



# Creating Value by Providing a Pathway for Decarbonisation to our Customers

**Investor Day Briefing**  
**29 March 2022**





# Acknowledgment of Country



# Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 29 March 2022. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

To the extent that this document may contain forward-looking statements, such statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.



# Agenda

		Q&A	Presenter
8:00-9:00am	<ul style="list-style-type: none"><li>• Progress on Strategy</li><li>• Market trends in 2022 &amp; beyond and Sims' response</li></ul>	15 mins	Alistair Field
9:00-9:45am	ESG	15 mins	Elise Gautier
9:45-10:00am	Morning Tea		
10:00-11:00am	101 Metal	15 mins	John Glyde
11:00am-11:45am	Fireside chat – Market conditions	20 mins	Ana Metelo Graeme Cameron
11:45am-12.30pm	Lunch		



# Agenda

		Q&A	Presenter
12.30pm-1:30pm	Deep Dive on SLS	30 mins	Ingrid Sinclair
1:30pm-2:30pm	Update on SRR	15 mins	Brendan McDonnell
2:30pm-2:45pm	Afternoon Tea		
2:45pm-3.45pm	Finance	15 mins	Stephen Mikkelsen
3:45pm-4:15pm	Q&A Wrap Up		Stephen Mikkelsen
4:15pm-5:15pm	Drinks		Management & Investors





**Alistair Field**  
Group CEO & Managing Director





# Strategy

Progress since 2019





An aerial photograph of a dense green forest. A light-colored, circular path or clearing is visible in the center of the image. The text "Create a world without waste to preserve our planet" is overlaid in white, bold, sans-serif font. A short orange horizontal line is positioned below the word "waste".

Create a world without waste  
to preserve our planet



SIMS  
LIMITED



# Our Business Strategy is Enduring



## Sims Metal

Fortify and grow sustainable profits



## Sims Resource Renewal

Utilise waste to create new revenue stream and reduce costs



## Sims Lifecycle

Grow product stewardship and services for repurposing the cloud



## Sims Energy

Expand proven business model and technology globally



## Sims Municipal Recycling

Develop recycling solutions for major cities

**Grow core business and leverage synergies to expand into adjacent markets**



# Business Transformation Underway

*Organisational structure and leadership changes in place with early signs of improvement in effectiveness, efficiency, and culture*

## Transition from a regional to a functional organisation

- Combined Buy and Sell activities
- Finance and Commercial shared services
- New operating model in place

## Delaying the organisation to improve line of sight

- Reduced layers
- Reduced FTE in supporting functions
- Increased span of control<sup>2</sup>

## Implementation of ERP

- Delayed by COVID
- Expected to be substantially completed in FY22. Subsequent work required will move to business-as-usual expenditure



- Improved Communication and Purpose & Direction scores in employee survey<sup>1</sup>
- \$75 million in cost savings delivered in FY21 vs FY19
- Improved end of lease terms on mobile plant
- Strategic procurement projects currently underway to benefit from global reach
- Faster business decision making enabling better buying terms
- Sustained run rate head count savings in supporting functions despite increased activity. This will allow FTE savings to be redeployed to growth areas of the business

<sup>1</sup> Employee Survey FY21 vs FY19

<sup>2</sup> The number of direct reports a supervisor is responsible for

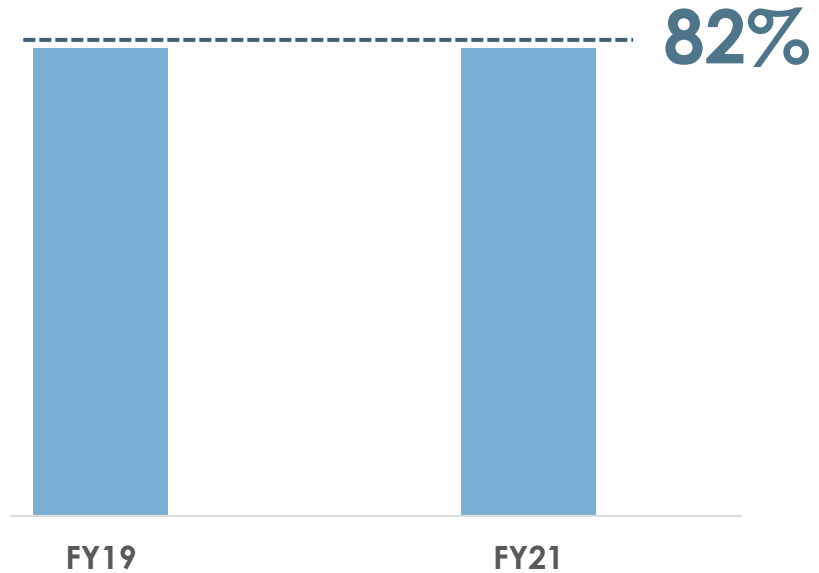


# Engaged Employees

*Maintained high levels of employee engagement despite COVID-19 disruption*



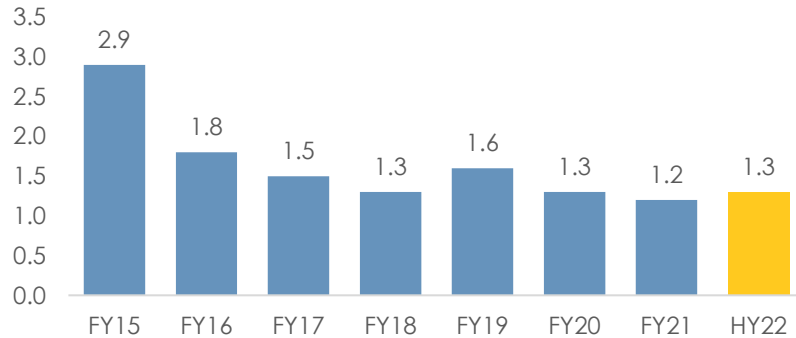
## Engagement Score



# Employee Health & Safety

*Turned safety performance around and embedded a sustainable safety culture*

Total Recordable Injury Frequency Rate (TRIFR)<sup>1</sup>



**FY21 was Sims' safest year**

**Fewest critical risk incidents, fewest injuries, and lowest injury rates on record**



- Global Head of Employee Health & Safety (EHS) reports directly to the Chief Risk and Sustainability Officer
- Achieved consistent improvement in workplace safety, following implementation of a long-term strategic plan in FY19

<sup>1</sup> Defined as total recordable injuries x 200,000 divided by number of hours worked by employees and contractors







### PROGRESS ACHIEVED BY 2022

Feeder Yard Expansion	Acquisitions	Engineering & Technology	Logistics
<ul style="list-style-type: none"> <li>• Artesian, Illinois FY19</li> <li>• Odessa, Texas FY20</li> <li>• Houston FY20</li> <li>• New Bern, North Carolina FY21</li> <li>• Fernley, Nevada FY21</li> <li>• Minto, NSW FY21</li> <li>• Redwood City FY21</li> <li>• Ewing, Illinois FY22</li> <li>• San Jose, California (pending permit)</li> </ul>	<ul style="list-style-type: none"> <li>• Sims Pacific Metals FY19</li> <li>• Morley FY19</li> <li>• Alumisource FY21</li> <li>• Atlantic Recycling Group FY22</li> <li>• Recyclers Australia FY22</li> </ul>	<p>Ongoing initiatives include:</p> <ul style="list-style-type: none"> <li>• Expansion of shredder capacity in ANZ</li> <li>• Installation of shredder emission control systems</li> <li>• Shredder downstream upgrades in Chesapeake, Virginia and Redwood City, California</li> <li>• Electrification of static and semi static equipment</li> </ul> 	<ul style="list-style-type: none"> <li>• Initiatives in place to optimise logistical options to minimise cost of collection and delivery and meet suppliers and customers needs</li> <li>• Pilots - hydrogen injection into diesel engines</li> <li>• Usage of Electric vehicles</li> <li>• Enlarged rail car and barge fleet</li> </ul> 



### PROGRESS ACHIEVED BY 2022

Buy Strategy	Engineering & Technology	Sales Strategy	Inorganic Opportunities
<ul style="list-style-type: none"> <li>• Capex programme focused on scrap collection</li> <li>• Maintained margin expansion discipline</li> <li>• Restructured commercial function</li> </ul>	<p>Ongoing initiatives include:</p> <ul style="list-style-type: none"> <li>• Installation of metal polishing and drying systems in the US, UK and Australia</li> <li>• Expansion of cable pre-shredding and granulation capacity in US , UK and Australia</li> </ul>	<p>Ongoing initiatives include:</p> <ul style="list-style-type: none"> <li>• Meeting customer demands for clean segregated Non-Ferrous</li> <li>• Alignment with ESG targets of key customers</li> <li>• Continued global diversification</li> </ul> 	<p>Alumisource- a transformational acquisition:</p> <ul style="list-style-type: none"> <li>• Placed us in a desirable segment of the market</li> <li>• Enhanced our capabilities</li> <li>• Several expansion opportunities identified</li> </ul> 

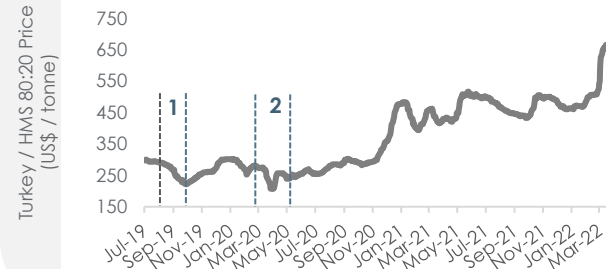
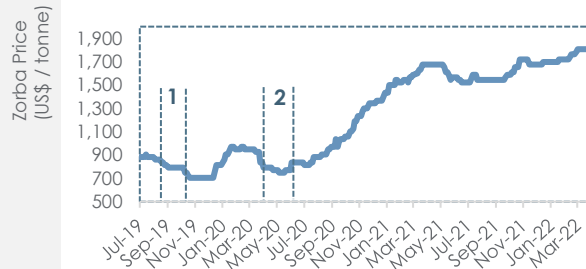


# Sims Metal

On track to achieve 2025 targets despite volatile global scrap metal market

## Challenging market conditions

Volatile market conditions caused by September 2019 scrap market crash (1) and COVID global scrap collapse (2)



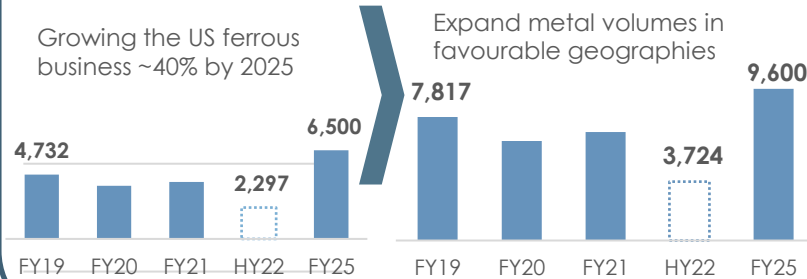
## Ferrous Sales Volumes ('000 tonnes)

### Target set in 2019

Growing the US ferrous business ~40% by 2025

### Updated target

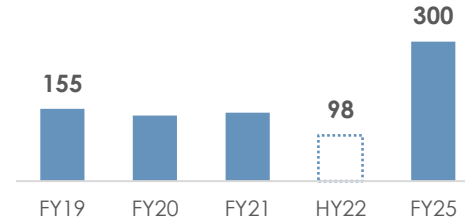
Expand metal volumes in favourable geographies



## Non-Ferrous Retail Sales Volumes ('000 tonnes)

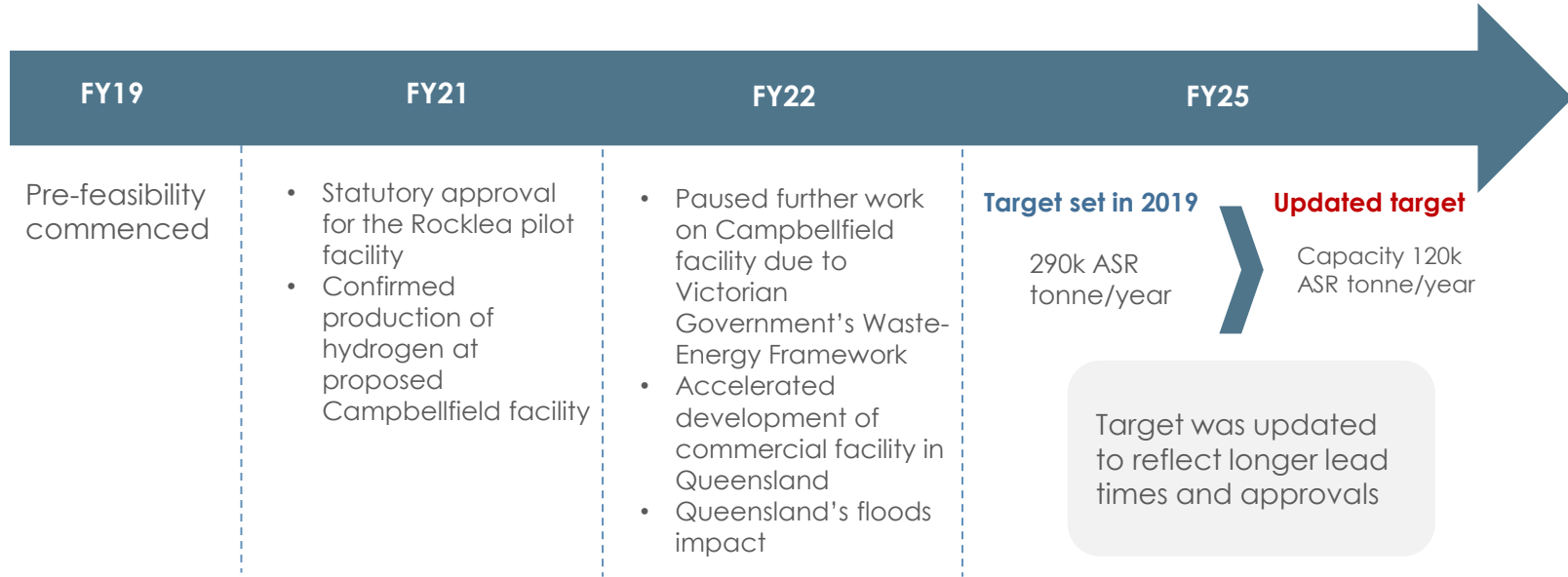
### Target set in 2019

Doubling the US non-ferrous business by FY25



# Sims Resource Renewal

*On track to deliver on FY25 target*





# Sims Lifecycle Services

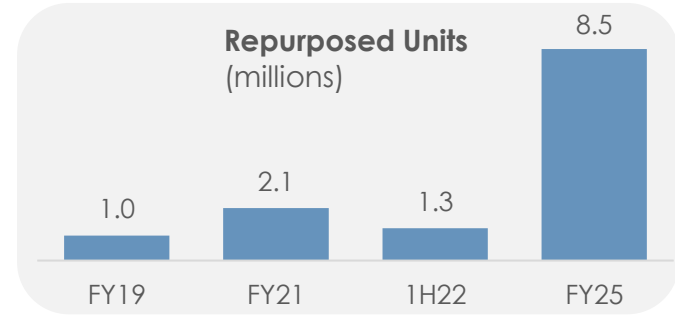
*Updated target to reflect changing market*

## Target set in 2019



- Divested low margin European Compliance Scheme Operations
- KPI metric evolved from Tonnes of Cloud Material to Repurposed Units reflecting the changing needs of the SLS' clients

## Updated target




**FY19 to FY21 EBIT margin grew by approximately 2x to \$21.8 million**



# Sims Municipal Recycling

*Strengthened the business through new contracts and JV; poised to innovate and scale up quickly*

Progress before JV: New contracts	JV to accelerate innovation and expand operations into new markets in the US	Progress after JV: Structure and Strategy in place
<ul style="list-style-type: none"><li>• <b>Non-ferrous processing system funded by Nespresso</b></li><li>• <b>MRF operating contract in Palm Beach County, Florida</b> - Seven-year term contract</li><li>• <b>Two gold-level MRF Glass Certifications from the Glass Recycling Coalition</b></li><li>• <b>Long-term contract with Pratt Industries</b> for 100% of paper managed by SMR through the NYC curbside program. Benefits of this agreement include transfer of paper market risk to Pratt Industries and secure a fixed margin for SMR. Contract effective 1 January, 2022</li><li>• <b>Selected to be contract MRF operator for Lee County, Florida.</b> Final County approval on 1 February, 2022 and commencement date on 1 October, 2022. Five-year contract</li></ul>	<ul style="list-style-type: none"><li>• Sale of 50.46% to a group of investors, including two of the Closed Loop Partners (CLP) investment funds representing Microsoft, Nestle, PepsiCo, Unilever, Dow, NOVA Chemicals and LyondellBasell</li></ul> <p><b>Strong Strategic Rationale</b></p> <ul style="list-style-type: none"><li>• CLP's alignment with SMR's priority</li><li>• CLP brings the strategic management focus and expertise to more rapidly take SMR to the next level by expanding the materials accepted by SMR, optimising recycling accessibility across NYC, and significantly growing SMR's service areas across the United States</li></ul>	<ul style="list-style-type: none"><li>• Directors appointed by Sims - Gretchen Johannis and Steve Skurnac</li><li>• Growth opportunities will be funded on a 50% debt and 50% equity basis</li><li>• Governance committee created</li><li>• Pepsi has funded \$75 million for PET recycling development</li><li>• Prioritisation of identified growth projects underway</li></ul> <div> <b>SIMS MUNICIPAL RECYCLING</b></div>



# Sims Energy

*Expected to meet first year production targets; multiple growth opportunities*

## JED Landfill Gas Plant

- Acquired in July 2021
- Orlando, Florida
- Gas Rights: 26 years plus 10 year extension
- PPA Term: 16 years remaining
- Current Production: 6.7 MW

## Growth Opportunities

- Potential to increase capacity to 9.6MW
- Working with landfill owner to improve gas flows
- Site is capable of 20 MW of production
- Both Waste Connections and Orlando Utility Commission have additional landfills with gas management opportunities for Sims



# LMS Energy

## *Strong growth in contracted biogas rights, carbon reserves and installed generation capacity*

- Achieved strong growth in core landfill gas (LFG) business, strengthened market share and grew carbon reserves
- Continued focus on innovation to diversify electricity revenue, explore new biogas technologies and diversify feedstocks

### **Contracted biogas rights grew from 46 in 2019 to 58 sites in ANZ:**

- Installed generation capacity increased from 62MW in 2019 to 75MW in 2021
- Electricity generation increased from 395,000MWh in 2019 to 525,000MWh in 2021
- LGC<sup>1</sup> generation increased from 360,000 LGCs in 2019 to 475,000 LGCs in 2021

### **Expanded into NZ**

- Gas rights at 5 sites, including 4MW of landfill biogas to electricity capacity

### **Remained one of Australia's largest carbon abatement company**

- 3.8 million tCO<sub>2</sub>e in 2019 compared to ~ 4.2 million tCO<sub>2</sub>e in 2021

### **Strategic Investment in Helmont Energy - acquired 50% interest**

- A pioneering anaerobic digestion from agricultural waste company



### **Retained a secure feedstock position**

- Weighted average biogas contract of 20+ years and estimated biogas reserves of c. 200PJ

### **Implemented innovation strategy**

- Supply a co-located data centre with behind the meter electricity at a Victorian LFG site

<sup>1</sup>renewable energy certificate





A close-up, low-angle shot of a white wind turbine against a clear blue sky. The nacelle, with a blue stripe and the 'Vestas' logo, is prominent. A large, detailed full moon is visible in the upper right background.

# Structural Market Tailwinds



# Structural Market Tailwinds

*Create strategic opportunities for Sims*



Increased environmental concerns for our customers



More stringent environmental controls lift standards required to operate in the metal recycling industry



Growing demand for recycled copper and aluminum



Higher landfill costs driving an increased focus on waste management



Electrification and energy transition to drive copper and aluminium prices higher



Global push for high quality metals



Increased demand for recycled metal



Increased demand for cloud services



# More Stringent Environmental Controls

*Lift standards required to operate in the metal recycling industry*



- Stricter environmental controls on emissions (mostly particles of dirt and dust) from shredders in the United States
- EPA in Victoria, Australia has introduced stockpile height limits for material management
- More stringent air quality controls in NZ – fine particulate matter changed from PM10 to PM2.5
- In November 2021, the European Commission announced a proposal for new regulation restricting waste exports to non-OECD countries
- Import standards for import of recycled metals across Asian countries has been increasing



# Decarbonisation

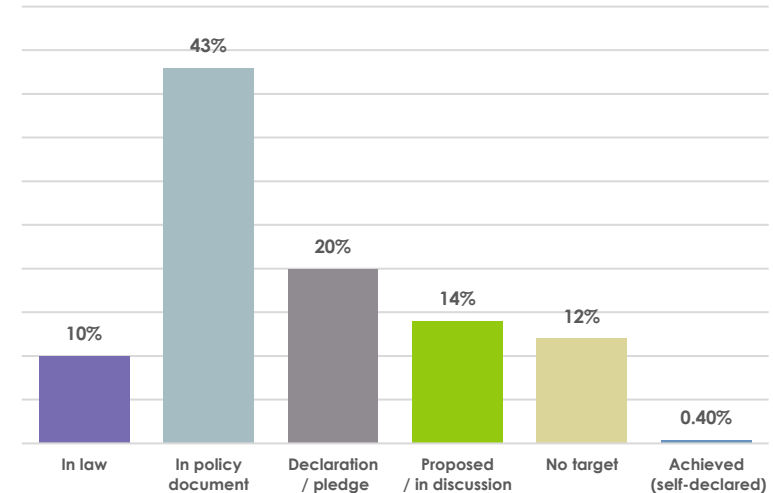
*Countries and companies rapidly commitment to lower or net zero emissions*

## COMPANIES<sup>1</sup>

“At least one fifth (21%) of the world’s 2,000 largest public companies, representing sales of nearly \$14 trillion, now have net zero commitments.”

## GOVERNMENT – NET ZERO TARGET STATUS<sup>2</sup>

Percentage of total global GHG emissions across all nations



<sup>1</sup>Taking Stock: A global assessment of net zero targets. March 2021

Energy & Climate Intelligence Unit

<sup>2</sup>Post-COP26 Snapshot. 25 November 2021

<https://zerotracker.net/analysis/post-cop26-snapshot/>



# Circular Economy

*A circular economy is key to achieve net-zero targets*

Moving to renewables can address 55 percent of global GHG emissions to meet the UN climate goals, it will be essential to address the remaining 45 percent that comes from manufacturing everyday products

Ellen Macarthur Foundation

## Sims Enables the Circular Economy





# Decarbonisation of the Metal Industry

*Using recycled metal is paramount to reduce carbon emissions*

**7%** of global greenhouse emissions are produced by the global steel industry<sup>1</sup>

Steel produced from EAF emits **83%** less CO<sub>2</sub>/tonne compared to BF-BOF<sup>2</sup>

An electric arc furnace can be charged with **100%** steel scrap. A basic oxygen furnace can be charged with as much as **30%** scrap<sup>3</sup>

Recycling aluminium saves **97%** of green house gas emissions produced in the primary production process<sup>4</sup>

Recycling copper requires **80% to 90%** less energy than primary production<sup>5</sup>



Source:

<sup>1</sup> World Steel Association

<sup>2</sup> Responsiblesteel.org

<sup>3</sup> World Steel Association

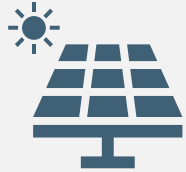
<sup>4</sup> Alupro

<sup>5</sup> International Copper Association



# Aluminium

*Will be a key beneficiary from the Energy Transition*



## The metal of choice for the solar industry

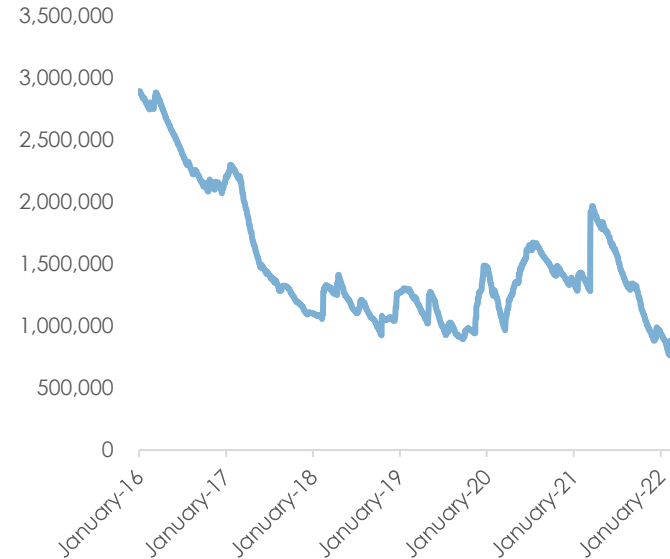
Usage of Aluminium for various components, including mounting and framing solar PV panels and for reflectors in concentrating solar power systems



## Electrical vehicles

Usage of Aluminium for housing the battery and motor

LME Aluminium Inventory<sup>1</sup> (mt)

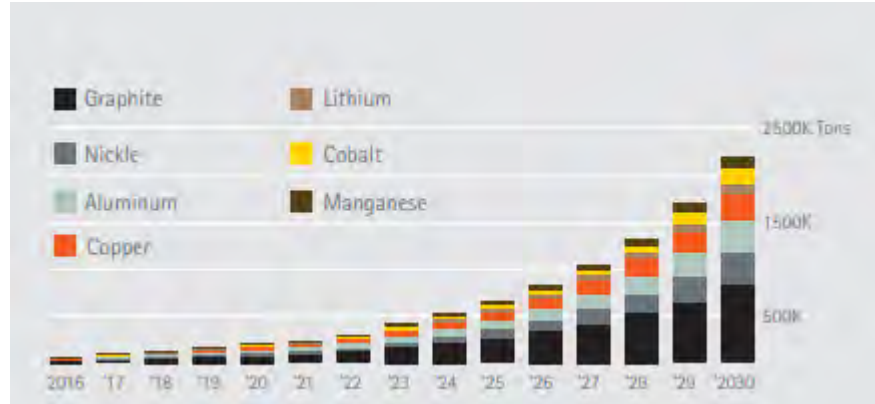
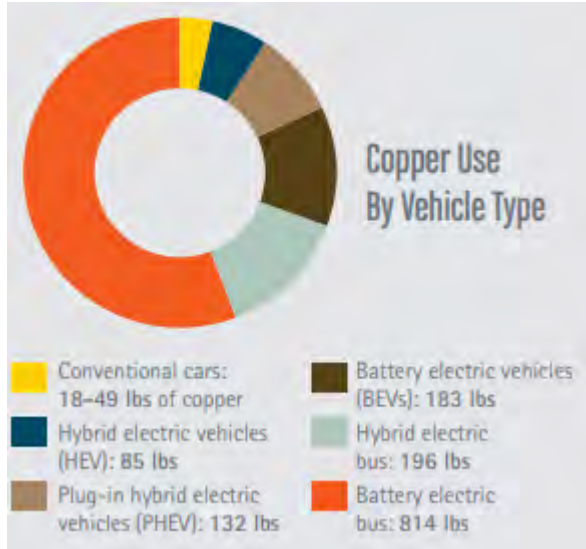


Source:  
<sup>1</sup>Bloomberg, LME



# Copper

## *Demand surge driven by Electric Vehicles*



The demand for copper due to electric vehicles is expected to increase by 1,700 kilotons by 2027

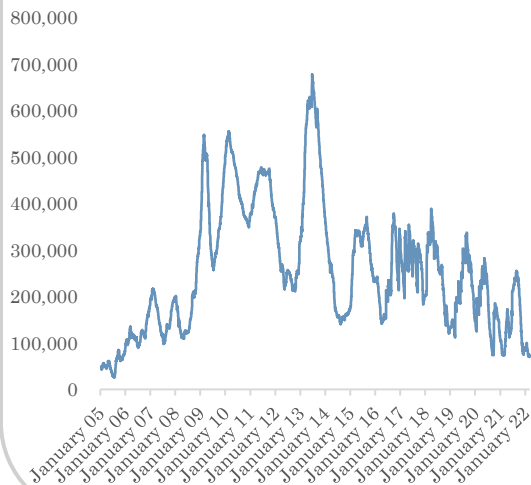


Copper is a major component in EVs used in electric motors, batteries, inverters, wiring and in charging stations

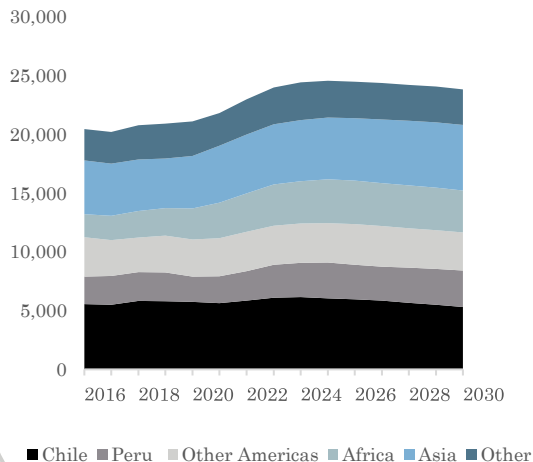
# Copper

*New supply is required to satisfy future demand, however global mine supply is expected to remain tight due to environmental concerns*

LME Copper Inventory<sup>1</sup> (mt)



Global Copper Mine Supply<sup>2</sup> (000t)



**Environmental concerns have led to bans to open-pit mines by governments**

*"The entire Honduran territory is declared free of open-pit mining (...) and the review, suspension and cancellation of environmental licenses, permits and concessions will proceed," Ministry of Energy, Resources, Honduras, 2022*

Source:

<sup>1</sup>Bloomberg, LME

<sup>2</sup>Company reports, Bloomberg, Kallanish



# China

*Environmental regulation expected to increase electric arc furnace (EAFs) production, and consequently higher scrap demand*



Lifted ban on high quality recycled ferrous on 1 January 2021

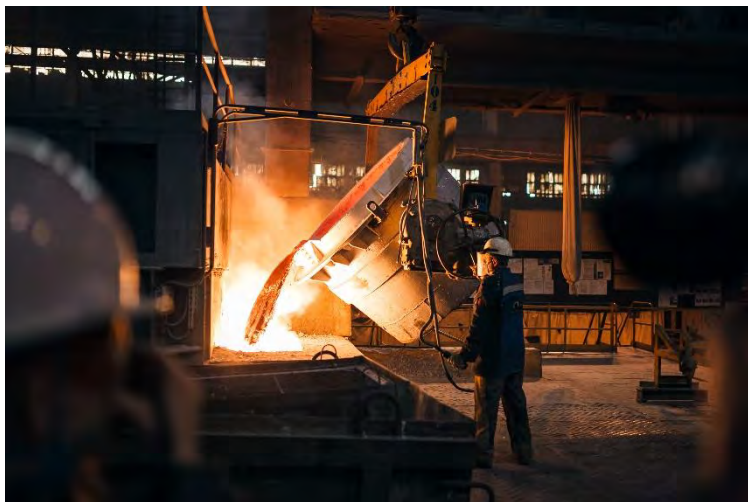
	2020 (million tonnes)	2030 (million tonnes)	CAGR
Scrap Demand	248	343	<b>+3.3%</b>
EAF Production	80	162	<b>+7.3%</b>



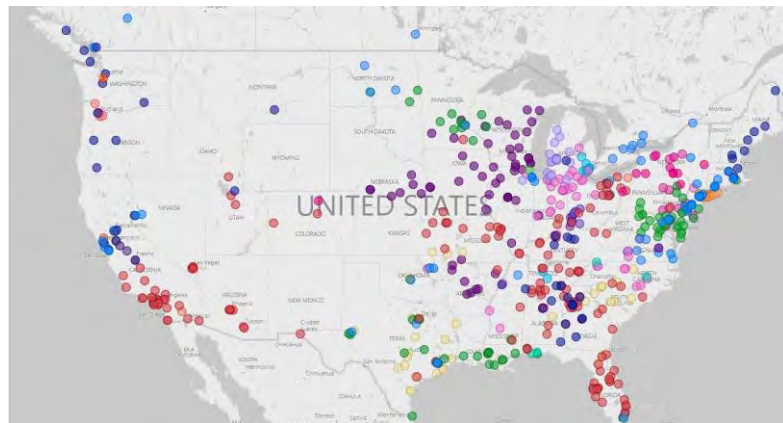
# Structural Changes in the United States

*As the industry continues its rapid transformation from BF to EAF technology, scrap metal has become a strategic asset and the driving force behind consolidation wave in the market*

**13.8 million tonnes** of steel production capacity for new EAF projects, expected to be operational by 2024 in the US<sup>1</sup>



## Major Recyclers Facilities



<sup>1</sup>Company website: Nucor, US Steel, SDI, BlueScope, AM/NS Calvert



# End of Life IT Assets

*There is rising demand for repurposing units due to significant carbon reduction benefits and growth of the cloud industry*

- In FY21 there were estimated to be 85 million units suitable for repurposing in the cloud<sup>1</sup>
- Enterprise data storage is expected to grow 250% over the next 5 years<sup>1</sup>

Kg CO2e / unit	Repurposed <sup>2</sup> – Embodied Carbon <sup>3</sup>	Recycling – Avoided Carbon <sup>4</sup>
Server	2,333	51
Laptop	211	3
Mobile phone	58	0.4



<sup>1</sup> Source: International Data Corporation (IDC), Sims estimates. Calculation is based on SLS regions and excludes recycled units

<sup>2</sup>A repurposed unit is any unit that re-enters the market by being resold or redeployed. It excludes units that are recycled or shredded

<sup>3</sup>'Embodied carbon' means CO2 emitted from cradle-to-gate unit production including raw material extraction, transport, and manufacturing

<sup>4</sup>'Recycling' means units processed to recover materials. 'Avoided carbon' from these activities is the carbon avoided from extraction of raw materials

<sup>5</sup>Source: SLS Sustainability Calculator.





# Increased Focus on Waste Management

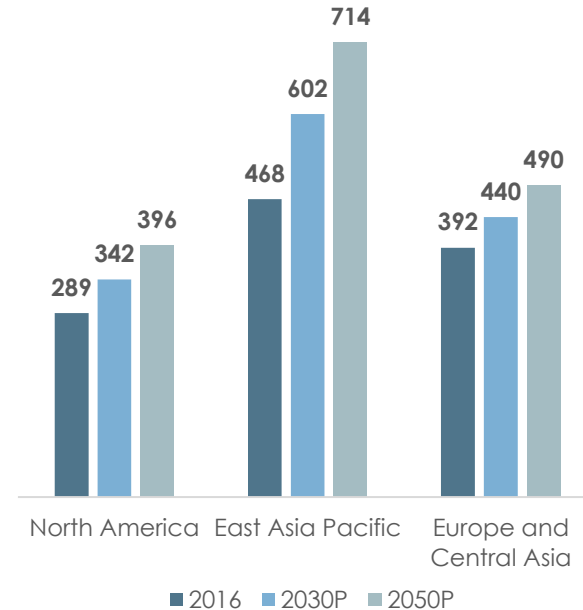
*Reusing and recycling materials is essential to minimise greenhouse gas emissions*



Solid waste landfills are the third-largest source of human related methane emissions in the United States

Sims estimates it will generate 1.6 million tonnes of ASR by 2025

Worldwide Projected Waste Generation  
(million tonnes per year)



# Well Positioned to Capitalise on Trends

*Our capabilities and business strategy continue to match the accelerated tailwinds*

## Competitive Advantages

### Technology & People

- Dedicated in-house engineering team
- Best-in-class shredding and non-ferrous metal separation technology
- Material Recovery Technology

### Market Position

- International trading offices and agents in 15 different countries
- ~7% market share<sup>1</sup> of global seaborne ferrous scrap sales

### Financial Strength

- Public company with strong balance sheet

### Sustainability

- Track record of compliance with environmental regulations
- ESG credentials enhances appeal to similar minded suppliers and customers (metals & cloud)

## Growth Strategy

### Grow core business and leverage synergies to expand into adjacent markets

- Expand metal volumes in favourable regions
- Grow non-ferrous business
- Enter resource renewal
- Repurpose cloud infrastructure
- Expand proven landfill energy business overseas

## Sustainability Strategy

- Operate Responsibly
- Close the Loop
- Partner for change

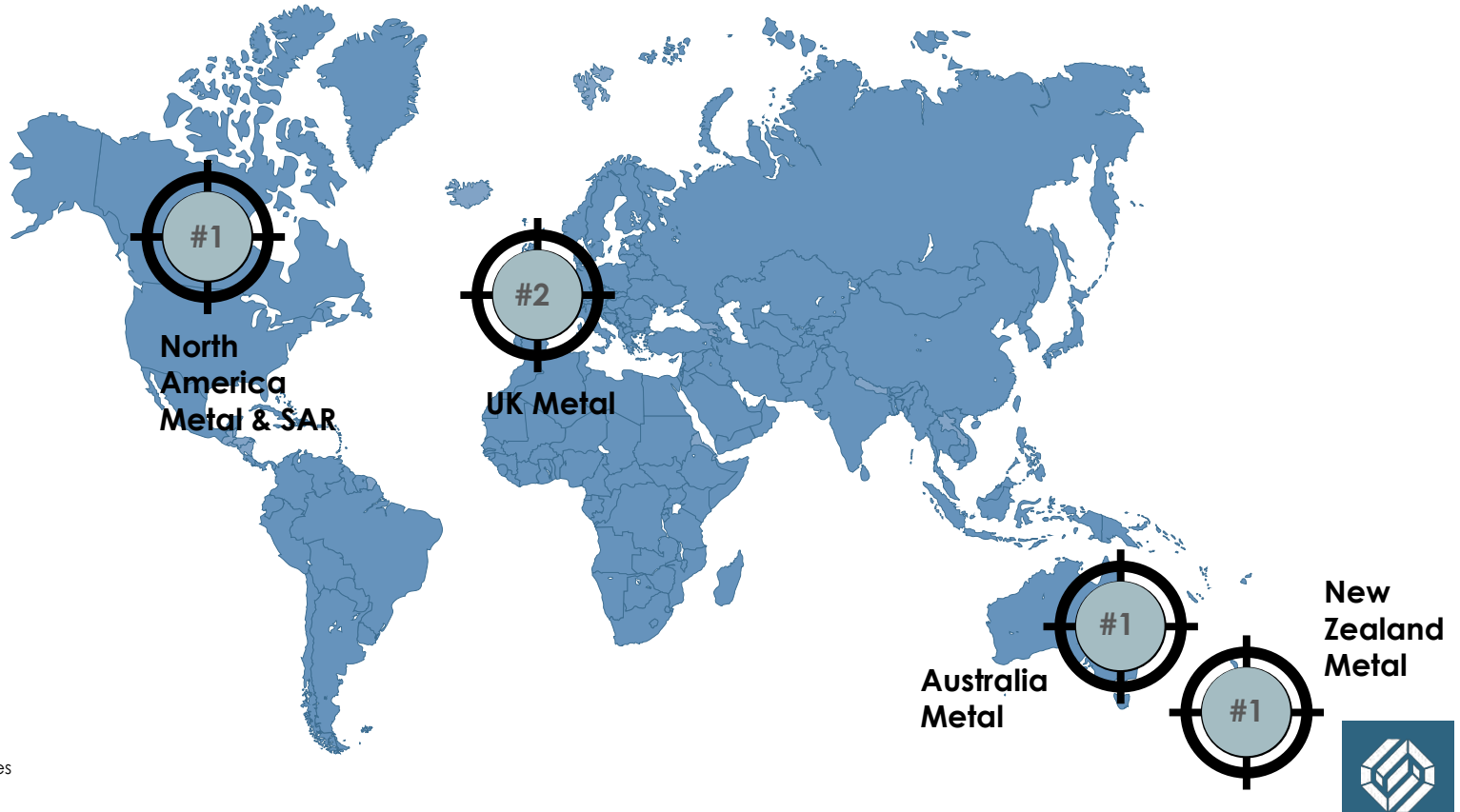
Create a world without waste to preserve our planet

<sup>1</sup> World Steel Organisation; Internal Estimates



# Market Leadership Position

*We are #1 and #2 in the markets we operate*



Source: Sims' estimates



# Metal Business

*We seek to deliver on the metal targets through a very targeted and disciplined growth strategy*

*Grow non-ferrous retail business in the US and expand metal volumes in favourable regions*

## **Ferrous**

**Strategic lens to identify organic and M&A growth opportunities**

- Coastal operations with export optionality
- Avoid hypercompetitive markets
- Markets supported by large metro populations
- Control of 'at source' material

## **Focus areas**

- #1 US and ANZ
- #2 UK

## **Non-Ferrous**

- Leveraging Alumisource acquisition to boost US volumes and scale up the business globally

## **NFSR**

- Improve metal yields



# Summary

## **We are on track to achieve our targets**

- Strong track record of execution and successful evolution

## **We are future ready, now**

- Transformed the business to capitalise on the accelerated decarbonisation opportunities

## **We are united by our common purpose**

- All business units are poised to grow

## **Our differentiated strategy is designed to unlock opportunities**

- Underpinned by a portfolio of complementary businesses and a leading position in the core markets
- Grow the core business, and leverage synergies to expand into adjacent markets





# Questions & Answers





# Elise Gautier

Chief Risk & Sustainability Officer





# Our ESG Journey

*Positioning us well to support our stakeholders*



First disclosure  
to the CDP



Sims Purpose  
articulated



Developed  
sustainability  
strategy

Published first  
Reconciliation  
Action Plan



Awarded Terra  
Carta Seal

2005

2008

2013

2018

2019

2020

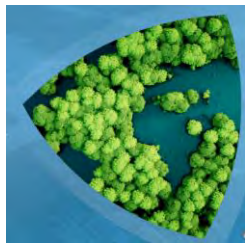
2021

2022

Named Corporate  
Knights Global Top 100  
Most Sustainable  
Corporations for the  
first time



First standalone  
Sustainability  
Report



Appointed Chief  
Sustainability  
Officer



- Published sustainability metrics
- Deployed global utility bill management database



First standalone  
TCFD report



In-progress:

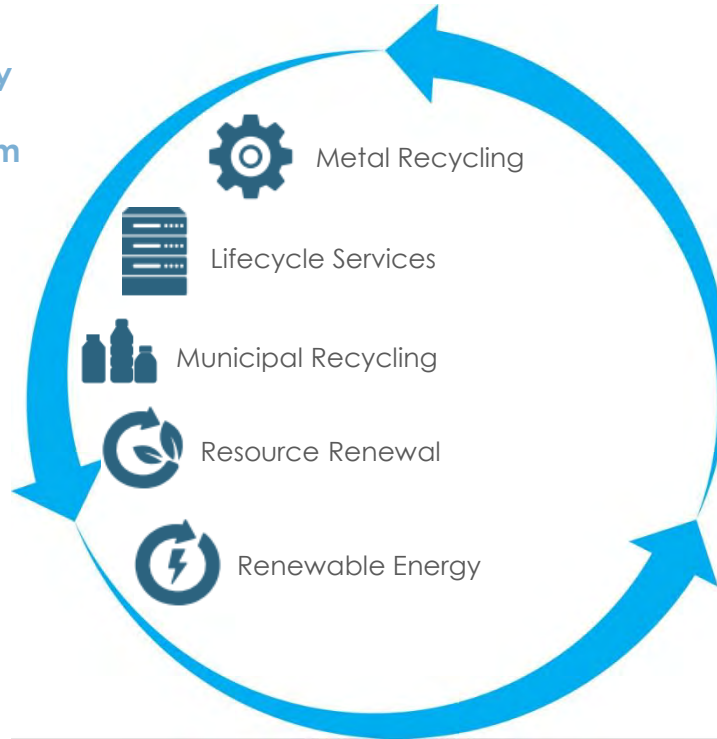
- Materiality refresh
- Scope 3 calculation



# The Value Sims Delivers

*Sims plays an integral role in decarbonisation*

We are strategically positioned to capture growth from accelerating decarbonisation trends



## Our measurable impact on decarbonisation

- 8.6M tonnes of scrap metal for reuse in low-embodied emission processes and products recycled<sup>1</sup>
- 2.1M cloud units repurposed<sup>1</sup>
- 660,000 tonnes of municipal material recycled<sup>1</sup>
- Potential to reclaim 1M tonnes each year of waste into quality products
- >45M tonnes of carbon emissions reductions in the last 25 years

**Helping customers reduce scope 1, 2 and 3 emissions and achieve zero waste**

<sup>1</sup> FY21



# Latest Credentials

Recognition for our ESG performance

**Corporate  
Knights**

Ranked 11<sup>th</sup> in the  
Global 100 list of most  
sustainable companies,  
ranked for the 8<sup>th</sup> time



Ranked 87<sup>th</sup> in the  
Clean200 global list of  
publicly traded  
companies



Ranked #6 in  
Sustainability  
Magazine's Top100  
Companies in  
sustainability



Terra Carta Seal for  
creation of  
sustainable markets



Maintained 'B'  
grade



Received maximum  
AAA rating



ACSI assessed Sims Ltd  
as a 'Leader' in ESG  
reporting



19.3 (low risk)



# Integrated Approach to Business Performance

## Growth strategy embedded in the sustainability strategy

### Tailwinds

Increased environmental concerns and more stringent environmental controls

Global push for high quality metals

Growing demand for recycled copper and aluminum

Increased focus on waste management

Electrification and energy transition to drive copper and aluminium prices

Increased demand for recycled metal

Increased demand for cloud services

### Materiality

- Advance the circular economy
- Quality of inbound materials and outputs
- Bribery & corruption
- Human rights & labour rights
- Economic performance
- Health & safety
- Environmental impacts



### Sustainability Strategy

- Operate Responsibly
- Close the Loop
- Partner for change



### Growth Strategy

- Grow core business and leverage synergies to expand into adjacent markets



Create a world without waste to preserve our planet



# Our Sustainability Strategy

Three pillars driving economic, environmental and social value



# Sustainability Strategy: VIDEO



# Driving Accountability and Transparency

## 2025 and beyond goals defined to measure success

### OPERATE RESPONSIBLY

<b>1</b>	<b>Foster a safe work environment</b>	
1.1	Total Recordable Injury Frequency Rate (TRIFR) $\leq 1$	●
1.2	Lost Time Injury Frequency Rate (LTIR) $\leq 0.10$	●
1.3	Achieve and maintain a safety culture index in the survey top quartile	-
1.4	Eliminate critical safety risks, Critical Risk Incident Frequency Rate (CRIFR) $\leq 0.50$	●
<b>2</b>	<b>Close gender gap</b>	
2.1	25% women in manager positions and above (Managers that sit at CEO-1 and CEO-2 in reporting structure)	●
2.2	Reach 0% gender pay gap across Sims Limited	●
2.3	Achieve representation of women on the board $\geq 40\%$	●
<b>3</b>	<b>Develop a skilled and engage workforce</b>	
3.1	Maintain an engaged and satisfied workforce as demonstrated by employee engagement survey results in the top quartile	●
3.2	Invest in education by increasing the number of available career development training programmes by 50% and promoting them	●
3.3	Improve annual employee performance review process to align with Sims Limited's purpose; incorporate role competencies and skills development plan	●
3.4	Ensure management incentive plan is consistent with sustainability goals	●
<b>4</b>	<b>Ensure transparency on how our business is conducted in an ethical manner</b>	
4.1	Train all employees and agents on our Code of Conduct, anti-corruption and anti-bribery policies	●
4.2	Provide all employees with training on human rights, modern slavery and labour rights to raise awareness and help fight human rights violations	●
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	●

### CLOSE THE LOOP

<b>5</b>	<b>Become carbon neutral by 2030 and achieve net zero by 2050</b>	
5.1	Reduce Scope 1 and 2 emissions by 23% by FY25	●
5.2	100% renewable electricity by 2025	●
5.3	SLS carbon neutral (scope 1 & 2)	●
<b>6</b>	<b>Achieve no waste to landfill</b>	
6.1	Build resource renewal capacity to transform 120k tonnes of ASR per year into new products	●
<b>7</b>	<b>Close materials loops further by expanding capacity and services</b>	
7.1	Close loops by expanding secondary metal volumes to 9,600k tonnes of Fe and 300,000 tonnes of NonFe	●
7.2	Repurpose 8.5 million units	●
7.3	Expand municipal recycling coverage by 50%	●
7.4	Capture methane from landfills outside Australia and New Zealand (50 Megawatt)	●

### PARTNER FOR CHANGE

<b>8</b>	<b>Build trusted relationships with our communities</b>	
8.1	Establish at key sites a community index survey; track progress for continuous improvement	-
8.2	Annually, invest 0.5% of three-year rolling pre-tax profits in programmes that support environmental stewardship and economic empowerment	●
8.3	Dedicate paid employee time for community engagement/volunteerism activities	●
<b>9</b>	<b>Create new business models that further the circular economy</b>	
9.1	Generate 10% of our EBIT from new business models and opportunities that enable the circular economy	●

● In-progress ● Achieved







**Sustainability Ambition:**  
*Become carbon neutral  
by 2030 and achieve net  
zero by 2050*



# Accelerating Decarbonisation of Our Business

*Brought forward carbon neutrality target by 12 years*

Targets set in line with SBTi

**2025**

- 23% reduction in direct operations (scope 1 & 2)
- 100% renewable electricity by 2025
- SLS carbon neutral (scope 1 & 2)

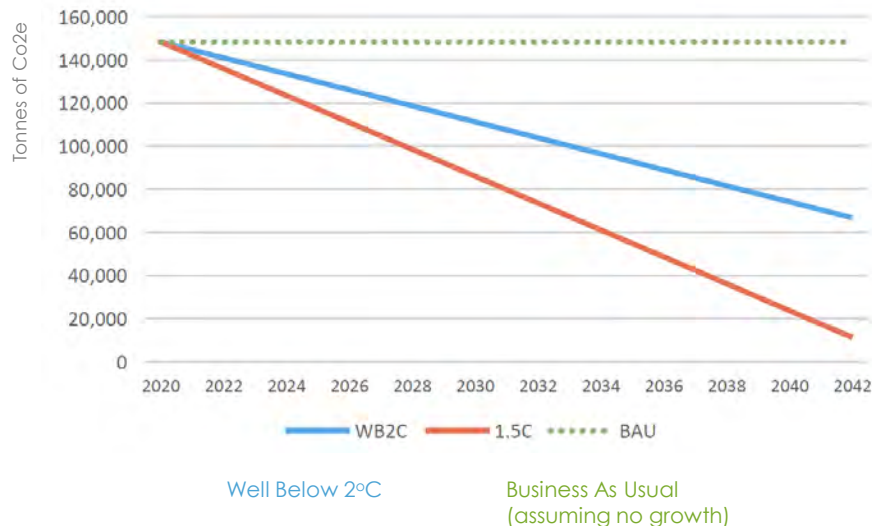
**2030**

Carbon neutral in direct operations (scope 1 & 2)

**2050**

Achieve net zero emissions

## Sims Carbon Emissions

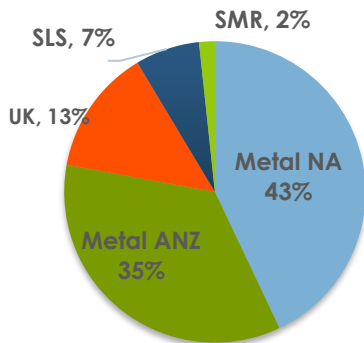


# Current Emissions Profile

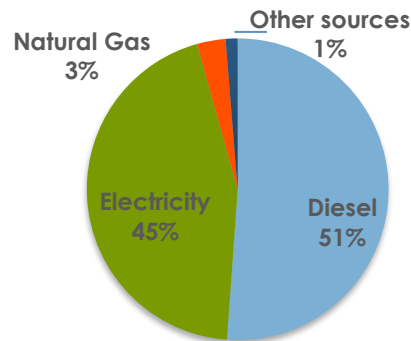
*Net total emissions declined despite increased activity*

CO2e (t)	Net total	Scope 1	Net Scope 2 <sup>1</sup>	Tonnes of CO2e/\$1M revenue
<b>FY20</b>	<b>152,154</b>	78,592	73,562	31.00†
<b>FY21</b>	<b>146,655</b> ↓ 3.6%	81,190	65,465 ↑ 19% Renewable Energy	24.78†

**FY21 Emissions Profile - Business Unit**



**FY21 emissions profile - Source**

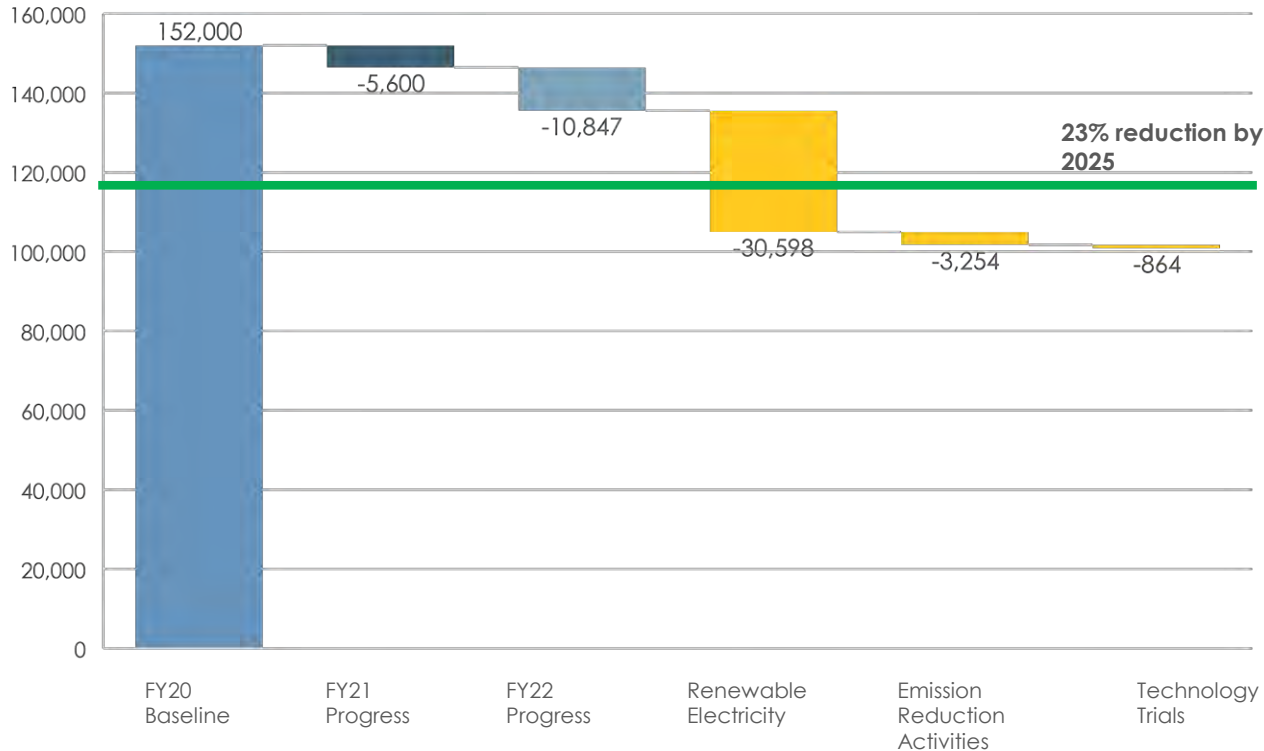


<sup>1</sup> Location-based calculation less certified emissions reduction through contractual renewable electricity instruments



# Pathway to Reaching 2025 Targets

Achievable through renewable electricity transition



By 2025 we will:

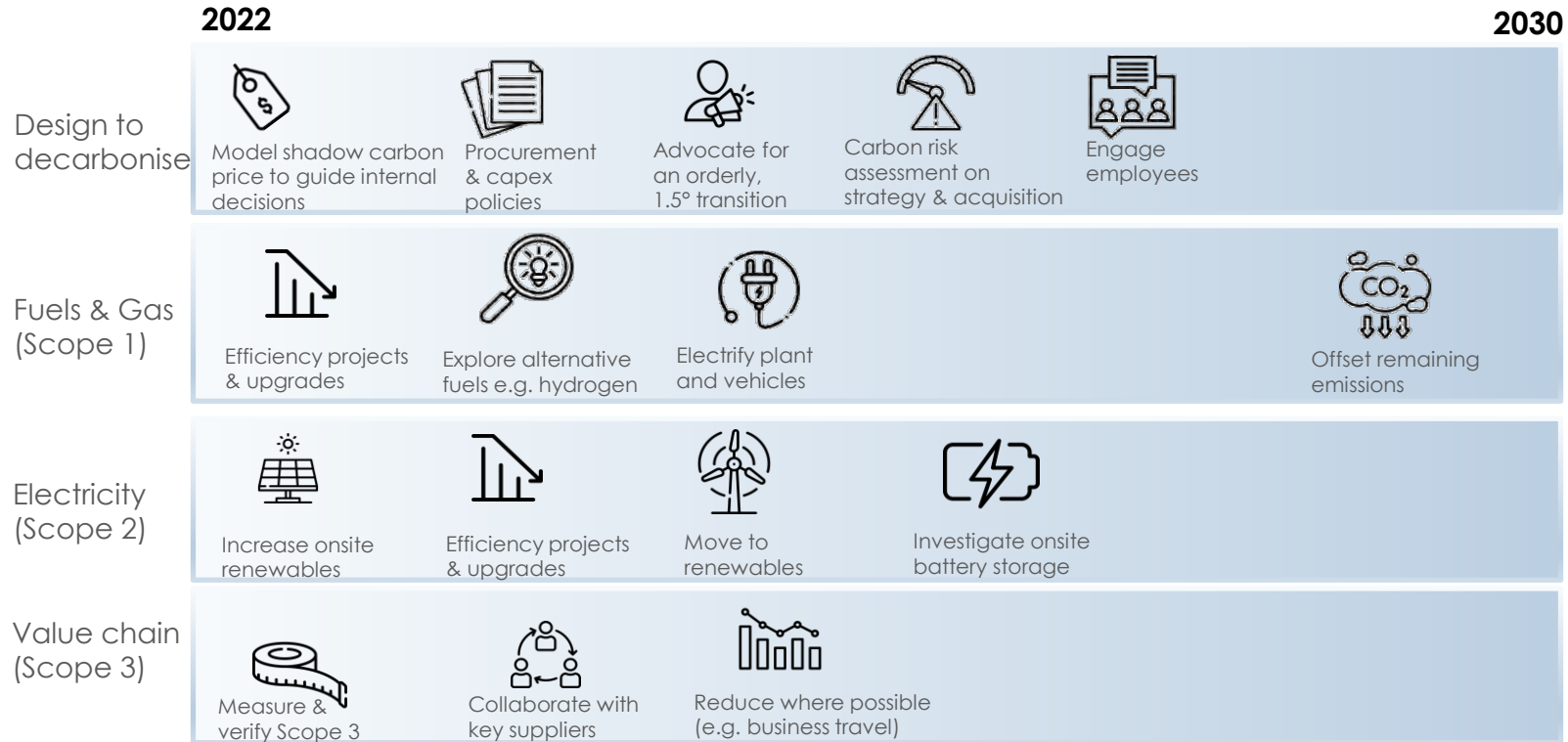
- Have shifted to renewable electricity wherever commercially feasible
- Accelerated delivery of fuel efficiency and substitution projects
- Have advanced our technology trials with the next generation of low emissions equipment

\*FY22 progress is net of acquisitions, divestments, and renewable electricity progress. No allowance for additional growth in this model



# Our Roadmap to Carbon Neutrality

## Key Initiatives to decarbonisation



# Significant Progress

*Achieved in the transition to renewable energy and electrification*



## Renewable Energy

	Sites with 100% renewable energy	Renewable energy consumption %	Net scope 2 emissions
<b>FY21</b>	30	19	65,465
<b>FY22<sup>1</sup></b>	45	30	58,865

- New sites in FY22 Claremont, US; Kwinana, Australia; Gustavsberg, Germany; Kilbeggan, Ireland; ten sites in New Zealand
- Sites with onsite installations – Milperra and Gillman, Australia; Sunset Park and Claremont, US
- Expect to complete the transition by 2025
- In FY20 LMS installed a 350KW solar panels system in Gillman, SA, supplying 15% of its electricity needs. It is expected to reduce emissions by 237 tCO<sub>2</sub>e pa.



## Electrification and Optimisation

- Electrification of mobile plant and transit vehicles as assets are due for replacement
- Shredder automation software tested in Western Australia and Queensland improving efficiency and reduced energy consumption by 5%. Expected annual savings of 289t CO<sub>2</sub>e

### Benefits of equipment electrification:

- Material handlers in Brooklyn, shears in Kwinana and Gillman, Australia. Savings of 71,600 litres of diesel or A\$121k per year; reduction of 380t CO<sub>2</sub>e
- Electric crane and asset replacement in Richmond, California. Savings of 41,200 gallons of diesel or US\$130k per year; reduction of 417t CO<sub>2</sub>e
- All electric trucks in San Jose, California. One Charge will allow the vehicle to run for two full days of container-loading operations. Savings of 2,100 gallons or US\$7K per year; reduction of 21t CO<sub>2</sub>e

<sup>1</sup> Estimates reflect part-year transition





## Sustainability Ambition: *Close Gender Gap*





# Increased Focus on Gender Diversity

*Resulted in earlier accomplishment of the board diversity target*

*In 2021 launched 'Women Leading at Sims' to support female leaders*



## Board Diversity



### Target Achieved



4/7 non-executive  
board members  
are women

## Gender Pay Gap



FY21:  
Australia: 5.0% vs. 13.4%  
national statistics <sup>1</sup>  
UK: 8.8% vs. 15.5%  
US: 6.0% vs. 17.7%

## Women in Senior Management



FY22 H1: 21%  
Up from 15% in FY20

25% by 2025

<sup>1</sup> National statistics: Australia <https://www.wgea.gov.au/newsroom/the-national-gender-pay-gap-drops-to-13.4%25>; US: <https://www.bls.gov/>  
UK: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2021>





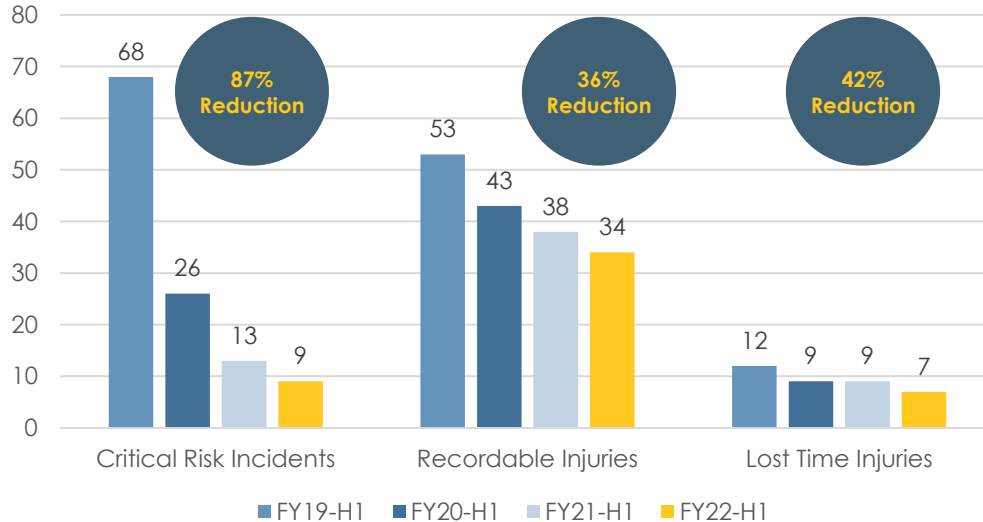
**Sustainability Ambition:**  
*Foster a safe work  
environment*



# Safety Performance

*Strategic safety focus driving reduction in critical incidents and injuries*

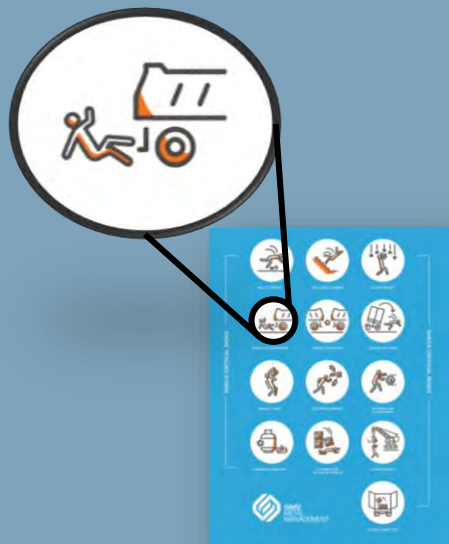
**Total Number of Incidents and Injuries**  
Significant reductions FY19-H1 to FY22-H1



Key initiative highlights:

- Analysed incident data collected in the last 10 years to identify and minimise risks and incidents likely to occur
- Implemented the company's first critical risk management program
- Conducted a company-wide EHS perception survey and benchmarked results against industry best practice
- Introduced and embedded EHS leading Indicator KPI programs into the business
- Rolled out a traffic management assessment programme, developed by third-party traffic experts
- Simplified and streamlined EHS standards and training modules
- Increased frequency of EHS communication
- Implemented EHS Recognition program

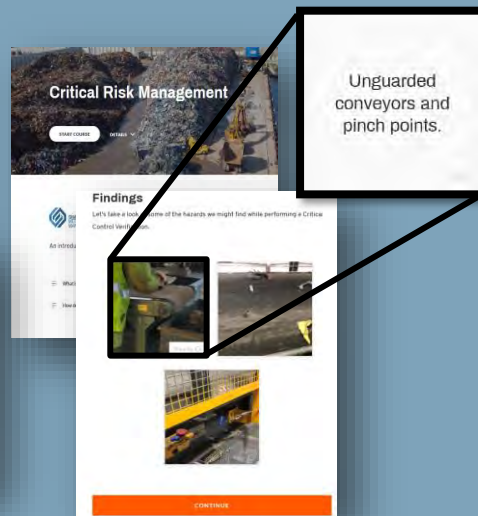




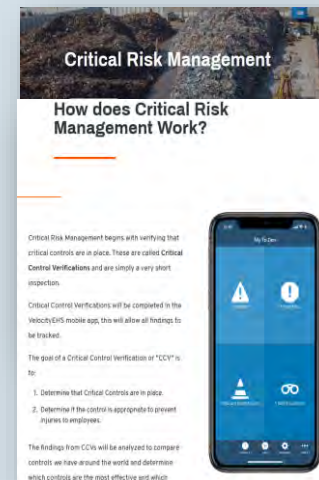
**POSTERS AND  
COLLATERAL**  
RAISE  
AWARENESS OF  
CRITICAL RISKS



**EHS POLICY AND  
SIMPLIFIED STANDARDS**  
SETTING REQUIREMENTS  
AND EXPECTATIONS



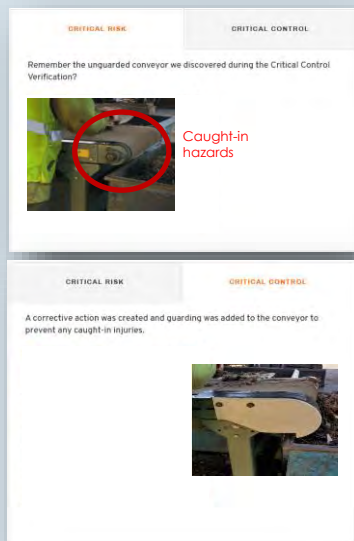
**TRAINING MODULES**  
ON CRITICAL RISKS AND  
STANDARD  
REQUIREMENTS TO  
INCREASE AWARENESS



**EHS MOBILE APP**  
TO REDUCE PAPER  
BASED ADMINISTRATIVE  
BURDEN AND ENHANCE  
DATA CAPTURE



**OPERATIONS-LED EHS  
CONTROL VERIFICATION &  
GENERAL INSPECTIONS**  
CHALLENGE EXISTENCE AND  
EFFECTIVENESS OF  
CONTROLS



**GLOBAL  
STANDARDIZATION  
OF CRITICAL CONTROLS**  
TO REDUCE RISKS



**DASHBOARDS AND  
REPORTS** PROVIDE  
VISIBILITY AND DRIVE  
ACCOUNTABILITY  
AND ACTIONS



**MONTHLY EHS  
COMMUNICATIONS**  
USING PROACTIVE DATA  
SUPPORTS STANDARDIZATION  
OF PREFERRED CONTROLS



# Strong Commitment To Sustainability

- Carbon neutrality target brought forward by 12 years
- Achieved board diversity target ahead of schedule
- Continuous improvement driving strong safety performance
- Sims makes a measurable contribution to decarbonisation
- Achieved many milestones during our ESG journey and we have been recognised for it
- Our sustainability strategy drives growth across all our businesses



# Questions & Answers







**John Glyde**  
Chief Operating Officer Metals





# METALS 101

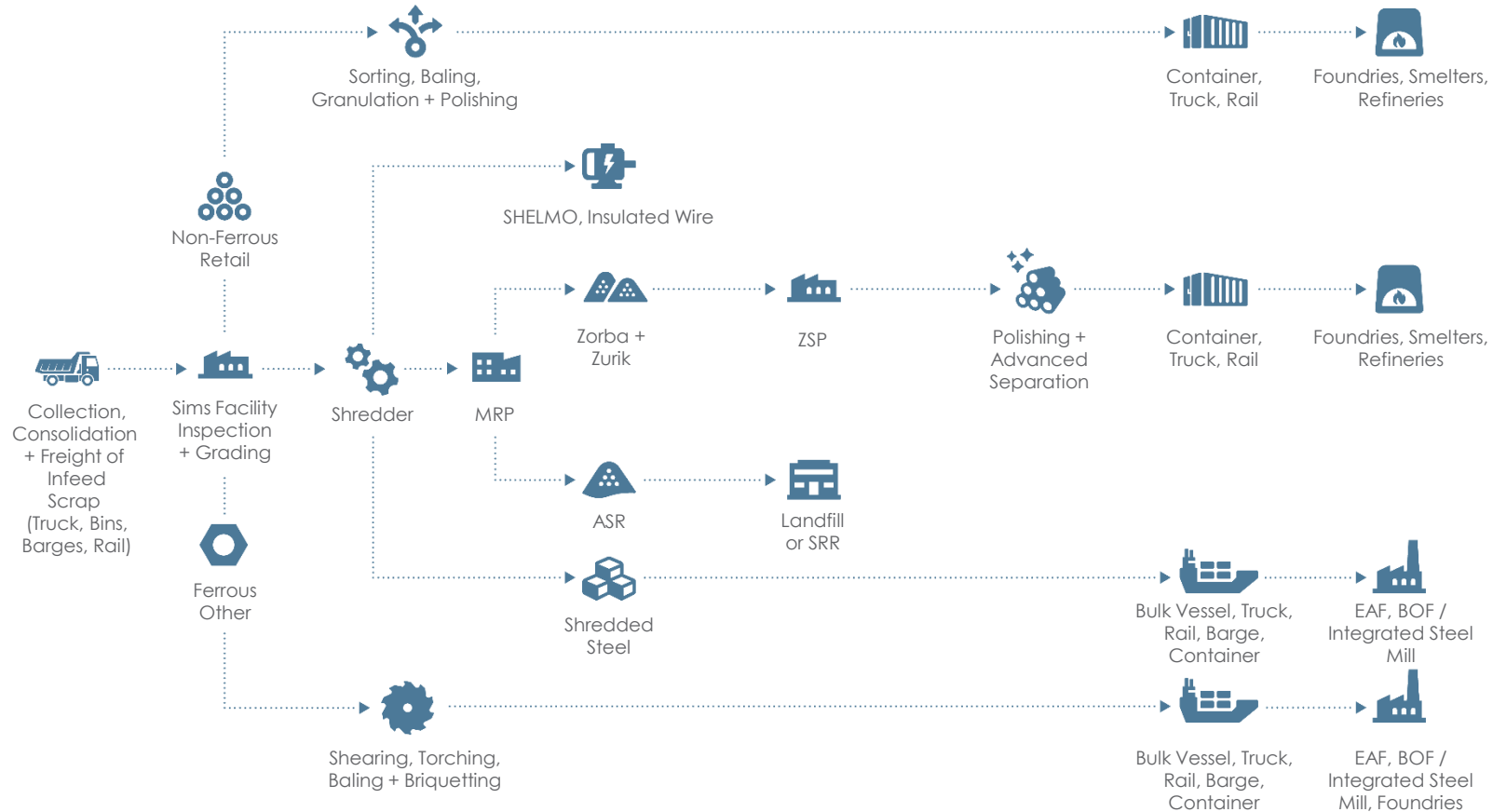
- Overview of metal operations
- What differentiates Sims
- Why the quality as well as demand for scrap will increase
- How can Sims provide a pathway to decarbonisation for its customers
- How can Sims capitalise on this demand and create value



# Metal Operations: VIDEO



# Metal Operations



# Global Footprint

*Extensive network of facilities enables global sourcing of infeed and diversity of sales outlets*



Facilities



Shredders



HY22 Intake  
Volume

## North America Metal



57  2,401



12

## SA Recycling



123  2,285<sup>1,2</sup>



23

## UK Metal



28  704



4

## Australia , New Zealand & PNG Metal



51  859



8

<sup>1</sup> HY22 Proprietary Intake Volumes; '000 tonnes

<sup>2</sup> Volumes represent 100% proprietary volumes recorded for SA Recycling





# Diversified Supply Sources of Scrap

*Reduces risk, protects margins and ensures resilience of the business model*



# Supported with Collection Infrastructure

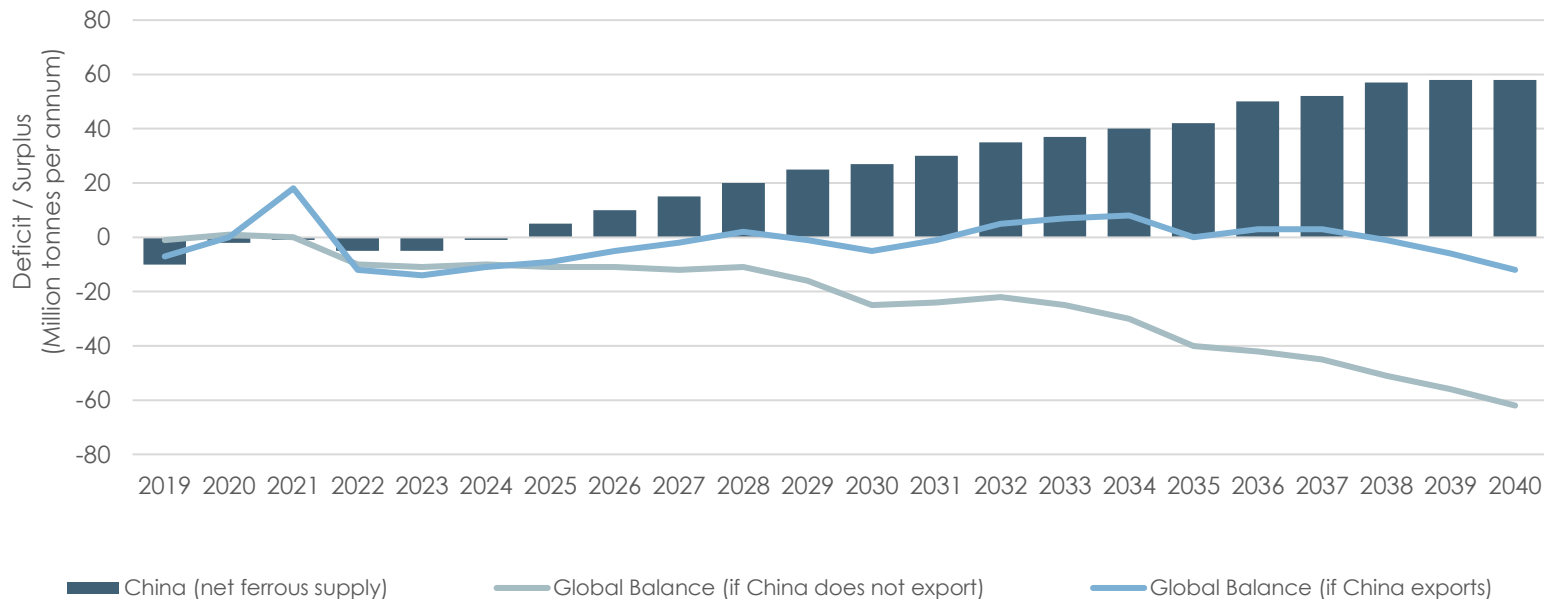
*To secure more scrap 'at source' higher up the value chain and ensure consistent supply of infeed material*





# Demand for Scrap Metal is Accelerating...

Ferrous Scrap Metal - Global Supply and Demand



# ...Driven by Decarbonisation

Expansion of EAFs and an increased use of scrap remain the preferred practical option

EU Mills	ArcelorMittal	thyssenkrupp	voestalpine	TATA STEEL	SAATCHI	SSAB	Australia
Annual Emission Level (*Only European Sites)	Approx. 52 mil tons	Approx. 22 mil tons	Approx. 12 mil tons	Approx. 13 mil tons	Approx. 8 mil tons	Approx. 8 mil tons	Approx. 11 mil tons
CN Target <sup>1</sup>	2050	2050	2050	2050	2050	2045	2050
Hydrogen	Self Produced	Self Produced	Self Produced	Self Produced	Self Produced	Source Externally	Self Produced
EAF	Expansion	Shift to EAF Shut down BF by 2050	EAF		Shift to EAF Shut down BF	Shift to EAF Shut down BF by 2045	Expansion
Asian Mills	BAOWU	HBIS	NIPPON STEEL	JFE	KOBELCO	posco	
Annual Emission Level	N/A	N/A	94mil tons (FYE2019 Mar)	60mil tons (FYE2019 Mar)	15mil tons (FYE2018 Mar)		
CN Target <sup>1</sup>	2050	2050	2050	2050	2050	2050	
Hydrogen	R&D (Nuclear)		Source Externally	Source Externally	Source Externally		
EAF	Expansion (Government Policy)	Expansion (Government Policy)	Expansion (Large Furnace)	Expansion (High Efficiency)	Under Planning		

<sup>1</sup> CN: Carbon Neutral Target  
Source: Company websites



# ... and Demand for Higher Quality Scrap

*The need for technologically enhanced obsolete scrap to meet decarbonisation targets has been publicly communicated by our customers*

The Nucor logo is displayed in a green, bold, sans-serif font with a registered trademark symbol.

'[Nucor]has also been working on reducing copper content in shredded scrap to use more to make higher-quality sheet steel.'<sup>1</sup>

The BlueScope logo features a stylized blue wave icon above the company name 'BlueScope' in a blue, sans-serif font.

'Increase capabilities to assess quality of obsolete scrap'<sup>2</sup>

The Oregon Steel Mills logo consists of a stylized mountain icon followed by the text 'OREGON STEEL MILLS' in a bold, black, sans-serif font.

'quality and purity are keys for a successful operation'<sup>3</sup>

<sup>1</sup>Argusmedia website <https://www.argusmedia.com/en/news/2255671-nucor-to-build-new-3mn-styr-sheet-mill-in-us>

<sup>2</sup> <https://www.asx.com.au/asxpdf/20210921/pdf/450ppyv06d8lvi.pdf>

<sup>3</sup> <https://www.recyclingtoday.com/article/quality-remains-key-for-steel-mills/>



# Prime vs Obsolete Scrap

*Our capital investments are focused on processing obsolete scrap*

## Obsolete Scrap

### Benefits:

- Population driven – diverse group of suppliers and widely available
- Our capital investment enables differentiation
- Zorba contribution supports higher margins

### Disadvantages:

- High residuals and waste content
- Currently trades at a discount to prime scrap

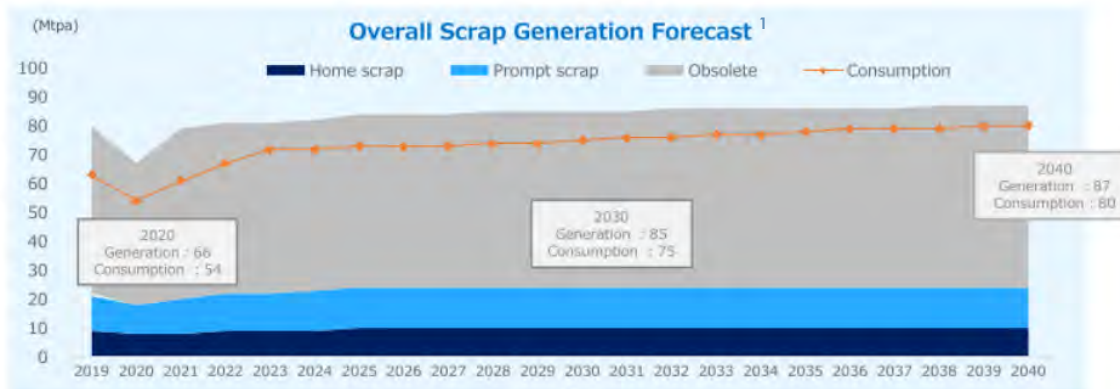
## Prime Scrap

### Benefits:

- Higher quality and low residual
- Known chemistry
- Attracts premium pricing

### Disadvantages:

- Limited group of suppliers and volumes
- No zorba contribution
- Low investment and barriers to entry
- Highly contested and often a closed market

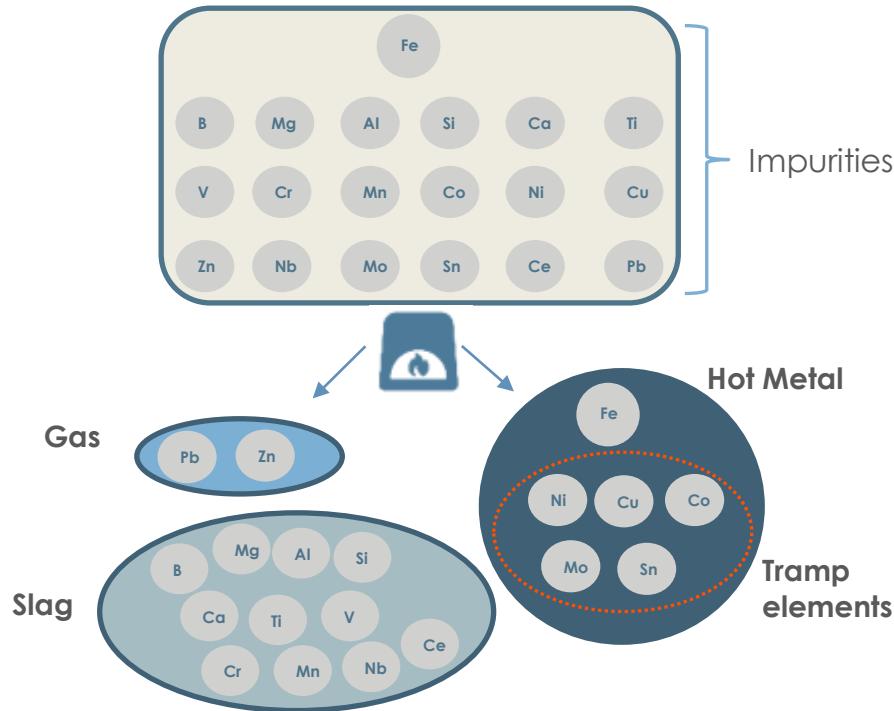


# Obsolete Scrap

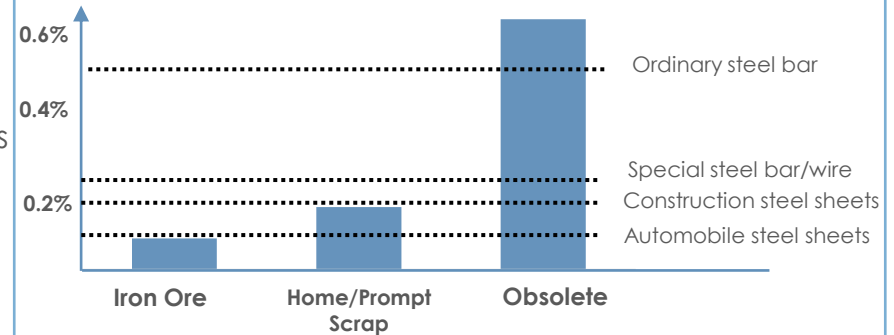
*Is needed to fill the supply gap, presenting opportunities to upgrade quality allowing access to new market segments*

Ferrous

## Technical Challenges for the Consumption of Steel Scrap<sup>1</sup>



## Content of tramp elements<sup>2</sup>



Source:

<sup>1</sup>Modified from Takehito Hiraki et al. The 23<sup>rd</sup> Research Presentation, Japan Society of Material Cycles and Waste Management (2012) 23\_269

<sup>2</sup> Modified from Jones, A.J.T., Assessment of the Impact of Rising Levels in Scrap, Proceedings of the Iron & Steel Technology Conference (2019)



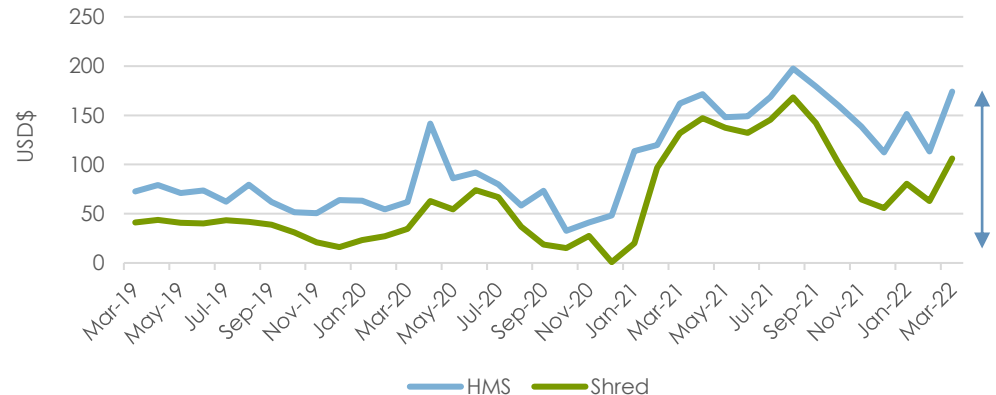
# The Opportunities for Sims

Ferrous

- Capitalise on demand driven by decarbonisation
- Extraction of non-ferrous, in particular residual copper and aluminium
- Potential to attract significantly higher pricing

## Sims' Prime vs Obsolete Spread<sup>1</sup>

Midwest Region



The price gap between high-grade and low-grade scrap has been widening due to the tight supply-demand balance of high-grade scrap

<sup>1</sup> Sims' data



# Similar Opportunities in Non-Ferrous

*Redirecting scrap from traditional secondary markets to primary markets leads to higher pricing*

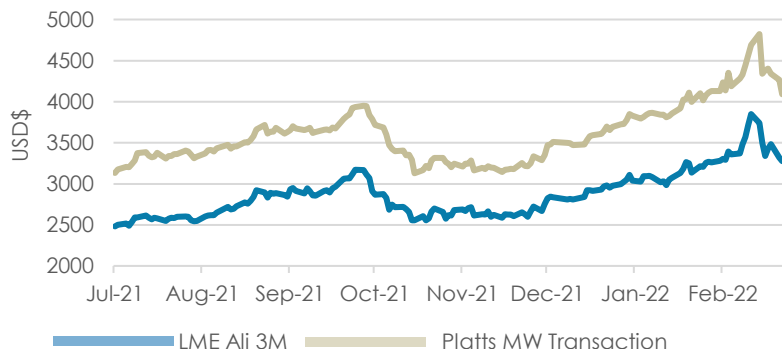


**Hydro**

'Postconsumer scrap is a key enabler towards a zero-carbon aluminium product. To grow in this area today, we focus across the recycling value chain, from sourcing to sorting, to working with customers to deliver so-called recycle-friendly alloys. We have ambitions to double our postconsumer scrap usage by 2025'



**Primary Aluminium, Secondary Aluminium**



## Hydro CIRCAL 75R

Hydro CIRCAL is a range of products made with recycled, post-consumer scrap. Through the use of recycled content, Hydro reduces energy use drastically while still being able to offer high-quality products





# Seizing the Opportunity

*Through operational innovation and R&D in emerging technologies – enhanced liberation, advanced separation, artificial intelligence, robotics and quality assurance*

Inbound source  
control

Enhanced density  
and liberation

Advanced  
separation and  
lower residuals



## Benefits to Customers

- Known properties and chemistry
- Improved logistics and charge rates, reducing tap to tap times
- Increased charge volumes
- Higher metallic yields and reduced waste
- Reduced refining costs
- Lower carbon emissions



# Summary

- Technology-driven metal operations access new attractive market segments
- Business model is underpinned by unrivalled capabilities that set us apart
- As the demand for scrap increases due to decarbonisation and the supply of prime scrap is limited, technological enhanced obsolete scrap is the only practical solution to fill the supply-demand gap
- Our capital investments focus on processing obsolete scrap and capturing attractive opportunities – higher revenues in ferrous and non-ferrous from higher volumes, extraction of non-ferrous and higher pricing
- We seek to capitalise on the opportunities through operational innovation and R&D in emerging technologies





# Questions & Answers





# Fireside Chat

## Markets Conditions



# Fireside Chat



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**Ana Metelo**  
Group Director, Investor Relations

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**Graeme Cameron**  
Global Head of Trading

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# Questions & Answers







# Ingrid Sinclair

Global President, Sims Lifecycle  
Services





# Deep Dive on SLS

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**SIMS**  
LIFECYCLE  
SERVICES



# Our Journey

# SLS Video





# Data Centres





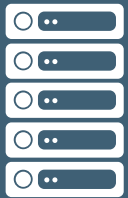


# Types of Data Centers



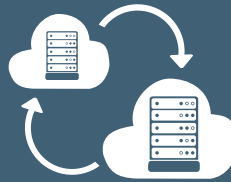
## Cloud data centers

In this off-premises form of a data center, data & applications are hosted by a cloud services provider such as Amazon Web Services (AWS), Microsoft (Azure), or IBM Cloud or other public cloud provider.



## Enterprise data centers

These are built, owned, & operated by companies & are optimized for their end users. Most often they are housed on the corporate campus.



## Colocation data centers

In colocation ("colo") data centers, a company rents space owned by others & located off premises. The colocation center hosts the infrastructure, building, cooling, bandwidth, security, etc., while the company provides & manages the components, including servers, storage & firewalls.





# What's Important to Data Centers?



**Power  
Consumption**



**Sustainability**



**Uptime**



**Hardware  
Availability**

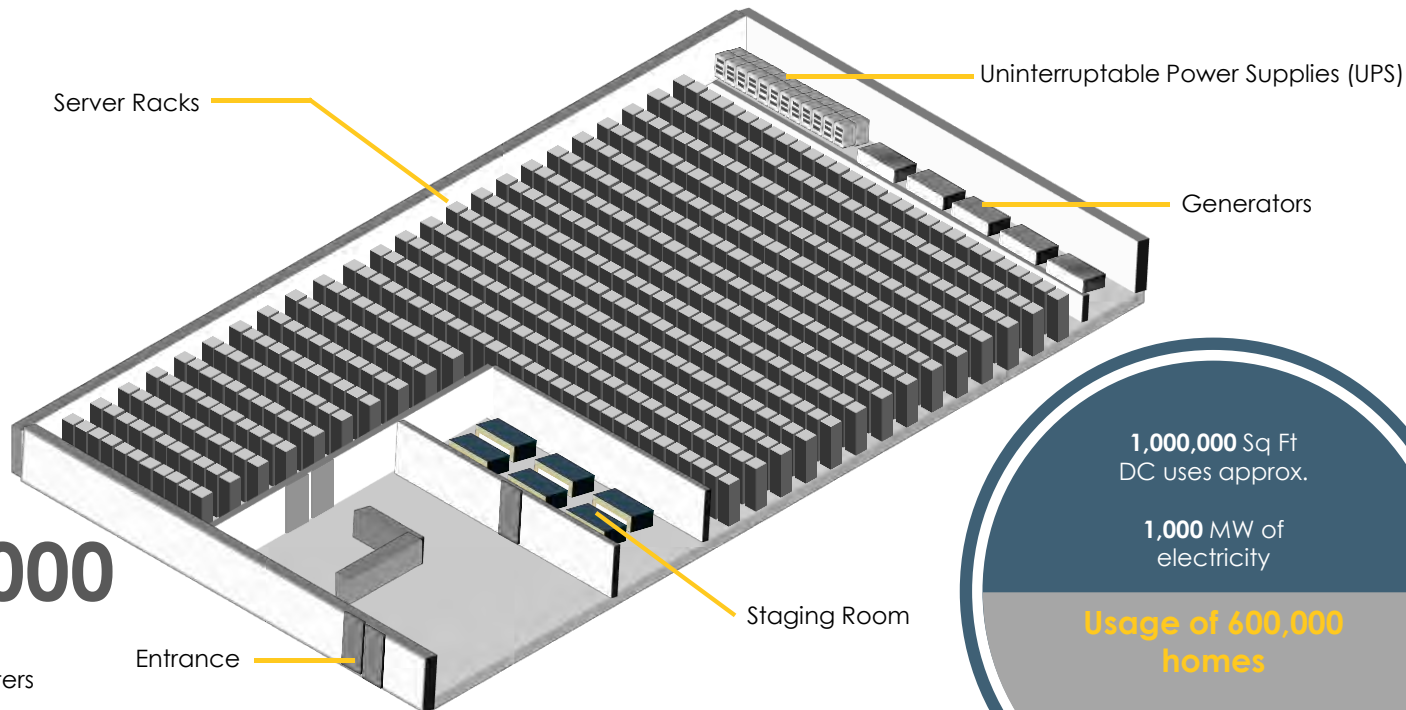


# Hyperscale Data Center

**1,000,000**

square feet

92,903 square meters



1,000,000 Sq Ft  
DC uses approx.

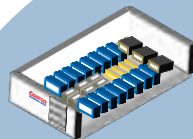
1,000 MW of  
electricity

**Usage of 600,000  
homes**

Entire  
San Diego  
area

**100,000**  
racks in

**1,000,000**  
square feet

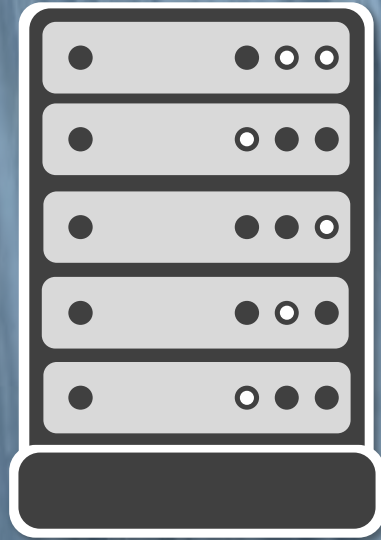


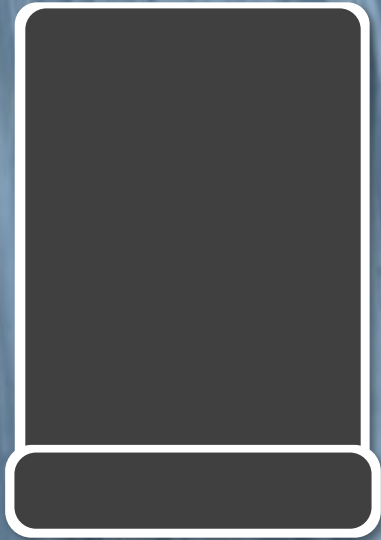
150,000  
square feet

13,935 square meters

**COSTCO**  
WHOLESALE







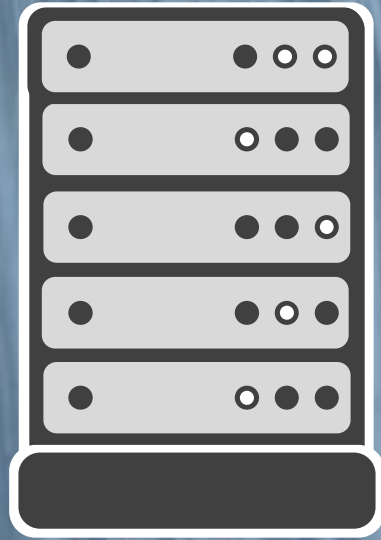
# Server Rack

Made of steel

350 lbs.









# Server

30 – 40 servers  
per rack

Storage servers  
store data like  
Netflix movies

Processing servers  
manage data  
like artificial  
intelligence

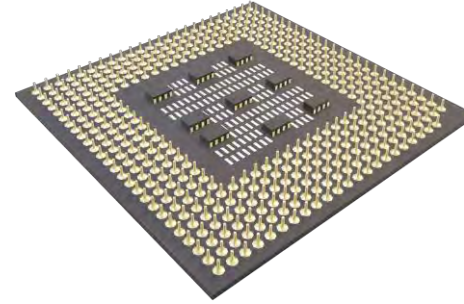


## Motherboard



# Motherboard

Connects...



Processor



Memory



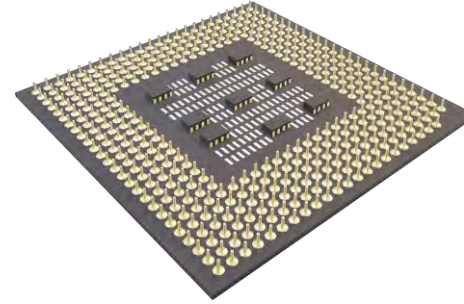
Hard  
Drives



# Processor

Executes instructions, performs calculations, and coordinates input/output operations

One or two processors per server



Processor



# Memory (DIMM)

Gives applications a place to store and access data on a short-term basis

4 – 8 DIMMs per motherboard



Memory



# Hard Drives

Core data warehouse, where all software and user data are stored.



Mechanical Drive (HDD)

- Spinning Platter
- Less expensive per GB.
- Older Technology
- Slow and energy intensive



Solid State Drive (SSD)

- No moving parts
- More expensive per GB.
- Future
- Fast and energy efficient





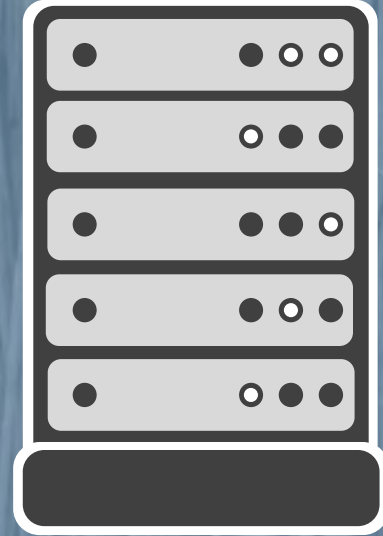
# Also in rack



## Switch

Allows data to enter from one source, and then directs it to a specific device

1 per rack



# Also in rack



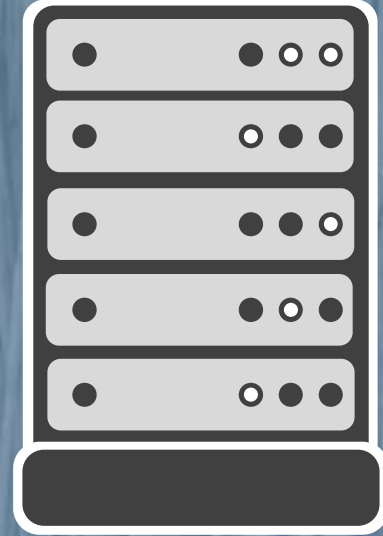
Cables



Fans



PDU  
(Power Distribution Unit)



# Why Data Centres?

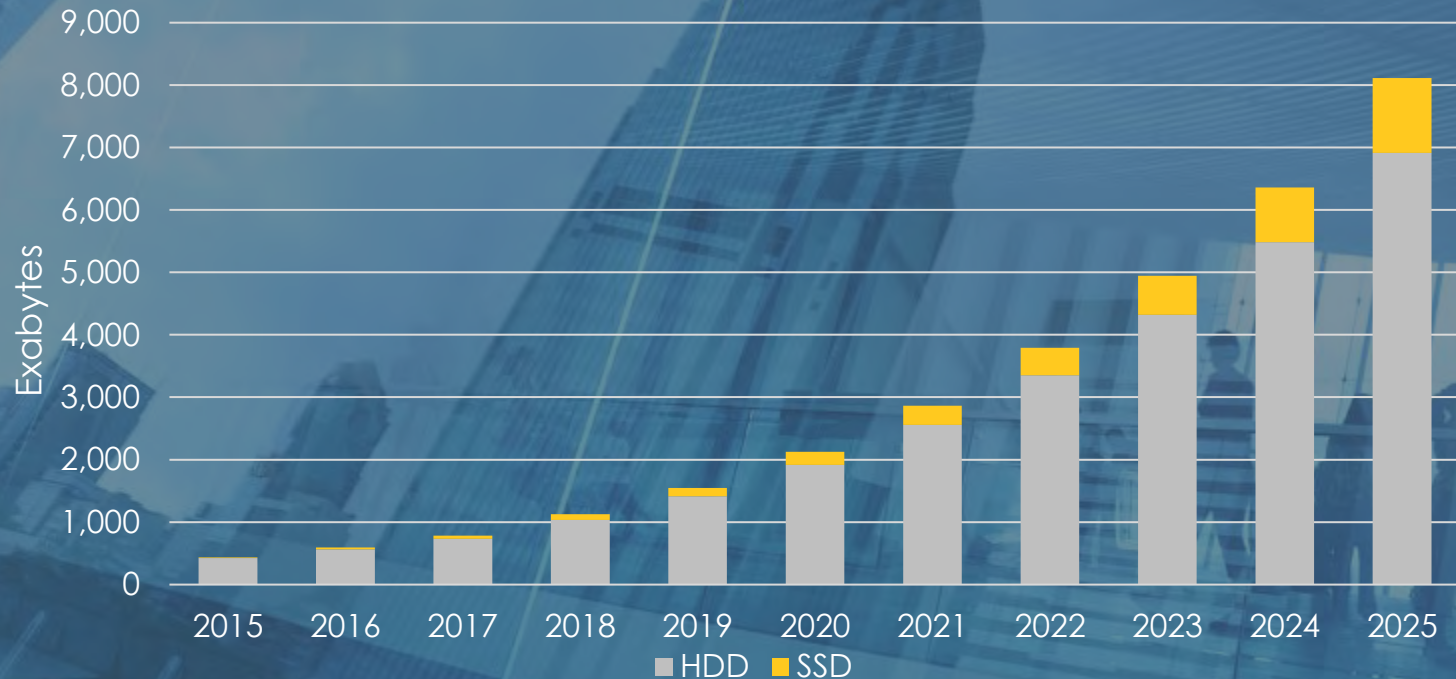




# Large market potential

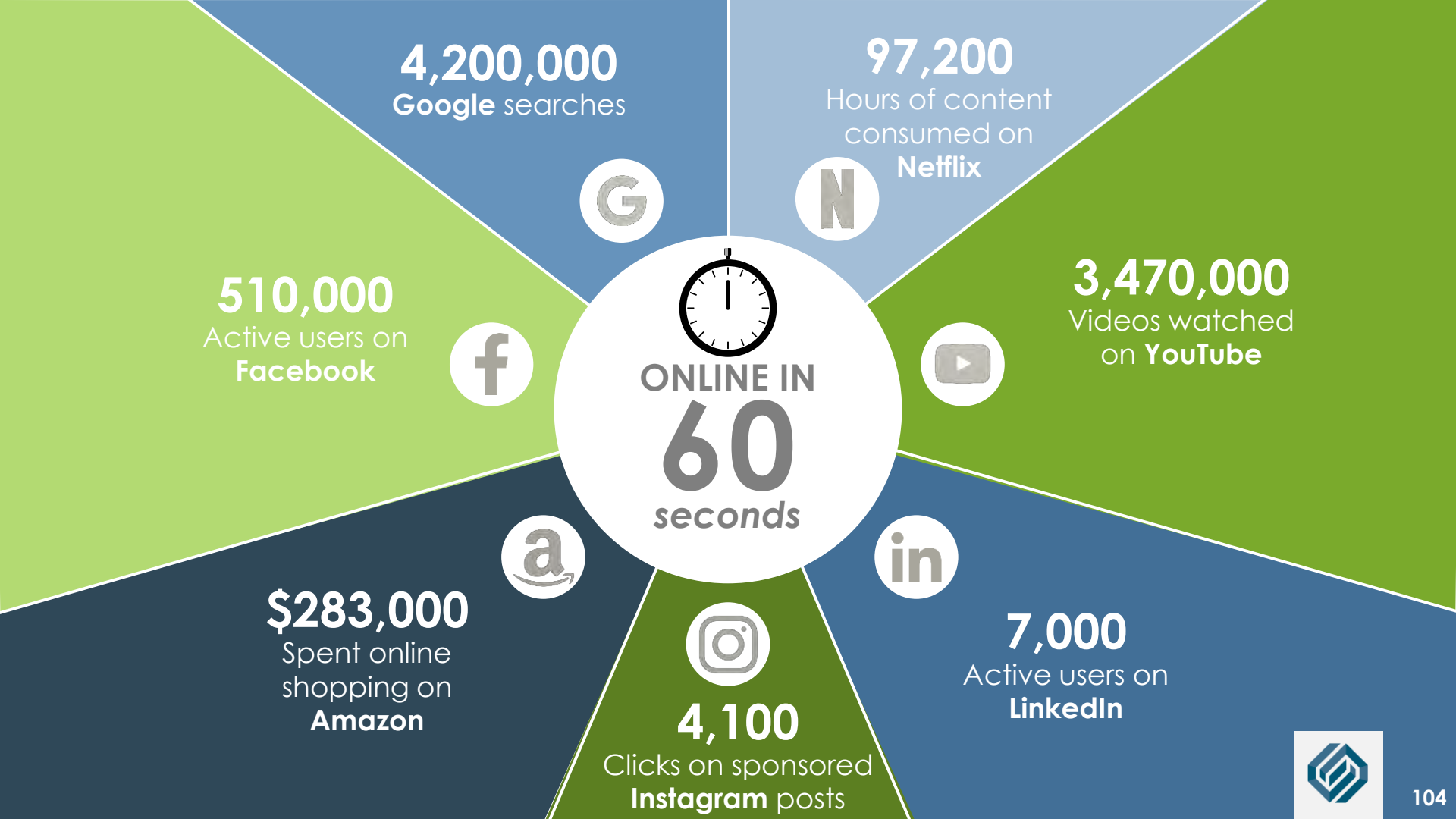
*In 2021 there were estimated to be 85 million units suitable for repurposing the cloud*

Enterprise Data centre HDD & SSD install estimate



1. Source: International Data Corporation (IDC), Sims estimates. Calculation is based on SLS regions and excludes recycled units.
2. A repurposed unit is any unit that re-enters the market by being resold or redeployed. It excludes units that are recycled or shredded.





**4,200,000**  
Google searches



**97,200**  
Hours of content  
consumed on  
Netflix



**3,470,000**  
Videos watched  
on YouTube



**510,000**  
Active users on  
Facebook



ONLINE IN  
**60**  
seconds



**4,100**  
Clicks on sponsored  
Instagram posts



**\$283,000**  
Spent online  
shopping on  
Amazon



**7,000**  
Active users on  
LinkedIn





# SLS Growth Strategy





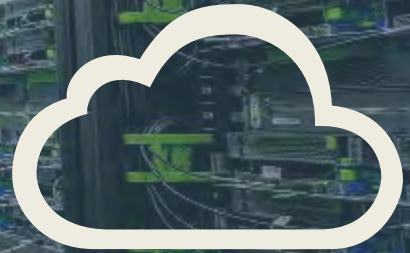
# Global Leader in Circular Cloud Solutions



**Global**  
Consistent  
Compliant  
Comprehensive  
Sustainable



**Circular**  
Reuse  
Redeploy  
Reengineer  
Recycle



**Cloud**  
Servers  
Networking  
Storage



# Pillars of Growth

## Expand services

- Fulfilment
- On site services
- Global Box Programme
- Sustainability

## Grow current clients

- Geographies
- Services

## New clients

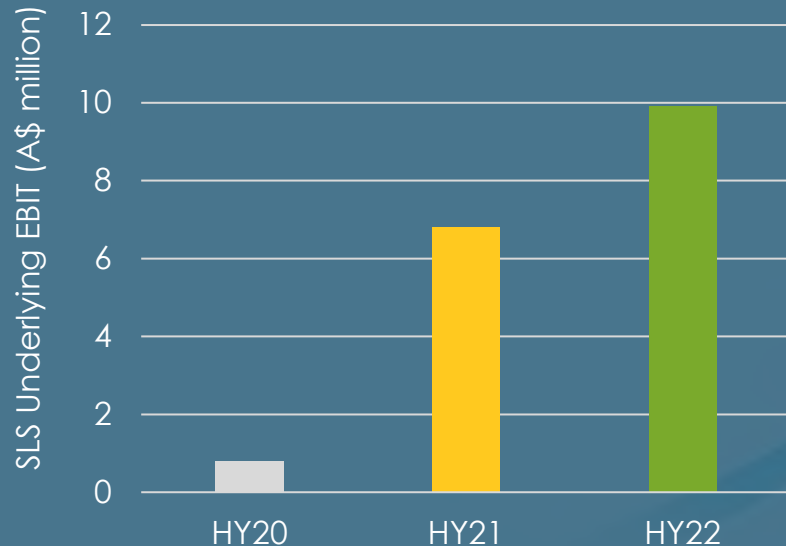
- Co-locators
- Hyperscalers
- Enterprises e.g. Fortune 500



# Demonstrated growth

*Growing and scaling the business profitably*

Consecutive earnings growth over three years



Significant Underlying EBIT advancement in HY22 vs HY21 resulting in 46% growth primarily due to market share gains

Good result despite challenging market conditions in HY22 with supply chain constraints limiting the release of cloud material



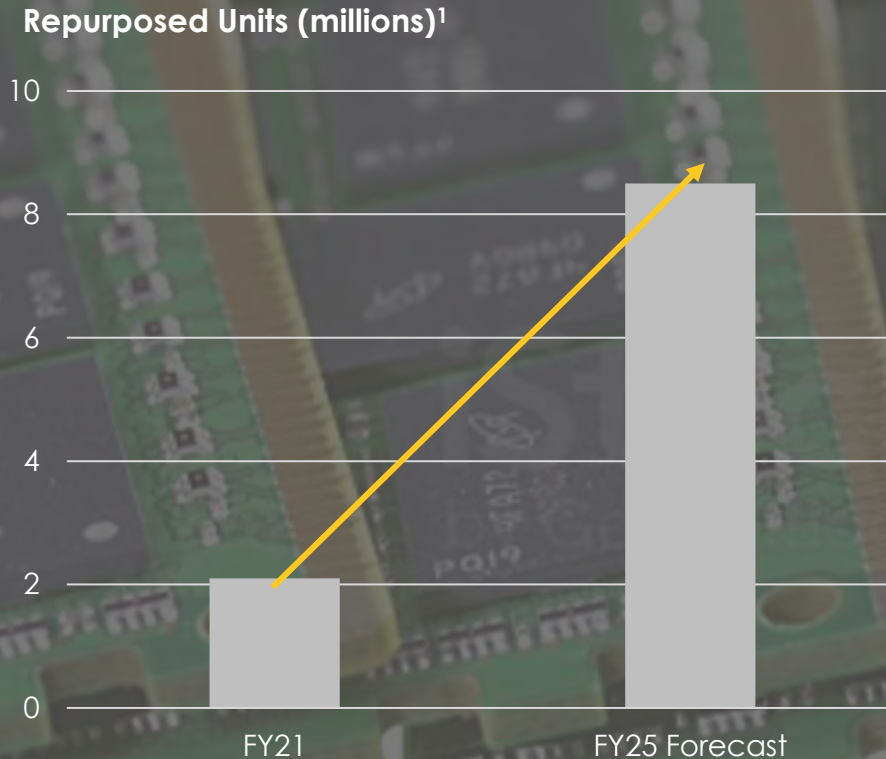
# FY22 Expansion





# Growth expected to continue

*Targeting 300% growth in repurposed units over the next four years*



1. A repurposed unit is any unit that re-enters the market by being resold or redeployed. It excludes units that are recycled or shredded.



# Growth Delivery & Execution

## Operational Readiness

- Dedicated experienced team
- New services and locations

## Technical Development

- Industry knowledge and leadership
- Operational solutions

## Innovation

- Innovation with a growth mindset
- Delivery through a structured approach





# Our Ability to Scale and Pivot:

## SLS Site





# 30 Days Later:

Rack ready for key client

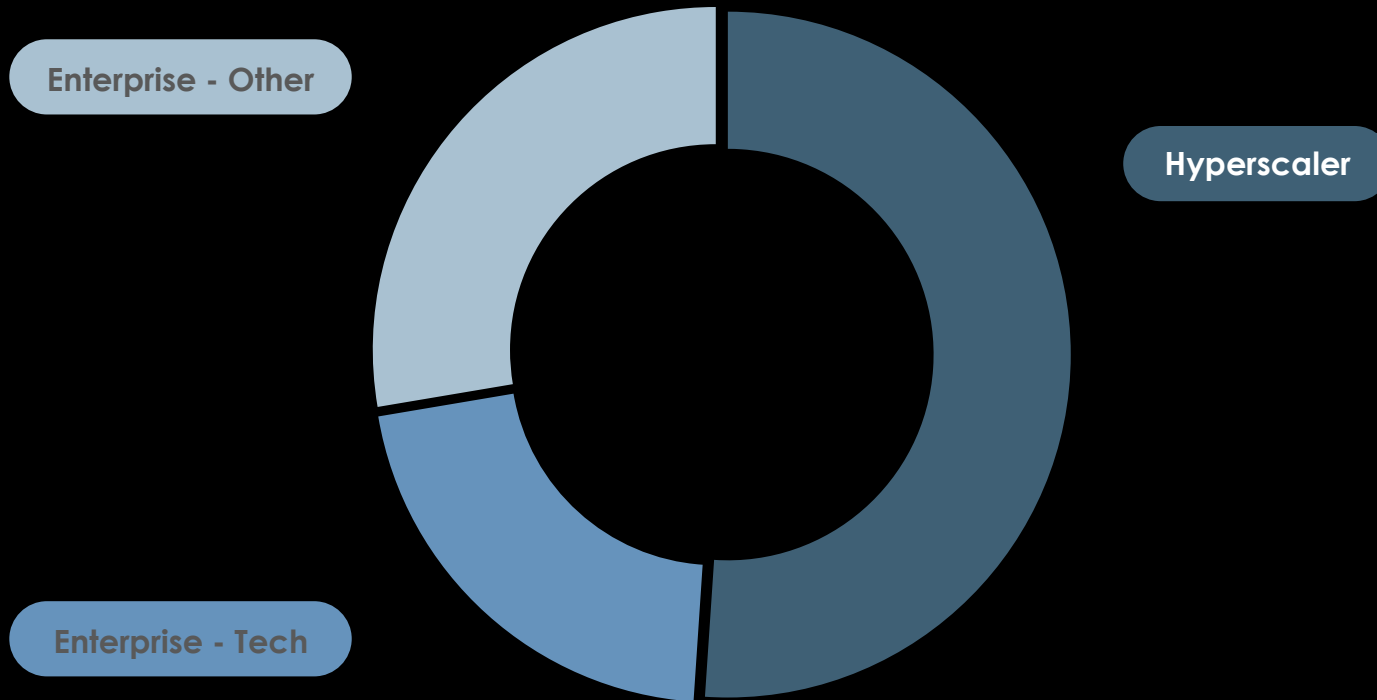


# SLS market position



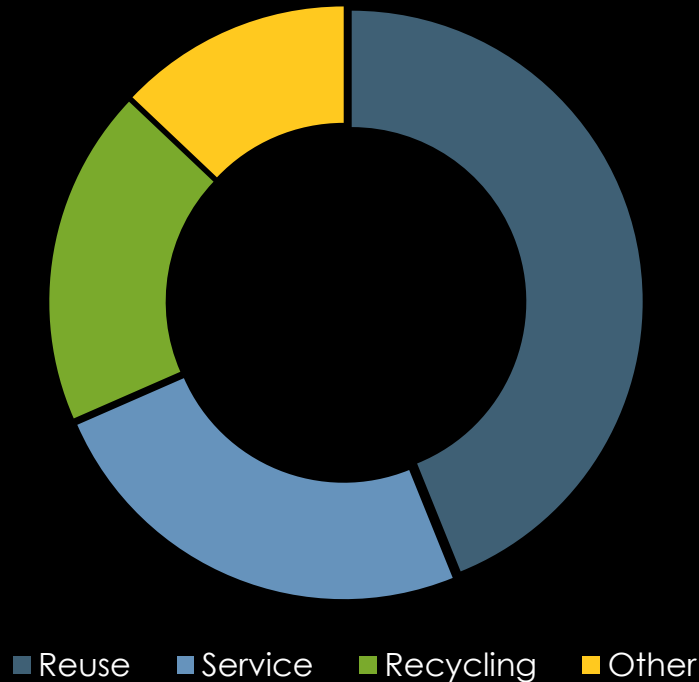
# Diversified earnings

Underlying EBIT by Client – FY22 Estimated



# Repurposing represents 70% of revenue

Revenue by Category – YTD FY22



# Why SLS is best in market

*Strong competitive advantages to continue to demonstrate growth*





# A secure partner

Selecting a secure partner is the most critical step for any IT Asset Manager

Consequences of not selecting a secure partner can be severe, for example:

A large global bank received a US\$60 million fine, a class action lawsuit and brand damage from an irreputable ITAD provider

## SLS is:

Certified &  
Audited



Insured



Process Driven



Without data  
infractions



## SLS created a guide to develop an effective RFP





# Global service

*Strategically positioned to optimize owned sites near clients and subcontractors for far-reach areas*

- Seamless services in-country
- Strategic locations mixed between owned sites and subcontractors
- Alignment with clients' locations



# Integrated service

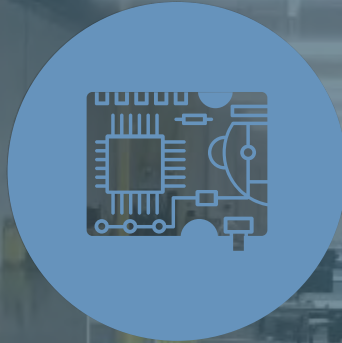
*Full-service provider for data centres, enterprises and manufacturers on a global scale*



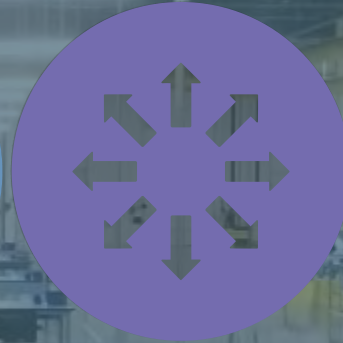
Reuse



Redeploy



Reengineer



Fulfillment



Recycle



# Linked to larger Sims Group



# Public cloud hyperscalers

Have ambitious sustainability goals and SLS can contribute to their achievement

	CO2 Reduction	Waste Reduction	Other
Microsoft	<ul style="list-style-type: none"><li>Carbon negative by 2030</li></ul>	<ul style="list-style-type: none"><li>"Zero Waste" by 2030</li></ul>	<p>There is also interest in a number of other sustainability areas:</p> <ul style="list-style-type: none"><li>Governance</li><li>Human Rights and Modern Slavery</li><li>Health &amp; Safety</li><li>Environment</li><li>Socioeconomic advancement and empowerment</li><li>Social and economic justice driven by diversity, equity and inclusion</li></ul>
Google	<ul style="list-style-type: none"><li>Carbon neutral since 2007</li><li>50% emission reduction by 2030</li></ul>	<ul style="list-style-type: none"><li>"Zero Waste" certification</li></ul>	
Amazon	<ul style="list-style-type: none"><li>Net zero by 2040</li></ul>	<ul style="list-style-type: none"><li>Driving towards zero additional packaging</li></ul>	



# Sustainability is a competitive advantage

*SLS offers unique sustainability offerings to clients that create a competitive advantage*

## SLS Service Provision



Provision of bespoke reporting to enable client achievement of targets and meet company wide sustainability goals



Agile and strategic processing locations:  
Reduced freight movements  
Secure and short distance to client



Sustainability calculator:  
Positive environmental contributions from reusing and recycling IT equipment



Low emissions freight:  
SmartWay Partner  
Optimisation projects





# Conclusion

## SLS has:

- Demonstrated consecutive earnings growth over three years
- Transformed the business to repurposing
- Strong competitive advantages
- Proven its ability to scale

## SLS will continue to grow

- Targeting 300% growth in repurposed units over the next four years
- Clear growth strategy and plan
- Robust delivery and execution
- Large market potential and fast paced growth







# Questions & Answers





**Brendan  
McDonnell**  
Group Chief Technology Officer



# Closing the loop

## Achieving Sims Purpose

- Delivering a leading circular business model
- Innovative technology to transform Sims waste and other hard to treat waste streams, into new useful products

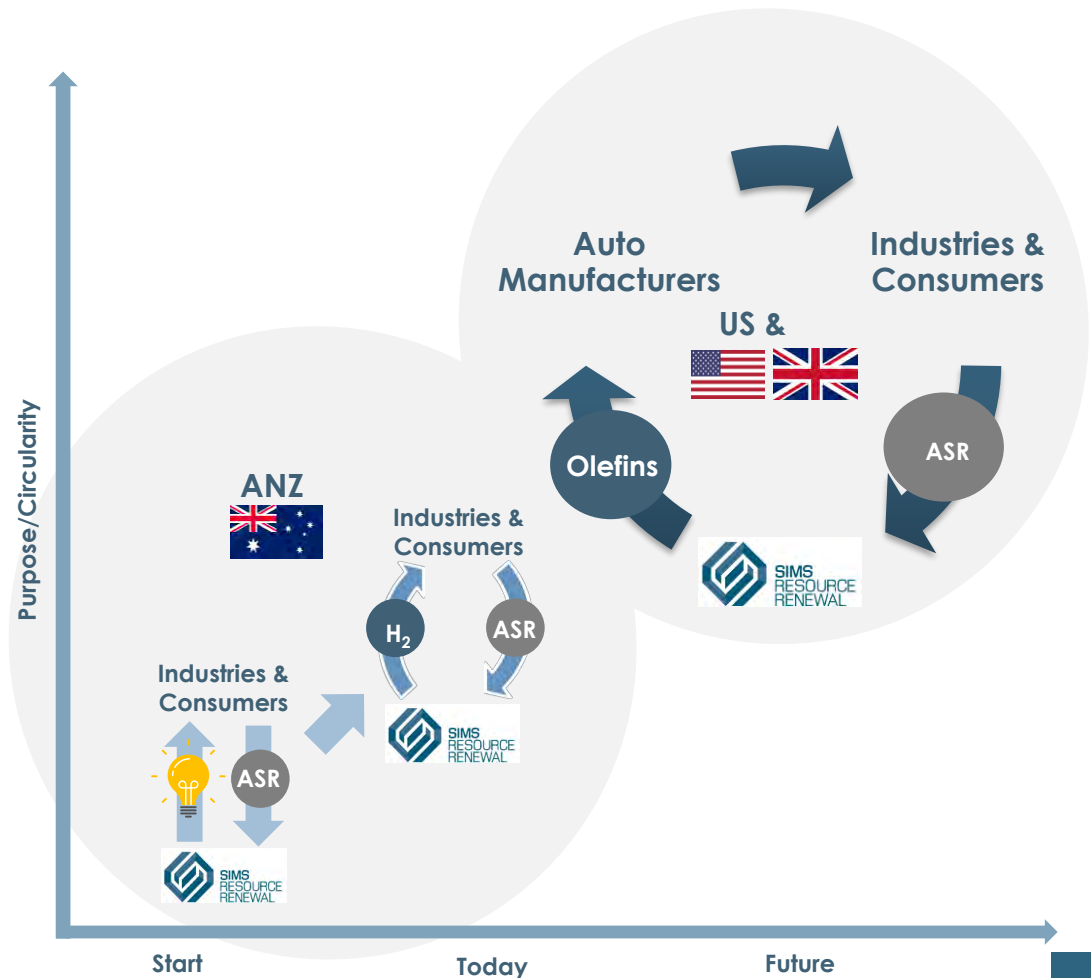
Enabling a circular economy



# Our Journey

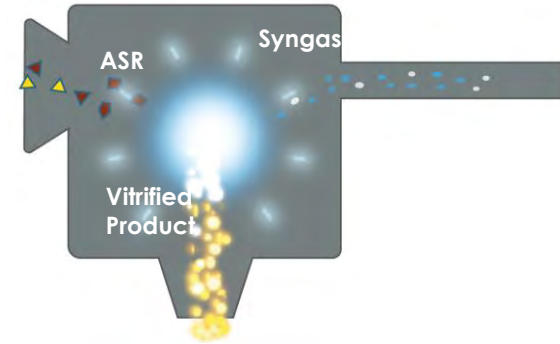
## Evolution and Progression

- Plasma gasification technology of best fit with input material and ongoing market flexibility
- Progressively evolve to a completely circular mode
  - Building blocks of plastics
  - Adaptable to decarbonisation



# What is ASR and plasma gasification?

*Waste we currently send to landfill and how we'll transform it*



- 1 million tonnes of ASR generated annually
- Decarbonisation will increase demand for scrap and will produce more ASR
- Decreasing landfill capacity
- Upward pressure on ASR disposal costs, including environment levy

- Plasma torch transforms materials back to basic elements at +1,100 degrees
- Produces Synthesis gas or Syngas
- Syngas currently produced from natural gas with various applications / derivatives used globally
- Sims syngas doesn't have legacy of carbon intensity

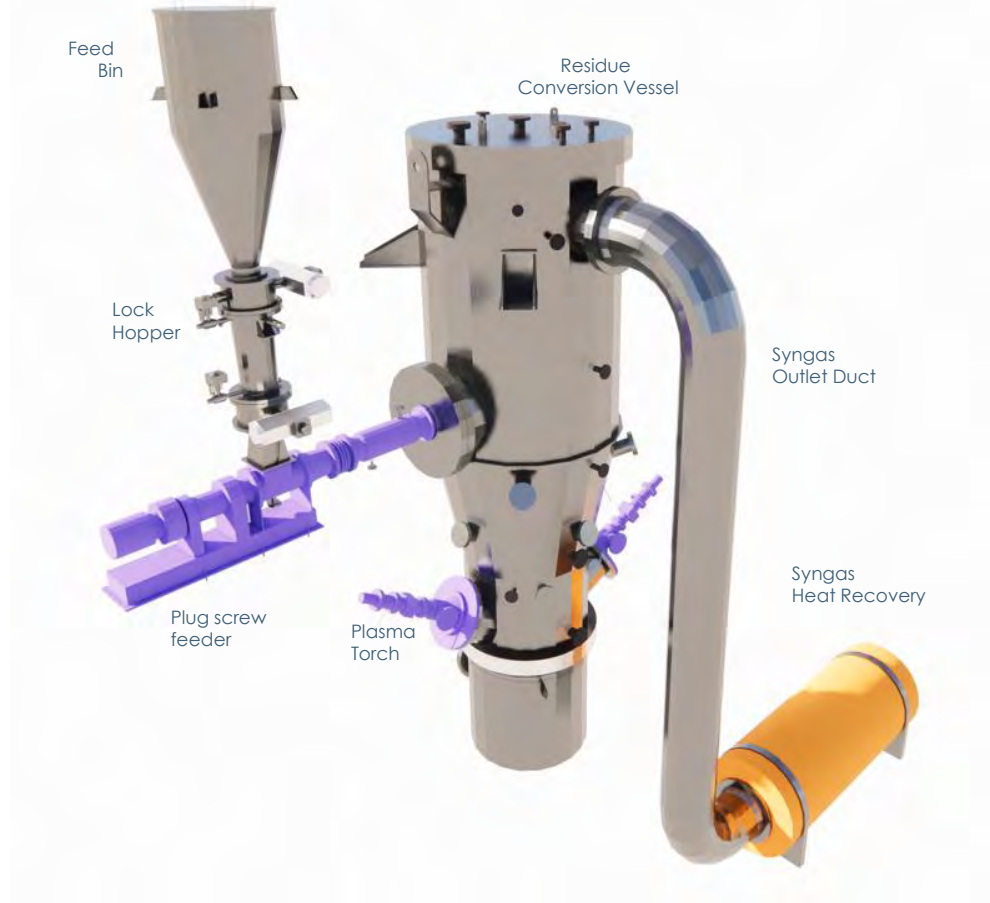




# Sims Residue Conversion Technology<sup>1</sup>

## *What it is and why are we developing*

- Our proprietary plasma gasification technology
- Flexible technology that enables product creation to be tailored to market needs
- Ability to apply R&D and innovation to technology as advances are made
- Safe and proven process that meets European emissions standards
- Opportunity to work with partners on other hard to treat waste streams as appropriate



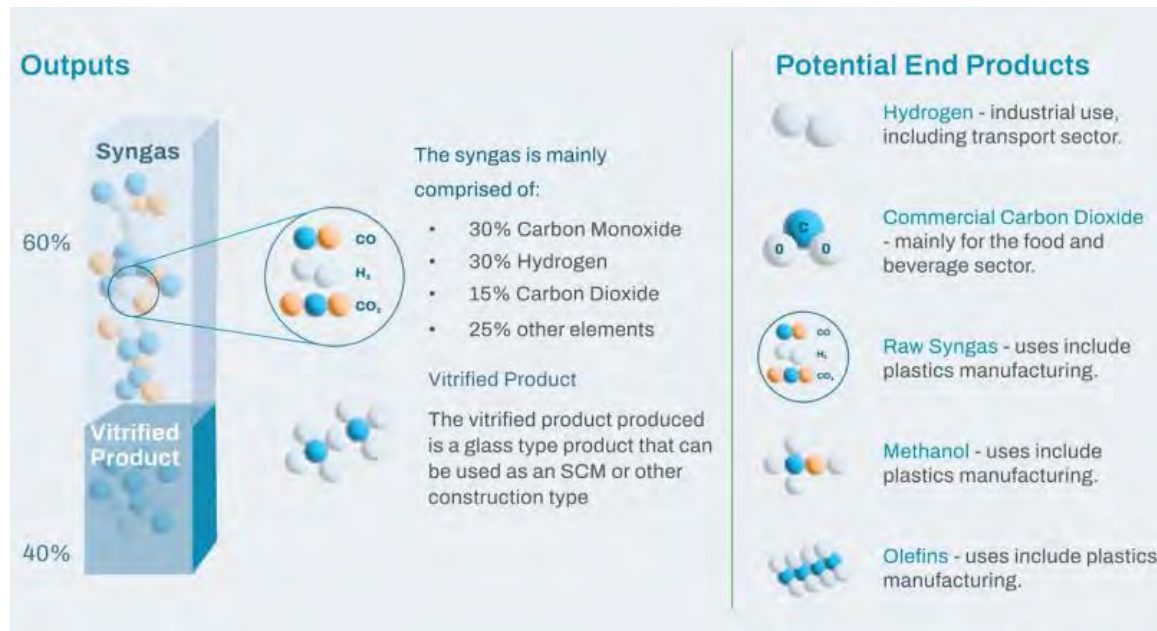
<sup>1</sup> Residue Conversion Technology (RCT)



# Our Product Pathways

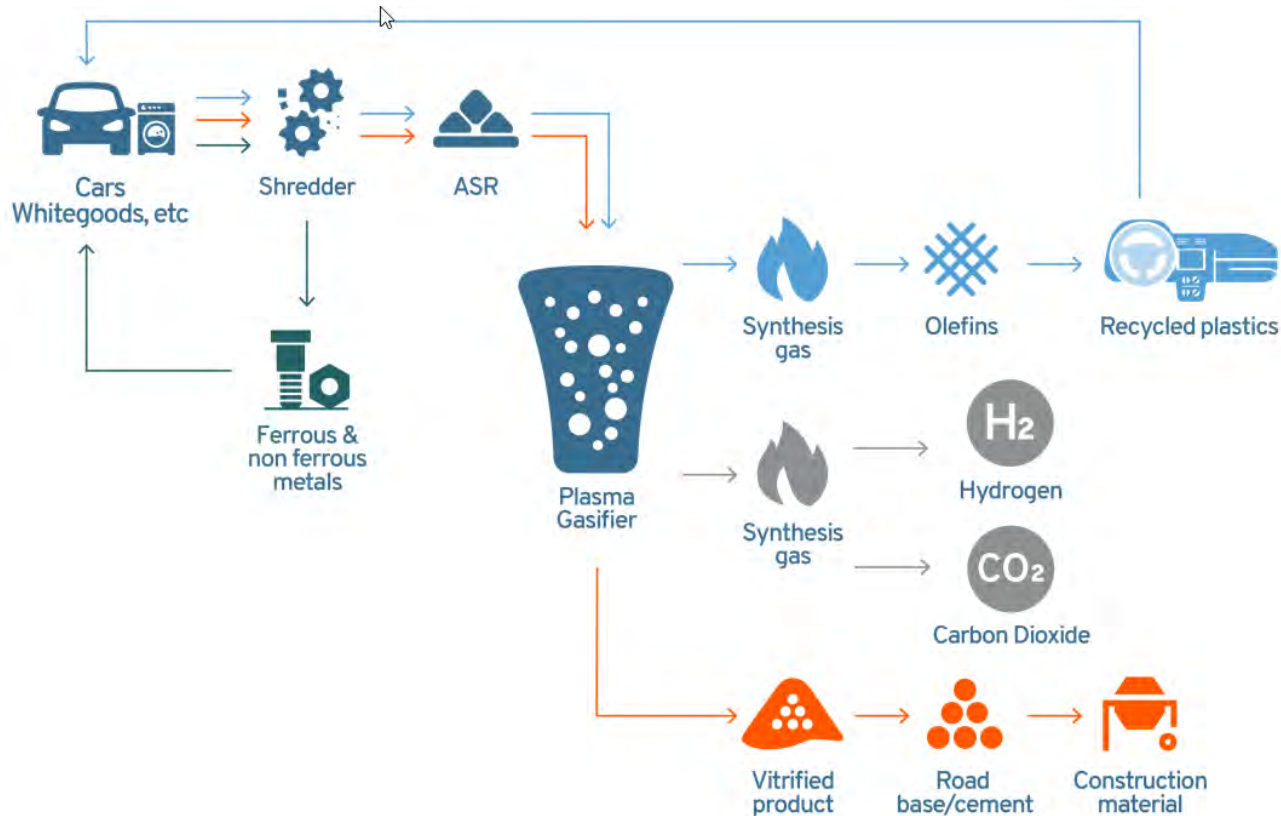
## *Different products for different markets*

- First commercial facility in Australia:
  - Hydrogen - mainly for transportation
  - Carbon dioxide - for the food and beverage industry
  - Glass-like product - used to create aggregates for construction
- R&D activities will also be undertaken - including direct syngas to olefins
- As we enter international markets we will look to expand to methanol, ethanol and olefins



# Input and Output Flow Chart

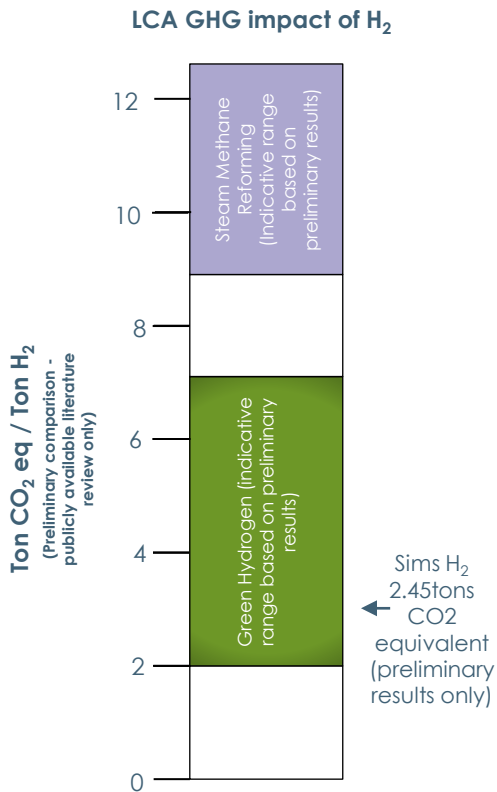
*Flexible end product options*



# Unique Product; Premium Price

## Life Cycle Assessment preliminary results - low LCA hydrogen product

- Conducting a desktop “cradle to gate” life cycle greenhouse gas (GHG) emission assessment (LCA) of our proposed resource renewal facility and the corresponding hydrogen product
- Preliminary results are positive, indicating that Sims hydrogen’s LCA greenhouse gas emissions impact appears to be comparatively towards the lower end of a typical solar powered electrolyser based hydrogen facility
- Sims Hydrogen is a unique product because of both the low LCA and use of feedstock (ASR) that would otherwise have gone to landfill
- We will prove up results as we finalise the LCA and go through further design



# Our Programme

*Our step-by-step pathway*

## Phase 1

### Demo Plant

- Develop proprietary Residue Conversion Technology
- Fabrication underway
- Completion Q4 2022

### Australia Facility 2 (QLD)

- Build commercial plant to produce Hydrogen & CO<sub>2</sub>

### Australia Facility 1 (VIC)

- Leverage existing gasification technology to enter market early
- On hold

### R&D

- Syngas to Olefins
- Solid carbon from CO<sub>2</sub>

## Phase 2

### North America Large-Scale Facility

- Build commercial plant with downstream to produce the building blocks of plastic
- Larger scale
- Incorporate R&D learnings through new technology

## Phase 3

### Remaining sites

- Replicate US business model
- Address all remaining sites including US, Australia, UK
- Incorporate R&D learnings through new technology



# Campbellfield/VIC project



## Victorian Waste to Energy Framework

- Paused further work on Campbellfield facility to minimize further investment until greater certainty of regulatory and licensing process available
  - Regulatory framework anticipated 2nd half of 2022
  - Expect to apply for licence in second half 2022
  - Deployment of Proprietary RCT Technology



# QLD/Rocklea Demo Plant

## Construction, Delivery and Testing



- All major fabrication works underway, including Sims Residue Conversion vessel and supporting systems
- Tender issued for Civil work design with planned commencement March 2022
- Completion in Q4 calendar 2022
- Testing to run for 12 months:
  - Validate Sims RCT will produce high-quality syngas and saleable vitrified product
  - Assist with understanding impacts in ASR variation on syngas and vitrified product properties
  - Syngas can be made available for olefin catalyst and other research projects



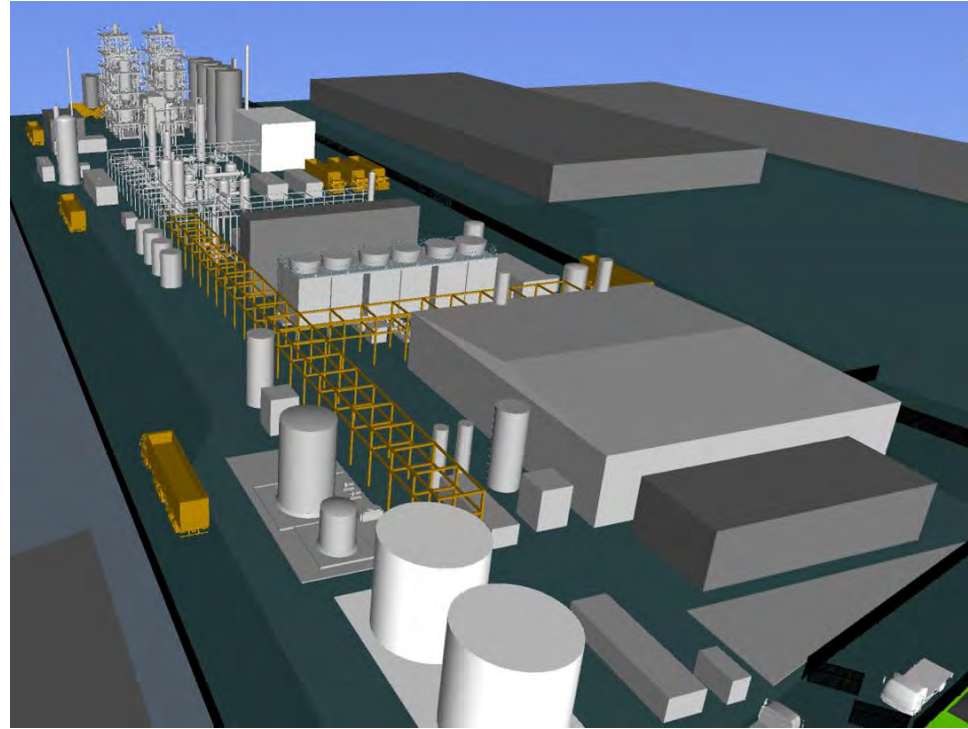


# QLD Commercial Plant

*Design, approval and construction*



- Accelerated focus on developing QLD commercial facility
- Assessment of several sites
- Project completion - 36 months to 42 months from site selection
- Design and regulatory approvals run in parallel



# QLD Commercial Plant

## *Revenue base and Returns*



- Based on a 60,000tpa of ASR feedstock, we anticipate producing 4,400tpa of high purity Hydrogen, 80,000tpa of high purity CO2 and 40,000tpa of vitrified product
- Diverse revenue streams
- Speed to market
- Continue to optimise plant design for capex, opex, revenue and emissions
- Replacement of natural gas derived fuels and products with recycled products to drive demand
- Projects to meet internal financial hurdle rates

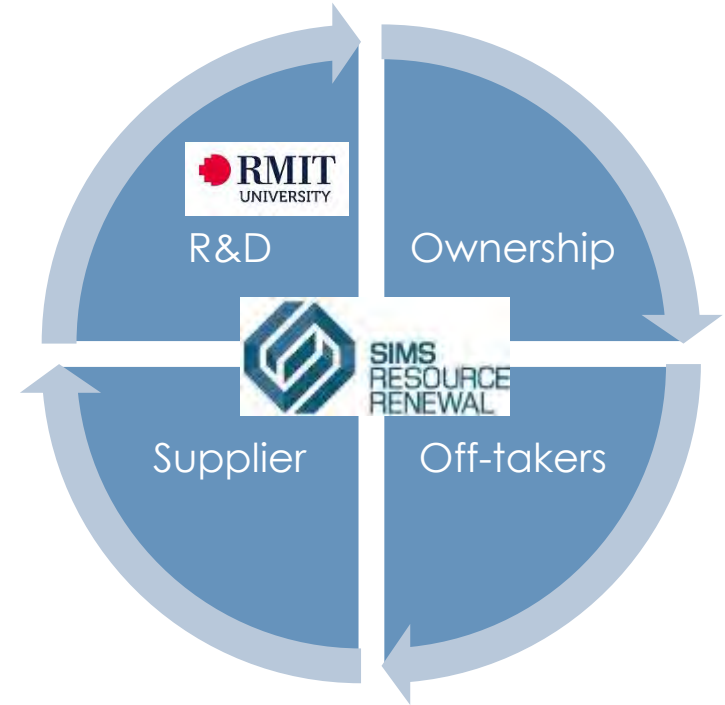


# Partnerships and R&D

*Creating additional value through collaboration*



- Leveraging the strengths and expertise of partners creates additional value
- Commenced discussions with various potential partners:
  - Programme and Project participation
  - Off-taking Hydrogen, CO2, Vitriified product
  - Supplying essential inputs such as Oxygen and Electricity
  - Carrying out and or funding our R&D
- Existing partnership with leading Australian University, RMIT
- Potential research streams include syngas to olefins and commercial CO2 utilisation



# Programme Rollout

Across the globe



## First phase

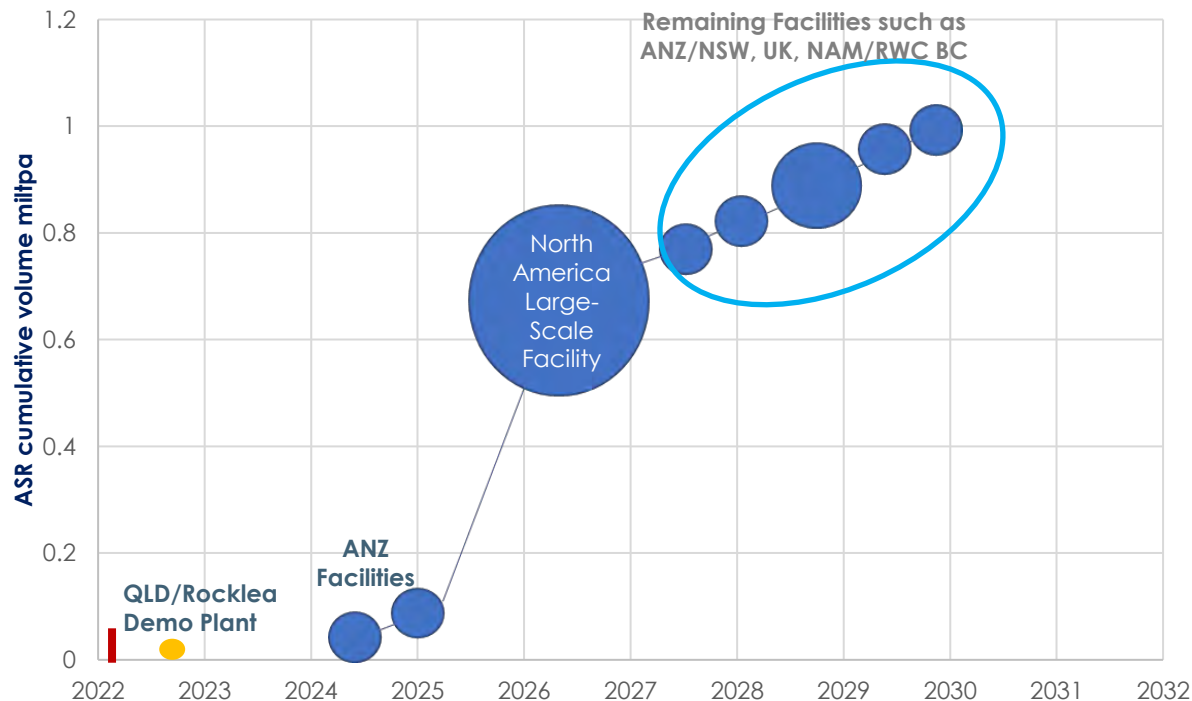
- Establish gasification and facility delivery capability
- Successful demonstration and commercialization of Sims Residue Conversion Technology (RCT) in Australia
- Programme cash flow positive after 2<sup>nd</sup> Plant

## Second phase (3-5 year duration)

- Acceptance of Sims RCT in North America
- Deliver main North America Facility
- Incorporate R&D learnings and full circularity

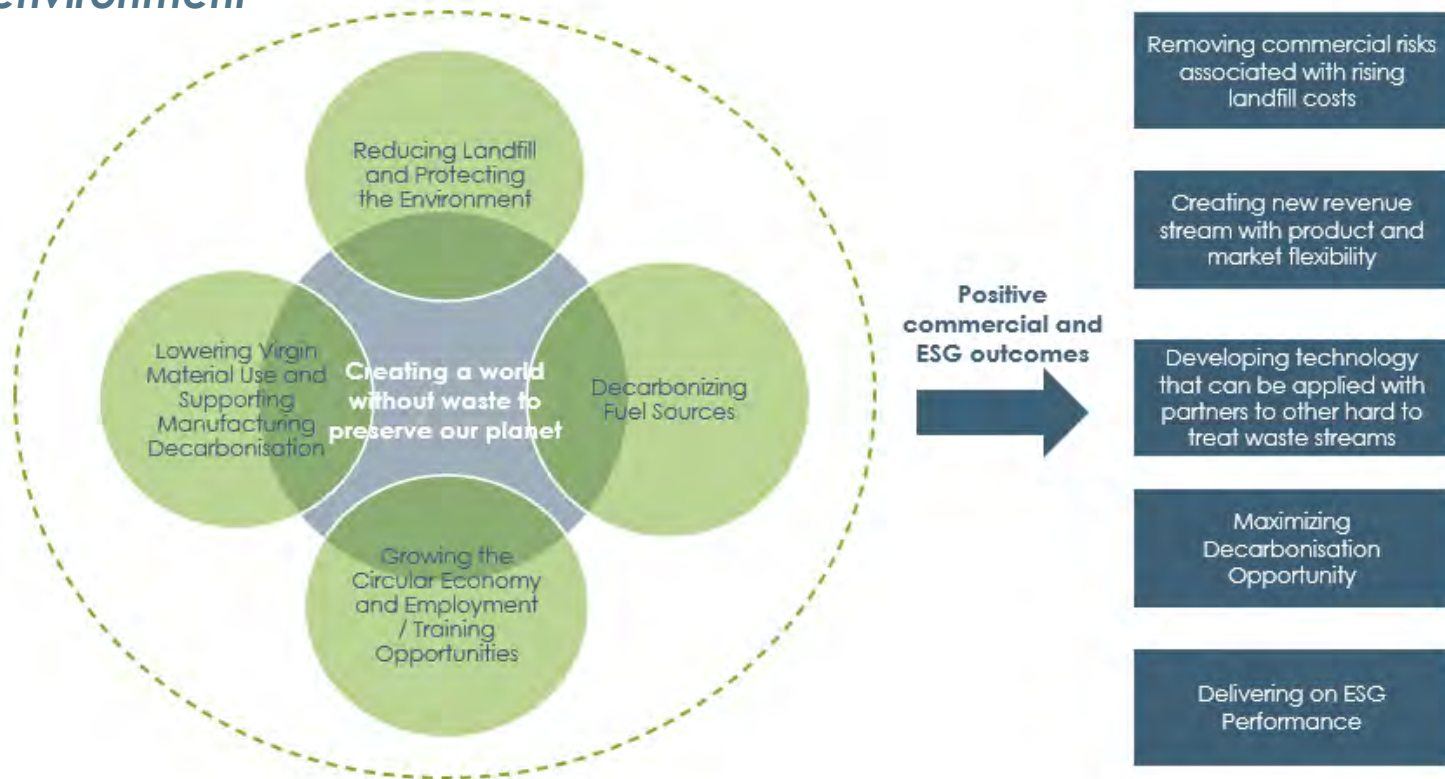
## Third phase

- Acceptance of Sims RCT in UK
- Deliver remaining facilities



# Growth Led by Purpose

*Growing revenue, managing risk and delivering value for society and the environment*



Low risk approach to delivery over next 7 years. Clear focus on success with a progressive (not exponential) expansion of sites and operations. Option to expand using partnerships where appropriate to accelerate a proven solution.





# Questions & Answers







# Finance





**Stephen Mikkelsen**  
Group Chief Financial Officer





**Stephen Mikkelsen**  
**CFO**



# Key Profit Drivers

*Trading margins in percentage terms relatively steady through the cycle*

## Key Drivers

- Sims' key earnings drivers centre around sales volumes, sale price per tonne, trading margin percentage and operating costs to process material.

## Trading Margin

- Trading margin is the spread between the cost of acquiring raw materials, including freight, and the sales price for processed saleable material (ferrous and non-ferrous secondary metals).
- Trading margin in percentage terms tends to be more stable than in per tonne terms through the cycle and commodity price fluctuations.

## Operating Costs

- All costs incurred to process raw materials into saleable secondary metal commodities including SG&A and corporate overheads.
- These expenses are broken down further in the group statutory accounts as Employee benefits, Repairs and Maintenance, and Other Expenses.

Group P&L (A\$m)	FY17	FY18	FY19	FY20	FY21	HY22
<b>Sales Revenue</b>	<b>5,079</b>	<b>6,448</b>	<b>6,640</b>	<b>4,909</b>	<b>5,916</b>	<b>4,265</b>
Raw Materials & Freight	-3,743	-4,953	-5,117	-3,680	-4,428	-3,342
<b>Trading Margin</b>	<b>1,336</b>	<b>1,495</b>	<b>1,523</b>	<b>1,229</b>	<b>1,488</b>	<b>923</b>
Net Operating Costs <sup>1</sup>	-1,140	-1,220	-1,275	-1,167	-1,129	-623
<b>JV Income</b>	<b>38</b>	<b>85</b>	<b>57</b>	<b>17</b>	<b>168</b>	<b>136</b>
Other revenue and income	58	32	58	66	53	26
<b>Underlying EBITDA</b>	<b>292</b>	<b>392</b>	<b>363</b>	<b>145</b>	<b>580</b>	<b>462</b>
D&A	-112	-117	-133	-203	-193	-100
<b>Underlying EBIT</b>	<b>180</b>	<b>275</b>	<b>230</b>	<b>-58</b>	<b>387</b>	<b>362</b>
Trading Margin	26.3%	23.2%	22.9%	25.0%	25.2%	21.6%
EBITDA Margin	5.7%	6.1%	5.5%	3.0%	9.8%	10.8%
EBIT Margin	3.5%	4.3%	3.5%	-1.2%	6.5%	8.5%

1. Net operating costs are underlying and excluding significant items

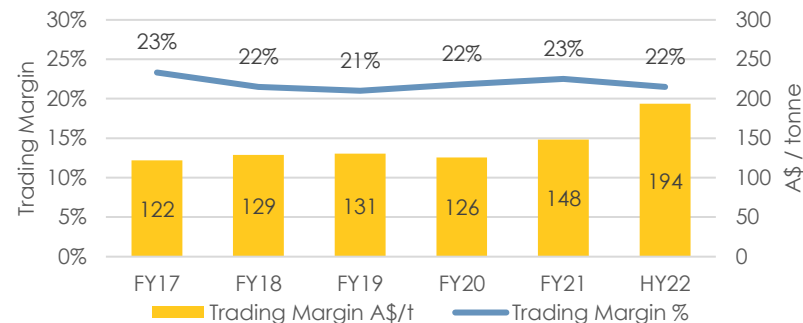


# Trading Margins & Operating Costs

## Metal Recycling

### Trading Margin

- Margin in percentage terms typically steady through the cycle.
- Steady margins reflect the value added through material processing and trading activities within the value chain, which tends to be stable through rising and falling commodity prices.
- When more value is added to the ferrous and non-ferrous materials processed, through shredding, shearing and sorting, the wider trading margins and greater share of the value chain is captured.



### Operating Costs

- Operating costs are a mixed of fixed and variable expenses, with circa 70% of total costs generally fixed.
- Employee benefit expenses comprise the largest portion of operating costs, at approximately 50% of the total.
- Repair and Maintenance, Fuel and Power, Waste removal, and SG&A represent the balance of key expense items in the metals recycling business.

Metal Recycling	FY17	FY18	FY19	FY20	FY21	HY22
Sales Revenue	3,889	4,881	5,117	3,857	4,762	3,557
<b>Trading Margin</b>	<b>908</b>	<b>1047</b>	<b>1,077</b>	<b>841</b>	<b>1,072</b>	<b>763</b>
Net Operating Costs <sup>1</sup>	-628	-710	-736	-686	-618	-410
<b>Underlying EBITDA</b>	<b>280</b>	<b>337</b>	<b>341</b>	<b>155</b>	<b>454</b>	<b>353</b>
D&A	-93	-100	-114	-175	-167	-87
<b>Underlying EBIT</b>	<b>187</b>	<b>237</b>	<b>227</b>	<b>-20</b>	<b>287</b>	<b>266</b>
Trading Margin	23.3%	21.5%	21.0%	21.8%	22.5%	21.5%
EBITDA Margin	7.2%	6.9%	6.7%	4.0%	9.5%	9.9%
EBIT Margin	4.8%	4.9%	4.4%	-0.5%	6.0%	7.5%

1. Net Operating Costs include all operating costs less depreciation & amortisation (which are disclosed separately) less significant items, less other revenue & income



# Trading Margins & Operating Costs

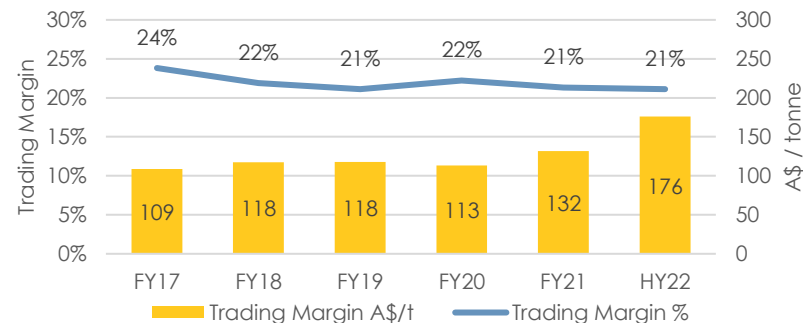
## North America Metals

### Trading Margin

- Margin in percentage terms have remained steady through the past five-year cycle, including the most recent HY22 period.
- Margin retention, relative to increasing commodity selling prices, has driven sharply stronger trading margin in absolute dollar terms, which in turn have helped lift EBITDA to the highest levels since 2008.
- Local market distinguishing features impacting trading margin include Sims' competitive advantage through exclusive access to deep water export facilities. These ports generate high levels of volume throughput, which often includes processed dealer volumes, maximising facility utilisation rates, albeit at lower trading margins.

### Operating Costs

- The North America Metals business shares similar cost drivers as the other metal recycling businesses.
- Unique local market drivers include the high throughput of the export facilities, which act to dilute the operating cost of the overall business in per tonne terms.



North America Metals	FY17	FY18	FY19	FY20	FY21	HY22
Sales Revenue	1,984	2,607	2,726	2,062	2,670	1,997
<b>Trading Margin</b>	<b>472</b>	<b>572</b>	<b>576</b>	<b>457</b>	<b>569</b>	<b>422</b>
Net Operating Costs <sup>1</sup>	-348	-412	-413	-402	-343	-232
<b>Underlying EBITDA</b>	<b>124</b>	<b>160</b>	<b>163</b>	<b>55</b>	<b>226</b>	<b>190</b>
D&A	-53	-55	-63	-94	-89	-48
<b>Underlying EBIT</b>	<b>71</b>	<b>105</b>	<b>100</b>	<b>-39</b>	<b>137</b>	<b>142</b>
Trading Margin	23.8%	21.9%	21.1%	22.2%	21.3%	21.1%
EBITDA Margin	6.3%	6.1%	6.0%	2.7%	8.5%	9.5%
EBIT Margin	3.6%	4.0%	3.7%	-1.9%	5.1%	7.1%

1. Net Operating Costs include all operating costs less depreciation & amortisation (which are disclosed separately) less significant items, less other revenue & income



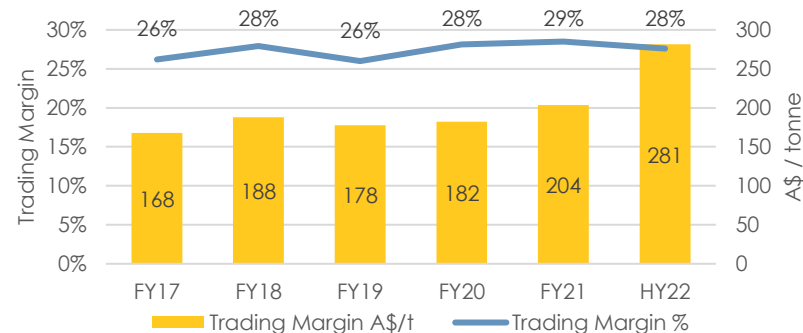


# Trading Margins & Operating Costs

## ANZ Metals

### Trading Margin

- Margin in percentage terms have remained steady through the past five-year cycle, including the most recent HY22 period.
- ANZ Metals higher trading margins relative to other regions reflect the businesses greater proportion of processing and metal recovery, including downstream non-ferrous shredder recovery, in the total sales mix.
- Primary processing and shredding facilities are also complemented by extensive feeder yard networks which collect unprocessed materials direct from source.



### Operating Costs

- The ANZ Metals business also shares similar cost drivers as the other metal recycling businesses.
- Unique local market drivers include a higher proportion of shredding and downstream metal recovery activities relative to total volumes, which in turn is reflected in higher processing costs per tonne than other operating regions.

ANZ Metals	FY17	FY18	FY19	FY20	FY21	HY22
Sales Revenue	981	1,071	1,204	925	1,099	816
<b>Trading Margin</b>	<b>257</b>	<b>298</b>	<b>313</b>	<b>260</b>	<b>314</b>	<b>225</b>
Net Operating Costs <sup>1</sup>	-155	-172	-175	-156	-157	-104
<b>Underlying EBITDA</b>	<b>102</b>	<b>126</b>	<b>138</b>	<b>104</b>	<b>157</b>	<b>121</b>
D&A	-28	-29	-31	-53	-53	-26
<b>Underlying EBIT</b>	<b>74</b>	<b>97</b>	<b>107</b>	<b>51</b>	<b>104</b>	<b>95</b>
Trading Margin	26.2%	27.9%	26.0%	28.1%	28.5%	27.6%
EBITDA Margin	10.4%	11.8%	11.5%	11.2%	14.3%	14.8%
EBIT Margin	7.5%	9.1%	8.9%	5.5%	9.5%	11.6%

1. Net Operating Costs include all operating costs less depreciation & amortisation (which are disclosed separately) less significant items, less other revenue & income

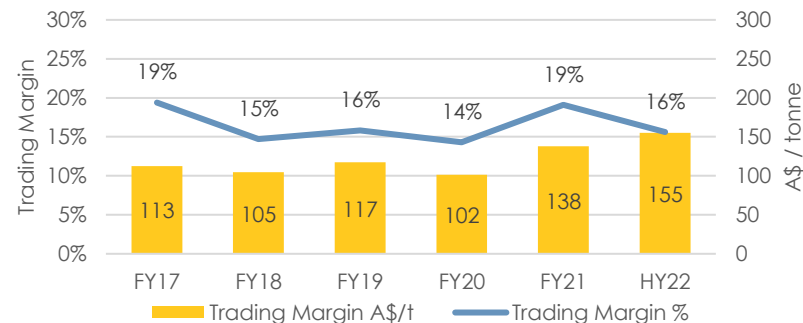


# Trading Margins & Operating Costs

## UK Metals

### Trading Margin

- Margin in percentage terms have been somewhat steady through the past five-year cycle.
- Slightly greater volatility in margins in part reflects local dynamics of short-sea export markets.
- UK Metals trading margins have averaged slightly lower than the other metal recycling regions, driven largely by strong competitive dynamics in the local market.



### Operating Costs

- The UK Metals business again shares similar cost drivers as the other metal recycling businesses.
- Sims has access to four dedicated deep water export facilities similar to the North America Metals business, located in Avonmouth (Bristol), Newport (Wales), Sheerness (Southeast England), and Hull. These ports are utilised to both reduce operating costs and raise throughput volumes from other metal recyclers.

UK Metals	FY17	FY18	FY19	FY20	FY21	HY22
Sales Revenue	924	1,203	1,187	870	993	744
<b>Trading Margin</b>	<b>179</b>	<b>177</b>	<b>188</b>	<b>124</b>	<b>189</b>	<b>116</b>
Net Operating Costs <sup>1</sup>	-125	-126	-148	-128	-118	-74
<b>Underlying EBITDA</b>	<b>54</b>	<b>51</b>	<b>40</b>	<b>-4</b>	<b>71</b>	<b>42</b>
D&A	-12	-16	-20	-28	-25	-13
<b>Underlying EBIT</b>	<b>42</b>	<b>35</b>	<b>20</b>	<b>-32</b>	<b>46</b>	<b>29</b>
Trading Margin	19.4%	14.7%	15.8%	14.3%	19.1%	15.6%
EBITDA Margin	5.8%	4.2%	3.4%	-0.5%	7.2%	5.6%
EBIT Margin	4.5%	2.9%	1.7%	-3.7%	4.6%	3.9%

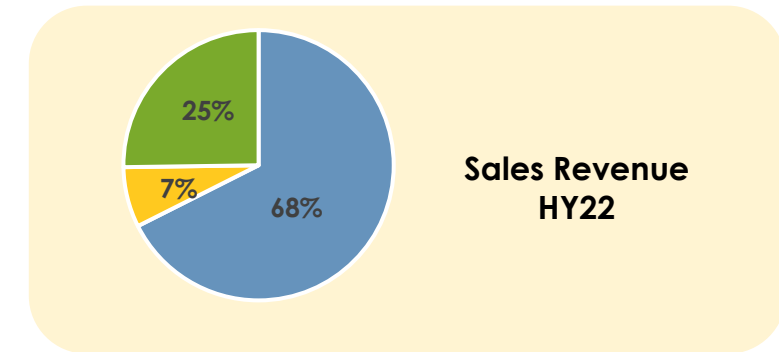
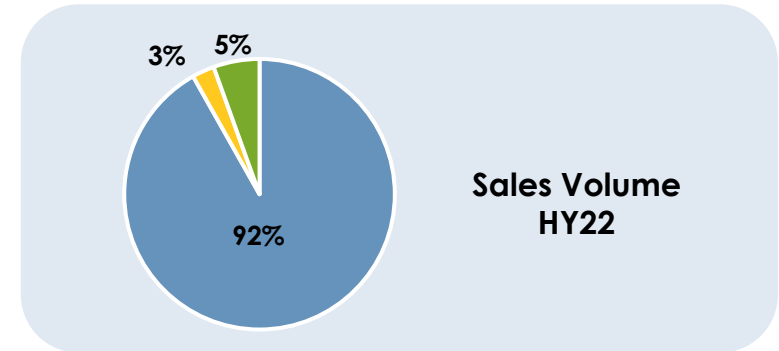
1. Net Operating Costs include all operating costs less depreciation & amortisation (which are disclosed separately) less significant items, less other revenue & income



# Revenue Composition

*1/3<sup>rd</sup> of revenues from non-ferrous metals*

- Despite total non-ferrous metals accounting for less than 10% of sales volumes, in revenue terms, non-ferrous accounts for nearly 1/3<sup>rd</sup> of sales for the metals recycling business.
- Aluminium and Copper, in various grades and categories, represent most of the non-ferrous metals sold.
- Non-ferrous shredder recovery (NSFR) includes a range of metals which, unless further processed, fall into the category grades of 'Zorba' or 'Zurik', (largely aluminium & stainless steel respectively)
- NFSR is reported in ferrous metals.
- Sims' meaningful exposure to copper and aluminium metals gives the business attractive exposure to recent increasing commodity prices in the short-term, and long-term benefits from increased use of metal required to enable lower carbon emission technology.



- Ferrous
- Non-Ferrous Shredder Recovery
- Non-Ferrous Retail



# Inflationary Impacts

*Positive: Strong commodity tailwinds, partially offset by cost headwinds*

## Tailwinds

- Higher commodity prices for ferrous and non-ferrous metals, combined with a relatively stable trading margin percentage, is likely to drive strong absolute trading margins.
- Higher primary metal prices provides opportunities to further process scrap, thereby capturing higher margins.
- Lower relative costs for secondary vs primary metal production is likely to drive increased demand for scrap.

## Headwinds

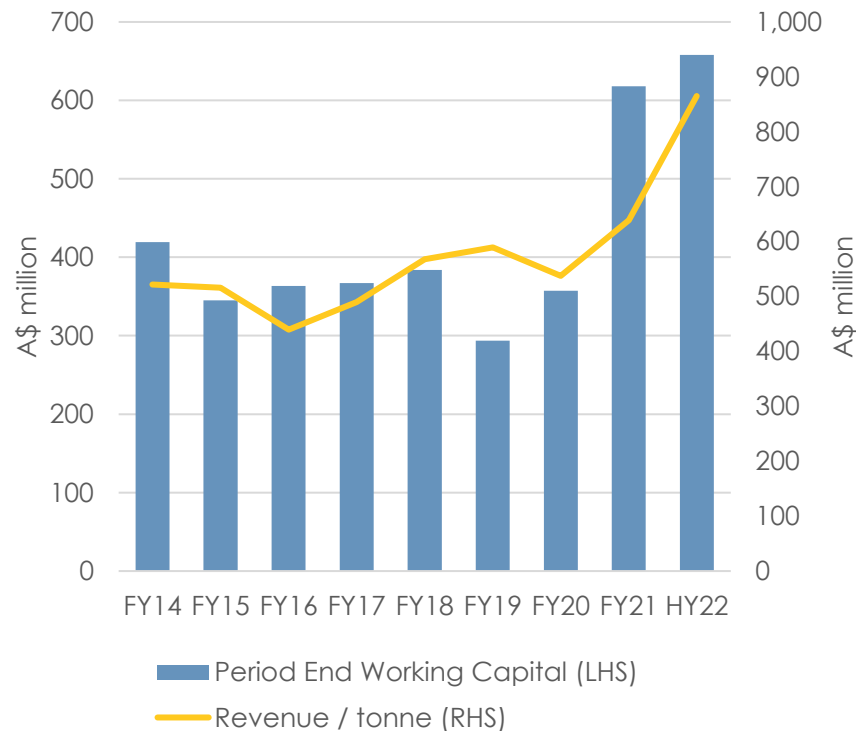
- Meaningful upward pressure on labour costs as well as tight availability for labour.
- Freight cost volatility.
  - Ship availability
  - Bunker fuel price
- Increased fuel costs.
- Higher costs and longer lead times for equipment.



# Balance Sheet

## *Working capital requirements tightly aligned to commodity prices*

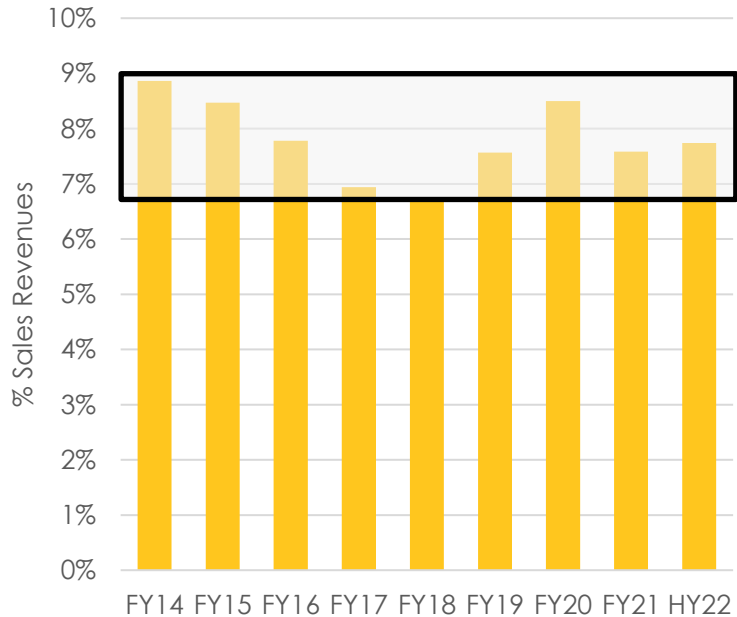
- Cash investment into working capital is tightly aligned to the price of ferrous and non-ferrous metal, with average revenue / tonne, largely mirroring changes in raw material intake costs.
- Inventory held often largely tied to a committed sale but is awaiting shipment.
- Sims' supplier payment terms are generally shorter than customer payment terms, with prompt payment for many smaller suppliers.
- Accounts payables are partially related to non-trade expenses, not tied to commodities, and therefore do not fluctuate as much with metal prices.
- Accounts receivables are largely tied to trade receivables and move with metal prices.



# Balance Sheet

## *Working capital relative to sales is more stable through the cycle*

- In absolute terms, working capital requirements move with commodity prices.
- In relative terms through the cycle, average working capital<sup>1</sup> has remained relatively steady at 7% to 9% of revenues.
- Factors which may impact requirements include domestic / export sales mix and shipping issues such as availability of containers and bulk ships.



■ Average Monthly Working Capital as % of Revenue

<sup>1</sup>) Working Capital = trade receivables + inventories – trade payables;  
average calculated based on monthly closing balances

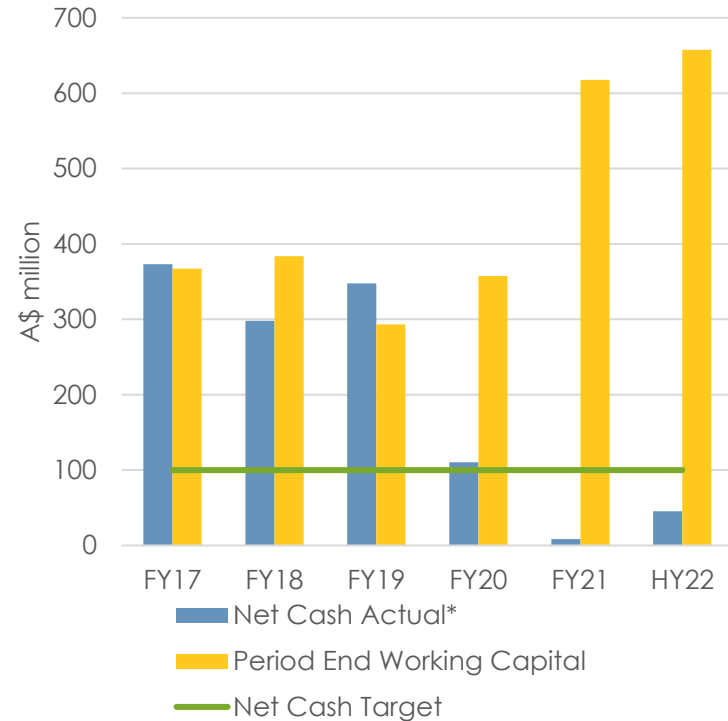




# Balance Sheet

## Target net cash balance of A\$100 million

- Target of \$100 million net cash, represents conservative cash management bias in a commodity exposed business.
- Targeted net cash will be modified for short term fluctuations driven by commodity price movements and the correlated change in working capital:
  - Fall in commodity prices = target higher
  - Rise in commodity prices = target lower
- Excess surplus cash has been:
  - Invested in value adding growth capex and acquisitions
  - More recently used to fund working capital increases from higher commodity prices
  - Returned to shareholders



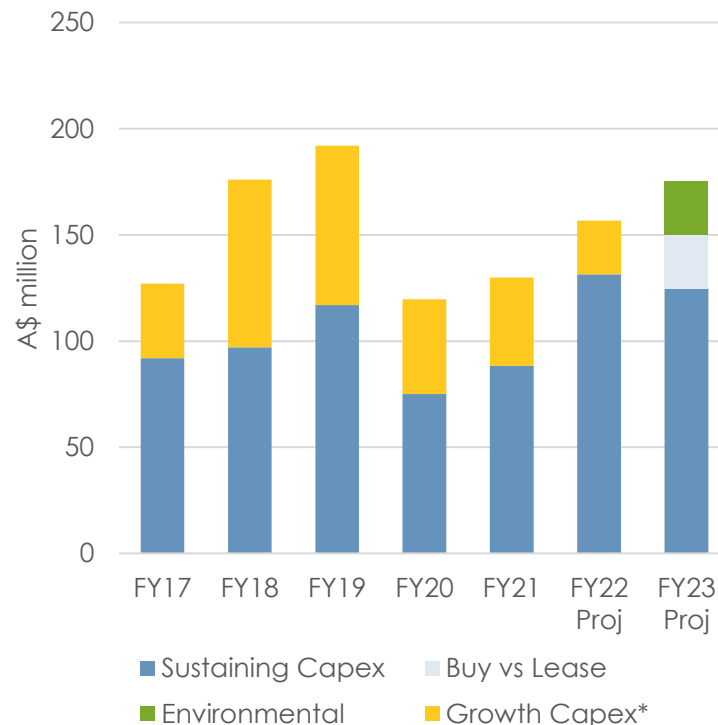
\* Net Cash Actual= Year End cash balance – Year End borrowings



# Capital Expenditure

## *Disciplined and appropriate capital expenditure program*

- FY22 has seen a pick-up in the rate of capital spend post-COVID as activity levels return to normal.
- Going forward, sustaining capital expenditure is expected to approximate depreciation (excl. right of use assets) at ~\$120m to \$130m pa.
- Mobile plant will be owned rather than leased to improve capital efficiency.
- Additional capital expenditure will be required for environmental projects in line with Sims' EH&S commitments.
- For SRR, the existing project (demonstration plant) will be funded through to conclusion of this stage.
- Growth capex requires a 15% post tax IRR.



\* Growth Capex excluding acquisitions.  
FY23 forecast growth capex anticipated, but not included.



# Recycling Capital

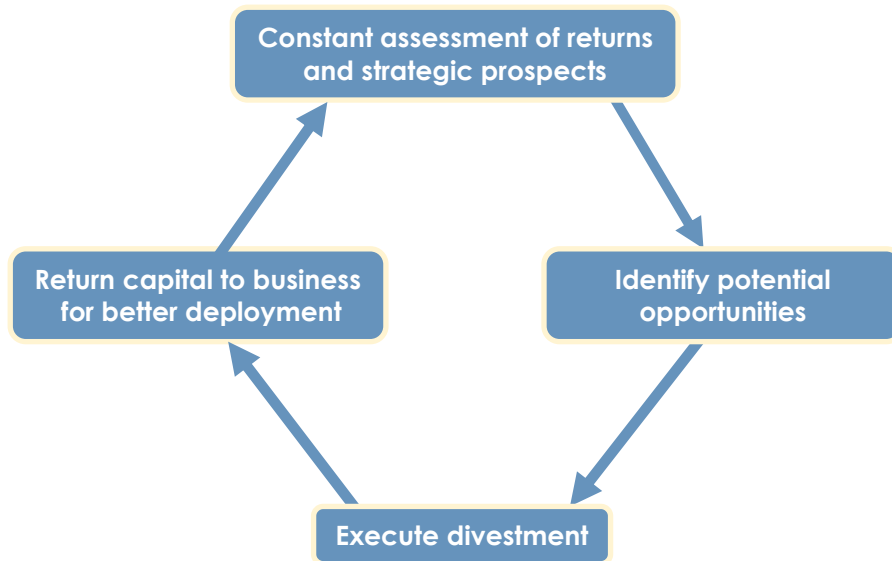
*Prudent capital management through a range of funding alternatives*

## Case Study: SMR

- Identified as having returns below IRR hurdle
- Good strategic opportunities but execution difficult due to required management focus
- Partner identified to sell 50.5% stake for approximately US\$45.4 million
- Proceeds recycled to substantially fund acquisitions of Recyclers Australia and ARG

## Case Study: SLS European Operations

- Identified as having stable but gradually declining returns below IRR hurdle
- Limited strategic opportunities
- Management focus disproportionate to better opportunities available in the cloud
- Sold for €83.5 million
- Proceeds recycled to growth capex



# Capital Management

## *Capital management aligned to shareholder value*

### Summary of Priorities

1. Target \$100 million net cash excluding significant changes in working capital attributable to commodity price movements.
  2. Invest in growth capex and acquisitions that deliver shareholder value through a minimum 15% IRR.
  3. Surplus cash distributed through a combination of dividends and on market buy backs taking into account conditions at that time and shareholder feedback. HY22 cash distribution is a good example:
    - 50% of Underlying net profit distributed; via
    - 30% partially franked dividend; and
    - 20% on market buy back:

• 1H22:	4.1 million shares @ \$13.79
• 2H22:	2.8 million shares @ \$19.09
• <b>Total:</b>	<b>6.9 million shares @ \$15.96</b>
- SA Recycling, LMS and Sims Energy funded through JV Balance Sheet



# SA Recycling Today

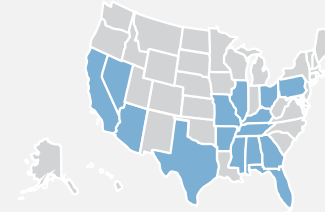
**125** Facilities



**23** Shredders



Operations in **15** States



**2.3** million tonnes  
Intake Volumes in HY22<sup>1</sup>



**2.2** Sales Volumes  
in HY22<sup>1</sup>



**+3000** employees



<sup>1</sup> SAR volumes 100%



# SAR's rapid growth since 2017

*Successful acquisition integration*





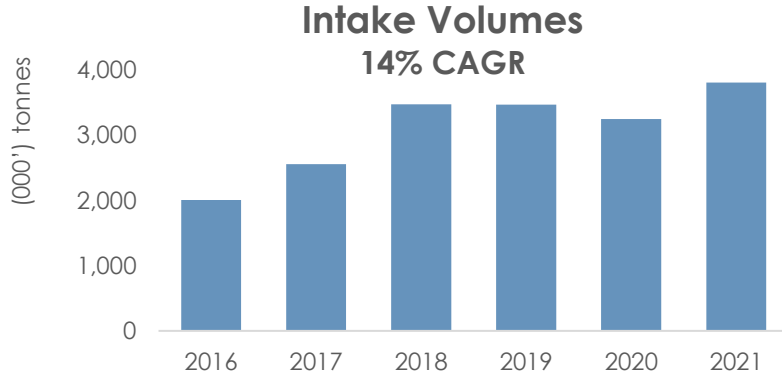
# M&A Integration

*Long track record of creating value through successful M&A integration*

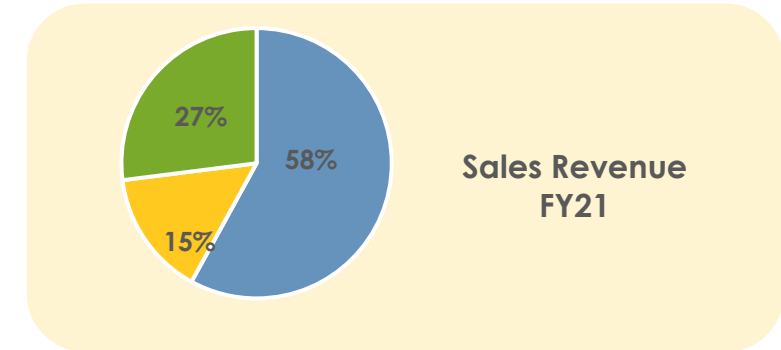
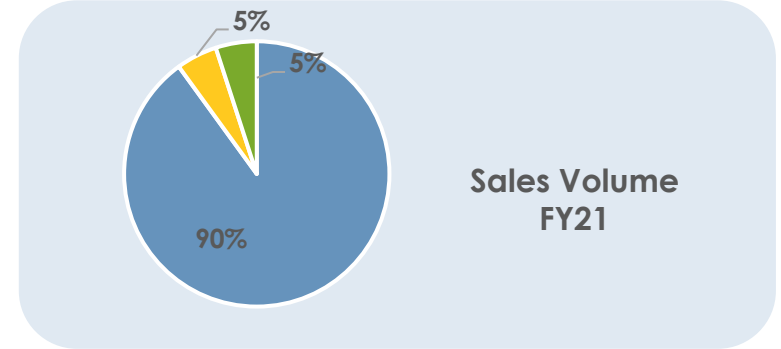
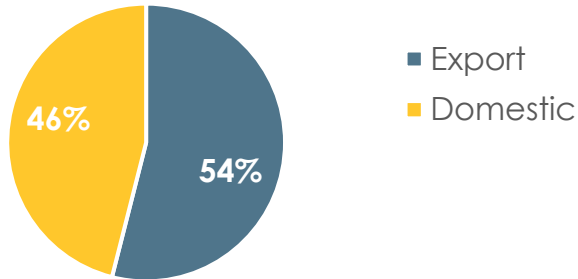
- 125 years' management experience operating in the United States scrap metal market
- Experienced Board
- Strong internal processes, from due diligence to integration, run by an experienced team
- Results driven culture - entrepreneurial and inclusive
- Clear strategic rationale:
  - Consolidation: Primarily bolt-on acquisitions focused in areas of highly concentrated SA Recycling operations
  - Strategic & Complementary: Increase presence in existing SA Recycling regions
  - New Markets: Large regional expansions into new markets



# SAR - Volume and Revenue



## Export vs Domestic



- Ferrous
- Non-Ferrous Shredder Recovery
- Non-Ferrous Retail



# SA Recycling's Business Priorities



- Integration of acquisitions closed in HY22
- Enhance presence in existing footprint
- Investment in technology and infrastructure
- Further downstream investment to produce mill ready products, semi-finished products, or reduce dependency on intermediary consumers.



# Key Summary

- **Trading margins in percentage terms** are relatively steady through the cycle.
  - *% margin is a more reliable method of viewing earnings*
- One third of revenues are generated from **non-ferrous metals**
  - *Meaningful exposure to copper and aluminium provides earnings upside following recent commodity price increases*
  - *Long term benefits from increased use of non-ferrous metals to enable carbon-reducing technologies*
- **Inflation**, including benefits from higher metal prices, can be **a net positive**
  - *Commodity tailwinds offset cost pressures*
- **Working capital** requirements are a direct **reflection of commodity prices**
- **Disciplined capital expenditure** program
- **Capital management** aligned with **shareholder value**





## Questions & Answers





# Alistair Field

Group CEO & Managing Director





# Outlook Remains Strong

***3Q22 performance tracking in line with 2Q22, underpinned by strong prices and demand***

- EBIT momentum has, to date, continued into 3Q22. Intake levels remain solid benefitting from strengthened non-ferrous and ferrous commodity prices in March
- SA Recycling's acquisition of PSC Metals will commence full contribution in 2H FY22
- We continue to closely manage the impacts of freight cost volatility as well as increased fuel prices and are actively seeking medium term efficiency gains to offset inflation pressures

## **Macro-trends**

- Ongoing or announced stimulus spending will increase demand for metal intensive infrastructure spending and drive retail consumption. Post consumption scrap will also increase. Positive for metal recycling (both ferrous and non-ferrous)
- Global decarbonisation of steel making, and electricity generation industries will drive demand for recycled metal
- The fundamental drivers of the cloud infrastructure recycling remain positive over the medium term. Cloud material shortage is expected to ease in early 2023 and cloud repurposing to return to rapid growth
- As always, there are risks to the materialisation of these positive drivers, particularly in relation to the global uncertainty from geopolitical risks, which have intensified in March. We remain vigilant to macro-economic factors, and the unpredictability of how COVID may evolve





## Questions & Answers



