

Assurance statement: AA1000



S&P Dow Jones Indices
ESG Analysis

Trucost was engaged by **Schnitzer Steel Industries, Inc.** to provide assurance of selected environmental data for its 2017 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 assurance provider

The management of Schnitzer Steel has sole responsibility for the preparation and content of its 2017 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)
- ✓ The reliability of selected environmental performance information (greenhouse gas emissions, water use and waste generated).

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

Scope and limitations

Trucost was engaged to assure the data and claims in Schnitzer Steel’s 2017 Sustainability Report. This submission covered the period 01 September 2016 – 31st August 2017. This assurance analysis excluded the greenhouse gas emissions associated with Schnitzer Steel’s steelmaking operations. 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.

SCOPE	SOURCE	UNIT	QUANTITY
GHG Scope 1*	Natural gas, Diesel, Biodiesel, Gasoline, Ethanol, Fuel Oil, Kerosene, Propane and Acetylene	Metric tons CO ₂ e	92,705
	Electricity		47,398
Water	Purchased and well water	m ³	1,107,027
Solid waste	Landfill disposal	Metric tons	51,636
	Recycled		567,914
	Energy recovery		7,984

*Note: the scope 1 emissions included within the assurance do not include fugitive or process 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.

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.

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PRINCIPLE	COMMENTS
Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability	Schnitzer Steel has identified employees, suppliers, customers, communities, business partners and investors, as well as relevant regulatory and non-governmental organizations as key stakeholders. Investors/shareholders are engaged with on at least a quarterly basis via conference calls. Schnitzer engages with major spend suppliers on at least an annual basis via “Business Review” conference calls that include representatives from Schnitzer’s Procurement & Environmental Teams and representatives from each Supplier organization. Internally, Schnitzer’s Board of Directors is presented to on sustainability at periodic meetings.
Materiality: determining the relevance and significance of an issue to an organization and its stakeholders	Annually, Schnitzer’s Chief Financial Officer and Chief of Corporate Operations presents to the Board of Directors an Enterprise Risk Management update which includes ESG risks and more traditional business risks. Changes to Schnitzer’s Sustainability Program are continuous and on-going. Schnitzer’s Board of Directors and Executive-level management are actively involved in the continued development of the Sustainability Program. In September of 2017, the CEO announced several Company-wide, cross-divisional initiatives, including individual sustainability and diversity initiatives. In 2018, Schnitzer Steel intends to undertake a formal materiality review with an external consultant.
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	Stakeholder concerns are rare at Schnitzer Steel, but efforts are taken to ensure they are responded to in a timely manner. When they are raised, they are generally managed by the Corporate Sustainability Program Manager and, as necessary, communicated to the relevant functional divisions. There is a designated sustainability email address available and in-use but it is currently under-utilized. 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.

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 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 during FY2017 that could conflict with the independence of this work. This is the fourth year that Trucost has assured Schnitzer’s environmental data held within its response to CDP.

Trucost, part of S&P Dow Jones Indices
London, April 2018

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Global Head of Corporate Business



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Assurance statement: AA1000

Trucost was engaged by **Schnitzer Steel Industries, Inc.** to provide assurance of selected environmental data for its 2018 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 assurance provider

The management of Schnitzer Steel has sole responsibility for the preparation and content of its 2018 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)
- ✓ The reliability of selected environmental performance information (greenhouse gas emissions, water use and waste generated).

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

Scope and limitations

Trucost was engaged to assure the data and claims in Schnitzer Steel’s 2018 Sustainability Report. This submission covered the period 01 September 2017 – 31st August 2018. This assurance analysis excluded the greenhouse gas emissions associated with Schnitzer Steel’s steelmaking operations. 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.

SCOPE	SOURCE	UNIT	QUANTITY
GHG Scope 1*	Natural gas, Diesel, Biodiesel, Gasoline, Ethanol, Fuel Oil, Kerosene, Propane and Acetylene	Metric tons CO ₂ e	101,324
	Location-based electricity		51,480
GHG Scope 2	Market-based electricity		50,143
	Purchased and well water	m ³	1,016,265
Solid waste	Landfill disposal		55,839
	Recycled	Metric tons	685,969
	Energy recovery		14,547

*Note: the scope 1 emissions included within the assurance do not include fugitive or process 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.

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:

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

Data reliability: 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

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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 Steel Industries, Inc. has identified employees, suppliers, customers, local communities, and investors, as well as relevant regulatory and non-governmental organizations as key stakeholders. Schnitzer’s engagement strategy provides effective open communication channels such as in-person meetings, telephonic and written communications, public webcast presentations, media interviews, facility tours and charitable community volunteerism. Stakeholder concerns are regularly communicated to the relevant business divisions, and key concerns communicated to the executive team. Schnitzer’s Board of Directors has periodic meetings, in which sustainability is part of the agenda and operational sustainability performance and strategy are shared for consideration and feedback.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>Schnitzer assesses the materiality of sustainability-related issues based on financial impact, operational efficiency, risk to business activity, regulatory compliance, industry benchmarking and stakeholder feedback. Recently, Schnitzer commissioned a formal Sustainability Materiality Assessment to identify and prioritize key sustainability-related issues impacting the company. Schnitzer has made the high-level results of the Sustainability Materiality Assessment publicly available in its latest 2018 Sustainability Report.</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 effectively responds to stakeholder feedback in a timely manner. Stakeholder feedback is managed by respective functional management and reported to the executive team. The response activities undertaken following stakeholder communication depend on the complexity and potential impact of each sustainability concern.</p> <p>Schnitzer monitors its sustainability performance, including resource recovery (re-use, recycling, and waste diversion), quality (water and air) and efficiency (water, fuel, and electricity). These metrics are reported in line with globally accepted standards and assured by independent verification.</p>

Conclusion:

Evidence has been seen of Schnitzer Steel’s work to strengthen confidence in data collections and reporting. Trucost considers Schnitzer Steel to have excellent process and systems in place. 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 and applied correctly.

Recommendations:

Trucost recommends that applicable 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 during FY2018 that could conflict with the independence of this work. This is the fifth year that Trucost has assured Schnitzer’s environmental data held within its public reporting.

Trucost, part of S&P Dow Jones Indices

London, October 2018

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Global Head of Corporate Business



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