

Assurance statement: AA1000

Trucost was engaged by **Schnitzer Steel Industries, Inc.** to provide assurance of selected environmental data held within its 2019 Sustainability Report.

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 2019 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 with 2018 addendum) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000APS (2018) Principles of inclusivity, materiality and responsiveness and impact (the Principles)
- ✓ The reliability of specified environmental performance information (energy consumption, greenhouse gas emissions (GHG), water and waste)

Trucost used the Global Reporting Initiative (GRI) framework, the Sustainability Accounting Standards Board (SASB) materiality map and standards, 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 claims in Schnitzer’s 2019 Sustainability Report. This submission covered the period 01 September 2018 – 31st August 2019. 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 energy, GHG emissions, water and waste data (as calculated by Schnitzer):

GHG EMISSIONS			ENERGY	
	UNIT	QUANTITY	UNIT	QUANTITY
<i>By Scope¹</i>				
GHG Scope 1-Combustion	Metric tons CO2e	95,143	GJ	1,596,903
GHG Scope 2-Location-based electricity	Metric tons CO2e	54,308	GJ	1,446,247
GHG Scope 2-Market-based electricity	Metric tons CO2e	48,951		

WATER	UNIT	QUANTITY
Purchased municipal water	m3	1,165,273
Extracted well water	m3	10,154
WASTE	UNIT	QUANTITY
<i>By Disposition²</i>		
Landfill disposal	Metric tons	71,338
Beneficial Re-use/Recycling	Metric tons	681,565
<i>By Regulation³</i>		
U.S. Federal RCRA	Metric tons	6,280

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, Gasoline, Ethanol, Fuel Oil, Kerosene, Propane, Propylene and Acetylene.

² The value reported under 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 all three disposition types i.e. by landfill disposal, re-use/recycling and materials used for energy recovery.

Methodology

Trucost’s assurance activities included the following:

- Review of the processes by which Schnitzer defines the sustainability issues that are relevant and material to its operations and its stakeholders
- Interviews with managers responsible for sustainability performance and data collection
- Assessment of the extent to which Schnitzer’s sustainability activities adhere to the Principles
- 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 factors and calculations

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PRINCIPLE	COMMENTS
<p>Inclusivity: The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>Schnitzer's stakeholders include current and prospective employees, shareholders, regulators, local communities, customers, suppliers, and relevant non-profit associations. The company engages with these stakeholder groups via internal and external communication tools which may include newsletters, emails, in-person and remote conferencing, and surveys. Each of the stakeholder groups may interact with various company functional groups, and relevant communications are reported to an enterprise-level Sustainability Leadership Group (SLG). This communication channel allows for the incorporation of feedback into the company's corporate sustainability strategy. For example, in FY2019 the company received feedback on the topic of long-term goal setting and tracking performance. Based on this feedback, in the FY2019 Sustainability Report, Schnitzer published long-term sustainability goals to be achieved by 2025 or earlier on five topics; safety, volunteerism, , greenhouse gas emissions, carbon-free electricity usage, and achieving greater profitability through the implementation sustainability-based business initiatives. These sustainability goals directly connect to the feedback and analysis set forth in the Materiality Assessment. Schnitzer will continue to improve and refine respective initiatives by incorporating feedback from its stakeholder engagements.</p>
<p>Materiality: Determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>Schnitzer conducted a Materiality Assessment in FY2018. The main purpose of the assessment was to ensure the relevance and ranking of the material issues impacting the long-term sustainability of Schnitzer's operations, and to accommodate the needs of various stakeholder groups. In FY2019, Schnitzer's Board of Directors had oversight and input in evaluating the frequency of subsequent Materiality Assessments.</p>
<p>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</p>	<p>Schnitzer perceives its environmental performance as critical to its corporate leadership and longevity as a successful business. The company recognizes that achievements in sustainability help the company improve its competitiveness in its industry, help to preserve a broad and deep customer base, attract and retain high-quality talent, protect the environment, and positively impact the communities where they work and live. Schnitzer ensures that all stakeholder concerns are effectively addressed by the relevant functional groups. Some of the highlights of the company's sustainability initiatives are; increase of its carbon-free electricity power mix by enrolling in various state led programs on green power sourcing, replacing frontline equipment to fuel-efficient alternatives and upgrading storm water treatment systems across some of its facilities.</p>
<p>Impact: An organization's approach to monitor, measure and be accountable for how its actions impact broader ecosystems</p>	<p>The company's enterprise-wide sustainability goals for 2025 include long-term commitments on the following material environmental topics: air emissions, and carbon-free energy usage. The company's governance structure has remained consistent to monitor and track performance on environmental Key Performance Indicators. It also has a management and reporting system in terms of assigning points of accountability at a business segment level, functional unit level, regional level, and facility level. In FY2019, the company trained 100% of its employee population on its company-wide sustainability strategy as part of their mandatory Code of Conduct Assessment training regarding its three core values – Sustainability, Safety and Integrity. The sustainability portion of the training, among other things, encourage its employees to put the Value of Sustainability into action through their daily work and to take ownership of, and connect to, the company's overall sustainability strategy. Schnitzer is also in the process of developing and publically disclosing policies on topics such as biodiversity, water, and climate change. For example, based on a gap identified by the leadership group, Schnitzer, in FY2019 approved a supplier code of conduct with specific requirements on adherence to, among many other things, environmental compliance and sustainable practices.</p>

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Findings, conclusions and recommendations

The principles: Trucost has reviewed sufficient evidence to suggest that Schnitzer's data and reporting within the Sustainability Report, as covered by the scope and boundary of this statement, adheres to the Principles.

Data reliability:

Schnitzer has implemented rigorous processes to collect and aggregate global energy consumption, GHG emissions, water use, and waste generation. Trucost has been presented sufficient evidence to provide confidence that Schnitzer has effective processes and systems in place to collect and collate environmental data such that the company's environmental performance is accurately described.

Consumption data on energy, fuels, water, and waste were reviewed from original invoices. Emission factors used in the calculations of Scope 1 and 2 emissions were sourced from nationally or internationally recognized databases. Upon evaluating the data collection systems, Trucost found that the environmental performance data included was accurate and all minor edits were made as necessary. Trucost encourages Schnitzer to continue reviewing and updating GHG emissions factors 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 during FY2019 that could conflict with the independence of this work. This is the sixth year that Trucost has assured Schnitzer's environmental data held within its Sustainability Report.

Trucost, part of S&P Global
London, November 2019

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