

ASSURANCE STATEMENT

Trucost
ESG Analysis
S&P Global

Assurance statement

Trucost was engaged by Schnitzer Steel Industries, Inc. to provide assurance of the environmental and social data held within its 2021 Sustainability Report, CDP Climate Change Response, and CDP Water Response.

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 the 2021 Sustainability Report and CDP Climate Change and Water Response (hereafter, CDP). Trucost’s statement represents its independent and balanced opinion on the content and accuracy of the information and environmental and social data held within.

Assurance standard

Trucost undertook the assurance in accordance with AA1000 AS v3 (2020) Type 2 moderate-level assurance, covering:

Evaluation of adherence to the AA1000APS (2018) Principles of inclusivity, materiality, responsiveness, and impact (the Principles).

The reliability of specified environmental performance information (TCIR, 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 claims in Schnitzer’s 2021 external reporting, encompassing the period of 1 September 2020 – 31 August 2021. Trucost was asked to assure reporting for specific KPIs. Schnitzer took an operational control approach.

Trucost verified the environmental and social impacts, as calculated by Schnitzer, within the table below.

GHG EMISSIONS			ENERGY	
	UNIT	QUANTITY	UNIT	QUANTITY
By Scope				
GHG Scope 1- Fuel Combustion ¹	Metric tons CO2e	48,352	GJ	694,396
GHG Scope 1- NG Combustion		44,911	GJ	886,280
GHG Scope 1- Production Process		52,272		NA
GHG Scope 2- Location-based electricity	Metric tons CO2e	25,291	GJ	1,337,398
GHG Scope 2- Market-based electricity ²		0		
GHG Scope 3- Business Travel	Metric tons CO2e	707		NA

WATER	unit	QUANTITY
Purchased municipal water	m3	1,227,189
Extracted well water	m3	9,303

WASTE	unit	QUANTITY
By Source Category		
Business waste	Metric tons	7,504
Process waste	Metric tons	697,133
By Disposition³		
Landfill disposal	Metric tons	72,552
Beneficial Re-use/Recycling	Metric tons	632,085
By Regulation⁴		
U.S. Federal RCRA	Metric tons	4,255

EMPLOYEE SAFETY	unit	QUANTITY
TCIR ⁵	Number of cases per 200,000 hours worked	1.71

¹The quantity reported under GHG Scope 1 fuel combustion include the following fuel types: Diesel, Biodiesel, Gasoline, Ethanol, Fuel Oil, Kerosene, Propane, Propylene, and Acetylene.

²The quantity reported under GHG Scope 2 market-based emissions include bundled and unbundled utility green tariffs or energy attribute certificates for the reporting year. This quantity also includes Schnitzer’s voluntary purchase and retirement of 35,300 MWh verified renewable energy credits to achieve 100% net carbon-free power mix in their market-based contracted grid-electricity.

³The quantity 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.

⁴The quantity reported under U.S. federal RCRA may be inclusive of both disposition types i.e. by landfill disposal, and re-use/recycling.

⁵TCIR stands for Total Case Incident Rate (TCIR) as the number of work-related injuries per 100 full-time workers during a one year period. Source: OSHA

In 2021, Schnitzer’s business travel activity remained restricted and limited due to the COVID-19 pandemic, resulting in low business travel emissions. The company also made enhancements to its waste management procedures, including record keeping practices and personnel training. These enhancements have helped achieve more accurate reporting of regulated and disposed waste. In 2021, Schnitzer’s disposed waste quantities increased due to increase in production activity and its enhanced waste management procedures.

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 adheres 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.

Assurance statement

PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>Schnitzer takes a comprehensive approach to ensure active engagement of all relevant internal and external stakeholders which includes its shareholder, employees, and local communities as well as regulators, customers, suppliers, and relevant non-profit associations. Schnitzer keeps its stakeholders informed of its initiatives, policies and strategies through annual public disclosures like Sustainability report, CDP report, newsletters, and periodic notifications. Schnitzer also welcomes feedback and suggestion from its stakeholders through various channels like surveys, meetings and direct engagement with stakeholder group. All stakeholder concerns are given equal priority. During the reporting period, Schnitzer engaged with 100% of its identified stakeholder groups.</p> <p>The Company's Board of Directors is provided with quarterly updates on major risks by their Executive Team, including Senior Vice Presidents and General Counsel. Additionally, the Chief Sustainability Officer reports quarterly to Chairman and CEO on issues of climate-related strategy, monitoring implementation and performance of set objectives, goals and targets.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>Schnitzer conducted its materiality assessment exercise during the reporting period to identify relevant environment, social and governance topics material to its business. The issue prioritization was determined through both results of surveys and discussions held through stakeholder engagement process. The issues identified were classified in three tiers depending on their rank and priority with tier 1 issues being of highest priority followed by tier 2 and tier 3 issues. The top five material topics for Schnitzer are: environmental management, employee safety, talent recruitment and retention, employee training and development, local community relation and trust. Schnitzer combines both qualitative and quantitative approach to identify, analyze and mitigate the material risks to the organization. These risks are also brought to the attention of company leadership as needed. From the climate risk perspective, regulatory risk, and physical risk from acute weather events are still considered material due to its impact on the supply chain and its operations.</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 ensures that it responds to all its stakeholder concern related to its environmental and social topics coming through different channels within a reasonable time. The stakeholder concerns and feedback are taken in due consideration in developing business strategies.</p> <p>Schnitzer also strives to leverage process improvements that include both new metal recovery technology and behavioral improvement practices that recover more scrap metal, and indirectly mitigate the excess GHG emissions associated with manufacturing new metal via newly mined virgin resources. This allows Schnitzer to stay relevant and competitive in the transition to low-carbon economy. Besides this, Schnitzer regularly evaluates opportunities to minimize its emissions through renewable energy.</p>
<p>Impact: Organizations should monitor, measure, and be accountable for how their actions impact broader ecosystems</p>	<p>Schnitzer makes investments in plant equipment to improve the efficiencies of carbon inputs into its steel manufacturing process in effort to conserve raw resources and lower its carbon outputs. Schnitzer has plans to roll out a software program system that facilitates the real-time monitoring and management of energy consumption across all its facilities. It also evaluates its carbon pricing risk on annual basis. The Company's management is incentivized for achievement of sustainability goals anchored to 2025 and 2050 targets, particularly related to its strategic objectives and EH&S performance. Overall, this has encouraged management to seek to develop climate-related performance projects.</p>

Assurance statement

Findings, conclusions, and recommendations

The Principles:

Nothing came to Trucost’s attention to suggest that Schnitzer’s CDP Response or Sustainability Report 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, October 2021



Steven Bullock
Global Head of Research and Innovation



Trucost
ESG Analysis
S&P Global

NOTICE

©2021 S&P Trucost Limited (“Trucost”), an affiliate of S&P Global Market Intelligence. All rights reserved.

The materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including text, data, reports, images, photos, graphics, charts, animations, videos, research, valuations, models, software or other application or output therefrom or any part thereof (“Content”) may be modified, reverse engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of Trucost or its affiliates (collectively, S&P Global). S&P Global, its affiliates and their licensors do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global, its affiliates and their licensors are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN “AS IS” BASIS. S&P GLOBAL, ITS AFFILIATES AND LICENSORS DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, CONDITIONS, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global, its affiliates or their licensors be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Trucost’s opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. Trucost assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions.

S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global’s public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge) and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.