.

A cashier at the Atlanta metals facility organized a back-to-school supply drive and block party for children in a disadvantaged neighborhood near Atlanta. At the event, students received backpacks and other supplies they needed for a successful school year.

Each location in our Southeast region has “adopted” a nearby school, where Schnitzer employees collect and distribute school supplies, read to classes, organize mentoring projects, make career day presentations, and more, depending on where a school indicates the most need. For example, at an elementary school in Attalla, Alabama, we have focused on donating back-to-school supplies for kindergarten classrooms.

“Our new relationship with Attalla Elementary is quite rewarding to me personally and professionally, and makes me proud to be associated with a company that does care about serving the community. Our success is built on the trust and confidence of local industries and individuals, and it is our honor to be involved in efforts like these.”

Johnny Cross
Commercial Operations Manager
Schnitzer Southeast

Our Kapolei, Hawaii, metals recycling yard continues to support Aloha Aina Recycling Drives in partnership with the Kōkua Hawai‘i Foundation, a non-profit specializing in community-based recycling and education programs. Schnitzer donates all proceeds from the drives to local schools, which are used to purchase much-needed classroom supplies.

The Fishing for Energy program launched in 2008 as a partnership between Schnitzer, Covanta, the National Fish and Wildlife Foundation (NFWF), and the National Oceanic and Atmospheric Administration (NOAA) Marine Debris Program. It provides a way for the fishing industry to safely and sustainably dispose of old and unusable fishing gear, which helps keep gear out of waterways where it can harm the environment. To date, the program has supported the collection of more than 4 million pounds of gear across 12 U.S. states. At Schnitzer’s Hawaii metals facility, metals are extracted from fishing gear, and fishing nets are shredded into pieces suitable for combustion. The net material is then converted to energy at a Covanta waste-to-energy facility. Schnitzer provides this service free of charge.
There is no playbook for a year like this past one, but there certainly is a legacy at our Company of facing challenges head-on and successfully navigating through the toughest of times. **Resourceful. Responsible. Resilient.** These qualities ensure that Schnitzer meets the challenges of our time and works toward a more sustainable future. Our focus on People, Planet, and Profit never wavered as we faced these challenges head on and continued to work toward our ambitious sustainability goals. We are proud to serve our people, our shareholders, our customers, our suppliers, our communities, and our world.
Sustainability Accounting Standards Board (SASB) Index

The Sustainability Accounting Standards Board (SASB) created a set of industry-specific sustainability standards that cover financially material issues that may be relevant to companies in each industry. Schnitzer is reporting to SASB’s Iron & Steel Producers Industry Standard for fiscal 2020 (September 1, 2019 through August 31, 2020).

### Activity Metrics

#### Production Activities

<table>
<thead>
<tr>
<th>Metric Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Response/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw steel production, percentage from: (1) basic oxygen furnace processes</td>
<td>Quantitative</td>
<td>EM-IS-000.A</td>
<td>Not applicable: We do not produce steel via basic oxygen furnace (BOF) processes. All steel we produce is via electric arc furnace (EAF) processes. From a GHG emissions standpoint, EAF steelmaking results in far lower GHG emissions than BOF steelmaking. Comparable CO2e emissions factors per metric ton of steel produced are: 1.83 for global steel production, 1.59 for U.S. integrated steel production, 0.65 for all U.S. steel production, 0.21 for U.S. EAF steel production. Our emissions factor is estimated to be as low as 0.15.</td>
</tr>
<tr>
<td>Raw steel production, percentage from: (2) electric arc furnace processes</td>
<td>Quantitative</td>
<td>EM-IS-000.A</td>
<td>470,829 100% Melt shop production: Our melt shop includes an EAF, a ladle refining furnace with enhanced steel chemistry refining capabilities, and a five-strand continuous billet caster, permitting the mill to produce special alloy grades of steel not currently produced by other mills on the west coast of the U.S. The melt shop produced 519 thousand short tons of steel in the form of billets during fiscal 2020. The substantial majority of these billets are reheated in a natural gas-fueled furnace and are then hot-rolled through the rolling mill to produce finished steel products. The rolling mill has an effective annual production capacity under current conditions of approximately 580 thousand short tons of finished steel products. The primary feedstock (over 90% by weight) for the manufacture of our finished steel products is ferrous recycled scrap metal. Our steel mill obtains substantially all of its scrap metal raw material requirements from our integrated metals recycling and joint venture operations. In fiscal 2020, we sold 505 thousand short tons of finished steel products, i.e., rebar and wire rod, as well as over 4 million metric tons of ferrous scrap metal including intercompany sales to our steel mill) for use in EAF steelmaking in the U.S. and around the world. To learn more please review the Our Business section of our 2020 Sustainability Report.</td>
</tr>
<tr>
<td>Total iron ore production</td>
<td>Quantitative</td>
<td>EM-IS-000.B</td>
<td>Not applicable: We do not consume or sell iron ore in the production of our steel products. Rather, the recycling of 1 metric ton of ferrous scrap for use in EAF steelmaking is estimated to conserve 2,425 pounds of iron ore. Therefore, by extension our operations support the conservation of more than 9.7 billion pounds of iron ore, annually. Additionally, we produce three valuable co-products; millscale, baghouse dust, and slag. Millscale functions as a metallurgical input to steelmaking, supporting the avoidance of iron ore production and conservation of raw iron ore, while baghouse dust avoids zinc production, and slag avoids cement and gravel production.</td>
</tr>
<tr>
<td>Total coking coal production</td>
<td>Quantitative</td>
<td>EM-IS-000.C</td>
<td>Not applicable: We do not consume or sell coking coal in the production of our steel products. Rather, the recycling of 1 metric ton of ferrous scrap for use in EAF steelmaking is estimated to conserve 1,389 pounds of coal. Therefore, by extension our operations support the conservation of more than 5.5 billion pounds of coal, annually.</td>
</tr>
</tbody>
</table>
### Sustainability Accounting Standards Board (SASB) Index (cont.)

#### Metric Category

<table>
<thead>
<tr>
<th>Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounting Metrics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Greenhouse Gas Emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations</td>
<td>Quantitative</td>
<td>Metric tons (t) CO(_2)e, Percentage (%)</td>
<td>EM-IS-110a.1</td>
<td>Currently, 0% of our gross global Scope 1 emissions are covered under emissions-limiting regulations. We are required to annually report GHG emissions from our steel mill to the State of Oregon Department of Environmental Quality (ODEQ) and the U.S. Environmental Protection Agency (EPA). In March of 2020, the Governor of Oregon issued an executive order directing state agencies to take certain actions to reduce and regulate GHG emissions, including development of a “cap and reduce” program that would cover large stationary sources. In Oregon, our steel manufacturing and metal shredding operations may be subject to emissions-limiting regulations in the near-term that may impact approximately 60% of our Scope 1 emissions.</td>
</tr>
<tr>
<td>Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>EM-IS-110a.2</td>
<td>Our sustainability goals, set to a baseline of fiscal 2019 and targeting fiscal 2025, are aligned with our long-term business success. For Scope 1 emissions (including production process emissions), we have set a fiscal 2025 target, against a fiscal 2019 base year and a fiscal 2020 start year, to reduce absolute Scope 1 emissions from our recycling operations by 25%. Mechanisms for achieving this target may include (1) capital investments in emissions control and air pollutant elimination technologies on our metal shredding operations, (2) capital investments to achieve greater fuel-economy by retrofit and/or replacement of on-road transport vehicles and off-road equipment, (3) capital investments to electrify equipment that is currently fuel-consuming, (4) sourcing a greater proportion of fuels with suitable low-carbon fuel alternatives (i.e. biodiesel and ethanol fuel blends), and (5) capital investments in other energy efficiency technologies for water and space heating applications that reduce our consumption of natural gas. Limiting factors to achieving this goal may include (1) a shortfall in or inability to make adequate capital investments, (2) a shortfall in the emission reduction performance of control technologies acquired and deployed, (3) an inability to acquire and deploy adequate emission reduction controls and energy efficiency technologies, and (4) an inability to source suitable low-carbon fuel alternatives. In fiscal 2020, we achieved a 15% reduction in Scope 1 emissions from our recycling operations, and a 7% reduction in gross global Scope 1 emissions, compared to the previous year. We have obtained external assurance, by S&amp;P Global–Trucost in accordance with AA1000AS Type 2 moderate–level assurance, for 100% site coverage of Scope 1 emissions from our consumption of natural gas and fuels (representing 63% of gross global Scope 1 emissions). To learn more please review the “Sustainability Goals” section of our 2020 Sustainability Report.</td>
</tr>
</tbody>
</table>
### Air Emissions

<table>
<thead>
<tr>
<th>Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Response/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) CO</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>We report on distinct air emissions associated with the consumption of fuels by our on-road transport vehicles and off-road equipment only. The emittance of some of these pollutants (e.g., VOCs) from other sources, such as production processes or the consumption of natural gas, may be reported on within our gross global Scope 1 emissions, in terms of metric tons of CO₂e.</td>
</tr>
<tr>
<td>(2) NOₓ (excluding N₂O)</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>1,172</td>
</tr>
<tr>
<td>(3) SOₓ</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>77</td>
</tr>
<tr>
<td>(4) PM₁₀</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>82</td>
</tr>
<tr>
<td>(5) MnO</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>n/a</td>
</tr>
<tr>
<td>(6) Pb</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>n/a</td>
</tr>
<tr>
<td>(7) VOCs</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>103</td>
</tr>
<tr>
<td>(8) PAHs</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>EM-IS-120a.1</td>
<td>&lt;1</td>
</tr>
</tbody>
</table>

### Energy Management

<table>
<thead>
<tr>
<th>Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Response/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Total energy consumed</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>EM-IS-130a.1</td>
<td>3,012,176 In fiscal 2020, we experienced a 4% decrease in total energy consumed compared to the previous year. Sources of energy consumed by our operations include grid electricity, natural gas, and other fuels (listed below). We have obtained external assurance, by S&amp;P Global-Trucost in accordance with AA1000AS Type 2 moderate–level assurance, for 100% site coverage of total energy consumed. To learn more please review the Energy Efficiency &amp; Emissions Reduction section of our 2020 Sustainability Report.</td>
</tr>
<tr>
<td>(2) percentage grid electricity</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>EM-IS-130a.1</td>
<td>47%</td>
</tr>
<tr>
<td>(3) percentage renewable</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>EM-IS-130a.1</td>
<td>&lt;3%</td>
</tr>
<tr>
<td>(1) Total fuel consumed</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>EM-IS-130a.2</td>
<td>1,601,573 In fiscal 2020, we experienced a 6% decrease in total fuel consumed compared to the previous year. Sources of fuel consumed by our operations include natural gas, diesel, bio-diesel blends, gasoline, ethanol blends, fuel oil, kerosene, propane, propylene, ametelene, and acetylene. We have obtained external assurance, by S&amp;P Global–Trucost in accordance with AA1000AS Type 2 moderate–level assurance, for 100% site coverage of total fuel consumed. To learn more please review the Energy Efficiency &amp; Emissions Reduction section of our 2020 Sustainability Report.</td>
</tr>
<tr>
<td>(2) percentage coal</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>EM-IS-130a.2</td>
<td>0% Not applicable: We do not consume coal as a source of fuel. Rather, the recycling of 1 metric ton of ferrous scrap for use in EAF steelmaking is estimated to conserve 1,389 pounds of coal. Therefore, by extension our operations support the conservation of more than 5.5 billion pounds of coal, annually.</td>
</tr>
<tr>
<td>(3) percentage natural gas</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>EM-IS-130a.2</td>
<td>60% In fiscal 2020, we experienced a less than 1% decrease in total natural gas consumed compared to the previous year. Our primary use of natural gas is in the reheat furnace of our steel manufacturing operations, where pre–casted billets are reheated and then processed through our rolling mill to produce our finished steel products—rebar and wire rod. Our secondary use of natural gas consumption is in regenerative thermal oxidizers of our metal shredding operations where captured VOC air emissions are treated to reduce GHG emissions from our shredding production processes.</td>
</tr>
<tr>
<td>(4) percentage renewable</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>EM-IS-130a.2</td>
<td>&lt;1% We consume a small amount of biodiesel–blended and ethanol–blended fuel in our on–road transport vehicles and off–road equipment.</td>
</tr>
</tbody>
</table>
### Water Management

<table>
<thead>
<tr>
<th>Metric Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Response/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Total fresh water withdrawn</td>
<td>Thousand cubic meters (m³), Percentage (%)</td>
<td>EM-IS-140a.1</td>
<td>In fiscal 2020, we experienced a 9% increase in total fresh water withdrawn compared to the previous year. We have obtained external assurance, by S&amp;P Global-Trucost in accordance with AA1000AS Type 2 moderate–level assurance, for 100% site coverage of total fresh water withdrawn. To learn more please review the Responsible Water Use section of our 2020 Sustainability Report.</td>
</tr>
<tr>
<td>(2) percentage recycled</td>
<td>Quantitative</td>
<td>70%</td>
<td>This figure is an estimate of water recycled over total water usage within our steel manufacturing and metals shredding operations only, representative of 75% of total water withdrawn. At an enterprise–level, the percentage of total water recycled is estimated to range from 50–60%, based on particular operating activities within the reporting period, that may differ between individual facilities, where such operating practices and measurements are capable of being tracked. Uncertainty of the percentage of total water recycled may be related to variables such as a (1) weather–related events (e.g., floods, hurricanes, storms, wildfires, heat waves, and droughts) and (2) technologies for the collection and management of data on water consumption, usage, recycling, recovery, and re–use.</td>
</tr>
<tr>
<td>(3) percentage in regions with High or Extremely High Baseline Water Stress</td>
<td></td>
<td>2%</td>
<td>This figure represents the percentage of total fresh water resources indirectly withdrawn from areas characterized to have high or extremely high baseline water stress, from (1) third–party purchased municipal water sources and (2) on–site, well–extracted, renewable groundwater sources. Approximately 20% of our locations’ water withdrawal footprints make up this figure. At this time, water availability directly linked to the respective locations of our operations is not believed to be of significant concern, as water is not a direct, raw material input of our products, and our water uses in operations are limited in scope to, predominately, cooling in steelmaking and metal shredding production processes, emergency–response fire suppression, emissions control, dust suppression, and, to a lesser extent, landscaping irrigation, human sanitation, and consumption.</td>
</tr>
</tbody>
</table>

### Waste Management

<table>
<thead>
<tr>
<th>Metric Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Response/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of waste generated</td>
<td>Quantitative</td>
<td>EM-IS–150a.1</td>
<td>In fiscal 2020, we experienced a 14% decrease in waste generated compared to the previous year. We have obtained external assurance by S&amp;P Global–Trucost in accordance with AA1000AS Type 2 moderate–level assurance, for 100% site coverage of waste generated. To learn more please review the Minimizing &amp; Managing Waste section of our 2020 Sustainability Report.</td>
</tr>
<tr>
<td>percentage hazardous</td>
<td>Metric tons (t), Percentage (%)</td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>percentage recycled</td>
<td></td>
<td></td>
<td>92%</td>
</tr>
</tbody>
</table>
### Workforce Health & Safety

<table>
<thead>
<tr>
<th>Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Response/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Total recordable incident rate (TRIR) for full-time employees</td>
<td>Quantitative</td>
<td>Rate</td>
<td>EM-IS-320a.1</td>
<td>1.91</td>
</tr>
<tr>
<td>(2) fatality rate for full-time employees</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>(3) near miss frequency rate (NMFR) for full-time employees</td>
<td></td>
<td></td>
<td></td>
<td>42.68</td>
</tr>
<tr>
<td>(1) TRIR for contract employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) fatality rate for contract employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) NMFR for contract employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Supply Chain Management

Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues

| Discussion and Analysis | n/a | EM-IS-430a.1 | Not applicable: A process for managing iron ore and/or coking coal sourcing risks is not necessary because we do not consume iron ore or coking coal. Rather, the recycling of 1 metric ton of ferrous scrap for use in EAF steelmaking is estimated to conserve 2,425 pounds of iron ore and 1,389 pounds of coal. Therefore, by extension our operations support the conservation of more than 9.7 billion pounds of iron ore and 5.5 billion pounds of coal, annually. Additionally, we produce three valuable co-products; millscale, baghouse dust, and slag. Millscale functions as a metallurgical input to steelmaking, supporting the avoidance iron ore production and conservation of raw iron ore, while baghouse dust avoids zinc production, and slag avoids cement and gravel production. In regard to any existing or projected risks or constraints in obtaining other raw materials: We believe we operate the only mini–mill in the western U.S. that obtains the majority of its scrap metal feedstock from an integrated metals recycling operation—our metals recycling operations provide our steel mill with a mix of recycled metal grades, which allows the mill to achieve optimum efficiency in its melting operations. Although the synergies from our integrated operations allow us to be our own source for some raw materials, particularly with respect to scrap metal for our steel manufacturing operations, we rely on third–party suppliers for other input needs, including inputs to steel production such as graphite electrodes, alloys, and other required consumables. |
Trucost was engaged by Schnitzer Steel Industries, Inc. to provide assurance of the environmental sustainability data disclosed within its 2020 Sustainability Report, and its 2021 CDP “Climate” and “Water” questionnaire responses.

**Intended users**
The intended users of this assurance statement are the management and stakeholders of Schnitzer Steel Industries, Inc. (hereafter “Schnitzer”).

**Responsibilities of Schnitzer and assurance provider**
The management of Schnitzer has sole responsibility for the preparation and content of its Sustainability Report and CDP questionnaire responses. Trucost’s statement represents its independent and balanced opinion on the content and accuracy of the disclosures and environmental sustainability data held within.

**Assurance standard**
Trucost undertook the assurance in accordance with AA1000AS (2008 with 2018 addendum) Type 2 moderate-level assurance, covering:
- The reliability of specified environmental performance information (energy use, greenhouse gas emissions, water use, waste generated, and waste disposed of).

Trucost used the Global Reporting Initiative (GRI) and the GHG Protocol to evaluate Schnitzer’s performance information and adherence to the Principles.

**Scope and limitations**
Trucost was engaged to assure the data and disclosures in Schnitzer’s 2020 external reporting, encompassing the period of 1 September 2019 – 31 August 2020. Trucost was asked to assure reporting for specific KPIs. Schnitzer took an operational control approach.

Trucost verified the environmental impacts, as calculated by Schnitzer, within the table alongside.

**Methodology**
Trucost’s assurance activities included the following:
- Review of the processes by which Schnitzer defines the environmental sustainability issues that are relevant and material to its operations and its stakeholders.
- Interviews with managers responsible for environmental sustainability performance and data collection.
- Assessment of the extent to which Schnitzer’s environmental sustainability activities adheres to the Principles.
- Review of processes and systems used to gather and consolidate environmental sustainability data.
- Verification of data accuracy for a selection of sites, including an audit of conversion factors and calculations.

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**GHG EMISSIONS**

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>QUANTITY (Metric tons CO2e)</th>
<th>ENERGY QUANTITY (GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG Scope 1- Natural Gas</td>
<td>48,592 (FY19: 48,743)</td>
<td>958,918 (FY19: 981,897)</td>
</tr>
<tr>
<td>GHG Scope 1- Equipment &amp; Vehicle Fuels</td>
<td>44,737 (FY19: 51,335)</td>
<td>642,655 (FY19: 735,065)</td>
</tr>
<tr>
<td>GHG Scope 2- Location-based electricity</td>
<td>22,481 (FY19: 24,350)</td>
<td>1,410,603 (FY19: 1,445,436)</td>
</tr>
<tr>
<td>GHG Scope 2- Market-based electricity</td>
<td>19,365 (FY19: 21,364)</td>
<td>-</td>
</tr>
<tr>
<td>GHG Scope 3- Business Travel</td>
<td>1,137</td>
<td>-</td>
</tr>
</tbody>
</table>

**WATER**

<table>
<thead>
<tr>
<th>WATER</th>
<th>UNIT</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased municipal water</td>
<td>m3</td>
<td>1,277,527 (FY19: 1,165,314)</td>
</tr>
<tr>
<td>Extracted well water</td>
<td>m3</td>
<td>8,539 (FY19: 9,729)</td>
</tr>
</tbody>
</table>

**WASTE**

<table>
<thead>
<tr>
<th>WASTE</th>
<th>UNIT</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business waste</td>
<td>Metric tons</td>
<td>8,198 (FY19: 12,174)</td>
</tr>
<tr>
<td>Process waste</td>
<td>Metric tons</td>
<td>609,041 (FY19: 707,089)</td>
</tr>
<tr>
<td>Regulated waste</td>
<td>Metric tons</td>
<td>8,427 (FY19: 9,021)</td>
</tr>
</tbody>
</table>

**By Disposition**

<table>
<thead>
<tr>
<th>DISPOSITION</th>
<th>UNIT</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landfill disposal</td>
<td>Metric tons</td>
<td>49,374 (FY19: 54,199)</td>
</tr>
<tr>
<td>Beneficial Re-use/Recycling</td>
<td>Metric tons</td>
<td>576,291 (FY19: 674,085)</td>
</tr>
</tbody>
</table>

**By Regulation**

<table>
<thead>
<tr>
<th>REGULATION</th>
<th>UNIT</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Federal RCRA</td>
<td>Metric tons</td>
<td>8,427 (FY19: 9,021)</td>
</tr>
</tbody>
</table>

---

1 The Scope 1 emissions included within the assurance do not include production process emissions associated with any of Schnitzer’s steelmaking, metal shredding, and recycling, or end-of-life vehicle dismantling operating activities. The following fuels types are included under the Scope 1 category: natural gas, as well as transportation and equipment fuels such as Diesel, Biodiesel-blends, Gasoline, Ethanol-blends, Fuel Oil, Kerosene, Propane, Propylene, Ametanele and Acetylene.

2 The value reported under the Beneficial Re-use/Recycling category is inclusive of materials for re-use/recycling; materials used for energy recovery and may include U.S. federal RCRA materials.

3 The value reported under U.S. federal RCRA may be inclusive of both disposition types i.e. by landfill disposal, and re-use/recycling. The reported regulated waste quantities exclusively represent electric-arc-furnace (EAF) baghouse dust, one of three valuable co-products of the steelmaking process.

General note: Restatements due to reconciliation of invoices and use of updated emission factors are stated for the FY18 period for each KPI.
Assurance statement: AA1000

**PRINCIPLE** | **COMMENTS**
--- | ---
Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability | Schnitzer’s primary stakeholder groups are its shareholders, employees, and local communities. Also, Schnitzer engages with regulators, customers, suppliers, and relevant non-profit associations. The organization provides sufficient avenues for all stakeholders to register their feedback and voice their concerns. Schnitzer engages with its stakeholders using standard methods such as surveys, meetings, newsletters, and periodic notifications. In FY20, Schnitzer increased its frequency of engaging with its local communities by scheduling quarterly interactions with appointed working groups. These interactions served to discuss mutual goals and to leverage opportunities. Schnitzer’s engagement with its employees was also ramped up in FY20 to facilitate more transparency. Some highlights included the issuing of weekly reports and virtual town halls from the company’s CEO on EHS, ESG, and market and business dynamics.

Materiality: determining the relevance and significance of an issue to an organization and its stakeholders | Schnitzer derives insights on its sustainability strategy from quarterly reviews, annual updates, and tri-annual assessments on Materiality in the context of Sustainability including environmental, social, and corporate governance (ESG). Materiality assessments are conducted with the participation of subject matter experts and senior management, and external parties where appropriate. Accordingly, the material issues identified along with traditional business risk are comparable to previous years. Climate, regulatory and physical risks from acute weather events are highlighted in the Materiality Assessment due to their potential impact on the supply chain and its operations.

Responsiveness: an organization’s response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders | Schnitzer has allocated environmental reserves, and capital expenditures tied to climate considerations. These are integrated into the organization’s financial planning and audit review procedures on an annual basis. In FY20, Schnitzer focused on the development of advanced metal recovery technologies to support the production of “low-carbon goods” and “circular economy” recycling services, such as scrap metal products used to produce finished steel products. The supply of these goods to the broader supply chain for the production and installation of technologies and infrastructure that support the development of low-carbon economies are also initiatives that Schnitzer considers as opportunities. Further, the organization is also taking a leadership position within the metal shredding industry by properly quantifying air emissions and by installing advanced water treatment and air emission control systems.

Impact: Organizations should monitor, measure, and be accountable for how their actions impact broader ecosystems | In FY20, the absolute energy consumption is lower in comparison to the previous years due to lower production volumes, largely related to COVID-19 in the latter half of the fiscal year. In FY21, Schnitzer will roll out new data management systems that will facilitate improved monitoring and management of energy consumption. Additionally, members of the Board and C-Suite will continue to be incentivized to support and work on sustainability-related goals anchored to FY25 targets. Overall, these goals have encouraged management to seek to develop climate-impact and water-security related performance improvement projects.

Findings, conclusions, and recommendations

**The Principles:** Nothing came to Trucost’s attention to suggest that Schnitzer’s CDP Response does not adhere to the AA1000 Principles.

**Data reliability:** Schnitzer has implemented rigorous processes to collect and aggregate global energy consumption, GHG emissions, water use, and waste generation. Upon evaluating this system, Trucost found that data was accurate overall and any minor corrections were made as necessary.

**Assurance provider**

Trucost has been researching, standardizing, and validating corporate environmental performance data since 2000. Trucost’s research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000 standard. Trucost has conducted this assurance independently and impartially and in compliance with S&P Global’s policies and procedures, including its Code of Business Ethics that provide a framework relating to ethical conduct, conflict of interest, and compliance with law.

Trucost, part of S&P Global
London, November 2020

Steven Bullock
Global Head of Research and Innovation

S&P Global
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