



# Assurance Statement: AA1000

Trucost was engaged by **Schnitzer Steel Industries, Inc.** to provide assurance of selected environmental data for its 2016 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 2016 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 2016 Sustainability Report. This submission covered the period 01 September 2015 – 31st August 2016. 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.

Trucost verified the following environmental performance information (as calculated by Schnitzer Steel):

Scope	Source	Unit	Quantity
Scope 1	Natural gas, Diesel, Biodiesel, Gasoline, Ethanol, Fuel Oil, Kerosene, Propane and Acetylene	metric tons	96,165
		CO <sub>2</sub> e	
Scope 2	Electricity	metric tons CO <sub>2</sub> e	41,057
Water	Purchased and well water	cubic meters	1,095,648
Waste	Landfill disposal	metric tons	46,429
	Recycled	metric tons	477,527
	Energy Recovery	metric tons	6,745

## 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 Steel’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; and
- Verification of data accuracy for a selection of sites, including an audit of conversion factors 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.**



# Assurance Statement: AA1000

Principle	Comments
<p><b>Inclusivity:</b> the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>Schnitzer Steel has identified employees, suppliers, customers, communities, and investors, as well as relevant regulatory and non-governmental organizations as key stakeholders. Schnitzer Steel's stakeholder 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 that Schnitzer Steel publicly report on the approaches that it uses to communicate and engage with its key stakeholder groups.</p>
<p><b>Materiality:</b> determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>Schnitzer Steel assesses the materiality of issues based on financial impact, operational efficiency, risk to business activity, regulatory compliance, industry benchmarking, and stakeholder feedback. Schnitzer Steel's Vice President of Environmental formally identifies and prioritizes key environmental issues quarterly and reporting is made in the company's 10-K annual reports.</p>
<p><b>Responsiveness:</b> 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.</p>	<p>Schnitzer Steel attempts to respond to stakeholder feedback in a timely manner. Stakeholder feedback is discussed in regularly scheduled team meetings and 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 Steel monitors its sustainability performance, including resource recovery (waste diversion), quality (water and air) and efficiency (water, energy, and transportation/logistics). These metrics are reported in line with globally accepted standards and assured by independent verification.</p>

## 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 use and solid waste generation. Consumption data on energy, fuels, water, and waste was reviewed 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.

## 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 FY2016 that could conflict with the independence of this work.

Trucost plc London, April 2017



*Libby Bernick*

**Libby Bernick**

Global Head of Corporate Business



**AA1000**

Licensed Assurance Provider  
000-120