Trucost was engaged by Schnitzer Steel Industries, Inc. to provide assurance of selected environmental data for its 2014 Sustainability Report.

**Intended users**

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

**Responsibilities of Schnitzer Steel and of the assurance provider**

The management of Schnitzer Steel has sole responsibility for the preparation and content of its 2014 Sustainability Report. Trucost’s statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

**Assurance Standard**

Trucost undertook the assurance in accordance with AA1000AS (2008) Type 2 moderate-level assurance, covering:

- Evaluation of adherence to the AA1000APS (2008) Principles of inclusivity, materiality and responsiveness (the Principles); and
- The reliability of selected environmental performance information (greenhouse gas emissions, water use and waste generated).

Trucost used the Global Reporting Initiative (GRI) and the Greenhouse Gas Protocol to evaluate Schnitzer Steel’s environmental performance information and its adherence to the Principles.

**Scope and limitations**

Trucost was engaged to assure the data and claims relating to select environmental performance metrics in Schnitzer Steel’s 2014 Sustainability Report. This submission covered the period 01 September 2013 – 31st August 2014. This assurance analysis excluded the greenhouse gas emissions associated with Schnitzer Steel’s steelmaking operations, which are reported to the Oregon Department of Environmental Quality and the US EPA under greenhouse gas reporting regulations. This assurance statement relates specifically to the select environmental performance information disclosed in the Sustainability Report, and may not be interpreted as validating environmental data reporting from other sources.

**Description of methodology**

Trucost’s assurance methodology included the following activities:

- Review of the processes by which Schnitzer Steel defines the sustainability issues that are relevant and material to its operations and its stakeholders;
- Interviews with employees responsible for sustainability data collection and drafting of the Sustainability Report;
- Assessment of the extent to which Schnitzer’s Sustainability Report and internal processes adhere to the Principles;
- Limited assessment of evidence provided to support key claims about selected environmental performance information;
- Review of processes and systems used to gather and consolidate environmental data;
- Verification of data accuracy for a selection of sites, including an audit of conversion factor and calculations used.

**Findings, conclusions, and recommendations**

The principles: Nothing came to Trucost’s attention to suggest that the Schnitzer Steel’s Sustainability Report does not adhere to the Principles.

Data reliability: Trucost did not find evidence to insinuate that the processes and systems in place to collect and collate environmental data are such that the company’s environmental performance would be erroneously described. Continued on page 2.
## Principle | Comments
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Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability | Schnitzer Steel Industries, Inc. has identified employees, suppliers, customers, communities, and investors, as well as relevant regulatory and non-governmental organizations as key stakeholders. Schnitzer's engagement strategy provides open communication channels such as in-person meetings, hotline and written communications, public webcast presentations, media interviews, facility tours and various community programs. Stakeholder concerns are communicated to the relevant functional divisions, with key issues communicated to the executive team. Trucost recommends the completion of a formal stakeholder assessment of key stakeholders and that Schnitzer formalize and publicly report on the processes that it uses to communicate and engage with its key stakeholder groups.

Materiality: determining the relevance and significance of an issue to an organization and its stakeholders | Schnitzer assesses the materiality of issues based on financial impact, operational efficiency, risk to business activity, regulatory compliance, industry benchmarking and stakeholder feedback. Trucost recommends that Schnitzer formalize the assessment of material sustainability issues to identify and prioritize the key environmental issues for the company. Further, Trucost recommends publicly reporting the findings of this sustainability assessment.

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 attempts to respond to stakeholder feedback in a timely manner. Stakeholder feedback is discussed in regularly scheduled team meetings and is reported to the executive team. The response activities undertaken following stakeholder communication depend on the complexity and potential impact of each sustainability concern. As part of its ongoing continuous improvement initiatives throughout the organization, Schnitzer monitors its sustainability performance, including resource recovery (waste diversion), quality (water) and efficiency (water and energy). In response to stakeholders inquiries, these metrics are reported in line with globally accepted standards and assured by independent verification. Trucost recommends that Schnitzer implement a formal tracking system to assist in prioritizing issues, identifying trends, and monitoring progress.

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### Findings, conclusions, and recommendations (continued)

Schnitzer Steel has implemented excellent processes and software systems to collect relevant data and uses a spreadsheet tool to calculate greenhouse gas emissions, water and solid waste. Consumption data on energy, fuel, water, and waste generated was taken from original invoices.

Upon evaluating this system, Trucost found that the environmental performance data included was accurate and all minor edits were made as necessary. Trucost also found that the greenhouse gas conversion factors applied in the calculation spreadsheet were accurate, up-to-date and applied correctly. Trucost recommends that these emission factors continue to be updated annually or as available. Trucost recommends that Schnitzer Steel consider using a third party software system, to collect and track energy, water and waste consumption to assist in organizing its environmental performance data across its business divisions. Establishing a guidance document on waste management practices would improve clarity on Schnitzer Steel’s waste collection, segregation and disposal processes.

### 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 did not provide any services to Schnitzer Steel during FY2014 that could conflict with the independence of this work.

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