

Create a world  
without waste to  
**preserve our planet**

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## ABOUT US

Key Enabler  
of the Circular  
Economy





# About Sims Limited

As a global leader in sustainability, Sims Limited and its portfolio of businesses operate in a state of constant innovation and development within the circular economy to support consumers, businesses, governments and communities around the world.

Our purpose, **create a world without waste to preserve our planet**, is what drives us to continuously seek new ways to demonstrate our status as a responsible corporate citizen within the economic, environmental and social sectors – the three pillars of corporate sustainability.

With 104 years of recycling experience and more than 3,880 highly skilled employees working across 260 facilities and operations throughout 15 countries, our future has never been more promising or safe.





# Chairman's Message

The world has changed significantly since we introduced the Sims Purpose, **create a world without waste to preserve our planet**, in April 2019. With this move, we announced to the world what we already knew: sustainability is at the heart of our business and guides our thinking for the years and decades ahead. The COVID-19 pandemic continues to cause disruption and hardship for many, and the consequences of a changing climate are devastating communities across the globe. I, however, remain confident in our purpose and our ability to meet these challenges so that we continue to deliver positive change for our employees, customers and communities.

## A History of Sustainability

Sims Limited has operated with sustainability at its core for more than 100 years – long before we recognised the crucial role of sustainability in protecting our natural world. The global economy's linear business model is depleting natural resources faster than they can be replenished and straining ecosystems. Our Company plays an integral role in the circular economy by making valuable resources

available for future use. Each year, Sims Metal, our metal recycling business, recycles millions of tonnes of secondary materials, reducing the demand for virgin materials and the amount of energy and water needed to make steel. And, Sims Lifecycle Services (SLS), our electronics recycling and data centre circularity business, helps customers keep their resources in use at their highest value for as long as possible by refurbishing and redeploying equipment. Sims has a long history of innovating to find the safest and most effective technologies to reduce waste and reuse, repair, repurpose and recycle materials.

## Sustainable Growth Strategy

The Sims Purpose is the basis we use to develop our Company's strategic growth and sustainability strategies. Together, these strategies position each business division for growth. Sims is a unique business that delivers on its strategic growth strategy by achieving strong environmental, social and governance (ESG) outcomes and profits. In our business, sustainability and long-term value are inextricably linked.

Three pillars – **operate responsibly, close the loop and partner for change** – serve as the foundation of our sustainability strategy. Each is aligned to a United Nations Sustainable Development Goal (UN SDG): 8 – Decent Work and Economic Growth, 13 – Climate Action, and 12 – Responsible Consumption and Production, respectively. We believe these are the areas we can most significantly impact, and we have developed a corresponding set of sustainability goals that we plan to achieve by fiscal year 2025 (FY25).



## Operate Responsibly

Fostering a safe work environment for our employees is our priority. Our strong safety culture enabled our agile response to the health risks presented by the COVID-19 pandemic. Since the onset of the pandemic, we have continually assessed and improved health, safety and wellness protocols designed to prevent employees from contracting COVID-19. We recognise that vaccinations are key to keeping our employees safe. Accordingly, we have encouraged vaccinations by



Geoff Brunsdon  
Chairman

## CHAIRMAN'S MESSAGE CONTINUED

facilitating access to COVID-19 vaccines and provided incentives to do so.

During the past year, we continued to focus on preventing high-severity injury risks through our critical risk management program while also reducing high-frequency risks. Our approach worked – our Company experienced the lowest number of critical risk injuries, recordable injuries and lost-time injuries in its history. While I am proud of our safety record, our goal is zero harm, and we will remain focused on that goal.

The Board is committed to ensuring that our Company operates ethically and in a manner consistent with the highest standards of corporate governance. We are committed to having a workforce who supports our shared purpose and respects human rights. We strive for a workplace that fosters diversity in the broadest sense: one in which all employees feel they are welcome, valued and safe. Our workforce is geographically diverse, with operations across the globe, and this year, we continued to make strides to improve gender diversity, increasing the Company's female employee representation to 22 percent of its total employee population. I speak for the Board when I say that we are committed to developing and retaining a diverse workforce that reflects the ever-changing demographics of where we do business, whom we do business with, and the communities in which we operate.



### Close the Loop

Sims helps our customers and suppliers close their own material loops, and we are continuously working to close our own. As a leading innovator in the circular economy, closing the loop is not only our business, but it is also the principle that

dictates how we operate. As an example, through our Sims Resource Renewal business, we seek to close the loop in metal recycling by transforming the leftover material into new, useful products. The business recently announced its intention to produce hydrogen for industrial use at its proposed facility at Campbellfield in Victoria, Australia, supporting the transition to a more sustainable energy landscape.



### Partner for Change

We appreciate that a sustainable future cannot be created by one entity alone. Rather, our impact will be far greater if done in collaboration with our customers and suppliers, communities and governments. We have established business relationships and partnerships with like-minded organisations to ensure that we are in the best position to achieve our purpose.

### Transparency with Our Shareholders

Our business model is helping our customers increase the sustainability of their supply chains and reduce their carbon footprints. We are also setting our own challenging sustainability targets. Sims has set clear short-, medium- and long-term emissions-reduction targets that are aligned with the Paris Agreement and follow the Science Based Targets initiative (SBTi) methodology. Our Company has committed to achieve a 23 percent reduction in carbon emissions in our operations by FY25 as compared to FY20, become carbon neutral by 2042, and achieve net zero by 2050. To this end, Sims has developed a pipeline of projects for carbon mitigation, reduction and elimination, including the conversion of our electricity to renewable energy sources to power our plants and facilities.

Facing more frequent and severe flooding, wildfires and other weather incidents across the world, we are more than ever committed to keeping our employees safe and the Company resilient against natural events. Sims committed to adopt the Task Force on Climate-related Financial Disclosures recommendations ([TCFD](#)) in FY19, and will continue to advance its disclosure in calendar year 2021. Sims will improve its strategic risk management through the detailed climate change scenario analysis carried out in FY21. The Board chose five material hypotheses to test the resilience of our business strategy, quantifying the climate-related risks and opportunities. (See [page 29](#) for more details.)

The Board recognises the importance of transparency to shareholders, and we will hold ourselves accountable by reporting our performance. We expect that you, our shareholders, will also hold us accountable. In May 2021, the Company announced that it intends to put its climate reporting to a non-binding, advisory vote of shareholders at its FY22 Annual General Meeting.

On behalf of my fellow directors, I thank all of our employees for their dedication and effort in creating a safer and more sustainable future over the past year.

**Geoff Brunsdon**  
Chairman



# CEO's Message

While FY20 was an extremely challenging year for Sims Limited and our entire industry, we saw a changing of the tide in FY21. As the world continues to change, and the people who live in it act accordingly, we recognise the immense responsibility we hold to ensure the realisation of our purpose. As enablers of the circular economy, we know that Sims Limited is uniquely positioned to contribute to the sustainability of each town, city, state and country where we live and work.

## Let's Start with Why

In FY19, we charted a course to uncover our “why” – our reason for being and why we are in the business we are in. This became our purpose, **create a world without waste to preserve our planet**. It clearly outlines our intention as a company and our responsibilities as stewards of our natural world. Sustainability is the foundation of our Company – and by extension our business divisions – and of course, our purpose. When we look at the world, our businesses and future opportunities through the lens of our purpose, it clearly stands the test of time. The Sims Purpose was used as a guide for developing the Company's strategic growth plans and our sustainability targets.

## Here's How

In FY20, we took an important step forward and officially launched our **sustainability goals** that we plan to achieve by FY25. Each of these nine goals in our sustainability strategy is based on our three pillars – **operate responsibly, close the loop and partner for change**. Each is aligned to a United Nations Sustainable Development Goal (UN SDG): 8 – Decent Work and Economic Growth, 13 – Climate Action, and 12 – Responsible Consumption and Production, respectively.

This multi-year plan will allow us to drive scalable, sustainable growth throughout all of our business divisions, as well as deliver on our environmental objective to reduce our waste and keep resources in use for as long as possible. For this reason, our sustainability goals and corporate growth strategy are fully integrated. By connecting our corporate strategy, our purpose and the UN SDGs, we are able to make a larger positive impact through our business initiatives.

## The What for the Why

But it is so much more than recycling; it's also about shifting the mindset of the people in the communities we serve. They, too, have a role to play in ensuring a more sustainable world. That's why we participate in community events and sponsor initiatives that correspond to our pillars, as well as establish strategic partnerships with other environmentally focused businesses. In doing so, we are able to further our goals while we work with our various stakeholders to encourage people around the world to rethink waste, so we can find innovative ways to unlock more value at every stage of the circular economy and contribute to global decarbonisation. Our efforts do not go unrecognised; this fiscal year, we were included in two Corporate Knights rankings: the Global 100 List of most sustainable corporations and the Carbon Clean 200 List.

This was the seventh year that we were included on the Global 100 list of the most sustainable companies.

## Tracking Our Progress

In addition to releasing our 2025 sustainability goals in FY20, we also rolled out key performance indicators to measure and track our progress. For each indicator, we set an ambitious target to attain high performance.

Despite the difficulties brought on by the pandemic, our relentless focus on fostering a safe work environment has allowed us to reach new safety milestones. Our critical risk management program drove the number of critical risk



Alistair Field  
CEO and Managing Director



In FY21, we launched our sustainability targets. [Read a Q&A with our CEO Alistair Fields](#) about how the sustainability strategy and goals are key to our strategic framework, setting the Company up for continued and long-term growth.

## CEO'S MESSAGE CONTINUED

incidents down by 52 percent as compared to last year. This program was combined with a strategic approach to analyse incident causation data to target task-related injury risk and to focus efforts on workplace design, tool usage and ergonomic factors. Together, these actions have improved safety performance and led to a total recordable injury rate of 1.2 in FY21 – the lowest to date in Company history.

As the health crisis caused by the global pandemic continues, we have remained diligent in maintaining and improving our protocols to protect the health of our employees and visitors at our sites. We have maintained a global COVID-19 Response Team to stay abreast of mandates placed in each of the jurisdictions where we operate, shared preferred practices across our sites globally, and adapted our response to further protect our employees as needed. As such, we continue to encourage our employees and their families to get vaccinated through internal vaccination campaigns and provide incentives to do so.

We are committed to operating a best-in-class business that is grounded in responsible and ethical business practices and in providing an inclusive work environment where our employees can thrive. We launched our first Ethics and Compliance Weeks to engage our employees on the principles of our core values via quiz games, storytelling and training, as a way to reinforce the ethics and compliance obligations each employee has. In FY21, more than 99 percent of our employees took part in our Code of Conduct training, and 100 percent of our employees participated in training on how to recognize modern slavery risks. We also launched our first unconscious bias training program this year to further bolster our inclusive culture.

Operating responsibly is also about being fiscally prudent. Although we started FY21 recovering from the losses we faced in FY20, we ended the year on a strong positive note. We delivered fixed cost savings of \$75 million as compared to FY19, and we also made substantial progress with advancing our strategic growth plan. These combined

efforts positioned the Company well for the future. We reported an underlying EBIT of \$386.6 million in FY21, \$444.5 million higher than FY20. Sales revenue grew by 20.5 percent to \$5,916.3 million in FY21, largely due to higher sales volumes and average selling prices driven by increased demand in many industrial sectors.

### Advancing Our Sustainability Journey

We look to minimise our impacts by decarbonising our business and closing our own material loops, and in turn, working to create useful products for society. In FY21, we formally established our Resource Renewal business division. Since then, we were granted planning development approval by the Brisbane City Council and the Queensland government for the pilot facility at our existing metal recycling site in Rocklea, Queensland. The pilot facility is expected to be operational in calendar year 2022, and it will primarily focus on research and development to advance the technology we will use as we grow the Sims Resource Renewal business. We have also lodged submissions with the Environmental Protection Agency and the Hume City Council in Victoria to move forward with the construction of a facility to produce hydrogen for industrial use at Campbellfield, Victoria. We are well on our journey to transform more than one million tonnes of the material left over following metal recycling into new useful products for society each year by 2030.

This past year, we set goals to reduce our carbon emissions by 23 percent by 2025 and be carbon neutral by 2042. We have already started to convert our electricity to renewable energy sources to power our plants and facilities. For example, we converted all of the electricity used in our facilities in the United Kingdom to come from renewable sources. As a result of using electricity from renewable sources, we achieved a 11 percent reduction of our Scope 2 emissions compared to FY20.

As a key enabler of the circular economy, we divert valuable resources from landfill, bringing benefits such as greenhouse gas mitigation and a reduction in demand

for virgin raw materials. This past fiscal year, Sims Metal, our metal recycling business division, processed over 8.5 million tonnes of material and reinjected these back into the economy, lowering the demand for virgin materials to make steel and lowering emissions from steel mills using recycled metal in their steel-making process.

Sims Lifecycle Services (SLS) furthers the circular economy by creating new business models that promote a circular approach to managing data centre hardware that can be refurbished and redistributed. In FY21, 2.1 million cloud units were redeployed or repurposed, and we are looking to increase this to 8.5 million by the end of FY25. In addition to reducing e-waste, SLS helps clients advance their zero-waste targets and greenhouse gas emissions reductions whilst saving them costs. In so doing, we act as a partner for change, assisting our customers and communities to achieve their own decarbonisation goals.

We have made some impressive strides on the business and sustainability front across all of our global business divisions. Given where the business was just the year prior and all that our employees experienced personally and professionally, I am beyond proud of what we collectively achieved in FY21. It is easy to create an edict like our purpose, but it is another thing entirely to make actual progress as a company to achieve such a lofty aim to create a world without waste to preserve our planet – but we are doing it. On behalf of the entire leadership team, I'd like to say thank you to our entire employee base for all they do every day and every year to ensure the success of our Company.



**Alistair Field**  
Group CEO & Managing Director



# 2021 Sustainability Highlights

## The Sims Purpose



**2.1m**

cloud storage units repurposed



**>650k**

tonnes of municipal curbside recycling processed



**8.6m**

tonnes of secondary metals recycled



**500k MWh**

of base-load renewable energy generated via LMS Energy (powers 90,000 homes per annum)

## Managing Sustainability



Launched our 2025 and beyond sustainability targets



**wbcsd**

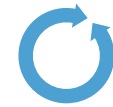
**Member** of the World Business Council for Sustainable Development and active contributor to the circular economy program

**Ranked 57th** on the 2021 Global 100 list of most sustainable companies by Corporate Knights, an independent media and research organisation



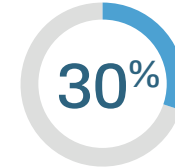
**Strong demand for recycled metals** forecast as global steel sector faces regulatory pressure to decarbonise<sup>1</sup>

## Our Performance



**\$161m<sup>2</sup>**

invested to close the loop on our metal recycling processes



of the executive leadership team are women<sup>3</sup>

**19%**

renewable electricity used across our facilities<sup>4</sup>

**1.2 TRIFR**

Lowest total recordable injury frequency rate (TRIFR) to date



**Planning development granted** for pilot plasma gasification plant in Rocklea, Australia



**31%**

increase in repurposed cloud storage units<sup>5</sup> entering secondary electronics markets



**4** out of 9 Board members are women<sup>6</sup>



Acquisition of leading aluminium processor, forecast to **grow North American recycled non-ferrous retail volume by 24%**<sup>7</sup>

<sup>1</sup> Reuters, FT, InvestmentWeek, White & Case

<sup>2</sup> All currency figures referred to in this report are in Australian dollars unless otherwise stated.

<sup>3</sup> Three out of 10 members of the executive leadership team (ELT) self-identify as female

<sup>4</sup> Includes on-site generated renewable energy without renewable certification claimed by Sims

<sup>5</sup> A repurposed unit is any unit that re-enters the market by being resold or redeployed. It excludes units that are shredded.

<sup>6</sup> Includes changes in FY22

<sup>7</sup> Based on FY20 baseline

# 104 Years of Global Recycling Experience



260+

FACILITIES OPERATING IN  
15 COUNTRIES<sup>1</sup>



3,880+

EMPLOYEES



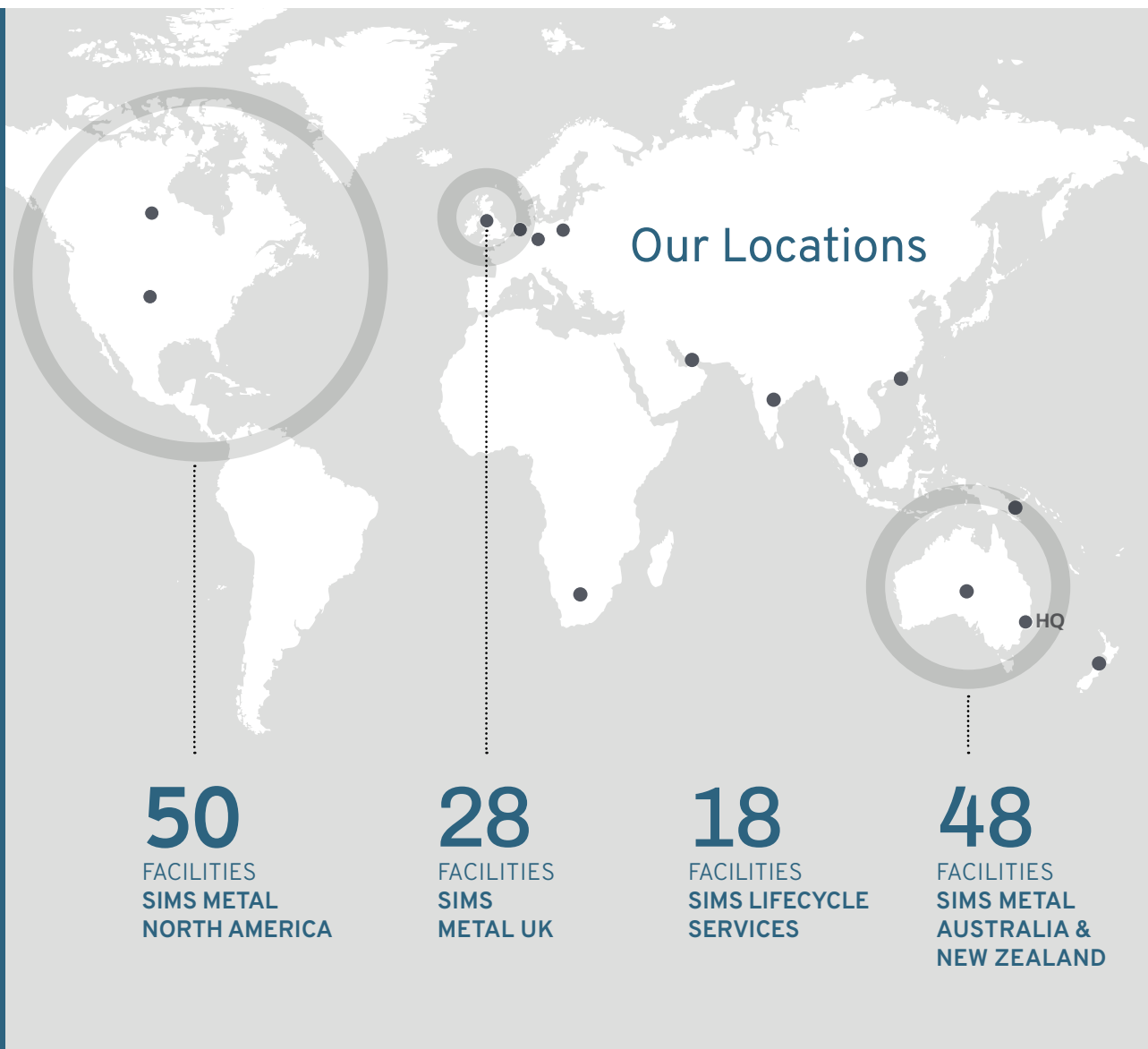
104

YEARS OF RECYCLING  
EXPERIENCE



\$5.9bn

SALES REVENUE IN 2021



	%
Other	42.1
United States	20.8
Turkey	16.5
Australia	7.9
China	6.7
Bangladesh	5.9

No single customer contributed 10 percent or more to the Group revenue for all the periods presented.

<sup>1</sup> Includes joint venture sites



# Our Business at a Glance

## OUR SERVICES



### METAL RECYCLING

We buy, process and sell ferrous and non-ferrous recycled metals, through our locations primarily located in the United States, the United Kingdom and Australia. We recover, process and sell steel, iron, copper and aluminium to manufacturers in 30 countries. Globally, we recover and recycle more than 8 million tonnes of scrap metal each year, and we continue to fortify and grow this area of our business through market optionality and operational excellence.

# 8.6m

TONNES OF **SCRAP METAL** RECYCLED GLOBALLY IN FY21



### ELECTRONIC LIFECYCLE SERVICES

We are a market leader in e-recycling, and we enable a range of industries to securely and responsibly reuse, recycle and manage the disposal of IT equipment and electronic products in a legally compliant, data-secure, fully traceable and environmentally sustainable way. Our electronics repurposing volumes increased 31 percent in FY21 to 2.1 million cloud storage units, compared to 1.6 million units in FY20. We are constantly exploring new, innovative solutions to serve this vast emerging market, by growing product stewardship and services for recycling the cloud with a focus on closing resource loops for our customers.

# 2.1m

CLOUD UNITS REPURPOSED IN FY21



### MUNICIPAL RECYCLING

We lead urban recycling in New York City and manage a portion of the curbside recycling program for Chicago – two of the largest urban areas in the United States. Overall, we process some 660,000 tonnes of municipal curbside material annually in New York City, Palm Beach County, and parts of New Jersey, Long Island and Chicago. We are evolving our municipal recycling capabilities to meet the needs of an ever-changing recycling landscape. Our mission is to develop transformative waste management solutions for the megacities of the future.

# 660k

TONNES OF **MUNICIPAL MATERIAL** RECYCLED BY SIMS MUNICIPAL RECYCLING IN FY21



### RESOURCE RENEWAL

As part of our long-term growth strategy, we will expand our business offering to transform the leftover material following metals recycling – auto shredder residue (ASR), which currently is landfilled – into useful products for society. We will use proven, advanced plasma gasification technology, which will continually improve through our research and development. Our designs follow European emissions standards, which are the current global emissions benchmark. This line of business will allow us to close the loop on our own waste, save on landfill and energy costs, and develop a new revenue stream.

CONVERT  

# 1m

TONNES OF **ASR** INTO QUALITY PRODUCTS EACH YEAR BY 2030



### RENEWABLE ENERGY

Our joint venture, LMS Energy, is a leader in landfill gas-to-renewable energy and an innovator in solar on landfill technology. In FY21, LMS expanded key sites in Victoria, commissioning a new project in Queensland and increasing its solar power installations in South Australia. With these additions, LMS now has a total of 30 landfill biogas-to-energy projects and 20 flaring projects in operation across Australia and New Zealand, generating more than 500,000 megawatt hours of baseload renewable electricity annually, which powers 90,000 homes per annum. Additionally, LMS now has six solar projects across Australia.

MORE THAN  

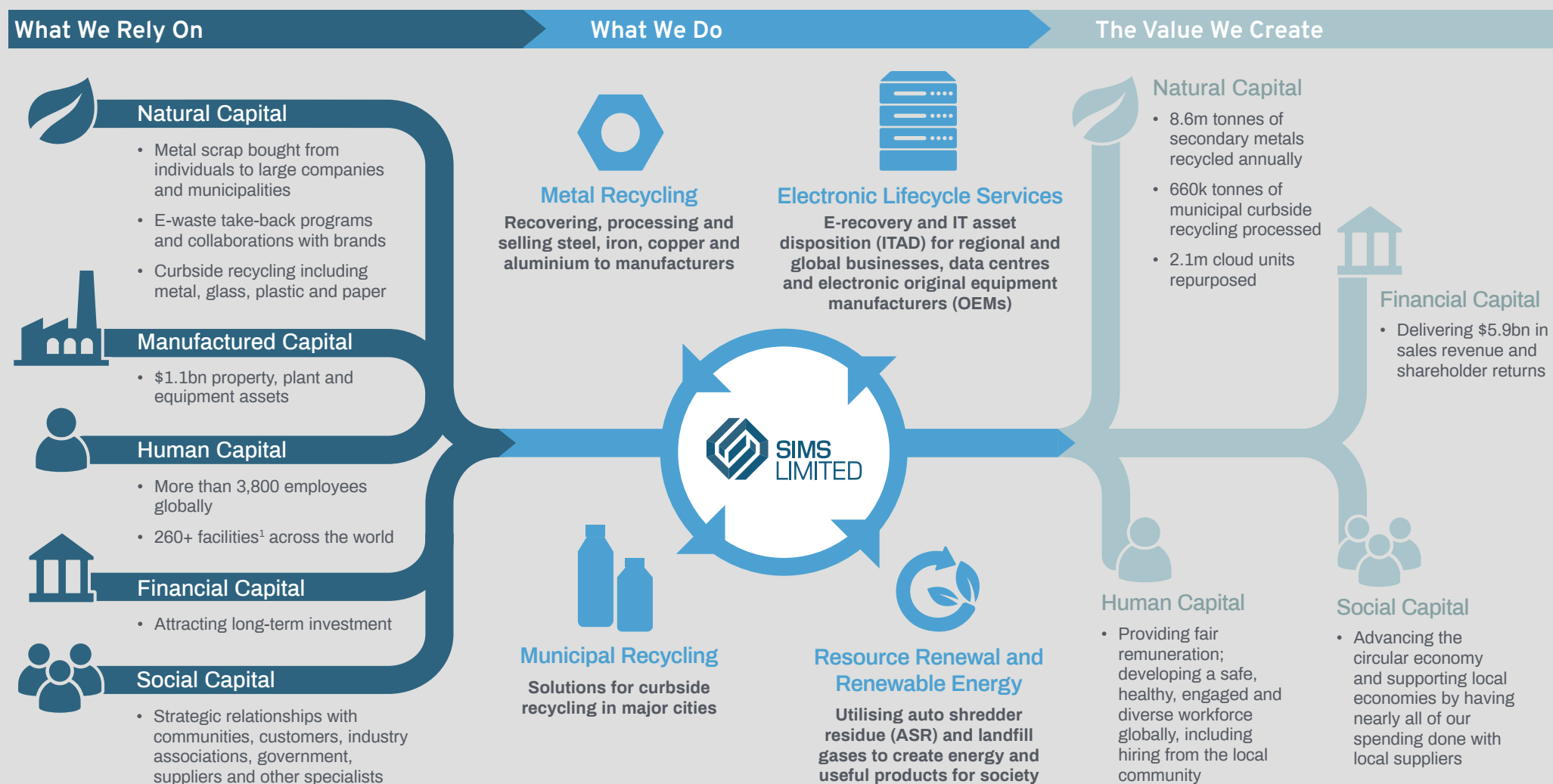
# 45m

TONNES OF CARBON EMISSIONS REDUCTIONS IN THE LAST 25 YEARS

**Adding Value:** Each year, Sims Limited returns millions of tonnes of secondary materials back to the market

# How Sims Creates Value

Sustainable growth creates economic opportunities, environmental and social benefits, and increases business resilience. This transition requires a systemic shift that closes, optimises and values resource loops across the value chain. This concept is at the core of Sims' business model – we are a 104-year-old recycling company.



<sup>1</sup> Includes joint venture sites





## OUR PURPOSE

Placing  
sustainability at  
the heart of our  
business drives  
opportunity

# The Sims Purpose Drives Business Opportunity

**A circular economy is good for the planet. It is also good for business.**

For more than a century, Sims Limited has enabled the circular economy. Today our strategic goals are structured to drive business growth and deliver a world without waste. We think this is the path to a more sustainable business and world.

Our current linear economy (a “take-make-dispose” model of consumption) relies too heavily on the use of the natural environment and resources. Every year, more than 100 billion tons of raw materials are transformed into products, according to the Circularity Gap Report 2021.<sup>1</sup> Less than 10 percent of these materials cycle back into the economy. This increasing waste is straining our landfills, creating pollution and contributing to global greenhouse gas (GHG) emissions.

Following the latest Intergovernmental Panel on Climate Change (IPCC) Report that found climate change is widespread and intensifying,<sup>2</sup> it is now even clearer how rapid and sustained GHG emissions reductions are needed to achieve the objective of limiting global warming to no more than 1.5°C above pre-industrial levels. Already, net-zero emissions targets have been adopted by one-fifth of the world’s 2,000 largest publicly listed companies, according to a 2021 report by the UK-based Energy and Climate Intelligence Unit and Oxford Net Zero.<sup>3</sup> It is not just businesses, but also more than 700 cities globally, many in which Sims Limited operates, that are setting zero-emissions targets.

Research from the Ellen MacArthur Foundation shows that while moving to renewable energy can address 55 percent of global GHG emissions, it will be essential to address the remaining 45 percent that come from manufacture of everyday products, such as

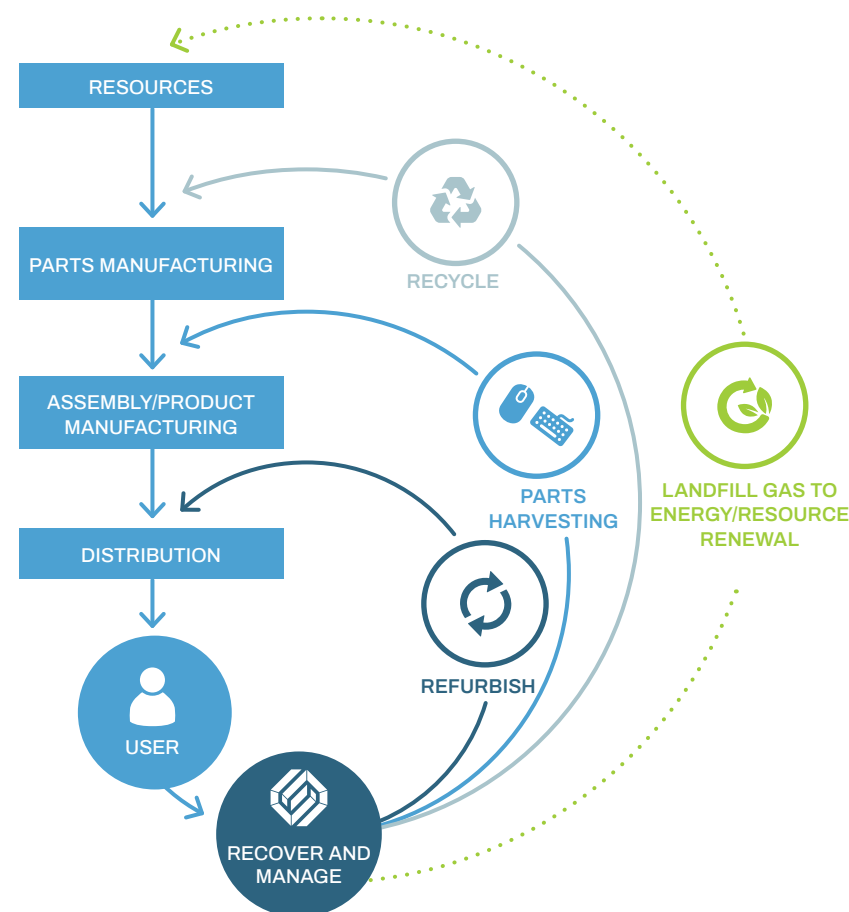
cars, clothing and food. The report highlights that by focussing on five key areas (steel, aluminium, plastics, cement and food), global emissions can be reduced by 9.3 billion tonnes – equivalent to eliminating current emissions from all forms of transport globally.<sup>4</sup>

By moving to a circular economy, where materials are reused and recycled, the demand for virgin materials is reduced, along with the emissions associated with extraction, refining and production (embodied emissions). Also reduced are other environmental impacts that can be associated with the extraction and production of raw materials, such as air pollution, water contamination and threats to biodiversity. As more businesses, countries and cities commit to decarbonisation and circularity targets, Sims is strongly positioned to take advantage of this demand, creating sustainable growth for our Company and our customers. Our purpose – to create a world without waste to preserve our planet – guides our strategy as a circular economy leader, enabling our portfolio of businesses to unlock new value and opportunities, and support global decarbonisation.

## Opportunities in Metals

The shift to low-carbon technologies such as renewable generation, battery storage, electric vehicles and smart grids is also expected to accelerate demand for a range of base and precious metals. Demand for recycled steel,

## Sims Limited Enables the Circular Economy



<sup>1</sup> CGRI, *The Circularity Gap Report 2021* (2021)

<sup>2</sup> IPCC, *AR6 Climate Change 2021: The Physical Science Basis* (2021)

<sup>3</sup> Graham, 2021, *Net-zero emissions targets adopted by one-fifth of world's largest companies*, accessed 11 October 2021

<sup>4</sup> Ellen MacArthur Foundation, *Completing the Picture: How the Circular Economy Tackles Climate Change* (2019), [www.ellenmacarthurfoundation.org/publications](http://www.ellenmacarthurfoundation.org/publications)



## THE SIMS PURPOSE DRIVES BUSINESS OPPORTUNITY CONTINUED

aluminium and nickel is also increasing, as battery and auto manufacturers seek to lower the embodied emissions in their own products. Primary production processes of steel and aluminium are energy- and emissions-intensive. The steel industry is currently responsible for approximately 8 percent<sup>5</sup> of global GHG emissions, and aluminium production for roughly 2 percent.<sup>6</sup> According to the Bureau of International Recycling, using recycled aluminium saves up to 95 percent<sup>7</sup> of the energy needed for processing virgin materials and saves up to 74 percent of energy for steel.<sup>8</sup>

Sims is positioned to support emerging solutions and markets for “green” steel production, including the use of scrap steel in electric arc furnaces that reduce the amount of fossil carbon required as a fuel and reduction agent. Similarly, increasing the use of scrap in aluminium production is a logical first step on the road to decarbonisation, as secondary aluminium production uses less energy and contributes to lower GHG emissions.

### Recycling the Cloud

As increasing amounts of information is stored on the cloud, Sims Lifecycle Services (SLS) is expanding into new, higher-value services that are promoting a circular approach to managing data centre hardware. Working closely with major brand owners and digital data storage providers, SLS is helping our clients reduce e-waste through refurbishments and redistributions

of equipment in their data centres. In many cases, servers can be dismantled to recover components that can be used again, finding new life in remanufactured servers. This year, our expertise in component recovery has helped our customers deal with an unanticipated problem – the worldwide shortage in semiconductor chips. These chips, which power everything from data centres to smartphones to new vehicles and home appliances, can be recovered at SLS facilities and reinjected back into the supply chain, which is expected to be constrained well into 2022. (Refer to our case study on the next page for more detail.) By helping our customers reduce e-waste, we are also increasing the resilience of their supply chains, reducing greenhouse gas emissions and saving money. As part of our five-year strategic plan, our goal is to redeploy an additional 8.1 million cloud units by the end of 2025 fiscal year, compared to 2018 fiscal year results.

### Resource Renewal

By closing the loop on our own waste, we are also creating useful products for society. Sims Resource Renewal plans to build several facilities around the world by 2030. This will allow us to transform more than one million tonnes of the material left over from the metal recycling process – known as auto shredder residue (ASR) – into new, quality products each year. Currently ASR is sent to



landfill, but it can be transformed into valuable commodities, including hydrogen, carbon dioxide for industrial use, aggregates for construction materials and the building blocks for plastics to enable reuse.

At our first proposed facility in Campbellfield, Victoria, we plan to initially produce hydrogen. As a result of hydrogen production, carbon dioxide will also be produced, captured and on-sold for industrial use. We also will continue with plans to produce materials for construction, helping to increase the use of recycled materials in critical infrastructure, such as roads. The facility will be powered by renewable electricity.

A pilot facility in Rocklea, Queensland, will focus on research and development to advance technology and investigate potential output products, including the building blocks for plastics. The Rocklea pilot facility is expected to be operational in 2022, while the Campbellfield facility is expected to be operational in 2023.

### Renewable Generation

In addition to leading the circular economy, Sims is contributing to decarbonisation by increasing the generation of renewable energy. Our joint venture LMS Energy is

<sup>5</sup> Hoffmann, Van Hoey, Zeumer, 2020, *Decarbonization challenge for steel*, accessed 13 August 2021

<sup>6</sup> Van Heusden, Harry, Puleo, 2020, *Why addressing the aluminium industry's carbon footprint is key to climate action*, accessed 19 October 2021

<sup>7</sup> BIR, 2021, *Ferrous Metals: Extract BIR Annual Report 2020*, accessed 15 August 2021

<sup>8</sup> BIR, 2021, *Non-ferrous Metals: Extract BIR Annual Report 2020*, accessed 15 August 2021



## SIMS PURPOSE IS DRIVING BUSINESS OPPORTUNITY CONTINUED

converting landfill gas to renewable energy and contributes significantly to Australia's carbon emissions reductions. The Company owns and operates 124 sites across North America and Australia, with more than 75 MW of installed, baseload renewable capacity. With 44 carbon abatement projects accredited under the Emission Reduction Fund, LMS has also been issued with more than 50 percent of all Australian Carbon Credit Units (ACCUs) under the landfill biogas methodologies. To date, LMS has achieved an estimated 45 million tonnes of carbon emissions reductions in the last 25 years across all activities. Across Sims sites, on-premise solar and wind installations generated more than 2.3 gigawatt hours of electricity during FY21 – the equivalent to the annual use of approximately 400 homes.

Continuing to increase recycling of materials, such as steel, aluminium and data centre equipment not only supports our growth strategy but also positions Sims as a partner for change to help these industries reduce their environmental footprint. Primary resources are redirected back into the value chain, reducing emissions, lowering costs, supporting resilient supply chains and unlocking new opportunities for innovation for our customers. This is at the heart of our strategy – and our purpose: **create a world without waste to preserve our planet.**

### REDEPLOYING CHIPS

A global shortage of semiconductors – chips that power massive data centres, modern vehicles and countless digital devices, from our smartphones to home appliances – is fueling demand for refurbished ones. To meet the demand, Sims Lifecycle Services (SLS) is helping customers redeploy products that are highly reusable, which also reduces their carbon footprint and costs when compared to acquiring new equipment.

Sean Magann, chief commercial officer of SLS, says demand for refurbished semiconductors, processors and other memory equipment has doubled since the COVID-19 pandemic.

As the world shut down because of the COVID-19 pandemic, many factories closed with it, making the supplies needed for chip manufacturing unavailable for months. This shutdown came at the same time that work-from-home orders spurred an increase in demand for consumer electronics and collaboration platforms like Zoom

and Teams – which all run in the cloud and create a need for more chips at data centres.

*“As components become harder to find, our IT original equipment manufacturers (OEMs) are realising it is possible to reverse engineer and recover semiconductor chips from end-of-life equipment. They want all the memory back,”* Magann says. *“Even our customers who run big data centres, where most equipment is proprietary, there are circuit boards with generic chips that can be taken off and put back into the supply chain.”*

SLS's expertise in IT asset recovery has helped to open more strategic discussions with OEMs on how to manage reverse logistics and recover value from returned equipment. Assets are used as spares for existing machines or sold in secondary markets.

While redeploying these assets in other applications maximises the financial value a company can

receive from its equipment, it also fits into wider corporate sustainability strategies, Magann says.

*“It's heavily driven by sustainability efforts to track and reduce everybody's carbon footprint,”* says Magann, who added that one memory drive can be responsible for more than 0.5 kg Co<sub>2</sub>e over its lifecycle.<sup>1</sup> *“These are highly engineered products with significant material and manufacturing footprints.”*

Past the global shortage, Magann says that he believes more OEMs will adopt a more circular approach as they realise the benefits to their business and the supply chain.

*“Extending product, part and material lifecycles also enables financially and environmentally sustainable circular electronic supply chains,”* he says. *“It will improve the flexibility of supply chains that contributed to global shortages, expand capacity, and save carbon and materials that would have been used to produce new products.”*

<sup>1</sup> Boyd, S. B. (2014), Life-Cycle Assessment of Semiconductors, Springer, p. 94

# Materiality

It is crucial that we use our understanding of the evolving global sustainability landscape to shape our strategy, manage our impacts and increase transparency.

---

In 2019, we carried out a new materiality assessment to identify the issues that matter most to our business and our stakeholders. We used the results as a foundation to shape our new sustainability strategy and to define our material topics and boundaries for reporting.

## Approach and Methodology

We engaged third-party sustainability experts to conduct a materiality assessment on a range of social, economic, governance and environmental topics. We identified relevant stakeholders, including our Board of Directors, executive leadership team, investors, non-governmental organisations (NGOs), trade associations and subject matter experts, and engaged them through a series of in-depth interviews and workshops.

Stakeholders were asked about their perceptions of Sims and our sustainability impacts, as well as areas of challenge and opportunity. We tested a range of sustainability topics with each stakeholder and asked them to rank the relative importance of each topic.

The Board then scored each topic relative to its impact on the business – positive and negative – using a range of criteria.

We used the outcomes of this refining and prioritisation process to identify topics that should be elevated in our strategy and reporting.



## MATERIALITY CONTINUED

### Material Progress

#### Our Materiality Process

1

#### IDENTIFICATION

We developed an initial list of more than 290 topics based on a desktop review of:

- legislation
- industry trends
- megatrends
- UN SDGs considerations
- peer review
- media review
- Sims Limited's business strategy risk register reporting and prior materiality assessment

The list was informed by in-depth interviews with our:

- Chief executive officer
- Chairman of the Board
- Executive leadership team



2

#### PRIORITISATION

The list was grouped and clustered into 37 key topics, which were signed off by the Chief Risk & Compliance Officer (CRCO), for internal and external testing. This testing was to prioritise the topics according to their importance to stakeholders and the impact on Sims Limited (both positive and negative).

A set of criteria was developed to measure importance to stakeholders, including:

- relevance to the organisation's ongoing concerns,
- importance to stakeholder relationships,
- relevance to the organisation's sustainability priorities, and
- relevance of enabling judgements to be formed about Sims.

A set of criteria was also developed to measure impact, including factors, such as:

- contribution to the purpose,
- sustainability ambitions and business strategy,
- potential financial impact (including defined financial thresholds),
- potential brand and reputation impact,
- potential impact on stakeholder relationships,
- potential for non-compliance or fines, and
- potential impact on licence to operate and impact on long-term business viability and continuity.



3

#### STAKEHOLDER ENGAGEMENT

Topics and criteria were tested with a range of external stakeholders to understand their perceived importance.

Stakeholders included investors, NGOs, customers, trade associations and thought leaders specifically chosen to provide a range of perspectives.

The impact of the topics on Sims Limited was tested during a workshop with Board members and combined with data collected on the importance to external stakeholders.



4

#### VALIDATION AND REVIEW

- The outcomes of the process were validated and reviewed by the CRCO, CEO and the executive leadership team.
- At key stages throughout the process, Sims Limited's previous materiality work and qualitative stakeholder feedback were referenced to ensure the results were a reasonable reflection of the Sims Limited's world, the challenges and the opportunities.
- The outcomes of the materiality assessment have been used to shape the new sustainability strategy. They were also reviewed against the business strategy for alignment and used to inform this reporting cycle.





## MATERIALITY CONTINUED

### Materiality Matrix

We take steps to become more resilient and be proactive in the matters that are most important to us. Find out more about how our material topics are aligned to our sustainability pillars and goals by hovering over a numbered circle in the chart. With our top 10 most material topics in the right-hand corner, click on “Learn more” for more information.

#### Key:

##### ● Advance the Circular Economy

- 1 Circular economy
- 2 Quality of metal product outputs
- 3 E-waste
- 4 Process innovation

##### ● Quality of Inbound Materials

- 5 Hazardous or radioactive materials
- 6 Waste from operations sent to landfill
- 7 Increased cost of and availability of disposal options for ASR waste
- 8 Quality of inbound materials
- 9 Resource availability

##### ● Economic Performance

- 10 Economic performance
- 11 Geopolitical disruption
- 12 Ferrous metal price volatility

##### ● Ethical Business

- 13 Bribery and corruption
- 14 Anti-competitive practices

##### ● Respect for People

- 15 Human rights, labour rights and labour relations
- 16 Responsible sourcing

##### ● Health and Safety

- 17 Health and safety
- 18 Potential for fires
- 19 Transportation accidents

##### ● Addressing Climate Change

- 20 Climate change opportunities
- 21 Climate change risks
- 22 GHG emissions
- 23 Renewable and alternative energy generation
- 24 Carbon pricing
- 25 Transport fuel consumption

##### ● Being a Good Neighbour

- 26 Noise, dust and other local direct environmental impacts
- 27 Community engagement

##### ● Regulatory and Compliance

- 28 Regulatory compliance
- 29 Sustainability governance
- 30 Waste management

##### ● Thriving Workforce

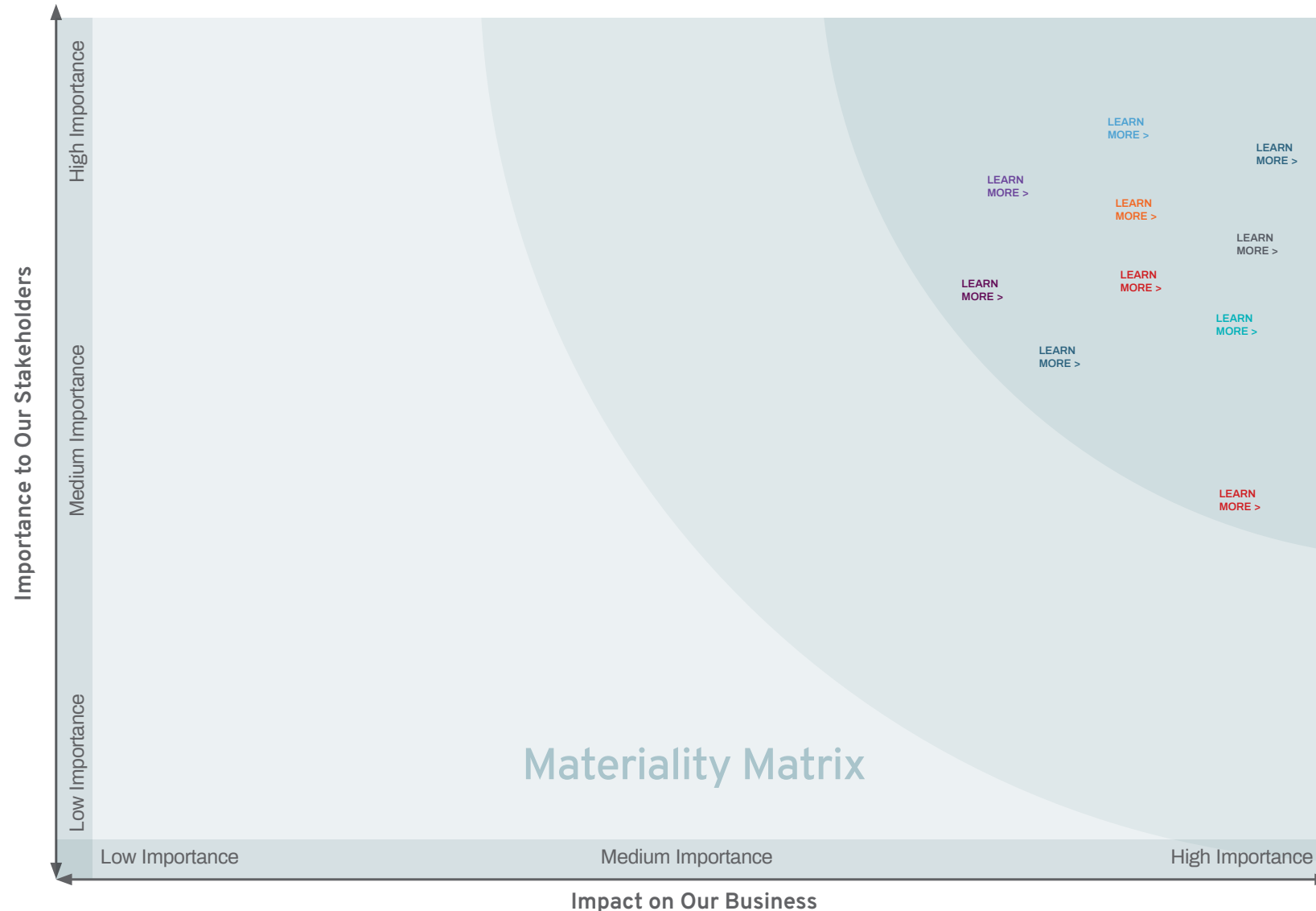
- 31 Diversity and inclusion and equality
- 32 Staff recruitment, retention, development and training

##### ● Water Management

- 33 Water disposal (effluents)
- 34 Water consumption

##### ● Digitisation and Innovation

- 35 Recycling infrastructure
- 36 Technological innovation
- 37 Privacy and security



# The Sims Limited Sustainability Strategy

## PLACING SUSTAINABILITY AT THE HEART OF OUR BUSINESS DRIVES OPPORTUNITY

### Sustainability Strategy Pillars

We have developed our sustainability strategy taking into consideration our purpose and the most important topics based on the outcome of our materiality assessment (see [page 19](#) for details).

Our goals are designed to help drive positive impact on our environment and society while creating value for our stakeholders. Every target of our growth strategy is embedded in the goals under our **close the loop** pillar. See the next page for details of our growth strategy.

### The Sims Limited Sustainability Strategy



### Alignment to UN Sustainable Development Goals

We understand the value of the 17 UN SDGs and fully support the vision they strive to accomplish. The best way we can support that vision is by being intentional agents of change and focusing on the UN SDGs we can impact the most. Those SDGs are:

- Decent Work and Economic Growth
- Climate Action
- Responsible Consumption and Production



**By operating responsibly**, we are looking to reinforce the foundation of a sustainable company where responsible and ethical business practices are upheld, and employees are protected, engaged and developed to strengthen our most important internal asset: people.



**Closing the loop is what we do best.** We help many close their material loops, and we commit to investing in technologies that will enable us to extract more value from the secondary materials we get. But even better, we are raising the bar on sustainability by closing our own materials loops and making the circular economy not only our business, but the principle we follow on how we operate.



**Partnering for change is the only way** to amplify our impact and create shared value. We commit to working with our value chain partners to create new business models that support a circular economy and engage with our communities to build trusted relationships.






# Sims Limited's Integrated Growth Strategy

Our growth strategy delivers strong environmental, social and governance (ESG) outcomes and profits.

**Strategic Growth:** Targeting minimum 15% return on growth projects requiring capital and material ESG benefits

Aligned with our purpose, we will grow our current businesses (metals, electronics and municipal recycling) and expand into new environmental adjacencies. We are creating new business models that keep resources in use at their highest value for as long as possible.

We continue to assess our integrated growth strategy and the global megatrends that provide opportunities for us. Both our strategy and global megatrends remain valid.

Megatrends		Growth Strategy		FY21	FY25	FY25
Global push for high-quality metals		Expand metal volumes in favourable geographies	Ferrous Volumes ('000 tonnes)			
				6,870	9,600	1.9 million tonnes <sup>1</sup> of additional metals recycled
Growing demand for copper and aluminum scrap		Grow U.S. non-ferrous business	Non-Ferrous Retail Volumes ('000 tonnes)			
				147	300	160,000 tonnes <sup>1</sup> of additional metals recycled
Increased environmental concerns		Enter resource renewal	Resource Renewal Status			
			<ul style="list-style-type: none"> <li>Statutory approval for the Rocklea, QLD Australia pilot facility</li> <li>Confirmed production of hydrogen at facility in Campbellfield, VIC Australia</li> </ul>	Capacity 120,000 ASR tonne/year		Converts 95% of ASR into useful products
An increasingly connected world		Repurposed cloud infrastructure	Number of Repurposed Units <sup>1</sup>			
				2.1 million	8.5 million	8.1 million <sup>1</sup> of additional units reused or redeployed
Increasing concerns around global warming		Expand proven landfill energy business overseas	Renewable Energy (Megawatts)			
			Entered 50:50 joint venture to acquire the assets of the JED renewable landfill gas-to-energy facility in Florida	50		~450k MWh <sup>2</sup> of additional renewable energy generated

1 Based on FY18 base year to FY25 2 Based on renewable energy generated by LMS Energy



# Embedding Our Sustainability Goals into Practices



## FEATURE STORY

Recent investment in shredder improvements is an example of how sustainability and business interests can go hand in hand. By investing in shredder control automation technology, we have been able to reduce our environmental impact while also increasing efficiency and saving costs.

The massive and powerful motors that keep the auto shredders humming at Sims Metal recycling yards are the main source of electricity use. Typically, motors are between 4,000 horsepower (3,000 kilowatts) and 8,000 horsepower (6,000 kilowatts), and they can be the size of trucks. Improved shredder control automation technology is now helping our operators work smarter while saving electricity and reducing emissions.

*“The shredder mill motor is by far the biggest power consumer on the shredder,” says Joe Rovere, global head of asset development at Sims Metal. “Even a small improvement on the mill motor efficiency has a significant positive overall effect. Our autoshed program is designed to optimise the operation of the main motor, increasing energy savings.”*

Sims Metal’s shredders are designed to process a wide variety of materials, including cars and loose appliances. With a 6,000 horsepower motor, the output can range between 180 to 250 tonnes of material per hour. Similar to cruise control on a car, the shredder automation significantly reduces the need for operator intervention.

*“To use the analogy of driving a car, the first time you engage cruise control on the highway, you can relax a little. That’s what autoshed does for our shredder operators,” says Rovere. “I love watching the shredder operator lean back in his chair and seeing the big smile on his face, whilst knowing that the program is optimising the motor performance, hence reducing costs, energy consumption and greenhouse gas emissions.”*

In fiscal year 2021, the shredder control automation technology at our Rocklea, Kwinana and St. Mary’s, Australia, sites resulted in a 7 percent reduction in kilowatt hours per tonne and hence a 7 percent reduction in GHG emissions. It also has increased productivity due to better utilisation and operational efficiency, reduced wear on equipment, and less downtime due to fewer material blockages. The plans are to expand the autoshed program to other sites as equipment is upgraded.

To further optimise efficiency, Sims Metal in Australia has set up a standardised and centralised Supervisory Control and Data Acquisition (SCADA) system that generates real-time statistics and reports, giving operators, their managers and the engineering team more visibility into the shredder’s daily performance. This helps better track performance and identify problem areas across sites. A colour code (green for optimal performance, yellow for below optimal and red for intervention needed) on the

screen helps quickly identify any problems at a site. “Visually, we can see trends and react immediately,” Rovere says.

Finally, even with the growing autonomy of shredders, shredder operators still play a key role in a plant’s performance. Operators greatly impact the efficiency of the shredder – from the amount of throughput per hour to the quality of the shredded material. To help operators focus on the most important metrics, Sims Metal has compiled key performance indicators that together generate a “shredder score.”

*“It’s hard for operators. They have to pay attention to so many competing things. They have to worry about shred quality, their throughput rate, their utilisation and much more,” Rovere says. “We plan for this shredder score to assist our plant operators to set up their shredder to ensure ultimate efficiency and lowest energy usage and cost per tonne.”*

Together, it is all part of a continuous improvement process that seeks to optimise the performance of both people and machines.



# Our 2025 and Beyond Sustainability Goals

Our sustainability goals reflect where we want to be positioned in 2025 and point to longer-term growth opportunities. In FY21, we announced our targets and key performance indicators under each ambition, which we use to measure and track our progress.

Learn more about our sustainability journey to date and our key performance indicators in the [Sustainability Brochure](#) available on the [Sims Sustainability webpage](#).

8 DECENT WORK AND ECONOMIC GROWTH		OPERATE RESPONSIBLY		
1	Foster a safe work environment			
1.1	Total Recordable Injury Frequency Rate (TRIFR) $\leq 1$ <a href="#">LEARN MORE</a>			
1.2	Lost Time Injury Frequency Rate (LTIR) $\leq 0.10$ <a href="#">LEARN MORE</a>			
1.3	Achieve and maintain a safety culture index in the survey top quartile <a href="#">LEARN MORE</a>			
1.4	Eliminate critical safety risks, Critical Risk Incident Frequency Rate (CRIFR) $\leq 0.50$ <a href="#">LEARN MORE</a>			
2	Close gender gap			
2.1	25% women in manager positions and above <sup>1</sup> <a href="#">LEARN MORE</a>			
2.2	Reach 0% gender pay gap across Sims Limited <a href="#">LEARN MORE</a>			
2.3	Achieve representation of women on the board $\geq 40$ percent <sup>2</sup> <a href="#">LEARN MORE</a>			
3	Develop a skilled and engaged workforce			
3.1	Maintain an engaged and satisfied workforce as demonstrated by employee engagement survey results in the top quartile <a href="#">LEARN MORE</a>			
3.2	Invest in education by increasing the number of available career development training programs by 50 percent and promoting them <a href="#">LEARN MORE</a>			
3.3	Improve annual employee performance review process to align with Sims Limited's purpose; incorporate role competencies and a skills development plan <a href="#">LEARN MORE</a>			
3.4	Ensure management incentive plan is consistent with sustainability goals <a href="#">LEARN MORE</a>			
4	Ensure transparency on how our business is conducted in an ethical manner			
4.1	Train all employees and agents on our Code of Conduct, anti-corruption and anti-bribery <a href="#">LEARN MORE</a>			
4.2	Provide all employees with training on human rights, modern slavery and labour rights to raise awareness and help fight human rights violations <a href="#">LEARN MORE</a>			
4.3	Develop a supplier Code of Conduct and implement supply chain due diligence to identify and address high risk of human rights violations and unethical practices <a href="#">LEARN MORE</a>			

13 CLIMATE ACTION		CLOSE THE LOOP		
5	Become carbon neutral by 2042 and achieve net zero by 2050			
5.1	Decrease carbon emissions by 23 percent compared to FY20 baseline <a href="#">LEARN MORE</a>			
6	Achieve no waste to landfill			
6.1	Build resource renewal capacity to transform 120k tonnes of ASR per year into new products <a href="#">LEARN MORE</a>			
7	Close materials loops further by expanding capacity and services <sup>3</sup>			
7.1	Close loops by expanding secondary metal volumes <a href="#">LEARN MORE</a>			
7.2	Repurpose 8.5 million cloud units <a href="#">LEARN MORE</a>			
7.3	Expand municipal recycling coverage by 50 percent <a href="#">LEARN MORE</a>			
7.4	Capture methane from landfill outside Australia and New Zealand <a href="#">LEARN MORE</a>			

12 RESPONSIBLE CONSUMPTION AND PRODUCTION		PARTNER FOR CHANGE		
8	Build trusted relationships with our communities			
8.1	Establish at key sites a community index survey; track progress for continuous improvement <a href="#">LEARN MORE</a>			
8.2	Annually, invest 0.5 percent of three-year rolling pre-tax profits in programs that support environmental stewardship and economic empowerment <a href="#">LEARN MORE</a>			
8.3	Dedicate paid employee time for community engagement/volunteerism activities <a href="#">LEARN MORE</a>			
9	Create new business models that further the circular economy			
9.1	Generate 10 percent of our EBIT from new business models and opportunities that enable the circular economy <a href="#">LEARN MORE</a>			

● IN PROGRESS ● ACHIEVED

**SUSTAINABLE DEVELOPMENT GOALS**

<sup>1</sup> Managers who sit at CEO-1 and CEO-2 in reporting structure

<sup>2</sup> Includes changes in FY22. See Initial Director's Interest Notice logged with the ASX on Oct 12, 2021. See copy on Sims Limited's [website](#).

<sup>3</sup> For more details, take a look at our [Growth Strategy](#).





## MANAGING SUSTAINABILITY

Accountability,  
Strategic Growth and  
Governance: Key to  
Our Sustainability  
Approach





# Governance

Trust in our business depends on robust governance and processes that address the most important sustainability impacts and opportunities for our stakeholders and our business. We have taken a deep dive into these issues to evolve and strengthen how we manage sustainability.

Sims Limited's Board of Directors and executive leadership team are committed to operating the business in an ethical manner consistent with the highest standards of corporate governance.

Our Board is responsible for establishing sound corporate governance practices that ensure we uphold our core values of safety, integrity, respect, transparency, excellence and social responsibility.

They also provide strategic guidance, set key objectives, monitor performance and validate that Sims' internal control, risk management and reporting procedures are adequate and effective, and they name the CEO who will manage the overall organisation.






This is fundamental to fostering investor confidence and driving higher value for shareholders through prudent risk management and a culture that encourages ethical conduct, accountability and sound business practices.

You can find Sims Limited's Board and Committee Charters, General Codes and Policies, including the Safety, Health, Environment and Community Policies, [online](#). You can also read more about our approach to responsible business on [page 62](#) of this report.

The Board met 12 times during FY21. The meetings involved strategy review and extensive interaction with members of the executive leadership team, as well as the regular oversight exercised by the Board through its meetings.



## Our Core Values

					
<b>Safety</b> Safety will always be our first priority. We believe that all incidents are preventable, and <b>we are committed to a goal of zero injuries.</b>	<b>Transparency</b> We ensure a sense of <b>appropriate transparency in everything we do.</b>	<b>Integrity</b> We conduct all business with integrity and <b>adhere to the highest standard of ethical business conduct.</b>	<b>Excellence</b> We commit to excellence in everything we do and <b>champion continuous development</b> and sharing of best practices across the Company.	<b>Respect</b> We will treat each other, our customers, visitors and community members with <b>respect and dignity.</b>	<b>Social Responsibility</b> We aim to be the world's <b>safest and most responsible recycling and recovery company.</b>

GOVERNANCE CONTINUED

Governance Committees

The Board of Directors is supported by a number of committees. We have an engaged and committed Board, which results in high attendance and participation of Board members in all committee meetings.

<b>Risk Committee</b>	Risk
Assists the Board in fulfilling its governance and oversight responsibilities in relation to Enterprise Risk Management, including climate risk.	
<b>Nomination/Governance Committee</b>	N
Ensures the Board comprises individuals who are best able to discharge the responsibilities of directors and represent the interests of the Company and its shareholders.	
<b>Safety, Health, Environment, Community and Sustainability (SHECS) Committee</b>	S
Oversees the Company’s SHECS policies, programs and practices that affect, or could affect, the Company’s employees, customers, stakeholders and neighbouring communities, and the committee assists the Board in fulfilling and discharging its SHECS obligations.	
<b>Remuneration Committee</b>	Rem
Supports and advises the Board on the implementation and maintenance of coherent, fair and responsible remuneration policies that enable it to attract and retain executives and directors who will create value for shareholders of the Company.	
<b>Audit Committee</b>	A
Assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to accounting and financial reporting, internal control structure, internal and external audit functions, and compliance with relevant legal and regulatory requirements in the committee’s area of responsibility.	

Sims Limited Board of Directors			
Board Member	Independent/Non-Independent Executive Director	Committee Membership	
Geoffrey N Brunsdon	Chairman and Independent Non-Executive Director	Risk N Rem A	
Alistair Field	Chief Executive Officer	Risk N S	
Tom Gorman	Independent Non-Executive Director		S
Hiroyuki Kato	Non-Independent Non-Executive Director	Risk	S
Georgia Nelson	Independent Non-Executive Director	Risk	Rem A
Deborah O’Toole	Independent Non-Executive Director	Risk	Rem A
Heather Ridout	Independent Non-Executive Director	Risk N S Rem	
James T Thompson	Independent Non-Executive Director	N S Rem	

Key:

Risk

Risk Committee  
(5 members)

N

Nomination/  
Governance Committee  
(4 members)

S

SHECS Committee  
(5 members)

Rem

Remuneration  
Committee  
(5 members)

A

Audit Committee  
(4 members)

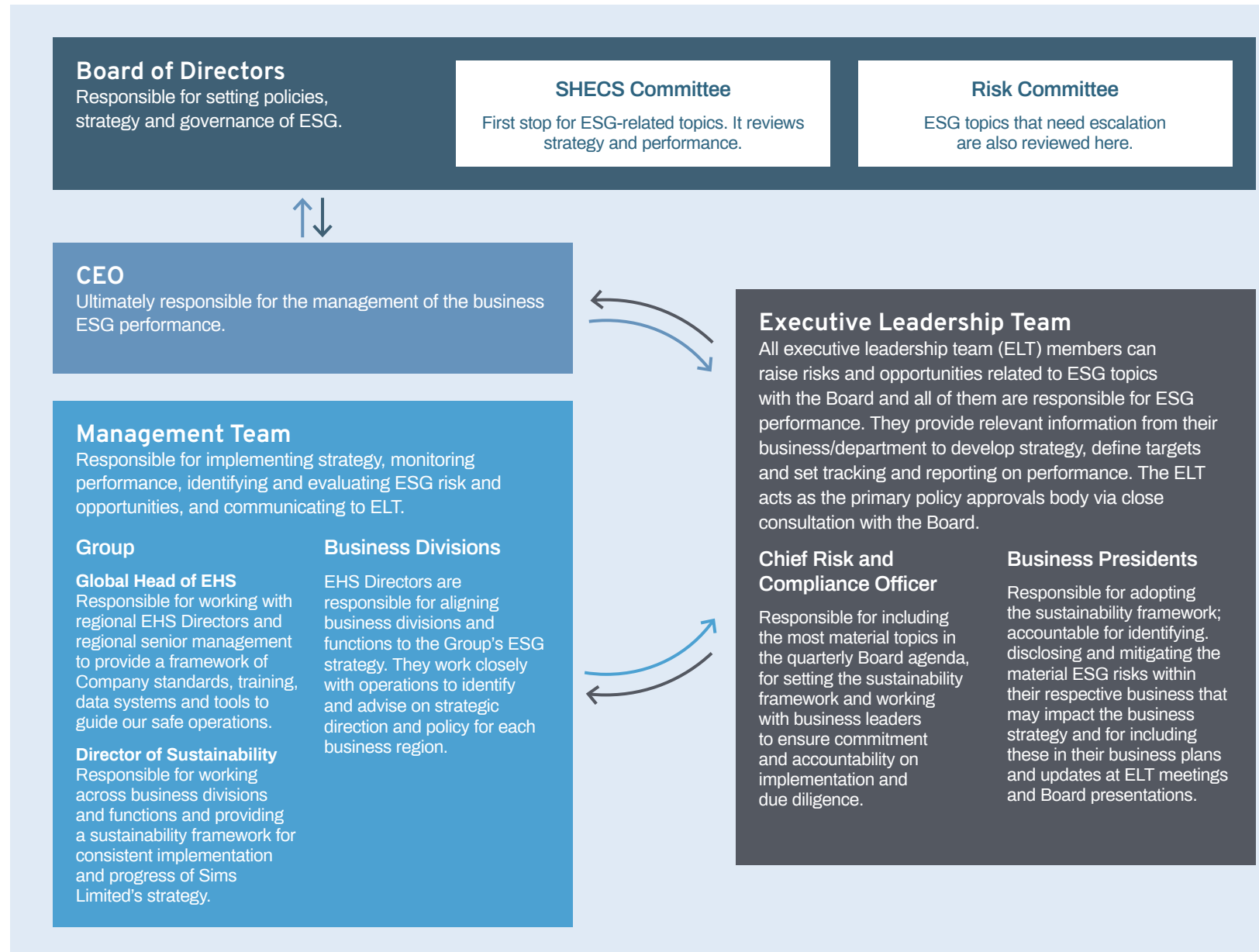
Chairperson

## GOVERNANCE CONTINUED

### Environment, Social and Governance Accountability

Risk and opportunities related to environment, social and governance (ESG) topics are identified, reviewed and managed by broad consultation supported by open communication and feedback mechanisms to ensure continuous improvement.







In 2019, we made an intentional decision to change our structure to make sustainability a separate function, distinct from its previous position within environment, health and safety (EHS). This position was strengthened through the functional alignment of the business to better support the execution of Sims Limited's strategy. This reflects our commitment to addressing the needs and opportunities that continue to arise in a fast-changing global landscape. We know that our business does well, but we want to do even better by proactively driving the transition to a circular economy.





# Stakeholder Engagement

Stakeholder engagement is a key tool to create a feedback loop that enhances the way we do business, build relationships and create value. We define our stakeholders as those individuals or organisations that most affect or are affected by our Company's business. By engaging in meaningful dialogue, we can drive change and shape the conversation around sustainability.

Stakeholder	Engagement Method	Key Topics	Objective
 <b>Employees</b>	Surveys, emails, intranet, town halls, diversity and inclusion activities, sustainability report, annual report, MySims intranet	Company's strategy, business updates, Company's purpose, engagement, Company's performance, employee development	Communicate Company's direction, understand employees' needs, receive input for initiatives
 <b>Shareholder/ Investor</b>	Annual general meeting, Investor Day event, calls, emails, media, meetings, annual report, sustainability report, website	Company's financial performance, risk and opportunities, ESG strategy, climate change, Company's strategy and governance	Build transparency, disclose Company's performance, strategy and risk management
 <b>Suppliers</b>	Meetings, emails, calls	Opportunities, market trends, commodity value	Mitigate risks, improve operations, develop opportunities, enable the circular economy
 <b>Customer</b>	Meetings, emails, calls, sustainability report, annual report, website	Market trends, opportunities, value creation, limitations, quality of materials, climate change	Develop opportunities, enable the circular economy, update market trends
 <b>Communities</b>	Meetings, calls, website, local contacts, local events such as clean-ups, virtual engagement rooms	Noise, dust and other direct environmental impacts, community engagement and investment	Understand community's needs, be a good neighbour, access talent
 <b>Governments and Regulators</b>	Meetings, calls, letters, visits	Waste management, secondary materials classification, human rights, environmental compliance, permitting, climate change	Promote quality and markets for secondary materials, promote economic benefit of the circular economy, support the prevention of human rights violations, maintain licence to operate

# Progress on Climate-Related Financial Disclosures

Sims Limited enables the circular economy. By diverting valuable resources away from landfill, we bring benefits to our value chain, such as mitigating GHG emissions from landfills and reducing demand for virgin raw materials. But we want to do more. As part of Sims' transformation, we committed to adopt the Task Force on Climate-related Financial Disclosures recommendations. We are developing a systematic and intentional approach to assessing climate risks and opportunities.

We are proud to announce our inaugural stand-alone Task Force on Climate-related Financial Disclosures (TCFD) report, accessible through our [sustainability webpage](#). The report provides a more in-depth description of our governance, strategy, risk management, and metrics and targets for climate action. The following pages will provide an abbreviated overview. We invite you to read more about our actions, including the outcome of our climate-change scenario analysis, in the report.

## Governance

The Board is responsible for overseeing that there are adequate policies and strategies in place to understand and manage climate risk. The Board sets the risk appetite for the Company and senior management is responsible for operating within those limits. The Risk Committee reviews climate-related risk and is ultimately responsible for overseeing the imbedding of climate risk into the Enterprise Risk Management (ERM) system.

We take a global strategic view of risk management and drill down to explore the concrete risks that could affect our business,

including climate change. With support and input of the executive leadership team, our Chief Risk and Compliance Officer is responsible for bringing the Company's risk mapping, including those related to climate change, to the Board of Directors and the Board's Risk Committee at least every quarter. In FY21 the Board and management separately participated in multiple climate change workshops to better understand the science, risks and opportunities, and potential impacts on Sims.

Through the ERM framework, we evaluate risks and opportunities at the Group and Board level. Action is taken to address any risks that exceed Sims' risk tolerance level and to act on new opportunities. For more details, please review our [Risk Management Policy](#).

## Strategy

We recognise that climate change may have a meaningful impact on the financial performance of the Group over time. This year we have progressed our approach to assessing climate risks and opportunities by performing climate scenario analysis to assess potential financial-related impacts of key risks and opportunities. These results will

## Overview of Governance Structure at Sims Limited

### Board of Directors

Delegates its risk oversight responsibilities to the Risk Committee and general authority to the CEO to manage the business

### Risk Committee

Responsible for climate risk oversight

### SHECS Committee

Responsible for the publicly disclosed information on climate risks and opportunities

### CEO

Ultimately responsible for the management of the business and its risks

### Business Divisions and Corporate Functions

Own and manage risks

### Risk Function

Oversight, advisory and monitoring role in managing risks

## PROGRESS ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

be used to further inform our strategy and risk management moving forward regarding where to best prioritise mitigation and adaptation activities – whilst simultaneously seizing opportunities in a decarbonising economy.

### Risk Management

Climate risk is managed through our ERM framework, which is designed to support each business unit in the effective management of risk. It enables a consistent approach to risk identification, management and monitoring through the use of a global risk taxonomy. In addition, capital expenditure over US\$5 million requires the impact of climate change to be considered as standard practice.

We identify climate-related risks in many ways. At a global level, we use a range of inputs, including the World Economic Forum's Global Risk Report. We analyse market and industry information and global risk trends to assess current and emerging risks and opportunities facing the Company. We also explore global megatrends to keep abreast of the fast pace of change and anticipate potential impacts on Sims. In FY21 we engaged with senior management to gather their perspectives on past and future climate change impacts, risks and opportunities through a survey. The survey

results were discussed and challenged in an executive leadership workshop after receiving training on the latest climate science. Executives were asked to validate and prioritise the most important climate change risks and opportunities for Sims. This also included selecting those for scenario analysis performed this year. Results of the scenario analysis will be carefully reviewed to determine how Sims can best mitigate and adapt to the potential impacts noted and capturing these specific climate-related risks and opportunities into the ERM framework, as well as embed them in our business strategy.

### Metrics and Targets

This past year, we announced our plans to achieve net zero emissions by 2050 in line with the Paris Climate Agreement, to become carbon neutral by 2042 and, in the short term, reduce by 23 percent our Scope 1 and 2 emissions by FY25 compared to our FY20 baseline. We finalised our climate change targets following the Science Based Targets initiative methodology with the assistance of third-party experts.

In FY21, we implemented a global utility bill management system to capture details of utility consumption and emissions for all Sims sites globally. This implementation is not only driving a consistent approach to capturing data but also improving the quality of the data

collected. This enables us to have a global view of our utility consumption, better data to calculate our Scope 1 and 2 emissions, and better decision-making to drive savings and climate-related actions. It enables us to have a view of our footprint all the way to a site level and minimise the need for manual data input. As our baseline emissions showed an almost 50/50 split between electricity and fuels, mostly diesel, a strong focus will go to the following three areas:

- Process optimisation
- Equipment electrification
- Transitioning to renewable energy

Sims is developing a pipeline of projects and timelines for carbon mitigation, reduction and elimination, and establishing internal processes so that decision-making takes into account climate change indicators. A number of projects have been identified, with some pilots started in FY21, such as the shredder control automation technology described on [page 22](#) and more to be trialled and rolled

out in the coming year. We will continue the optimisation and transition to renewable energy, and electrification of our equipment and fleet. You can learn more about our commitments in our [energy and climate change policy](#).

We currently do not track Scope 3 emissions. However, we will start looking at how to best measure our Scope 3 emissions and work with our value chain to address the most emissions-intensive activities, namely shipment via marine vessels.

This past year, we announced our plans to achieve net zero emissions by 2050 in line with the Paris Climate Agreement and to become carbon neutral by 2042.



# Real-Time Data Providing Valuable Insights in Resource Consumption



## FEATURE STORY

It is no secret that data drives good decision-making. That is why Sims Limited has implemented an enterprise-wide utility bill management (UBM) system. The system is enabling streamlined and more accurate reporting on key sustainability metrics such as greenhouse gas emissions, while also providing analytics on resource consumption at each facility.

Lorelle Gallagher, environmental partner for the Asia Pacific region, says the increased visibility not only enables Sims Limited to monitor its performance, but also analyse the data to help make educated decisions about future projects.

*"We can definitely use the UBM to track and reduce usage in a variety of areas," Gallagher says. "The data configuration enables us to drill down to the site level. For example, if we see an increase in water usage or above-average consumption of diesel at a site, we can look at new strategies for water recycling or plan for equipment to be replaced with electric equipment or alternative fuels. It will be quite easy to see where improvements need to be made through the data."*

Under its previous system, Sims Limited utility data was tracked manually – a laborious process. The UBM automates the collection of data across sites globally and aggregates data from multiple accounts.

*"This is critically important to Sims when tracking our Scope 1 and 2 emissions. We use this type of data for a variety of sustainability reporting purposes, both internally and externally," Gallagher says.*

Not only was manually compiling the data time-consuming, but it also meant the integrity of the data was potentially compromised, given the susceptibility to human error.

*"It was easy to type in a wrong value or miss an invoice due to the sheer volume that needed inputting," Gallagher explains. "Our implementation of a utility bill management system demonstrates our commitment to monitor, assess and continually improve our sustainability performance. Accurate data is essential for that."*

*"Converting to the new automated system was no easy task. After mapping out how data would be used to support the Company's sustainability strategy, collecting and aggregating the data and performing quality assurance checks was a process that took many months in the Asia Pacific region," Gallagher says.*

She calculated the process involved handling 700-800 accounts for 300 suppliers and more than 60,000 invoices for quality assurance in the Asia Pacific region alone.

*"It took some commitment to get this done, but we knew how beneficial it'd be going forward," she says. "We knew that once we put in the hard yards, the system will be doing its thing in perpetuity."*

The project was implemented in phases – first in North America, then Asia Pacific, and finally, Europe. Data was input for fiscal years 2020 and 2021, with the data for fiscal year 2020 providing a baseline for performance improvement for Sims Limited's five-year sustainability goals.

Beyond helping track emissions, the utility bill management system also provides data on other inputs, such as water usage and waste.

*"It is very broad. It covers a lot of assets," Gallagher says. "The scope and timeliness of the data will allow us to really get the big picture of our performance, sustainability-wise, and give us the confidence to transparently report this to our shareholders and stakeholders, as well as identify opportunities for continuous improvement."*





## OUR PERFORMANCE

# Progressing Key Strategic Initiatives





# Environmental

## ENVIRONMENTAL MANAGEMENT

Preserving the environment is at the heart of our business model. In a resource-constrained world, we must continually reduce the impact of our operations to mitigate climate change, optimise the use of natural resources, minimise waste and prevent pollution.

### Management Approach

Our [environmental policy](#) sets out our commitment to conducting our business in a manner that protects the environment, supports ecologically sound and sustainable use of resources, minimises waste and prevents pollution.

In the past 12 months, there has been no material exposure to the risk of breaches of environmental licence conditions or legislation.

### The Natural Environment

In carrying out our business and making purchasing decisions, we take into account potentially harmful impacts on the natural environment: soil, water, air and biodiversity. We evaluate operational activities for environmental risk and put adequate safeguards in place to prevent harm before we commence our activities.

### Industrial Processes

We strive to continuously improve our industrial processes to reduce the amount of electricity and other natural resources we consume, and reduce the waste from our activities by extracting more value from the secondary materials we obtain.

In the [ESG governance section](#), you can see the high-level management structure that supports the operational EHS functions, which includes EHS managers and coordinators.





ENVIRONMENTAL MANAGEMENT CONTINUED

✓ Data covered by external assurance

Internal audits provide assurance and reinforcement of day-to-day compliance with global EHS standards and best practices. The audits are performed with the participation of an EHS director from another business unit, who lends their expertise to the audit. The constitution of such audit teams allows for a robust process that leverages a rigorous audit approach with the deep expertise of our EHS organisation.

The audits are in addition to general and specific inspections performed by each site's operations

management and supervision, as well as those carried out by the EHS organisation to review performance, drive continuous improvement, and help identify and record hazards for corrective action.

In FY21, we completed three global in-depth internal EHS audits, and more than 8,900 proactive critical control verifications (CCVs). These focused monthly CCVs determine the effectiveness of current controls, and alongside the general site inspections confirm that all minimum standard requirements are met at each of our

sites. Improvement opportunities generated from the inspections are monitored for trending opportunities and risk control standardisation.

**Performance**

Previously, we identified our need to improve emissions data collection and moved to implement a new global data capture system as a result.

Over the past two years, we completely revised the data collection process for our environmental impact data, moving

from an extrapolation-based model to a holistic one that will better capture the full impact of our operations. We now collect the data for all sites in a centralised and global online utility bill management system (UBM), starting with our performance baseline data for FY20.

The UBM allows us to monitor our energy, water and waste performance in a timely manner for all of our business divisions, regions and facilities. This provides a complete view of our Scope 1 and Scope 2 emissions footprint.

The FY20 data serves as the baseline year for our sustainability goals. Our CO<sub>2</sub>e emissions were 152 thousand t CO<sub>2</sub>e. This year we engaged a third-party auditor to provide assurance over our FY20 baseline data and FY21 data and our data collection system. See auditor's opinion on our [sustainability website](#).

FY20 Baseline Greenhouse Gas Emissions and Power Usage<sup>1, 2</sup>

Business Unit	Scope 1 + 2 (Thousand t CO <sub>2</sub> e)	Scope 1 – Total Emissions from PNG, Diesel, LPG, Gasoline (Thousand t CO <sub>2</sub> e)	Fuel Consumption (Thousand t CO <sub>2</sub> e)	Scope 2 – Total Emissions from Electricity (Thousand t CO <sub>2</sub> e) <sup>3</sup>	Total Electricity Usage (Thousand GJ)
Sims Limited Total	152.2	78.6	1144.5	73.6	658.5
Sims Metal North America (includes SMR)	63.5	36.0	520.8	27.5	317.5
Sims Metal Australia and New Zealand	50.9	20.9	310.4	30.0	154.2
Sims Metal UK	25.4	17.6	236.6	7.8	122.8
Sims Lifecycle Services	10.2	3.4	66.7	6.7	42.2
Sims Municipal Recycling	2.2	0.7	10.0	1.5	21.7

1 Restatement of FY20 baseline data post external GHG emissions verification audit  
2 Metric tonnes unless otherwise stated  
3 Audit covers location-based GHG emissions

# Environmental

## ENERGY AND GREENHOUSE GAS EMISSIONS

We are closer to reaching irreversible climate tipping points,<sup>1</sup> and many communities are already affected by more frequent and severe weather events. Stabilising temperature increase to no more than 1.5°C above pre-industrial levels in support of the Paris Agreement will require immediate and widespread change, and businesses must play a crucial role.

### Management Approach

We need energy to support the circular economy, and we are committed to optimising our energy footprint and the associated carbon profile of our day-to-day operations. We recognise that managing our energy usage and reducing carbon emissions is fundamental to our viability, prosperity and responsibility as a good corporate citizen.

At a minimum, we comply with all applicable energy and carbon emissions laws, regulations and standards, and the monitoring and reporting rules of the countries in which we operate.

Sims Limited was one of the first organisations to participate in the Carbon Disclosure Project (CDP), and 2021 was our 16th year of participation.

We strive to achieve levels of performance that exceed basic compliance, and we published our first TCFD report this year (see [page 29](#) for more information). We announced our goal to reduce our emissions to become carbon neutral by 2042 and achieve net-zero GHG emissions by 2050. The targets were developed following the Science Based Targets initiative methodology and we are working towards developing a roadmap to meet our goals. FY21 was the year of strengthening Sims' sustainability core as we implemented

our sustainability goals and centralised our data collection in the UBM with the prospect of facilitated tracking of progress on our goals.

As part of our approach, we will continue to target energy-efficiency opportunities in our production processes and transportation activities. We seek to transition to renewable energy and lower-carbon energy sources to transform our carbon profile. As our electricity contracts expire, we renew them for electricity from renewable sources contracts.

Recognising our role within the private sector and the symbiosis between Sims, the communities we operate in and the wider environment, we signed the [open letter to President Biden](#),<sup>2</sup> urging the Biden-Harris administration to set ambitious climate targets to cut GHG emissions at least 50 percent below 2005 levels by 2030.

### ELECTRIFYING EQUIPMENT

Reducing diesel consumption is an important step to decarbonising our operations in line with our medium- and long-term sustainability goals. That's why we upgraded two of our diesel-operated shears in Gillman and Kwinana, Australia, with electric ones. Together, they will reduce diesel consumption by more than 45,000 litres, playing a crucial role on our road to net zero.



<sup>1</sup> IPCC, *AR6 Climate Change 2021: The Physical Science Basis (2021)*

<sup>2</sup> Led by the We Mean Business Coalition and Ceres

## ENERGY AND GREENHOUSE GAS EMISSIONS CONTINUED

✓ Data covered by external assurance

### Our Performance

#### Carbon Emissions

Total Group Scope 1 and Scope 2 emissions for FY21 were 146.6 thousand t CO<sub>2</sub>e. Our Scope 1 emissions represented 55 percent of Sims' emissions, totaling 81.2 thousand t CO<sub>2</sub>e mostly from diesel. We used location-based conversion factors to calculate our Scope 2 emissions, taking into account the renewable energy we purchase. These represented 45 percent of our emissions in FY21, totaling 65.4 thousand t CO<sub>2</sub>e.

Overall, we achieved a 4 percent reduction of our emissions compared to our FY20 baseline. This was due to the quick pivoting and adoption of our sustainability goals into business practices, and increasing the use of certified renewable energy across our operations. Globally, 18.8 percent of the electricity we used came from renewable sources<sup>1</sup> in FY21, resulting in an 11 percent reduction of our Scope 2 GHG emissions.

#### Energy

Our electricity consumption in FY21 was 667 thousand gigajoules; our fuel consumption was equivalent to 1,189 thousand gigajoules. Overall, this represents a 3 percent increase in total energy use compared to FY20. However, it also shows that our global energy-efficiency measures are effective, as our sales volumes increase was higher – increasing by more than 5 percent. During the COVID-19 pandemic, we streamlined our operations globally, which we recognise has likely contributed to our improved performance. Through our joint venture partner LMS Energy, we continue to support the transition to a low-carbon economy and installed a 450kW system on our site in Milperra, Australia, to supply 8 percent of the site's electricity needs. Through ongoing energy-reduction measures, our goal is to lower our carbon footprint globally year-over-year. Read more about measures we are taking to decrease our energy intensity on [page 22](#).

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The circular economy-climate change nexus opens opportunities for our businesses while addressing major global challenges. The time to act is now, and we are ready to build the vision we seek.

Alistair Field, CEO and Managing Director



### FY21 Greenhouse Gas Emissions, Power and Resource Usage<sup>2</sup>

Business Unit	Scope 1 + 2 <sup>3</sup> (Thousand t CO <sub>2</sub> e)	Scope 1 – Total Emissions from PNG, Diesel, LPG, Gasoline (Thousand t CO <sub>2</sub> e)	Fuel Consumption (Thousand GJ)	Scope 2 <sup>4</sup> – Total Emissions From Electricity (Thousand t CO <sub>2</sub> e)	Total Electricity Usage (Thousand GJ)	Net Scope 2 Emissions (Thousand t CO <sub>2</sub> e) <sup>3</sup>	Total Water Usage (million m <sup>3</sup> )	Waste (Thousand t)
Sims Limited Total	146.6	81.2	1,189.0	74.3	667.3	65.4	0.52	1,165
Sims Metal North America (includes SMR)	65.5	38.3	561.4	30.1	346.2	27.2	0.30	731
Sims Metal Australia and New Zealand	51.2	21.9	324.8	29.3	151.9	29.3	0.14	242
Sims Metal UK	19.8	17.7	238.2	8.1	126.7	2.2	0.07	189
Sims Lifecycle Services	10.1	3.3	64.6	6.9	42.4	6.8	0.01	3

<sup>1</sup> This includes on-site generated renewable energy without renewable certification claimed by Sims

<sup>2</sup> Metric tonnes unless otherwise stated

<sup>3</sup> Location-based calculation less certified emissions reduction through contractual instruments

<sup>4</sup> Location-based calculation



# Pivoting to Renewable Energy



## FEATURE STORY

Sims Limited committed to cut Company greenhouse gas emissions to achieve net zero by 2050. An important path to reaching that target is our commitment to invest in renewable energy when purchasing power, wherever possible.

The right renewable energy strategy can help balance commercial priorities with carbon reduction targets, and it is the job of Daniel Jacome to help strike that balance.

Daniel Jacome, national asset and procurement manager for Sims Metal, oversees purchasing across North America. As a procurement manager, he is continually weighing risks against opportunities, while looking for efficiencies to optimise operations.

*“I love a good problem. It’s really from my engineering background,” Jacome says. “As far back as I can remember, I’ve always loved critical thinking. My career at Sims has given me a lot of opportunity in that area.”*

Lately, a lot of his thinking has gone into learning how to navigate the complex energy landscape in the United States as he seeks to help Sims Limited transition to clean, renewable energy to power its operations.

For starters, he is working to ensure that Sims Metal continues to take a flexible, cost-effective, streamlined and sustainable approach to energy usage. As the Company converts to renewable power purchases, he sees an opportunity to reduce the number of purchase contracts it holds, to lock in competitive pricing and to ensure the length of contracts provides the flexibility to respond to changes in technology and energy prices.

*“It’s quite a complex journey to navigate,” Jacome says. “Every time I go investigate new opportunities, I find another layer.”*

In the past year, he has locked in a few wins. In the Midwest, Sims Metal North America signed its first green energy contract. In the Northeast, he has worked with a national energy broker to negotiate favourable terms for Sims Metal sites enrolled in demand response programs, which encourage end-use customers to reduce their electricity usage during peak periods and save costs by consuming energy when power is more affordable. In New York and New Jersey, a new renewable electricity contract with a minority-owned broker is proposed for saving costs over the previous brown electricity contract.

Looking ahead, Jacome would like to increase the Company’s use of locally sourced electricity to help incentivise the development of renewable energy in the states where Sims Metal does business. After all, the more that companies can help enable investment in clean renewable energy supplies, the more abundant and competitively priced it will be.

*“It’s a collaborative effort. I want to support the businesses the best way we can with competitive pricing but also support our corporate initiatives to go green and move to net-zero emissions,” Jacome says.*

One thing that is non-negotiable: where we have an option, all new electricity contracts must be for renewable energy. *“There is no going back on Sims Limited’s journey to net zero,”* Jacome says.

*“If everyone says, ‘do it later,’ later never happens,” he says. “We’re a recycling company and should be at the forefront of initiatives that advance adoption of renewable energy and find places to make an impact where we can. It’s in our blood essentially. It’s part of doing the right thing for the future.”*



# Environmental

## RESOURCE MANAGEMENT

Closing resource loops is our business, and we are committed to leading by example. We are closing the loop on our own waste by improving our processes and investing in resource renewal technologies.

### Management Approach

The waste we generate is primarily non-recoverable materials – known as automotive shredder residue (ASR) – from our metal recycling process. ASR is the non-metallic residue that is left behind once the recoverable materials are removed after recycling metal-based goods, such as cars, washing machines and shopping trolleys.

Our input materials first go through a shredder. Then ferrous and non-ferrous metals are separated. In some locations, the non-ferrous stream goes through a secondary separation process to extract additional value. ASR is currently sent to landfill, and it is expensive to dispose of.

We look to minimise the ASR we generate via strictly controlled quality control mechanisms and the purchasing structure of incoming materials.

### SIMS GENERATED

# 1.2 million

tonnes of ASR globally in FY21, which cost more than \$100 million to dispose.

### Performance

To close our own loop and eliminate our waste, we are investing in technologies to improve separation quality of the inputs we receive. We are also investing in resource renewal technologies to convert ASR into useful products for society through Sims Resource Renewal. In July 2021, planning development approval was granted by the Brisbane City Council and the Queensland Government for the pilot resource renewal facility at Sims Limited's existing metal recycling site in Rocklea, Queensland. The Rocklea pilot facility is expected to be operational in 2022 and will focus primarily on research and development to advance the technology used across the program.

Business Unit	Total Waste Generated (Thousand t)
Sims Limited Total	1,165
Sims Metal North America (includes SMR)	731
Sims Metal Australia and New Zealand	242
Sims Metal UK	189
Sims Lifecycle Services	3



## RESOURCE MANAGEMENT CONTINUED

### ADDRESSING THE THREAT OF LITHIUM-ION BATTERY FIRES

Lithium-ion battery (LIB) fires are increasingly impacting municipal recycling centers, according to a 2021 U.S. Environmental Protection Agency (EPA) research report.

Due to increased consumer adoption of portable electronics, LIBs are becoming more prevalent in the waste management process. Lightweight and powerful, they can be found in a wide array of consumer products – including wireless headphones, cell phones, laptops, tablets, hearing aids, calculators, e-cigarettes and portable tools.

LIBs are a fire threat because they have higher energy densities and voltages than other batteries and can be flammable if their electrolytes come in contact with air.<sup>1</sup> A puncture to the battery can damage the safety separator between the cathode and anode, which can generate heat that sparks a fire. Given the physical damage LIBs can sustain between collection trucks and handling at processing facilities, the occurrence of LIB-caused fires is increasingly common.

Sorting these batteries is difficult because they are often small and can be hard to identify and remove from the larger recycling stream, says Tom Outerbridge, general manager, Sims Municipal Recycling.

*“The threat of fire is huge,” he says. “Even something as small as a singing greeting card can be considered dangerous.”*

Sims Municipal Recycling has built up its in-house capacity to respond to incipient fires resulting from batteries. In addition to constant training and vigilance, we have installed suppression systems, such as deluge systems for areas with high potential for battery fires, to facilitate rapid response. In addition, we are working to establish more sensitive fire-detection capability, such as infrared cameras, to identify heat sources early.

But, ultimately, increased action by consumers, the industry and regulators is needed to safely manage these batteries and keep them out of recycling streams, Outerbridge says.

*“In New York City, it is illegal for residents to place lithium-ion batteries in the curbside recycling stream. Nevertheless, many residents do not follow the rules and, as a result, we often see batteries in the recyclables we receive,” Outerbridge says. “We are working with our public sector counterparts to advance public education and awareness on the hazards of improper battery disposal. This includes collaborating with the NYC Department of Sanitation and Fire Department to develop some press events and bring media attention to the issue.”*

But more action is needed. Due to the risks these batteries pose, Outerbridge favors new ways to proactively address these issues as demand for and use of batteries increases.

*“Ideally, we’d like to see more aggressive enforcement of the rules and/or the passage of more stringent extended producer responsibility (EPR) laws,” says Outerbridge, adding that take-back programs with deposit/refund systems would financially incentivise consumers to properly dispose of the batteries.*



<sup>1</sup> EPA, An Analysis of Lithium-ion Battery Fires in Waste Management and Recycling (2021) [Office of Resource Conservation and Recovery](#)



## RESOURCE MANAGEMENT CONTINUED

### Building the Foundation to Transform Waste into Useful Products for Society

**Sim Resource Renewal (SRR) is a global program that supports our shared purpose – create a world without waste to preserve our planet – by enabling a truly closed loop in metals recycling and circular business model.**

Sims Resource Renewal was formed in August 2020. The business division plans to build several facilities around the world by 2030 to enable the Company to transform its ASR into new, useful products for society each year.

Already, Sims Resource Renewal has achieved multiple milestones:

- Planning development approval for a pilot facility
- Announced plans for hydrogen production at proposed Campbellfield facility

In July 2021, planning development approval was granted by the Brisbane City Council and the Queensland Government for the pilot resource renewal facility at Sims Limited's existing metals recycling site in Rocklea, Queensland. The Rocklea pilot facility is expected to be operational in 2022 and will focus primarily on research and development to advance the technology used across the program. This will be a key stepping stone to eliminate approximately one million tonnes of waste to landfill each year by 2030 and transform this waste material into useful

products for society. You can find out more information about each project through the fact sheets on the [SRR website](#).

We remain committed to creating shared value by generating local jobs and economic opportunities across all future facilities.

### On track with our environmentally state-of-the-art facility in Victoria, Australia

Our first facility proposed for Campbellfield in Victoria, Australia, will use advanced, proven plasma gasification technology to enable us to immediately reduce our annual environmental footprint by more than 60,000 tonnes of ASR.

Our ASR will be transformed into valuable products, including hydrogen, whilst ensuring that we are treating ASR without producing problematic chemicals that are often formed by some traditional treatment methods. The facility will be powered by renewable electricity.

A commercial demonstration of the resource renewal process at our technology partner's facility in Oregon, United States resulted in an important shift for the proposed Campbellfield facility – we plan to produce hydrogen suitable for commercial use. Producing hydrogen supports a transition to a more sustainable energy landscape, as hydrogen can be used to heat buildings and power vehicles. It will help us to achieve our sustainability goals for carbon neutrality by 2042 and net-zero emissions by 2050.

### Campbellfield Facility Development<sup>1</sup>



Our first proposed Campbellfield facility will immediately enable us to reduce our annual environmental footprint by more than

**60,000**  
tonnes of ASR.

<sup>1</sup> Artistic impression only

## RESOURCE MANAGEMENT CONTINUED

As a result of hydrogen production, carbon dioxide will also be produced, captured and on-sold for industrial use. Any residual gases that remain from the process will be cleaned to meet the strictest environmental standards.

Producing carbon dioxide at the heart of where it is geographically needed will ensure it is on-sold for industrial use from day one. The carbon dioxide industry is mature, and Victoria, Australia, is well established as a hub for its use. Our carbon dioxide will be high purity and in demand in the food and beverage industry, as well as for other critical commercial uses. Whilst the production of carbon dioxide and hydrogen create products that are needed and used in society – we are eliminating our ASR waste during this process – the production of these products is a stepping stone towards our end goal of achieving full emissions circularity.

We also are committed to investing in research and development that will ultimately support the production of high-integrity recycled plastics at our resource renewal facilities. This work aims to position our proposed Victoria facility as a global centre for advancing resource renewal and circular economy initiatives.

## Partner for Change

Our community involvement will continue to position us as a partner for change through all stages of the program.

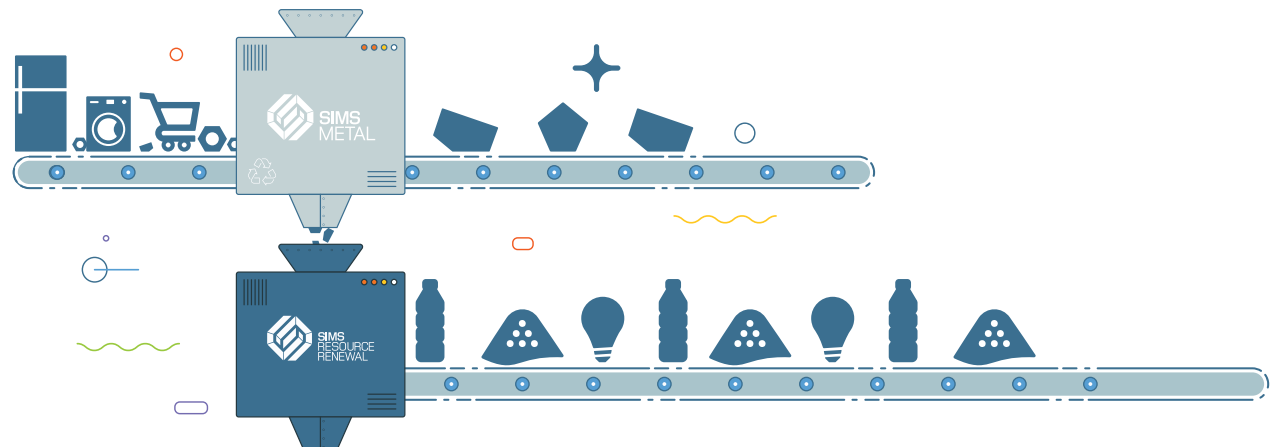
Sims Resource Renewal has continued to work in partnership with the communities in which we operate and beyond. Feedback from those communities plays an important role in shaping our proposals and contributes to their approval.

Launching the second and third phases of our engagement program in Victoria at our Campbellfield site, we updated the community on progress for the proposed facility, invited feedback on the initial design concepts and shared our intent to produce hydrogen.



[Virtual Engagement Event](#)

## Closing the Loop: From Waste to Energy or Recycled Plastics



# Environmental

## WATER

Water resources around the world are facing pressure due to population growth, increasing urbanisation and climate change. Businesses have a duty to use water wisely to conserve resources and safeguard the environment and local communities.

### Management Approach

Sims continues to use small amounts of water in its operations to manage dust generation to protect our employees and mitigate nuisance to our neighbours. Some of our water reduction initiatives include: high-pressure water atomisers for dust control, smart water and foam systems for shredder dust and temperature control, and better utilisation of on-site captured run-off water.

### Performance

In FY21, Sims consumed 0.52 million cubic metres of water globally, equivalent to approximately 210 Olympic-size swimming pools. This represents a 20 percent increase in water consumption compared to 0.44 million cubic metres in FY20.<sup>1</sup> This increase is mostly due to the higher activity in the summer months of 2021 compared to the limited activities during the COVID-19 restrictions in 2020. None of this water goes into our sold commodities. The water quantity value includes all of our facilities globally.

Business Unit	Total Water Usage (million m <sup>3</sup> )
Sims Limited Total	0.52
Sims Metal North America (includes SMR)	0.30
Sims Metal Australia and New Zealand	0.14
Sims Metal UK	0.07
Sims Lifecycle Services	0.01

<sup>1</sup> Change from FY20 Sustainability Report due to improved tracking ability in UBM system.

### CLEANING WASTE, MAINTAINING HEALTHY ECOSYSTEMS

In October 2020, Sims Metal personnel from our Rocklea, Queensland, facility in Australia helped clean up a section of a creek line and surrounding bushland adjacent to the site. The Rocklea team, along with Oxley Creek Catchment Association (OCCA) volunteers, removed an estimated three tonnes of rubbish including tires, broken timber pallets and many other types of discarded waste.

As a CreekWatch partner, in collaboration with OCCA, team members from Sims Rocklea regularly participate in these clean-up events. These regular clean-up events help to maintain a healthy ecosystem for a rare plant species, *Gossia gonoclada*, that OCCA members recently discovered in this area. Along with a grant received from Brisbane City Council to assist with the preservation of this habitat, Sims Metal is also in discussions with OCCA with regard to providing sponsorship to support research into the cultivation of this rare plant.





# People

## HEALTH AND SAFETY

Our people are our greatest asset. It is through their dedication that we advance our purpose and generate long-term economic, environmental and social value. We are committed to operating as a best-in-class business by continuously improving our safety performance and employee engagement, building a diverse and inclusive workplace culture, and upholding responsible and ethical business practices.

Safety is one of our core values, and it is an essential component of our success. Through our Environment, Health & Safety (EHS) Management System and framework, we drive continuous improvement in all safety- and health-related aspects across our operations.

In FY21, we demonstrated the prevalence of our strong safety culture through significant reductions in critical risk incidents and the lowest-recorded Total Recordable Injury Frequency Rate, including our lowest-recorded Lost Time Injury Frequency Rate to date.

## Management Approach

Our long-term approach to safety is built on a strong foundation that includes robust management systems, tools and standards to mitigate risks to employees. We also have clear governance starting with the Board SHECS Committee, which reviews strategy and performance. In our [ESG governance section](#), you can find more details on our governing bodies.

## Keeping Our People Safe

In FY21, Sims Limited reached new safety milestones. We achieved the lowest amount of recordable injuries in the Company's history, and the lowest number of lost-time and critical risk incidents.

In the past two fiscal years, we introduced a systematic approach to driving safety improvements by standardising operational practices and performance measures, and by streamlining safety programs, standards and training.

As reported in our [FY19 and FY20 Sustainability Reports](#), we introduced a systematic focus on identifying process risks and critical injuries that our field employees face. Efforts have been made to streamline our EHS Management System, which included redrafting of Company

EHS Standards and associated elements such as training modules, inspections and control verifications. These measures were taken to enhance our employees' understanding of and adherence to the requirements in our standards. In FY20, as a result of these efforts, Sims was already showing trends of significant EHS performance improvement. This past year, despite the difficulties brought by the pandemic, these initiatives continue to yield safety improvements and have laid the foundation for initiatives targeting specific high-severity and high-frequency risks.

### FY21 Total Recordable Injuries

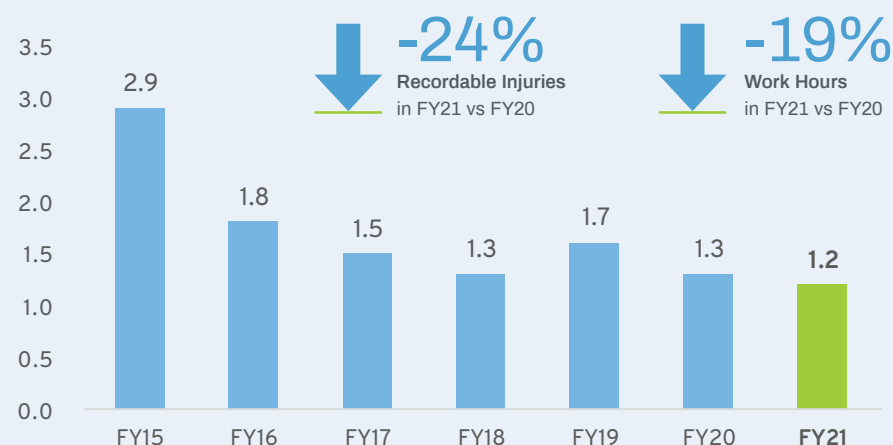


Chart values equal total recordable injuries X 200,000 divided by number of hours worked for employees and contractors.

## HEALTH AND SAFETY CONTINUED

### EHS Focus

There are many reasons for Sims continued EHS performance successes, which include:

- Managing the Company's critical risks through the Critical Risk Management strategy
- Maintaining a steadfast focus on our safety policy requirements
- Raising awareness and building knowledge utilising training videos

By maintaining focus on the critical risks in our business, we completed more than 8,900 Critical Control Verifications (CCVs), and combined with our general inspection and incident corrections, we generated more than 15,000 improvement actions. These mandatory requirements identify hazards and associated risks but, most important, challenge whether our current controls are effective. These findings are tracked and monitored for completion, reviewed for quality, and used to standardise best-in-class controls and solutions.

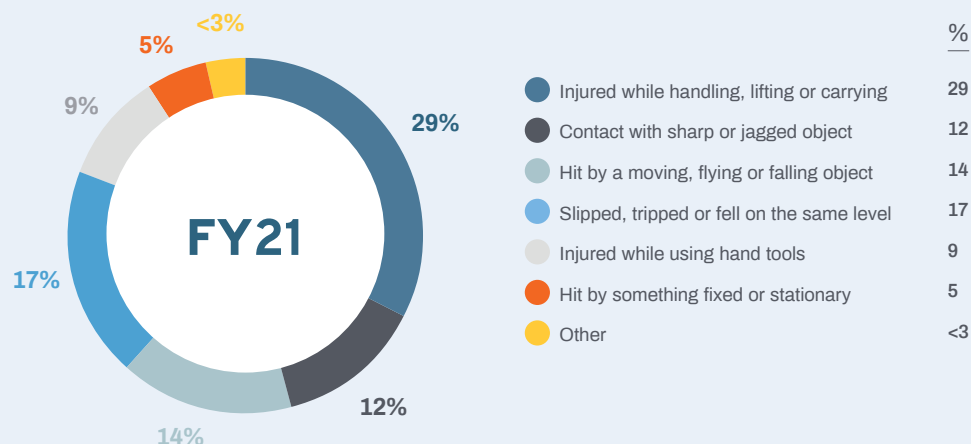
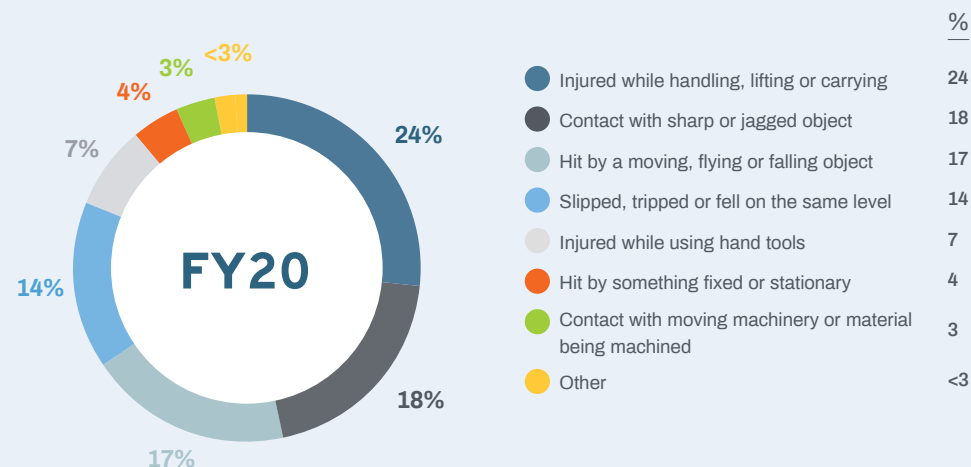
Whilst these inspections are the responsibility of our operations supervisors and managers, we continued to encourage and recommend participation of all employees, following our social distancing guidelines.

CCVs challenge norms and drive continuous improvement. Improvement actions are creating a ripple effect. They have not only reduced critical risk incidents, but they are also reducing the number of lower-risk incidents. For instance, the number of injuries that involve contact with jagged objects, which can cause laceration (cuts) and puncture injuries, have significantly dropped as a result of mitigating these risks.

Overall, critical risk incidents have significantly been reduced since the roll-out of the program, leading to a critical risk incident rate (CRIFR) of 0.49.<sup>1</sup> This is a 41 percent reduction compared to FY20. Improvements were driven through:

- Globally standardised requirements in EHS standards
- Systematic capture of incident data
- EHS review of critical risks and associated investigations
- Proactive identification of improvement actions
- Global approach to reporting learnings

### % of Incidents by Incident Cause



<sup>1</sup> Per 200,000 h worked, for all workers covered under the EHS Management System

## HEALTH AND SAFETY CONTINUED

### INCREASED ENVIRONMENTAL FOCUS

Our senior environmental leaders have come together to form Sims Limited's first global Environment Committee. The team's goal is to identify, share and standardise environmental improvement opportunities. In FY21, the team standardised and published a global environment general inspection in line with the minimum requirements captured in the Company's Environmental Management standard. In the next fiscal year, the Environment Committee will develop updated training based on standard requirements and continue its work in identifying, sharing and standardising environmental improvement opportunities.



### Targeting Risk

Through our ongoing focus on critical risks and through analysis of the details behind our incident rates, we set our focus on the high severity and high frequency risks first in FY21. Several initiatives were completed to target specific areas of risk in the business. These areas included traffic management and tasks processing, which both saw extensive improvements in their risk categories as a result of our focus.

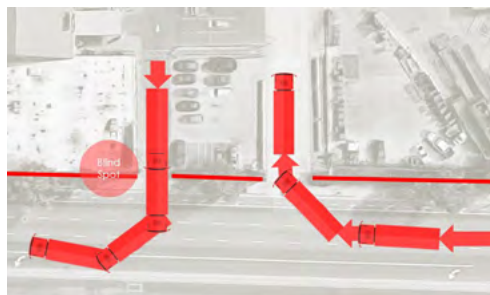
### Traffic Management Risks

After a comprehensive analysis of Sims traffic-related incidents, and review of our traffic management practices, a global self-assessment to drive improvement

considerations was generated and assigned for completion across our sites.

The assessment was developed through the recommendations from a third-party traffic specialist who uses GPS technology to track on-site traffic patterns. The analysis focused on potential vehicle-to-pedestrian contact, traffic site entry, on-site traffic flow and vehicle conflicts.

The traffic management self-assessment has been completed in over 80 sites globally so far, and has generated more than 300 improvement actions to reduce traffic-related critical risks. These improvements include speed reduction controls, pedestrian segregation, site entry modifications, locally consistent wayfinding signage, inspector protection and traffic flow management using automatic gates and light systems.



**Before:** Traffic crosses into opposite traffic lanes upon entering and exiting the yard



**After:** Traffic improvement, facilitating safe entry and exit to site without crossing into opposite traffic lanes



Using automated gates and blind spot mirrors to improve pedestrian segregation and visibility respectively



## HEALTH AND SAFETY CONTINUED

### Tasks Processing Risks

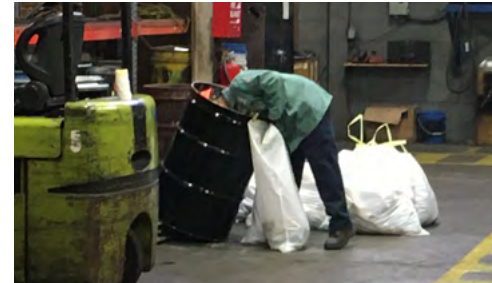
A review of past incidents found that a majority of employee injuries occurred while performing routine job tasks, which represented the majority of recordable injuries. Although these tasks were generally low-risk events, they at times contributed to longer-term injuries that required restrictions in duties.

To improve safety performance, a physical demand analysis was conducted using body movement sensors to analyse stressors while employees completed their tasks. Over three months, more than 100 personal task assessments were completed across the Sims Metal, Sims Lifecycle Services and Sims Municipal Recycling businesses globally.

Through the process, we learned there is no one answer to prevent injuries. A combination of new work environment designs and live coaching is required to reduce task related injuries.

Collecting data that verified problem areas for employees enabled Sims to prioritise appropriate actions to target process related risks. Individual coaching was also provided. For example, for de-boxing tasks, this resulted in significant reductions for high load movements per hour in the arm and back.

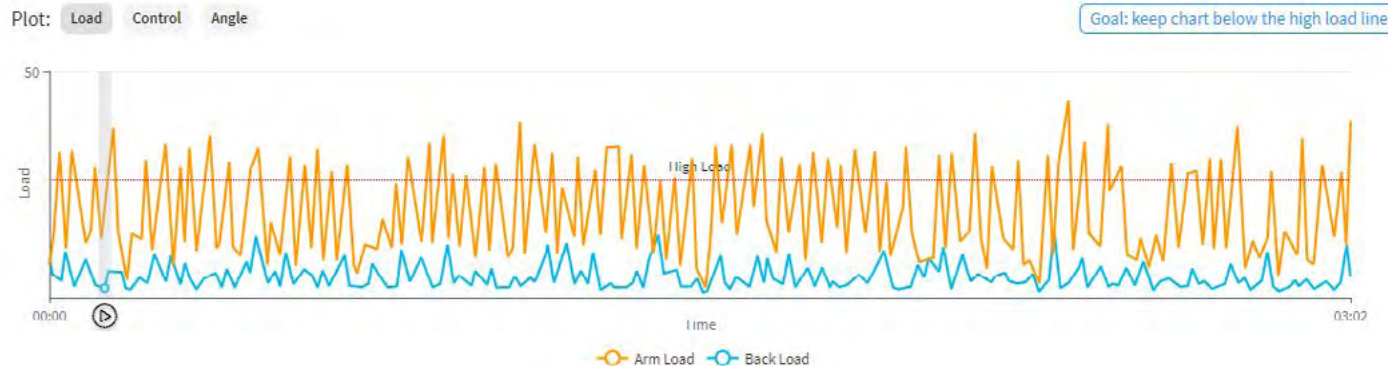
These improvements have and will show sustainable safety performance improvements within the global business.



Before assessment: Increased strain on the back of the employee



After assessment: Engineering solution facilitating access to the barrel contents for employees



Collecting data that verified problem areas enabled Sims to prioritise actions

### LEARNINGS FROM ROUTINE TASKS RISK REVIEW

- All employees are different. While performing the same task, some employees continuously demonstrate peak high load injury risks in their arms, shoulders, neck, and back, while others show little to no risk at all.
- Not every employee knows the right way to manoeuvre or is aware of the stressors they are causing in their body.
- Repetitive high load tasks will inevitably result in muscle fatigue and increases the risk of injury.
- Non-routine tasks show an increased injury potential.
- Body angling through either repetitive task requirements requiring lifting or picking items from the floor or one-off non-routine lifts can cause injury.

## HEALTH AND SAFETY CONTINUED

### EHS Training

With new video training content available for EHS standards, the Sims Lifecycle Services site in La Vergne, Tennessee, installed a new sound and projection system and switched to performing plant-wide training in the operations area. Whilst maintaining social distances, EHS standards training is presented directly to the employees on a monthly basis.

Employees Steven Hamodi, a material handling associate, and Adriel Domeles, a hazardous materials technician, said of the new training and delivery:

*"Presentations look good and are easy to understand."*

*"I immediately noticed when the changes took place. The new format stands out a lot more, and I like the direction it is going."*



SLS Nashville provided EHS training to 200 employees while maintaining physical distance during the pandemic.



Through the Sims University Learning Center, EHS provided monthly training on the streamlined EHS Standards using video representations. The objective of the standards training was to raise awareness of each EHS requirement and to set expectations. The video training supports employees of various languages and learning styles.

More than 17,500 EHS training modules were completed by field employees in FY21. This training required facility safety leaders to review video content with personnel and challenge understanding using retention testing.

### MANAGING OUR IMPACT IN THE COMMUNITIES WE OPERATE IN

The shredder in Redwood City, California, received an upgrade on its downstream processes in FY21, adding a new vibratory, zero-spill conveyor system. This reduces spillage and dust from our processing operations, as well as greenhouse gas emissions, as vibratory conveyors are typically more energy efficient than belt conveyors.



Covered vibratory spill conveyor system in Redwood City, California

HEALTH AND SAFETY CONTINUED

Health and Safety Performance Indicators

		Total Hours Worked (Thousand Hours)	Fatality Count	High-Consequence Injury Count <sup>1</sup>	High-Consequence Injury Rate per 200,000 Hours	High-Consequence Injury Rate per 1,000,000 Hours	Recordable Work- Related Injury Count	Recordable Work- Related Injury Rate per 200,000 Hours	Recordable Work- Related Injury Rate per 1,000,000 Hours	Number of Lost Time Injuries	Lost Time Injury Frequency Rate per 200,000 Hours	Lost Time Injury Frequency Rate per 1,000,000 Hours
Employees Only	FY21	8,282	—	2	0.05	0.24	48	1.16	5.8	10	0.24	1.21
	FY20	9,820	—	5	0.1	0.51	61	1.24	6.21	14	0.29	1.43
All Workers, Including Temporary and Agency Workers	FY21	8,996	—	3	0.07	0.33	55	1.22	6.11	11	0.24	1.22
	FY20	11,138	—	5	0.09	0.45	72	1.29	6.46	16	0.29	1.44

1 High-consequence injuries (GRI): Work-related injuries that result in a fatality or an injury from which the worker cannot, does not or is not expected to recover fully to pre-injury health status within six months

INTRODUCTION OF DEBRIS  
INCEPTORS

A unique debris interceptor collection system was installed at the Jersey City Sims Metal site in FY21. The system, combined with floating booms, is designed to capture floatables from stormwater conveyances and outfalls before they reach waterways. In other words, it collects and traps debris in the channel adjacent to the Sims facility and, in our case, prevents debris from entering the river. This system is unique in that it does not require an external power source but utilises the tide to corral and trap debris. It can be easily and safely maintained.





## HEALTH AND SAFETY CONTINUED

### MANAGING WORKER SAFETY DURING COVID-19

Control and training mandates, along with guidance, were provided to employees throughout the fiscal year – these included but were not limited to:

- COVID-19 site and office risk assessment and control application
- COVID-19 precautionary measures protocols
- COVID-19 Response Global Committee
- Critical control verification – COVID-19
- Employee training modules and video – protection measures
- COVID-19 site closure self-assessment
- COVID-19 return-to-work protocols
- Employee communications: CEO Safety Thought, EHS newsletters, safety alerts, corporate communications
- Customer communications: Posters and COVID-19 information
- COVID-19 weekly case tracker
- Vaccination information

### Pandemic Action

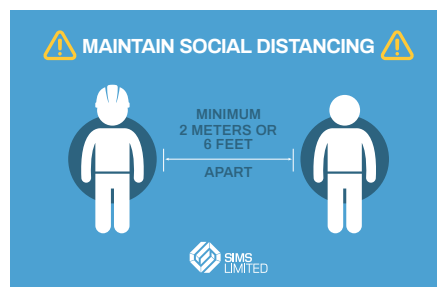
Sims Limited leadership issued and executed its COVID-19 business continuity plan in mid-March 2020 as the COVID-19 pandemic grew worldwide. During this time of uncertainty, we maintained a global response team whose focus was to protect the health of our employees and third party visitors on our sites.

We are maintaining our safety protocols well, and we are successfully minimising exposure to the virus and its new variants. We continue our focus on providing a safe work environment by sharing global and regional best practices and by running internal vaccination campaigns that encourage our employees and their families to get vaccinated.



COVID-19 precaution and control measures protecting our employees on site

### Posters and COVID-19 Information









## HEALTH AND SAFETY CONTINUED

### FY21 Achievement and Continual Improvement

Despite the pandemic, significant work was completed to further improve Sims EHS Management System elements. The following chart represents our EHS accomplishments in FY21.



EHS Management System FY21 Accomplishments				
Standards and Guidance 	Delivery Systems 	Training 	Tools 	Communication 
<ul style="list-style-type: none"> <li>&gt; Implemented revised EHS management system guide</li> <li>&gt; Simplified 10 EHS standards with critical risk focus</li> <li>&gt; Created eight new EHS standards with critical risk focus</li> <li>&gt; Revised and enhanced COVID-19 protocols on an ongoing basis – updated occupational health standard to include new illness controls</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Enhanced use of mobile app for CCV management and general inspections</li> <li>&gt; Simplified dashboard for easy access to real-time safety information and data (PowerBI)</li> <li>&gt; Continued use of Sims University Learning Center to deliver EHS training</li> <li>&gt; Use of intranet to facilitate access to COVID-19 BCP and related information</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Developed and administered 18 EHS training modules covering 18 standards</li> <li>&gt; Launched onboarding EHS training for new hires covering various EHS standards training modules</li> <li>&gt; Launched global webinars to review critical risk incidents</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Added five CCVs, bringing total to 17</li> <li>&gt; Piloted job task analysis and use of sensors to reduce task-related injuries</li> <li>&gt; Rolled out a traffic management self-assessment and guide to support identification of risks/hazards and preferred practices</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Enhanced communication with translations in four languages and focused messaging via:               <ul style="list-style-type: none"> <li>– Monthly CEO Safety Thought</li> <li>– Quarterly EHS newsletter</li> <li>– Safety alerts</li> <li>– Safety shares</li> <li>– Daily incident reports</li> </ul> </li> </ul>
16 standards outline Sims critical risks	Over 15,000 improvement actions generated through CCV, general inspection and incident reviews	Over 17,500 EHS training courses completed by employees in FY21	300+ improvement actions generated in FY21 to address traffic management risks	Monthly CEO Safety Thoughts cover at-home safety in response to employees' feedback
 <b>Sims Limited Employees</b>				

# People

## HUMAN RIGHTS

We believe upholding human rights is vital to conducting business ethically. It drives our development of a responsible supply chain and creation of a safe and fair workplace.

### Management Approach

Sims is committed to respecting, promoting and upholding fundamental human rights as set out in the United Nations Declaration of Human Rights, defined for business in the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and in the International Labour Organisation Core Conventions on Labour Standards.

We recognise our role and responsibilities within our sphere of influence and endeavour to avoid complicity in or encouragement of activities that may result in human rights abuses in our operations or supply chain. Our primary risks of human rights violations are discrimination, deceptive recruiting, debt bondage and forced labour.

Sims relies upon global indices to quantify different human rights related activities of countries, such as the Global Slavery Index, Corruption Perceptions Index and Human Freedom Index Score when assessing geographic human rights risks. In FY20, we focused on the countries in which Sims had operations and suppliers. In FY21, we expanded the scope of our risk assessment to include all countries, to enable us to identify when new suppliers were in high-risk geographies prior to entering into relationships with them, and to treat them accordingly.

The data from the indices in FY21 showed Papua New

Guinea as representing an overall moderate-risk of human rights abuses. For consistency's sake, we have chosen to continue to categorise Papua New Guinea as high-risk until there is more data supporting the lower risk level. All high-risk countries from our most recent analysis have been incorporated into our additional due diligence practices for new suppliers to optimise our ability to identify potential issues in our supply chain.

We also identified the following high-risk supplier types in our operations that are often associated with modern slavery risks of deceptive recruiting, debt bondage and forced labour:

- Recruitment/placement agencies
- Subcontractors
- Cleaning services
- Personal protective equipment/uniform providers
- Construction
- Shipping

We did not identify incidents related to modern slavery within our supply chain based on the due diligence performed in FY21. However, we continue to refine our supplier due-diligence process to clearly address these risks. As an example, our current due-diligence process in our Sims Lifecycle Services business is done via downstream vendor audits and include a social responsibility section. This section has been expanded to include information on labour hire and human rights governance. This is in addition to the questions about labour conditions, child labour and compensation





HUMAN RIGHTS CONTINUED

systems that we have asked since 2010. We also updated the checklist used for on-site visits to incorporate visible signs of modern slavery. These include noting whether there are sleeping facilities on site and the physical and behavioural state of workers.

We continuously look to improve our processes to identify, address and prevent human rights violations, including modern slavery risks in our operations and our supply chain. To that effect, we issued [Sims' Supplier Code of Conduct](#) to codify our expectations for the business conduct of our suppliers and partners. We have incorporated Sims' Supplier Code of Conduct as part of our standard terms and conditions with suppliers as well.

We work hard to stay abreast of developments in acceptable standards of human rights, such as safety in the workplace. At a minimum, we comply with all applicable local laws, regulations and standards of the countries in which we operate, and we strive to exceed basic compliance.

We also strongly support efforts in our industry to ban practices that enable human rights violation. For example, we support the Australian government's efforts to address the issues raised in the final report produced by the Black Economy Taskforce. In practice, we are eliminating large cash transactions – these are not necessary in today's modern digital economy. In the Australian scrap metal recycling industry, the widespread use of cash, primarily by small to mid-tier market participants, is a fundamental enabler of illegal activity such as tax evasion, money laundering and organised crime, many of which are linked to human rights violations.

[Sims Code of Conduct](#) details our commitments to human rights. This includes specific policies for the protection of rights for employees, including:

- The right to equal opportunity and non-discrimination, regardless of ethnicity, gender, religion, age, sexual orientation, health status or other such protected classifications;

- The right to security of persons, including protection against improper and unlawful harassment and against retaliation for employees who report non-conformance with government regulations, Company policies and codes of conduct;
- The right to a safe and healthy workplace for each and every employee, regardless of status;
- The right to competitive remuneration, supporting the concept of competitive pay for work performed; and
- All other legal rights in respect of the workplace granted to our people in the regions in which we operate.

We are committed to the prohibition and elimination of child, forced and compulsory labour throughout the communities in which we operate. Our [Human Rights Governance policy](#) reflects our commitment to act ethically and with integrity in all our business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place in our supply chains.

We have published a modern slavery statement for our UK operation since 2018 and filed our [first statement addressing both](#), the UK and Australian Modern Slavery Acts in December 2020. Our commitment to respecting, promoting and upholding fundamental human rights goes beyond meeting regulatory requirements. We understand that our business affects human rights through its daily interactions with employees, suppliers, customers, partners and communities. We also understand that our business can bring positive change to the lives of people who are affected by our operations. That is the reason why our CEO signed the World Business Council on Sustainable Development's [Call to Action for Business Leadership on Human Rights](#) to support and promote the realisation of human rights for all.

Performance

We launched a campaign increasing awareness in our employees of the existence and scope of modern slavery and how it could manifest at Sims. The training included expanded content targeting employees who are subject to a higher likelihood of contact with modern slavery due to their roles, such as those in procurement, human resources and site management. By 30 June 2021, more than 99 percent of active participants had completed the training.

Freedom of association is one vehicle to protect the rights for employees. Our employees throughout Europe are free to be represented by a works council and/or union without any obligation to report or inform their decision to the Company.

Given the levels of voluntary disclosure, we estimate approximately 5 percent representation of our UK population and less than 5 percent representation for the rest of Europe. In Australia & New Zealand and North America 41 percent and 32 percent of employees are under a collective bargaining agreements, respectively.

All these percentages provide us with a rough estimate that approximately 27 percent of our global workforce is represented by a collective bargaining agreement.

COLLECTIVE BARGAINING AGREEMENTS – FY21	
Region	% of employee population
North America	32%
Australia, New Zealand	41%
UK	~ 5%
Europe/ROW	< 5%

# People

## DEVELOPING TALENT

Investing in developing the knowledge and skills of employees is an important tool for the achievement of our business goals. We aim to attract and retain the most talented people to help us advance our purpose, and to create an inclusive working environment where everyone can contribute, advance on merit and realise their full potential. We are proud to be an equal opportunity employer and to support our employees' development.

### Management Approach

We want a workforce that looks to learn continuously. We support learning through on-the-job experiences, formal educational resources, and mentoring and coaching activities.

#### Sims University

Sims University is our global corporate university dedicated to global excellence through individual development.

Sims University strives to provide best-in-class learning solutions that are relevant, strategic and build a collective understanding

of the business. It delivers online and class-based learning programs through the Sims University Learning Center, our global learning management system that was launched in April 2018.

The Learning Center serves as a central repository for online operational, safety, compliance, skills-based and management/leadership training programs.

Employees are able to self-select and complete training courses, including mandatory safety-related training and compliant-based courses on topics, such as cyber security and the Code of Conduct. Mandatory training is automatically assigned

to new and existing employees and reports are generated to track status and completions. Employees with network access completed more than 40,000 hours of online training courses through the Sims University Learning Center in FY21.

As we launched our new human capital management platform this past year, we ensured that all employees were capable of accessing the Sims University Learning Center for the first time in the Company's history. Operational employees were assigned digital identification credentials, which will empower them to set goals for themselves or manage their individual talent profiles, for example. These credentials will also give them access to the Sims University Learning Center and MySims, the Company's global intranet, where company news, information, tools and training resources are located.

We are constantly evolving our training offerings to support continual employee development and engagement in a rapidly changing operating landscape. For example, in FY21 Sims University facilitated the training for our updated EHS standards, taking



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### LEADERSHIP DEVELOPMENT PROGRAMS

Regional leadership development programs have continued throughout FY21. For example, 23 of our employees in the APAC region joined the emerging leaders program. During 14 remote modules, the group learned about tools, such as building resilience for them and their teams, to become better managers and leaders.

## DEVELOPING TALENT CONTINUED

into considerations how we can optimise employee learning by taking advantage of different learning styles. The Sims University Learning Center, which is a central repository for digital and printed content, continues to provide relevant and timely communications and training to support all employees on site in our offices and at home. We created a dedicated page to house digital resources to support our remote workers through a number of issues including: home office setup, conducting virtual meetings, work/life balance, mindfulness, resilience and health/wellness. We also developed manager toolkits, which provide our managers with the information they need to successfully manage their remote, and increasingly, hybrid teams.

More than 350 courses are now available to our employees for developing their skills. This is in addition to the mandatory training we provide throughout the year, covering IT, cyber security, Code of Conduct and modern slavery.

Managers continue to conduct facilitated sessions and present content, such as monthly safety videos, during daily “toolbox talk” meetings and class-based training. The delivery of this training or attendance to safety training classes is recorded in The Sims University Learning Center.

### Leadership Development

Developing our current and future leaders is crucial for securing the talent and skills we need to drive our growth. We are committed to promoting from within, and with the expansion of our core business and the acquisition of several new ones, we are providing opportunities to current and aspiring leaders.

Our leadership development approach aims to develop leaders who consistently embody the Sims’ leadership competencies and a “One Sims” global mindset. We use a multi-tiered approach comprised of targeted

programs for specific leadership groups. In FY21, we launched the process to re-design our programs globally.

We implemented a blended leadership series for new managers with less than two years of experience that includes a series of online modules, reflective exercises and individual management reinforcement.

In FY21, we implemented a Change Capability Uplift Plan. Targeting our managers and supervisors, this program was designed to increase change capabilities across the organisation and provides a structured and strategic approach to upskill our employees in the required capabilities to understand, lead and manage change.

So far, more than 150 leaders from across regions and lines of business attended a virtual learning event facilitated by members of the executive leadership team to discuss the impact of change and actions they can

take to manage change effectively. Materials were also provided to allow these leaders to facilitate sessions locally to their teams.

During FY21, the CEO and members of the executive leadership team carried out two town hall meetings for the Company’s top 150 leaders globally to discuss status around key business transformation and strategic initiatives currently in process at Sims.

### Developing a High Performance Culture

A formal performance and development management system ensures that employees establish and work toward clear business and personal goals, as well as receive feedback on the progress they have made based on their job responsibilities and the Company’s values and purpose. Career development needs and opportunities are also discussed during performance review meetings.

## CYCLING FOR RECYCLING

Knowing what can and can’t be recycled can be challenging for people. Kara Napolitano, Sims Municipal Recycling’s outreach and education coordinator, cycled 500 miles across New York state to raise awareness for, and promote, the “Recycle Right NY” campaign. Recycle Right NY is aimed to increase recycling participation, reduce recycling confusion, reduce the amount of unaccepted items that are put into recycling bins, and promote waste reduction and reuse practices as alternatives to landfilling and incineration. Across the state, Napolitano showcased how to “Recycle Right” by posting several videos on Sims Municipal Recycling’s social media platforms encouraging residents to know their local recycling guidelines. The Recycle Right NY website, [RecycleRightNY.org](https://www.RecycleRightNY.org), is available for New York state residents to access recycling-related information, interactive tools and a searchable “Recyclopedica” that instructs users on how to properly handle more than 300 common household items.





## DEVELOPING TALENT CONTINUED

### Performance

We have a very strong performance culture, but with the challenges of the ongoing global COVID-19 pandemic and centralising our human resource data management systems, the percentage of employees receiving formal evaluations only increased to 46 percent in FY21 from 40 percent the previous fiscal year. Within our updated HCM system, we incorporated additional features, such as enabling our employees and their managers to set annual goals, plan development activities and review progress. Training on this is available through the Sims University Learning Center.

Along with formalised evaluations, our employees receive performance and career development reviews, as well as regular on the job feedback. Our employees who are under collective bargaining agreements have provisions that govern performance separately.

### MORE THAN

# 350

courses are now available on the Sims University Learning Center for employees to develop their skills

## WOMEN WORKING @ SIMS | SOPHIA RUNAU

### WHAT IS YOUR CURRENT ROLE AND HOW LONG HAVE YOU BEEN AT SIMS?

I joined Sims Metal UK two years ago. During my time, I was able to work across multiple non-ferrous processing sites, learning about the processes and how we operate safely. For my most recent projects, I have had the opportunity to support the global sustainability team.

### WHAT DO YOU ENJOY ABOUT YOUR WORK?

The prospect of being able to get involved in different areas of the business early on in my career excited me, as I knew it would enable me to gain a broad understanding of the business but also challenge me to adapt to new environments quickly.

What I love about my work are the diverse people I have had the chance to collaborate and work with or learn from. Also that every day is different and brings a new challenge.

### ARE THERE ANY PERSONAL OR CAREER ACHIEVEMENT YOU WOULD LIKE TO HIGHLIGHT?

First, I would like to send a big thank-you to everyone who has supported me on my journey! I am grateful for the experiences I could gather in a number of different projects so far, including supervising one of our plants and its team or improving process traceability by developing some big spreadsheets. To date, my personal highlight has been the projects I am involved in currently: preparing this year's sustainability report and leading the final stages of the UBM integration. That is exciting, because I am responsible for ensuring that the data we collect is meaningful and relevant for tracking progress on our road to net zero, whilst at the same time working on highlighting the sustainability achievements of the past year.

### WHY DID YOU JOIN SIMS?

At university, I studied clean technology and environmental management. A key topic throughout was the role the recycling industry plays in enabling and promoting resource circularity. After I graduated, I knew that I wanted to be able to play a part in supporting that transition in which Sims plays a key strategic role through its global presence and diverse businesses.



# People

## FOSTERING DIVERSITY AND INCLUSION

Our sustainable business growth depends on developing and retaining a diverse workforce that reflects the ever-changing demographics of where we do business, who we do business with, and the communities where we operate and live. In alignment with our purpose narrative, Sims supports all employees and celebrates the differences they each bring to the workplace.

### Management Approach

Through a collaborative and inclusive culture, we can be more innovative, agile and responsive with a broader experience base and a diversity of approaches and resources. Our culture of responsibility and engagement also enables us to access and retain local talent and strengthen connections with communities.

Our commitment to diversity and inclusion focuses on four key principles:

- Foster a culture that shares a common set of values where difference is appreciated and accepted to support our business strategy;
- Leverage cultural competence and knowledge to inform and accelerate the pace of our strategies and approaches;
- Positively impact employee engagement through a strong focus on inclusion; and
- Develop and enhance our relationships in the external marketplace.

As Sims continues its diversity and inclusion journey, our global respect and inclusion strategy will operate under the three pillars of:

- People;
- Inclusive leadership; and
- Communities.

These pillars will guide a continued focus on a diverse and inclusive workforce, visible and active leadership and enhance sustainability and corporate responsibility in our communities.

In Australia, we are supporting Reconciliation efforts to improve the economic, health and

social opportunities for Aboriginal and Torres Strait Islander peoples and their communities. Reconciliation Australia formally endorsed Sims Metal's Reflect Reconciliation Action Plan (RAP) in February 2021. The plan was developed with support from the RAP Working Group; representing employees from across Australia and facilitating a unified approach to our efforts. Our endorsed RAP was published on the [Reconciliation Australia website](#) and shared on the Company's dedicated "Respect & Inclusion" page on MySims. Information is also included in the region's new hire welcome pack.



### ADVANCING RECONCILIATION

As an Australian-based company, we value and recognise Aboriginal and Torres Strait Islander people's history, culture, and achievements as a proud part of our shared national identity. In line with Reconciliation Australia's Reconciliation Action Plan (RAP) program, we developed a Sims Metal cultural competency training package to foster a deeper understanding and knowledge of the experience of Indigenous Australians. The RAP was developed with the assistance of Tania and Daren Dunn, Sims Metal's cultural advisors. A celebrated artist, Daren also designed the artwork for our RAP. As Daren explains, his design shows "Indigenous and non-indigenous people working together, walking alongside each other, proudly and respectfully within the fold of Sims Metal."

## FOSTERING DIVERSITY AND INCLUSION CONTINUED

### Closing the Gap

Sims complies with annual reporting requirements for wage gap analysis for its Australian and UK operations. Similar required national assessment methodologies are used for calculating the respective gender pay gaps. A comparable approach was previously employed to assess the U.S. wage gap. However, to provide insight into the equal pay gap in the U.S., we made the decision to carry out a regression analysis for the first time in FY21. Next to others, this takes into account length of service, qualifications and job roles, enabling an improved understanding of the drivers of the gender pay gap.

The latest Workplace Gender Equality Agency (WGEA) analysis in Australia indicated that the Company's pay gap is currently at 5 percent compared to the national gender pay gap of approximately 13.4 percent. Sims' UK gender pay gap has increased to 8.78 percent in FY21, compared to the UK's overall national gender pay gap of 15.5 percent. This reflects the change in workforce as a result of the COVID-19 pandemic and has highlighted to us areas for improvements going forward.

As a result of performing a more accurate and detailed pay gap analysis, the reported gender pay gaps drops to 6.0

percent, compared to 19 percent in 2020. This shows that the pay gap reported previously was more driven by factors such as length of service than gender differences. We will use the same methodology in our calculations for the U.S. going forward. Therefore, the FY21 result of 6.0 percent will serve as our baseline against which we will track progress about the gender pay gap in the U.S. going forward.

### Supporting New Parents

In response to employee feedback, the Company embarked on a journey to provide a minimum level of paid parental leave for all employees globally – both men and women – in 2018. Statutory regulation or varying local Company policy may provide leave in excess of this minimum, however by establishing a minimum, we aim to provide a reasonable and consistent minimum amount of time for bonding with a newborn or an adopted child. For non-birthing and adopting parents, the minimum is four weeks' paid leave. For birthing parents, the minimum is six weeks' paid leave.

### Employee Engagement

Employees have a direct line to our CEO – either via an email to the CEO's mailbox, or via the "Ask Alistair" forum on

our intranet. We also provide relevant updates about people moves, business updates, celebrations and highlights on what other sites across the world are doing on our intranet. As a result of the COVID-19 pandemic and the large number of employees working remotely, Sims has hosted, and will continue to host, virtual town hall sessions with Alistair and other members of the executive leadership team. In addition, regions write and distribute local newsletters that include regional information and host town hall meetings for leaders to have open conversations with employees and highlight development on specific areas of interest. Overall, we carried out seven global town halls for our employees, including three hosted by our CEO.

### Performance

In FY21, we maintained our focus on diversity and engagement with a wide range of programs and initiatives around the globe.

We realise that in the emerging new normal, where we have teams working fully remote, face-to-face or in hybrid structures, maintaining good employee engagement comes with new challenges. We continue to support employees with resources, for example available through the Employee Assistance Program.

## ENGAGING THE NEXT-GENERATION WORKFORCE

High school students in the Kwinana Industrial region in Australia participated in hands-on workshop and learning activities as part of an end-of-year conference sponsored by the Kwinana Industry Council. Sims Metal EHS coordinators Jessica Jovanovich and Rosa Manihera facilitated the 2020 iCONFERENCE. The annual iCONFERENCE builds on their learnings from other educational programs sponsored by the council and brings students across programs together for a fun-packed day.

[LEARN MORE](#) 



An iWOMEN student and Sims Metal EHS Coordinator Jessica Jovanovich participate in activity as part of the iCONFERENCE.



## FOSTERING DIVERSITY AND INCLUSION CONTINUED

### CELEBRATING DIVERSITY

Throughout the year, we celebrated and raised awareness for different cultures and minorities, while promoting a culture of inclusion. In FY21, we shared content around NAIDOC Week, which celebrates Australia's First Nation cultures. We also organised activities and provided topic briefs around World Mental Health Day, Earth Day, LGBTQ+ Pride and Juneteenth, and celebrated Hispanic/Latino Heritage, Black History and Women's History months in FY21.

For example, Sims hosted a talk discussing the themes of this year's Black History Month: "Representation, Identity and Diversity." The conversation revolved around the changing face of Black families in the diaspora and how it has shaped the Black experience.

Employees at the Sims Lifecycle Services LaVergne facility in Tennessee tested their knowledge about Juneteenth, also known as Emancipation Day, with a quiz. Juneteenth is celebrated by millions of people in the United States on 19 June each year to commemorate the end of slavery.

Furthermore, In FY21 we conducted our second bi-annual employee engagement survey and our strong engagement score of 4.1 / 5.0 remained steady from our previous scoring, despite the significant challenges we faced in our business during the survey period as a result of the pandemic. We are using the feedback obtained from the survey to inform and plan our engagement strategies and initiatives. For example, our employees are encouraged to set career goals in the SuccessFactors, our human capital management system. This is to improve our feedback mechanisms and career development tracking. We also provide training on setting SMART (specific, measurable, achievable, relevant and time-bound) goals, making them more meaningful to support growth and advancement.

Our industry has traditionally been male-dominated, and we are committed to providing a working environment that is fit and welcoming for all employees.

We increased the percentage of women in our employee base from 21 percent to 22 percent. Female representation on our Group's Board of Directors is 44 percent with the recent addition of a new Board member. See [Initial Director's Interest Notice logged with the ASX](#). Sims continues to track applicants for its employment positions. In FY21, 30 percent of our hires for the positions we advertised were from applicants self-identifying as female.

A series of diversity and cultural celebrations were continued across our facilities to honour and educate employees about the contributions of our diverse society.

For example, we acknowledged the International Women's Day theme of "Choose to Challenge" to celebrate women's contributions to society and take action against bias and for equality. At Sims, we challenge the norms daily. We encouraged all employees across the Company to share what they choose to challenge and shared it on the MySims.

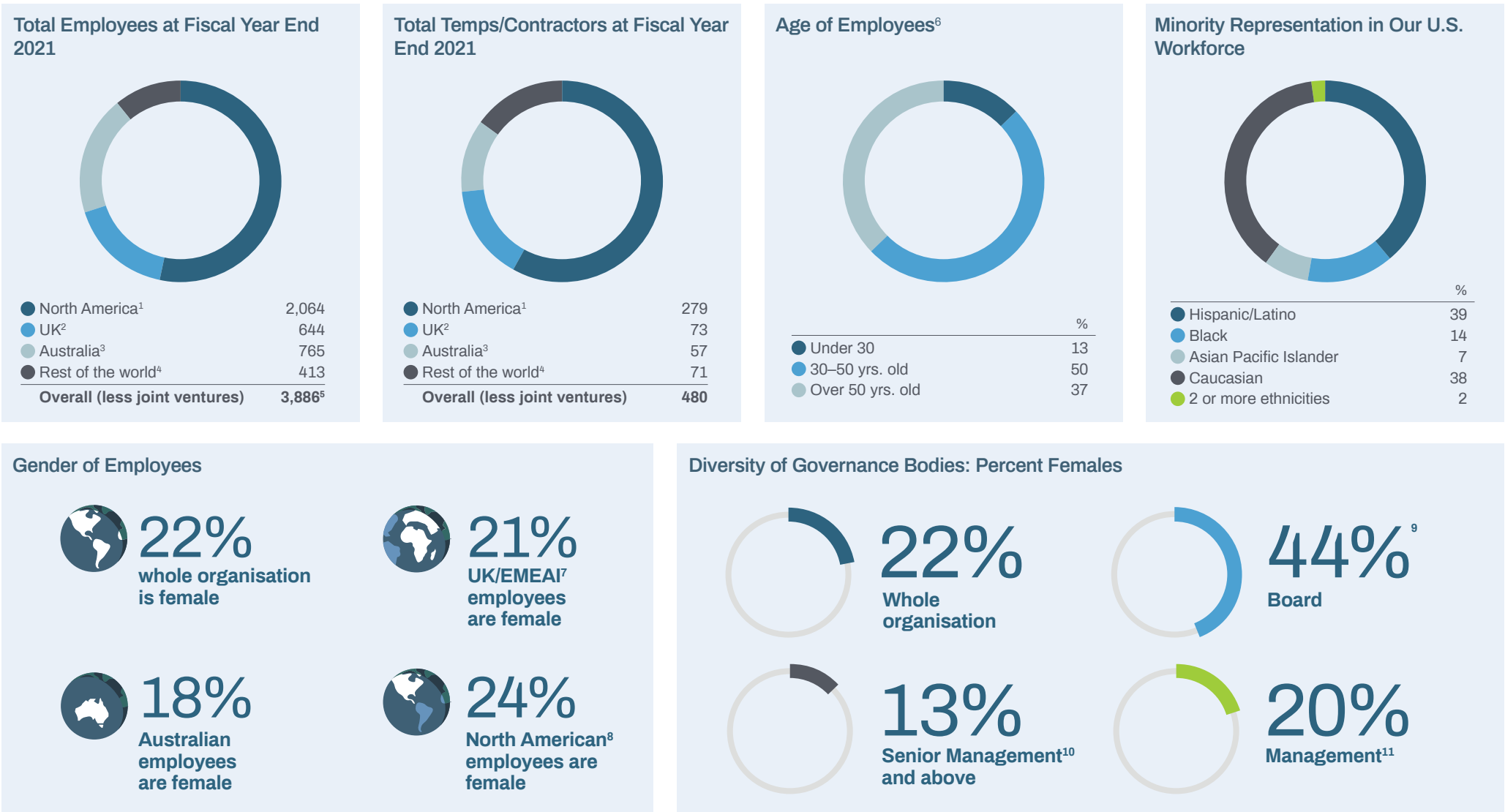


### #choosetochallenge

I love this theme for the International Women's Day 2021. It perfectly underscores how men can be allies and the contributions that women make each and every day – especially in our business and industry.

Alistair Field, CEO & Managing Director

# FOSTERING DIVERSITY AND INCLUSION CONTINUED



1 Includes Sims Metal North America, SLS U.S. and Corporate employees

2 Includes Sims Metal UK, SLS UK

3 Includes Sims Metal, SLS and Corporate employees in Australia

4 Includes Global Trade

5 Different to annual report. Late entries of new hires to the system accounted for the change in this number.

6 Data collected where legislation allows

7 Includes UK Metals and SLS Europe, Middle East, Africa and India (EMEAI)

8 Includes Sims Metal North America, SLS U.S., SMR, Global Trade and Corporate employees

9 Includes changes in FY22

10 Senior management generally sits at “CEO-2” in the Group’s reporting structure. “CEO-1” refers to the layer of senior executives reporting directly to the CEO, “CEO-2” to the next layer of management reporting to those senior executives, and so on.

11 Managers generally sit at “CEO-3 and CEO-4” (although in some instances “CEO-2”) in the Company’s reporting structure.

# People

## COMMUNITY ENGAGEMENT AND LOCAL IMPACTS

The communities in which we operate are key to our success, and we want them to see us as a trusted partner. Our communities fuel our sustainable growth by providing links to the local workforce, suppliers and infrastructure. By listening and engaging with a variety of stakeholders, we inform our business decisions through meaningful dialogue and grow our impact.

### Management Approach

Sims is committed to being a respected, responsible corporate citizen by working constructively with our communities and other stakeholders in engaging in honest and ethical conduct of our business.

From contracts with companies for IT asset disposition to accepting cans, buckets and car loads from individual peddlers, we purchase valuable resources from them to inject back into the circular economy. Sims' business model requires its facilities to be located in or near large metropolitan areas and most of our employees, including the local senior management, are hired from the local community.

Our operations bring economic benefits to the communities where we work by employing people, buying services and products and paying taxes. We focus on transparently engaging with our host communities and we work openly with anyone who is impacted by our operations.

Our commitment to being a respected, responsible corporate citizen drives us to work constructively with communities and other stakeholders and ensure honest and ethical conduct in the way we conduct business.

Nearly 100 percent of our spending is on local suppliers, big and small.

”

Sims Limited is always seeking new ways to work with partners, communities and customers to keep resources in use for as long as possible and create products that will advance the global circular economy.

**Trevor Stolz, Waste-to-Energy Program Director,  
Sims Resource Renewal**

### Our Stakeholder Engagement Approach

#### COURTESY AND RESPECT

Each employee is a representative of Sims, and as such, is accountable for their conduct. Our employees must act professionally, courteously and respectfully to all fellow employees, suppliers, contractors, visitors and members of the community at all times.

#### STAKEHOLDER ENGAGEMENT

We engage regularly, openly and honestly with the people living in local communities who may be affected by our operations and we take their views and concerns into account in our decision-making. Our approach to engagement varies between regions and sites, but we always provide a way for the community to address any concerns and complaints in a timely manner, either via a Sims community focal point employee or a dedicated phone line for neighbours to call.

#### PRODUCT AWARENESS

In our municipal recycling business in particular, we engage with stakeholders involved throughout the lifecycle of our products to promote the responsible use and management of those products. More than 8,000 community members and other stakeholders participate in our virtual classroom or visit our Recycling Education Center in Brooklyn, New York every year.

#### INVESTING IN COMMUNITIES

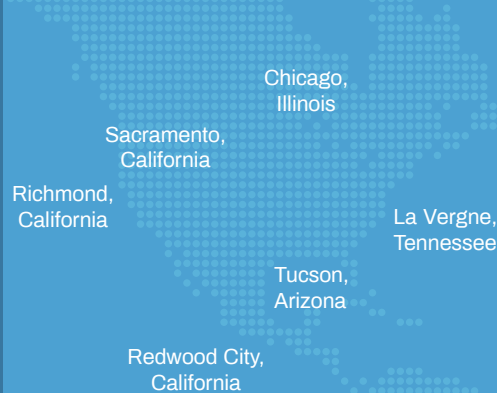
We also aim to have a positive, long-term impact by investing in projects that enhance social, environmental and economic well-being. Our sites support a large number of community initiatives with financial donations and volunteering. Over the coming years, we will develop a more strategic approach to community investments to maximise our collective positive impact across our sites and businesses.



## COMMUNITY ENGAGEMENT AND LOCAL IMPACTS CONTINUED

### Taking Action Worldwide

Together, our Sims Limited team is committed to building a stronger, more resilient future for the communities where we live and work. Here's a sample of the many ways that our Company and people contributed time, talents and resources in FY21.



Ireland

Chicago, Illinois

Sacramento, California

Richmond, California

La Vergne, Tennessee

Tucson, Arizona

Redwood City, California

Click on the map dots to see how Sims Limited engaged with the communities in which we operate and do business.

Perth, West Australia

Kwinana Beach, West Australia

# Responsible Business

Integrity is one of our core values. We conduct business with integrity and adhere to the highest standard of ethical business conduct and transparency.

## Preventing Anticompetitive Practices, Bribery and Corruption

Our Board is committed to establishing sound corporate governance practices that ensure we uphold our core values of safety, integrity, respect, transparency, excellence and social responsibility. This is fundamental to fostering investor confidence and driving higher value for shareholders through prudent risk management and a culture that encourages ethical conduct, accountability and sound business practices.

Sims has publicly posted its [Anti-Bribery & Anti-Corruption Policy](#) both internally and externally to clearly communicate its expectations when conducting business on behalf of Sims to its officers, employees, contractors, agents, consultants, suppliers and its Board of Directors. The policy sets standards that either meet or exceed anti-bribery and anti-corruption requirements in each of the countries where we do business. It communicates the basic requirements that Sims expects all of its employees to follow in their dealings on behalf of the Company. We train all new employees on this and other key ethics and compliance policies during onboarding, where they acknowledge that they have received and understand them.

Sims has assessed its corruption and bribery risk across all of its operations and identified that higher risk inherently lies in the actions of its agents and commercial team members due to the nature of their interactions and the relative higher risk countries in which they do business.

Agents receive training on Sims' Code of Conduct upon initial approval, with refresher training required as part of the periodic recertification process. Commercial team members

and global trade personnel are required to participate in both anti-trust, and anti-bribery/anti-corruption training annually.

Employees who could have undue impact on Sims through their duties or influence were asked to disclose all potential conflicts of interest. This group includes personnel who manage third party contracts, are in procurement, record transactions, have the ability to change financial data, or manage sites or business functions. Training on what qualifies as conflicts of interest and Sims' approach to mitigating them is available through our learning management system. What constitutes a conflict of interest and why it matters is highlighted on a rotational basis in Sims' annual Code of Conduct training.

## Ensuring Compliance

New employees are trained on Sims' Code of Conduct during onboarding. Subsequently, personnel at all levels are required to complete annual training on the Code. Each year's course highlights different key topics on a rotational basis. In FY21 we spotlighted the proper handling of privacy and confidential information, respecting others, and misappropriation of Company resources. While key topics change, the annual training always addresses how employees can raise concerns and reiterates Sims' intolerance for retaliation against those who do. One hundred percent of our active employees completed the annual training as of 30 June 2021.

Sims' grievance mechanisms are integral to promoting compliance. In addition to our independent third party hotline, we encourage open door reporting, emphasising that personnel can also approach their line managers and human



## COMPLIANCE MONTH

In November 2020, Sims launched its first-ever Compliance Month campaign targeted at all employees. Hosted on MySims and promoted through corporate communications channels, the pages changed weekly, highlighting multiple compliance areas. Content included short videos, comics, brief articles and puzzles to engage personnel while emphasising timely topics, such as gift giving and receiving, unconscious bias, acting ethically, and private and confidential data. The culmination of the activities was the launch of this year's annual Code of Conduct training, which reinforced many of the topics highlighted in the campaign.

Compliance Month was very well received. Employees participated in polls, commented on the content, and even followed the pages so they would know when new content was posted. The campaign generated the highest number of hits for a single event on MySims. Due to the popularity of the event, Sims will be holding Compliance Month again in November 2021.

## RESPONSIBLE BUSINESS CONTINUED

resources personnel locally, as well as our global contacts in Ethics and Compliance, Legal, and Human Resources. We also promote our hotline to temporary workers and visitors so they understand they, too, can report concerns about unlawful or unethical behaviour at Sims. We have added the ability to ask questions about concerns through the hotline, which supports both reporting and querying anonymously.

Sims' internal audit services provide independent, objective assurance and consulting services to improve the Company's operations. It brings a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes for a broad range of audit-related tasks of a financial, operational, information technology, external reporting and compliance nature to provide assurance that Sims policies and processes operate effectively.

In FY21, our internal audit group conducted 18 internal audits and followed up on management action plans. Through the work

performed by internal audit, no conflicts of interest nor incidents of corruption were identified.

### Privacy and Security

Sims takes great pride in having robust privacy and security policies and strives to be best-in-class, protecting any information and data in our custody and stewardship. We continue to strengthen information security systems by implementing security controls and training. For example, we rolled out mandatory multi-factor-authentication for all of our employees with e-mail access this year, to make our network more secure. We continue sharing cyber-security best practice for our employees in monthly newsletters and test the effectiveness of our mandatory cyber security training via simulated phishing e-mails. We see this as a key growth driver for our business, as illustrated through our e-waste and IT asset disposition (ITAD) business, which serves blue chip clients across a range of industries to securely and responsibly recycle and manage the

disposition of IT equipment and electronic products.

Employees throughout our global organisation are also trained on our Acceptable Use policy, which outlines the acceptable use of computer equipment and the protection of information assets.

### Fair Remuneration

Each year, within our Annual Report to Shareholders, we disclose our executive remuneration philosophy and guiding principle, along with how the pay outcomes are aligned to Company performance. Our independent Board of Directors and executive leadership team actively discuss the Company's remuneration structure and design with key stakeholders including shareholders, Board members, investors and shareholder advisors. The outcomes of these discussions influence and shape changes made to the remuneration structure.

Shareholders are also provided with the opportunity to vote annually on

the remuneration structure of the key management personnel, and the Company has received better than 90 percent of the vote in favour for the past three years.

Sims has adopted and implemented a global grading process using the well-established and validated Hay Grading methodology. This provides a consistent foundation for identifying roles of similar value throughout the Company. With this foundation, we can apply a consistent approach to participation in incentives and other variable benefits. In addition to the globally consistent grading structure, we participate in and purchase independent salary surveys to ensure we are paying market competitive base and variable pay based on the duties, skill requirements and location of employment.

Nearly all our employees, including the local senior management, are hired from the local communities. In all of Sims' operating jurisdictions, entry-level wage rates are above the minimum wage requirements.



We continue sharing cyber-security best practices for our employees in monthly newsletters and test the effectiveness our mandatory training via simulated phishing e-mails.



# Economic Performance

Sustainable economic performance is key to a sustainable business, and we want to thrive through the creation of shared value. When our business grows, so do the communities around our operations, and our suppliers and other stakeholders also benefit.

Sales revenue of \$5,916.3 million in FY21 increased by 20.5 percent compared to sales revenue of \$4,908.5 million in FY20. At constant currency, the sales revenue increased by 30.1 percent to \$6,384.3 million for the same period. The increase was attributed to material improvements in market prices and higher sales volumes, both driven by increased demand in many industrial sectors.

Sales volumes were 8.593 million tonnes in FY21 versus 8.154 million tonnes in FY20. The increased volume was principally due to the higher commodity market prices in the half year ending 30 June 2021 (H2 FY21), showing a strong recovery and allowing for substantial progress on our growth targets.

We closed the year with strong earnings growth and an underlying EBIT of \$386.6 million. This was due to higher sales revenue and volumes, as shown by the substantial progress on our strategic growth targets, and to lower operating costs. We saw a strong improvement in intake volumes, driven by economic recovery across our markets due to unprecedented fiscal stimulus.

## Tax matters

Tax matters are managed in accordance with Group policies, applicable country laws and regulations, and the Group's Corporate Governance Principles, which define its relationships with its stakeholders and govern how it conducts its business. Consideration is given to the Group's reputation, brand, value creation, corporate and social responsibility when considering any tax initiatives.

Sims' Tax Corporate Governance policy and the tax strategy support existing and current practices and processes that are performed consistently throughout the global operations.

Sims, throughout its legal entities, follows best practices and has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework as the basis for the Group's Tax Risk Management.

This tax risk management framework identifies, maintains, manages and monitors tax risks and mitigating controls of the Group. External and internal auditors periodically test and review to ensure that all of the internal controls are properly working and that documentation is maintained, evaluated, monitored and communicated to the executive leadership team, internal and external audit and the Audit Committee of the Board.

Economic value generated, distributed and retained, Australian dollars in millions	FY21	FY20	FY19
Revenues <sup>1</sup>	6,136.7	4,991.7	6,754.3
Operating costs	5,252.6	4,615.0	5,864.0
Wages/benefits	567.5	614.2	664.1
Payments to providers of capital, gross	14.1	15.4	7.9
Payments to governments (taxes)	73.1	12.4	65.7
Payments to shareholders	24.2	50.6	107.9
Economic value retained	205.2	(315.9)	44.7

<sup>1</sup>Includes other income and the share of results from equity accounted investments







## ABOUT THIS REPORT

# Stewards of Our Natural World





# About This Report

## Scope and Boundary

This report has been prepared using the Global Reporting Initiative (GRI) Standards as guidance – GRI referenced – covering the FY21 reporting period.

The Group reports all of the General Disclosures described in the GRI Standards, as well as the specific disclosures related to issues material to us.

We include a table at the back of this report cross-referencing key GRI indicators and showing where, in this report, those topics are discussed.

Sims Limited used the services of Apex Companies to provide limited assurance for our location-based greenhouse gas emissions statements. Where this is the case such assurance will be indicated by the words “Data covered by external assurance” for the respective pages.

Additional reporting that may be of interest to the reader can be found [online](#):

- Downloadable version of [this report](#)
- Sims Limited’s previous report, covering the year ending June 30, 2020, and an archive of [earlier annual sustainability reports](#)
- 2021 Sims Limited [ASX filings](#)
- Sims Limited [Investor Strategy Day presentation](#)

## Glossary

**Ferrous secondary recycling:** comprises the collection, processing and trading of iron and steel secondary raw material.

**Human Capital Management System (HCM):** a software solution facilitating hiring, workforce management, compliance and reporting.

**Non-ferrous secondary recycling:** comprises the collection, processing and trading of other metal alloys and residues, principally aluminium, lead, copper, zinc and nickel-bearing materials.

**Utility Bill Management System (UBM):** online software, storing utility bill information. Used to report, track and analyse usage, cost and GHG emissions.

**Secondary metals:** metal derived wholly or in part from scrap.

**Net-zero:** Following [SBTi guidance](#), we define net-zero as reducing our Scope 1 and 2 GHG emissions to the degree where in our value chain there will be no net accumulation of CO<sub>2</sub> in the atmosphere and no net-impact from other GHG emissions. We define carbon neutrality as the state where we will balance our emissions with removing equal amounts of CO<sub>2</sub> from the atmosphere.

## External Recognition

- MSCI ESG Fund Ratings | AAA ESG rating categories
- World’s Most Sustainable Corporations by Corporate Knights (Global 100)
- Clean200 by Corporate Knights and As You Sow
- ‘Leading’ level of ESG reporting by ACSI (Australian Council of Superannuation Investors)
- TAHITO Te Tai o Rehua Fund – Trans-Tasman Equity Fund, supporting Indigenous ethical investing
- Sims Limited participated in the Corporate Sustainability Assessment (CSA) for the Dow Jones Sustainability Index (DJSI), administered by S&P Global. In the 2020 CSA, we ranked 13th overall among global participants within our sector/industry classification.

### External Memberships and Engagements:

- Sims Limited is a member of the World Business Council on Sustainable Development’s Circular Economy Program with specific involvement in three projects:
  - Factor 10
  - Circular electronics partnership
  - Plastics and packaging
- CEO signed the World Business Council on Sustainable Development’s Call to Action for Business Leadership on Human Rights
- ISRI<sup>1</sup> member
- RLA<sup>2</sup> member
- BIR<sup>3</sup> member



## Contact

Thank you for your interest in our report. We welcome your questions, comments and feedback. You may contact us at:

### Elise Gautier

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### Ana Metelo

Director Investor Relations  
[ana.metelo@simsmm.com](mailto:ana.metelo@simsmm.com)

<sup>1</sup> Institute of Scrap Recycling Industries

<sup>2</sup> Reverse Logistics Association: SLS is member and chair of Recycling and Sustainability Committee

<sup>3</sup> Bureau of International Recycling



# GRI Table

Disclosure		Page / location
GRI 102: General Disclosures		
<b>1. Organisational profile</b>		
<b>102-1</b>	Name of the organisation	<a href="#">p. 4</a>
<b>102-2</b>	Activities, brands, products and services	<a href="#">p. 11</a>
<b>102-3</b>	Location of headquarters	<a href="#">p. 10</a>
<b>102-4</b>	Location of operations	<a href="#">p. 10</a>
<b>102-5</b>	Ownership and legal form	Sims Limited is a publicly traded company with a primary share listing on the Australian Securities Exchange (ASX: SGM) and American Depository Shares trading in the United States on the Over-The-Counter Market (USOTC: SMSMY).
<b>102-6</b>	Markets served	<a href="#">p. 10</a>
<b>102-7</b>	Scale of the organisation	<a href="#">p. 10, Annual Report 2021, p. 79, Segment Information p. 124, Shareholder Information</a>
<b>102-8</b>	Information on employees and other workers	<a href="#">p. 59</a>
<b>102-9</b>	Supply chain	<a href="#">p. 12</a>
<b>102-10</b>	Significant changes to the organisation and its supply chain	<a href="#">Annual Report 2021, pp. 106-107, Footnote 23: Business Acquisitions and Disposals</a>
<b>102-11</b>	Precautionary principle or approach	<a href="#">p. 30</a>
<b>102-12</b>	External initiatives	<a href="#">p. 66</a>
<b>2. Strategy</b>		
<b>102-13</b>	Membership of associations	<a href="#">p. 66</a>
<b>102-14</b>	Statement from senior decision-maker	<a href="#">pp. 5-8</a>
<b>3. Ethics and integrity</b>		
<b>102-15</b>	Key impacts, risks and opportunities	<a href="#">pp. 17-19 and pp. 30-31</a>
<b>102-16</b>	Values, principles, standards and norms of behavior	<a href="#">p. 25, pp. 51-52, p. 62-63</a>
<b>102-17</b>	Mechanisms for advice and concerns about ethics	<a href="#">p. 62-63</a>

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Disclosure		Page / location
<b>4. Governance</b>		
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102-19	Delegating authority	<a href="#">p. 27</a>
102-20	Executive-level responsibility for economic, environmental and social topics	<a href="#">p. 27</a>
102-21	Consulting stakeholders on economic, environmental and social topics	<a href="#">p. 28</a>
102-22	Composition of the highest governance body and its committees	<a href="#">p. 26, Annual Report 2021, pp. 26-27</a>
102-23	Chair of the highest governance body	<a href="#">p. 26</a>
102-24	Nominating and selecting the highest governance body	<a href="#">Selection and Appointment of Directors Policy and Procedures</a>
102-25	Conflicts of interest	<a href="#">p. 62, Note: Conflicts of interest are required to be disclosed, updated and confirmed on an annual basis, inclusive of our Board of Directors.</a>
102-26	Role of highest governance body in setting purpose, values and strategy	<a href="#">pp. 17-19</a>
102-27	Collective knowledge of highest governance body	<a href="#">Annual Report 2021, pp. 26-27</a>
102-28	Evaluating the highest governance body's performance	<a href="#">Annual Report 2021, pp. 36-69, Remuneration Report</a>
102-29	Identifying and managing economic, environmental and social impacts	<a href="#">p. 27</a>
102-30	Effectiveness of risk management processes	<a href="#">p. 27</a>
102-31	Review of economic, environmental and social topics	<a href="#">p. 27</a>
102-32	Highest governance body's role in sustainability reporting	<a href="#">p. 27</a>
102-33	Communicating critical concerns	<a href="#">p. 27</a>
102-34	Nature and total number of critical concerns	<a href="#">We have a highly engaged and dynamic leadership body. Currently there is not systemic tracking of critical concerns as critical concerns are communicated and addressed in a timely manner.</a>
102-35	Remuneration policies	<a href="#">Annual Report 2021, pp. 36-69, Remuneration Report</a>
102-36	Process for determining remuneration	<a href="#">Annual Report 2021, pp. 36-69, Remuneration Report</a>
102-37	Stakeholders' involvement in remuneration	<a href="#">Annual Report 2021, pp. 36-69, Remuneration Report</a>
102-38	Annual total compensation ratio	<a href="#">Annual Report 2021, pp. 36-69, Remuneration Report</a>
102-39	Percentage increase in annual total compensation ratio	<a href="#">Annual Report 2021, pp. 36-69, Remuneration Report</a>
<b>5. Stakeholder engagement</b>		
102-40	List of stakeholder groups	<a href="#">p. 28</a>
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## GRI TABLE CONTINUED

Disclosure		Page / location
<b>6. Reporting practice</b>		
<b>102-45</b>	Entities included in the consolidated financial statements	<a href="#">Annual Report 2021, pp. 108-109, Footnote 24: Subsidiaries</a>
<b>102-46</b>	Defining report content and topic boundaries	<a href="#">p. 18, p. 66</a>
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<b>102-48</b>	Restatements of information	<a href="#">pp. 34-35</a>
<b>102-49</b>	Changes in reporting	No changes in reporting
<b>102-50</b>	Reporting period	<a href="#">p. 66</a>
<b>102-51</b>	Date of most recent report	<a href="#">p. 66</a>
<b>102-52</b>	Reporting cycle	<a href="#">p. 66</a>
<b>102-53</b>	Contact point for questions regarding the report	<a href="#">p. 66</a>
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<b>102-55</b>	GRI content index	<a href="#">p. 67-72</a>
<b>102-56</b>	External assurance	<a href="#">p. 66</a> : limited external assurance over the FY20 and FY21 Scope 1+2 location-based GHG emissions of Sims Limited



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Disclosure		Page / location
GRI 200: Economic Standards		
<b>GRI 201: Economic Performance</b>		
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<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	TCFD report
<b>201-3</b>	Defined benefit plan obligations and other retirement plans	<a href="#">Annual Report 2021, pp. 95-97, Footnote 16: Retirement Benefit Obligations</a>
<b>201-4</b>	Financial assistance received from government	<a href="#">Annual Report 2021, pp. 80-81, Footnote 3: Revenue and Other Income</a>
<b>GRI 202: Market Presence</b>		
<b>202-1</b>	Ratios of standard entry-level wage by gender compared to local minimum wage	<a href="#">p. 63</a>
<b>202-2</b>	Proportion of senior management hired from the local community	<a href="#">p. 63</a>
<b>GRI 204: Procurement Practice</b>		
<b>204-1</b>	Proportion of spending on local suppliers	<a href="#">p. 60</a>
<b>GRI 205: Anti-corruption</b>		
<b>205-1</b>	Operations assessed for risks related to corruption	<a href="#">p. 62</a>
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	<a href="#">p. 62</a>
<b>205-3</b>	Confirmed incidents of corruption and actions taken	<a href="#">p. 63</a>

## GRI TABLE CONTINUED

Disclosure		Page / location
GRI 300: Environmental Standards		
<b>GRI 301: Materials</b>		
<b>301-1</b>	Materials used by weight or volume	<a href="#">p. 11</a> : 8.6 million tonnes of secondary metals recycled, 2.1 million data centre units repurposed, 660K tonnes of municipal curbside recycling processed
<b>301-2</b>	Recycled input materials used	Nearly 100 percent of our inputs are secondary materials.
<b>301-3</b>	Reclaimed products and their packaging materials	See 301-2
<b>GRI 302: Energy</b>		
<b>302-1</b>	Energy consumption within the organisation	<a href="#">p. 36</a>
<b>302-5</b>	Reductions in energy requirements of products and services	<a href="#">p. 36</a>
<b>GRI 303: Water and Effluents</b>		
<b>303-3</b>	Water withdrawal	<a href="#">p. 42</a>
<b>GRI 305: Emissions</b>		
<b>305-1</b>	Direct (Scope 1) GHG emissions	<a href="#">p. 36</a>
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	<a href="#">p. 36</a>
<b>305-3</b>	Reduction of GHG emissions	<a href="#">p. 36</a>
<b>GRI 306: Effluents and Waste</b>		
<b>306-2</b>	Waste by type and disposal method	<a href="#">pp. 38-41</a>
<b>306-3</b>	Waste generated	<a href="#">p. 38</a>

## GRI TABLE CONTINUED

Disclosure		Page / location
<b>GRI 400: Social Standards</b>		
<b>GRI 401: Employment</b>		
<b>401-3</b>	Parental leave	<a href="#">p. 57</a>
<b>GRI 403: Occupational Health and Safety</b>		
<b>403-1</b>	Occupational health and safety management system	<a href="#">p. 43-50</a>
<b>403-2</b>	Hazard identification, risk assessment and incident investigation	<a href="#">p. 44</a>
<b>403-3</b>	Occupational health services	<a href="#">pp. 45-46</a>
<b>403-4</b>	Worker participation, consultation and communication on occupational health and safety	<a href="#">pp. 45-46</a>
<b>403-5</b>	Worker training on occupational health and safety	<a href="#">p. 47</a>
<b>403-6</b>	Promotion of worker health	<a href="#">p. 49</a>
<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">pp. 45-46</a>
<b>403-8</b>	Workers covered by an occupational health and safety management system	<a href="#">p. 48</a>
<b>403-9</b>	Work-related injuries	<a href="#">p. 48</a>
<b>403-10</b>	Work-related ill health	<a href="#">p. 48</a>
<b>GRI 404: Training and Education</b>		
<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	<a href="#">p. 53</a>
<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews	<a href="#">p. 55</a>
<b>GRI 405: Diversity and Equal Opportunity</b>		
<b>405-1</b>	Diversity of governance bodies and employees	<a href="#">p. 59</a>
<b>405-2</b>	Ratio of basic salary and remuneration of women to men	<a href="#">p. 57</a>
<b>GRI 409: Forced or Compulsory Labour</b>		
<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labour	<a href="#">p. 51</a>
<b>GRI 412: Human Rights Assessment</b>		
<b>412-1</b>	Operations that have been subject to human rights reviews or impact assessments	<a href="#">p. 51</a>
<b>412-2</b>	Employee training on human rights policies or procedures	<a href="#">p. 52</a>



