



SIMS
METAL
MANAGEMENT



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



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About Us

2019 Sustainability Highlights

The Sims Purpose

Managing Sustainability

Our Performance



400k

tonnes of electronic waste recycled



Materiality assessment

completed to inform our new sustainability strategy and reporting

A \$27m

earnings¹ realised through strategic investments in non-ferrous secondary separation plants, cable granulators and upgrades to material recovery plants



500k

tonnes of municipal curbside recycling processed

MEMBER OF
Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Member of Australia Index since 2009

A \$125m

invested to close the loop on our ASR² waste over the past two years



9.8m

tonnes of secondary metals recycled



Member of the World Business Council for Sustainable Development



37%

Board of Directors are women



25%

executive leadership team are women



400k

MWh of renewable energy generated

1 Earnings Before Interest and Tax (EBIT)

2 Automotive shredder residue



About Us

About Sims Metal Management

Founded in 1917, we're a global leader in metal and electronics recycling and an emerging leader in the municipal recycling and the renewable energy industries. Driven by our purpose, **create a world without waste to preserve our planet**, we continue to innovate and offer new solutions in the circular economy for consumers, businesses, governments and communities around the world.

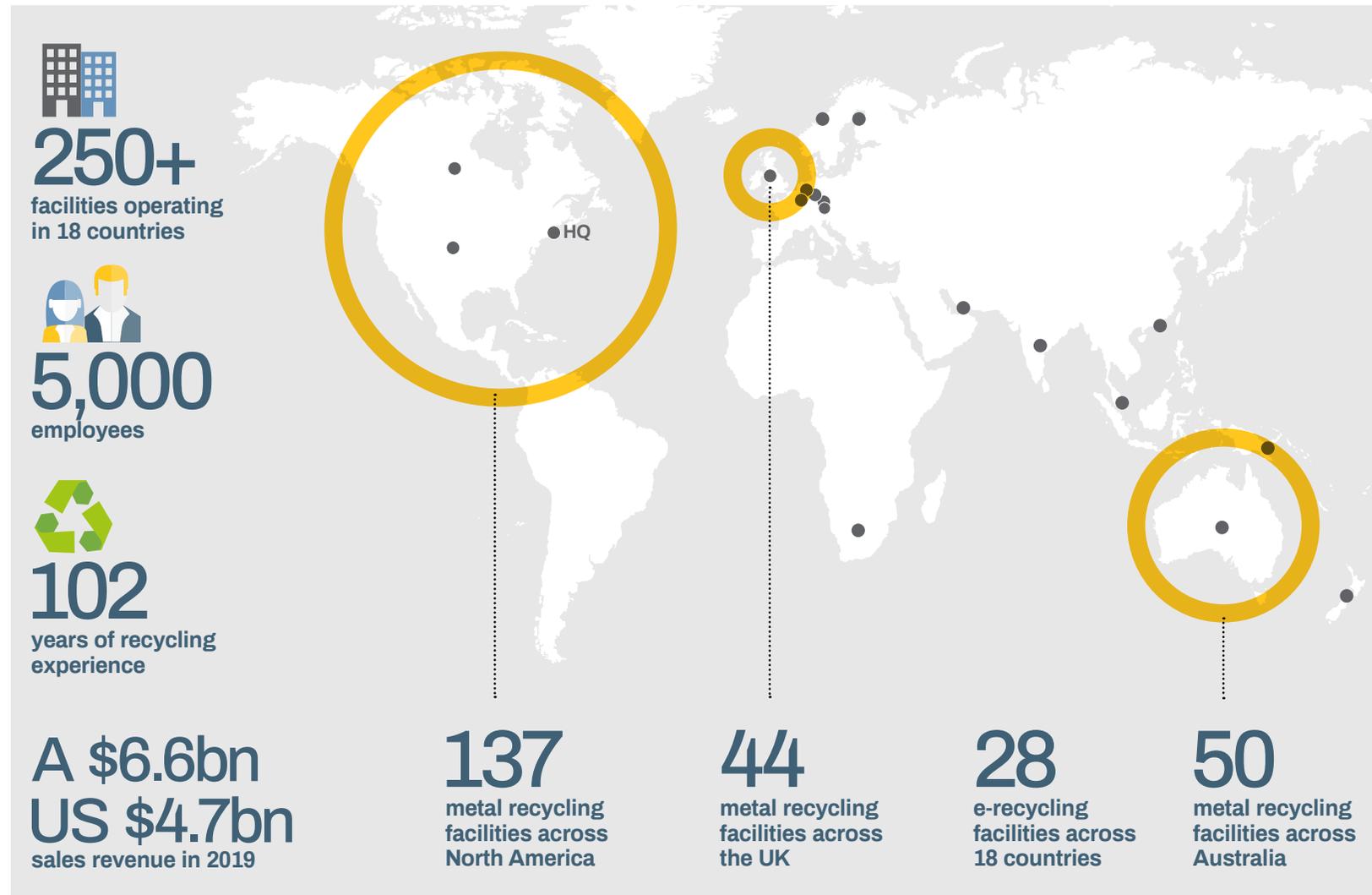




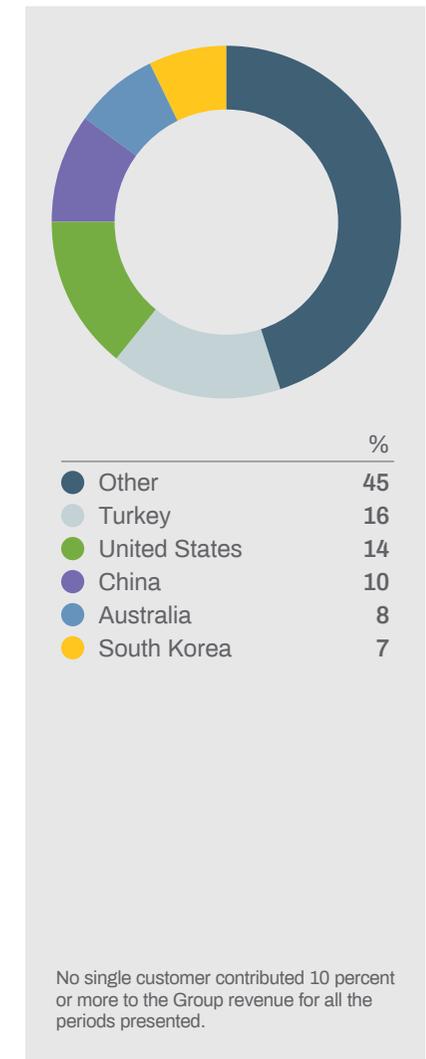
About Us

102 Years Of Global Recycling Experience

Our locations



Sales to customers





About Us

Our Business At A Glance

Our services



Metal Recycling

We buy, process and sell ferrous and non-ferrous recycled metals, through our locations primarily located in the U.S. the UK and Australia.

We recover, process and sell steel, iron, copper and aluminium to manufacturers in 30 countries. Globally, we recover and recycle more than 9.8 million tonnes of scrap metal per year, and we continue to fortify and grow this area of our business through market optionality and operational excellence.

9.8m

tonnes of scrap metal recycled globally



E-Recycling

We're a market leader in e-recycling, and we enable a range of industries to securely and responsibly reuse, recycle and manage the disposal of IT equipment and electronic products in a legally compliant, data secure, fully traceable and environmentally sustainable way.

We recovered 400k tonnes of electronic waste in FY19 and recycled 15.2k tonnes of cloud computing material. We're constantly exploring new innovative solutions to serve this vast emerging market, growing product stewardship and services for recycling the cloud with a focus on closing resource loops for our customers.

400k

tonnes of electronic waste recovered



Municipal Recycling

We lead urban recycling in New York City and handle a portion of the curbside recycling programme for Chicago's South side – two of the largest urban areas in the U.S.

We process and market 100 percent of the metal, glass and plastic collected from the 8.5 million residents of New York, and 50 percent of the paper. We're evolving our municipal recycling capabilities to meet the needs of an ever-changing recycling landscape.

Our mission is to develop transformative waste management solutions for the megacities of the future.

100%

of metal, glass and plastic processed in New York City



Energy Recovery

As part of our long-term growth strategy, we will expand our business offering to include recovering resources from the non-metallic waste that is generated from the automotive shredding process.

By leveraging proven gasification technology where no harmful materials or emissions are produced directly from the process, this waste by-product will be transformed into a resource in key global markets.

This line of business will allow us to close the loop on our own waste, save on landfill and energy costs, and develop a new revenue stream.

7 plants

to be operational within the next 10 years



Renewable Energy

Our joint venture, LMS Energy, is a leader in landfill gas-to-renewable energy and an innovator in solar on landfill technology. LMS operates more than 20 sites in Australia.

The recovery of landfill gas by LMS reduces carbon emissions and provides enough local renewable energy to power approximately 70,000 homes in the surrounding community.

We plan to pursue opportunities to expand this proven business model and technology globally with the goal of acquiring or building 50MW of electricity by FY25.

> 20

LMS sites in Australia



About Us

Sims Integrated Strategy

Our strategy is to grow our core metal recycling business and leverage industry similarities to expand into adjacent markets through a portfolio of businesses aligned to our purpose.

Current Business Goals	 Metal Recycling	Fortify and grow sustainable profits	Continue to lead metal recycling by nearly doubling the non-ferrous business by FY25 and grow the ferrous business to approximately 40 percent in the U.S. in the next six years.
	 E-Recycling	Grow product stewardship and services for recycling the cloud	Become the leading global recycler of data storage centres (the cloud), and recycle 200k tonnes of the cloud by FY25. Be the supply chain partner of choice for Original Equipment Manufacturer (OEM) recycled plastic needs.
	 Municipal Recycling	Develop recycling solutions for major cities	Expand the well-established municipal recycling business into other major U.S. cities.
New Business Goals	 Energy Recovery	Recover waste to create new revenue stream and reduce costs	Utilise auto shredder residue to create a resource, reduce costs and establish a new revenue stream. Install and operate seven plants within 10 years. Build and operate the first plant by 2022.
	 Renewable Energy	Expand proven business model and technology globally	Expand proven landfill gas to energy business and technology from Australia to the UK and the U.S. Acquire or build 50MW by 2025.



About Us

Chairman's Message

Geoffrey Brunsdon

Create a world without waste to preserve our planet.

This past fiscal year, we introduced the Sims purpose: *create a world without waste to preserve our planet.*

This purpose demonstrates our belief that sustainability is at the core of our business and is key to creating long-term shareholder value.

Sims' purpose provides the lens by which we will consider every aspect of our business: appointing the right leaders; guiding corporate culture; innovating sustainable solutions to drive our profitability; and working with partners to advance the circular economy. It clearly articulates our identity and enables us to attract like-minded employees, shareholders and partners.

Safety first

Safety is our first priority, and it is the foundation of everything we do. It is, therefore, with immense sadness that I report the loss of two Sims employees as a result of workplace incidents during the course of FY19. On behalf of my fellow directors, I send my deepest condolences to their families, friends and Sims colleagues.

No workplace injury is acceptable, and we must do everything possible to make sure all of our employees return home safely at the end of the day. The Board and executive leadership team are fully committed to an ongoing full review of our safety culture and policies to act on improvements that will help us keep all our employees safe. By working together we will create a workplace that is injury free.

Setting out our ambition

Guided by the Sims' purpose, in April, we shared our ambitious strategic plan. This strategy sets Sims on a path to pursue opportunities for growth in its core metal and e-recycling businesses, and to reduce waste and produce clean energy to further the reach of its sustainability efforts. As a global company with a 102-year heritage, Sims is uniquely placed to capitalize on the rising demand for recovering end-of-use materials and the transition to a circular economy.

Sims has a strong history of innovation, and we will continue to improve the quality of our processes.





About Us

Chairman's Message continued

Strategic investments in new technologies to increase metal yields and reduce waste, such as non-ferrous secondary separation plants, cable granulators and upgrades to material recovery plants, enable the Company to deliver on its purpose and generate financial returns for its shareholders. In FY19, these investments provided A\$27 million EBIT.

Similarly, the e-recycling business continues to collaborate with clients to provide innovative and secure recycling and recovery solutions. Recycling the cloud is an excellent example of Sims' ability to increase revenue and profitability, while working toward realizing a world without waste.

“
Sims has a strong history of innovation, and we will continue to improve the quality of our processes.
”

Working together to maximise our impact

We recognise the importance of partnership and collaboration for driving positive change and innovation. One company alone cannot provide the long-term solutions that will enable a society to overcome its challenges.

In FY18, the Group joined the World Business Council for Sustainable Development (WBCSD), and it recently joined the steering committee for the Invest NYC Sustainable Development Goal (SDG) Initiative.

This two-year project, led by NYU Stern Center for Sustainable Business, aims to create a more sustainable, inclusive and resilient New York City. We will work with other sustainability leaders to develop new approaches and deliver waste management solutions that contribute toward a safer and more sustainable world.

This is our first year reporting on the Group's sustainability record using the Global Reporting Initiative as a guideline. We have also begun to adopt the Task Force for Climate-related Financial Disclosures (TCFD) recommendations to more closely track and disclose our climate-related risks and opportunities. There is much more work to be done, but we believe this is the right step to take during an exciting year when we announced our new purpose and strategic plan. A year of transformation and opportunity.

Growing our diverse team

The Board recognises the value of diversity – both in terms of background and experience – for achieving Sims' purpose. A diverse workforce is essential for developing the innovative and creative solutions necessary to drive a profitable and sustainable future.

Sims' workforce is geographically diverse with operations in 18 countries. Nearly forty percent of our non-executive directors are women, and this year, Sims added two women to its leadership team, increasing the percentage of female executives from nine to 25 percent. We still need to improve our gender balance, and the Board and executive leadership team remain focused on achieving this objective across the entire workforce while creating a workplace that fosters diversity in the broadest sense.

Our purpose will enable us to attract talented employees with the skills necessary to develop and implement sustainable solutions. Moreover, we will continue to work hard to ensure our workplaces are appealing to every current and future employee.



25%
female executives

Our approach to hiring is fair, our policies and working environment result in all employees feeling welcome, and our remuneration is equal.

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

Geoff Brunsdon
Chairman



About Us

CEO's Message

Alistair Field

This past fiscal year, we introduced the Sims purpose, create a world without waste to preserve our planet, and it marked a pivotal moment in our company's history and future. Our purpose clearly articulates our commitment to sustainability, as well as outlines a distinct operating philosophy that reflects who Sims is today and where we would like to be in the future.

We also announced key business growth strategies that will strengthen our position in the circular economy by investing in innovative technologies that will allow us to extract more value from our inputs.

While we have made great strides during FY19, we are not yet where we want or need to be. It pains me greatly to share that we lost two employees, David Luther and Daniel Dyeming, this past year. My deepest condolences go out to their families, friends and loved ones. We have operated for almost a decade without a fatality, and excellent safety records like that require a continued focus on identifying and managing risks.

“
We are looking to deliver value to our stakeholders by doing what is good for our planet, as well as what is good for our business.
”

I take every safety incident very seriously, and I will ensure that everyone at Sims continues to place a great deal of importance on safety. Each employee is committed to ensuring that we continue to provide a safe working environment for all employees and visitors. The loss of our two colleagues has galvanised the executive leadership team around improving our safety performance, and we are in the process of implementing a large-scale, global safety continuous improvement plan to determine the root cause of these incidents so that we can get back to the strong focus on safety that we are accustomed to.





About Us

CEO's Message continued

As with safety, sustainability is very important to all of us at Sims. It is at the core of our business strategy, especially as we look to rapidly adapt to, and be ready for, the demands and opportunities brought by a fast changing world. The future is now; we cannot leave it up to another generation of leaders to solve the challenges that face our world, such as climate change and the circular economy, any longer. The executive leadership team and I are incorporating the Sims purpose into our growth and capital management strategies so that we can establish the blueprint for the future: build long-term value, operate sustainably and grow profitably.

This past April, we announced the Group's strategic plan to drive growth through FY25 and the investments we've made, specifically in technology, to support this strategy for the long-term. With purpose at the foundation, this type of future-proofing allows us to create alignment among each of our business units, strengthen our brand, and grow by creating shared value for our shareholders, employees, communities and the broader society.

At Sims, we create long-term value by providing secure and sustainable management of resources. While the concept of the circular economy is not new, the drive to make it the standard business model is. As a key enabler of the circular economy, we are looking to deliver value to our stakeholders by doing what is good for our planet, as well as what is good for our business.

We understand our role in achieving circularity, and we consistently look for complimentary technologies that will allow us to extract more value from resources. To amplify our positive impact, we will collaborate with our extended value chain to advance the skills and capabilities needed to address this global challenge. Our alliance with industry bodies, such as the World Business Council for Sustainable Development, and the NYU Stern Center for Sustainable Business, enables us to connect with other businesses that are also on a journey to sustainability and circularity.

Sims is committed to furthering the vision set forth by the United Nations Sustainable Development Goals (UN SDGs). We are ready, willing and able to be part of the change, and I am proud to lead Sims during this stage of the Group's history.

Our employees have started taking steps to ensure that we can be successful on this journey, and I am very appreciative of their hard work and dedication during FY19. I know that our work is not done, because sustainability requires a mindset change to drive this cultural shift. As we aspire to be a force for change, my team and I will continue to drive this philosophy throughout our organisation.

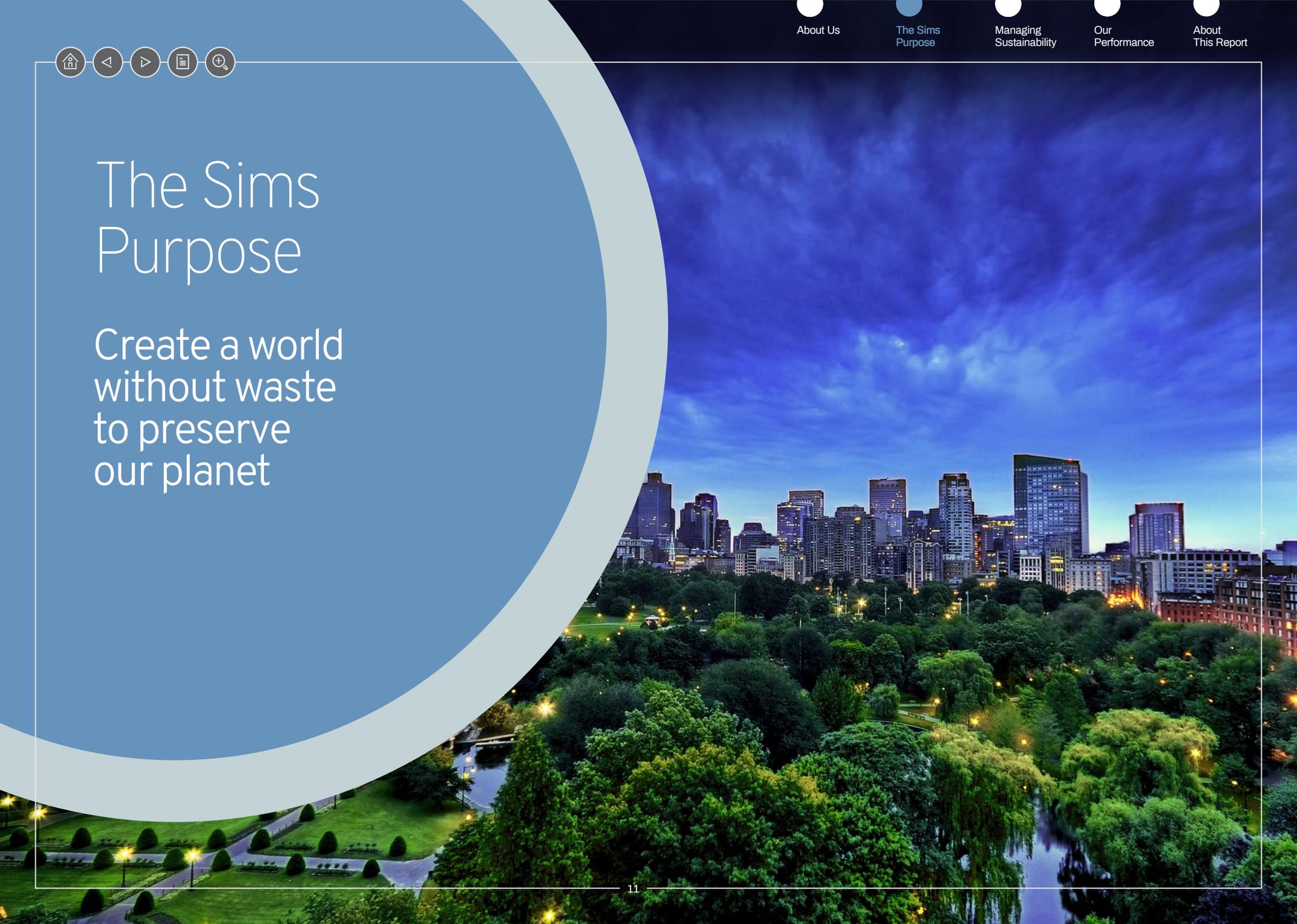
Alistair Field
CEO

“
At Sims, we create long-term value by providing secure and sustainable management of resources. While the concept of the circular economy is not new, the drive to make it the standard business model is.
”



The Sims Purpose

Create a world
without waste
to preserve
our planet

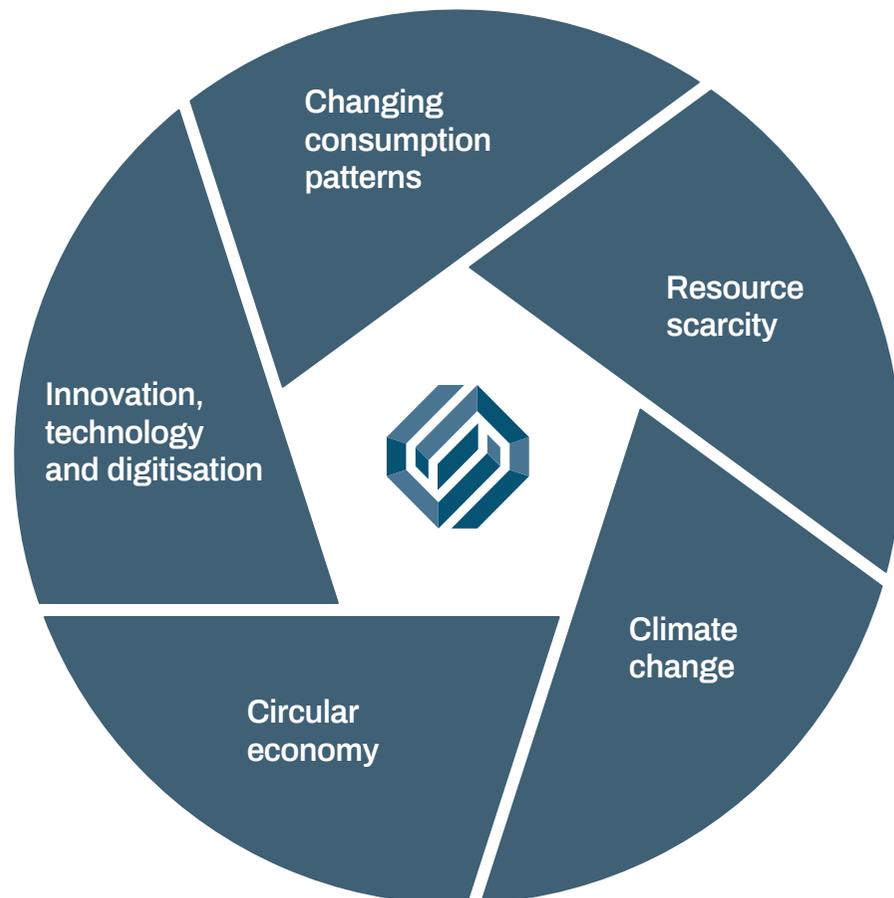




The Sims Purpose

Trends Shaping Our World

Our society is facing crucial challenges as it navigates an increasingly uncertain and complex world. There's wide recognition that a sustainable future requires wholesale system change with transformation to a circular economy at its heart.



Changing consumption patterns

As the global population continues to grow, so do consumption patterns. According to the United Nations (UN), in 1990 the average person consumed 8.1 tonnes of natural resources to meet their needs and by 2015 it rose to 12 tonnes.³

Central to this change for Sims is the growing demand for electronic goods. While technology has the power to transform lives and brings huge benefits, the disposal of electronic goods presents society with an urgent challenge. The UN calls this challenge a “tsunami of e-waste” and predicts that e-waste is the fastest-growing waste stream in the world – estimated at 50 million tonnes annually.⁴

Similarly, the World Economic Forum states that only 20 percent of the world's e-waste is currently being formally recycled and that, if nothing is done, e-waste is expected to more than double by 2050.⁵

Resource scarcity

Our changing consumption patterns are inextricably linked to increasingly scarce natural resources. In 2017, material consumption reached 92.1 billion tonnes and, without urgent action to minimise our use of materials, it is projected to hit 190 billion tonnes by 2060.⁶

50m
tonnes of e-waste
is generated globally
a year⁴

190bn
tonnes of natural
resources is predicted
to be consumed
globally by 2060⁶

³ <https://sustainabledevelopment.un.org/sdg12>

⁴ http://www3.weforum.org/docs/WEF_A_New_Circular_Vision_for_Electronics.pdf

⁵ http://www3.weforum.org/docs/WEF_A_New_Circular_Vision_for_Electronics.pdf

⁶ <https://sustainabledevelopment.un.org/sdg12>



The Sims Purpose

Trends Shaping Our World continued

Many of the products we use every day – from washing machines to cars – contain valuable raw materials that when recycled, reduce our reliance on raw materials. However, according to European Union policy platform EURACTIV, only 17 percent of appliances in the EU end up in waste bins and two-thirds are not traced, so we don't know how they are treated or reused, if at all.⁷

For Sims, this leakage of valuable resources to landfill represents a natural opportunity for our company. E-waste provides a stark example of the opportunity to capture valuable resources. In its New Circular Vision for Electronics, the World Economic Forum states that e-waste can contain precious metals estimated to be 40-50 times richer than mined ores.

The material value of this waste is estimated to be around \$62.5 billion USD annually. Using these 'waste resources' from used electronics within a circular economy is also a key opportunity to reduce carbon-dioxide emissions from mining raw materials.⁸

Climate change

Climate change is the challenge of our time.

The latest report from the Intergovernmental Panel on Climate Change (IPCC) states that global warming is likely to reach 1.5°C between 2030 and 2052 if it continues at the current rate.⁹ Curbing and adapting to climate change will require drastic and fundamental action beyond business as usual.



17%
of appliances in the EU end up in waste bins and two-thirds are not traced⁷

US \$62.5bn
of e-waste material value globally⁸



At Sims, our role extends far beyond managing our own emissions and climate risks, as implementing circular economy solutions is central to achieving the goals of the Paris Climate Agreement. Indeed, the IPCC states that a more circular economy could cut industrial emissions in the EU by more than 50% by 2050.¹⁰

Circular economy

As defined by the Ellen MacArthur Foundation, the circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use for as long as possible and regenerating natural systems. Unlike the current linear system where we take resources to make products, use those products and then throw them away – it's a shift in the way we design, produce, and use them within our planet's limited resources, to create a thriving economy.

⁷ <https://en.euractiv.eu/wp-content/uploads/sites/2/special-report/EURACTIV-Special-Report-Metals-in-the-circular-economy.pdf>

⁸ http://www3.weforum.org/docs/WEF_A_New_Circular_Vision_for_Electronics.pdf

⁹ http://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf

¹⁰ <https://unfccc.int/news/circular-economy-is-crucial-to-paris-goals-study>



The Sims Purpose

Trends Shaping Our World continued

Research by the Ellen MacArthur Foundation suggests that shifting to a circular model in Europe for products like mobile phones and washing machines could deliver savings of up to \$630 billion USD per year.¹¹ For Sims, the shift towards a more circular economy is at the heart of our heritage, our purpose and our strategy for the future.

Innovation, technology and digitisation

The rapid pace of technological change is creating new markets and business opportunities. Investment in cloud infrastructure continues to grow unabated. Cloud computing and the 'Internet of Things' hold the potential to deliver significant benefits for resource efficiency and waste reduction, as products and services reduce the reliance on equipment and hardware.¹²

However, cloud servers have a typical lifespan of just three years according to World Economic Forum.

This makes data centre equipment a prime target for the circular economy, as stripped-down components can be resold, preventing valuable resources from ending up in landfills.

Blockchain technology allows data tracking of materials and activities across the value chain. By increasing transparency and traceability of waste streams using blockchain, we could see the emergence of a new age of waste management accountability. At the other end of the chain, turning waste with no other possible use into energy and feedstocks, could provide fuel to support the circular economy.

A Joint Research Centre of the European Commission report on the use of waste-to-energy technologies found that the efficiency of waste-based energy generation in Europe could be increased by more than 25 percent using currently available technologies.¹³ At Sims, unlocking the potential of innovation, technology and digitisation is a key component in addressing the challenges and opportunities ahead of us.



US \$630bn
annual potential cost savings by
shifting to a circular economy across
Europe for products such as mobile
phones and washing machines¹¹

¹¹ <https://www.ellenmacarthurfoundation.org/explore/the-circular-economy-in-detail>

¹² http://www3.weforum.org/docs/WEF_A_New_Circular_Vision_for_Electronics.pdf

¹³ <https://ec.europa.eu/jrc/en/news/turning-waste-energy-fuel-circular-economy>



The Sims Purpose

Sims and The Circular Economy

Our purpose is to create a world without waste to preserve our planet.

We're on a mission to become a global leader in the circular economy – keeping resources in use as long as possible and extracting the maximum value from those resources. At Sims, our global presence means we're uniquely positioned to help lead the transformation that's so urgently needed.

Transitioning to a circular economy is about much more than just reducing the waste inherent in the linear economy. It's about sustainable growth that creates economic opportunities, environmental and social benefits and increases business resilience. This transition requires a systemic shift that closes, optimises and values resource loops across the value chain.

We're working to drive faster progress toward circularity and we are constantly looking for opportunities to partner with others who want to do the same.



A circular economy is a system in which all materials and components are kept at their highest value at all times, and waste is designed out of the system. It can easily be thought of as the opposite of today's linear economy. It can be achieved through different business models including product as a service, sharing of assets, life extension and finally recycling.

Ellen MacArthur Foundation¹⁵

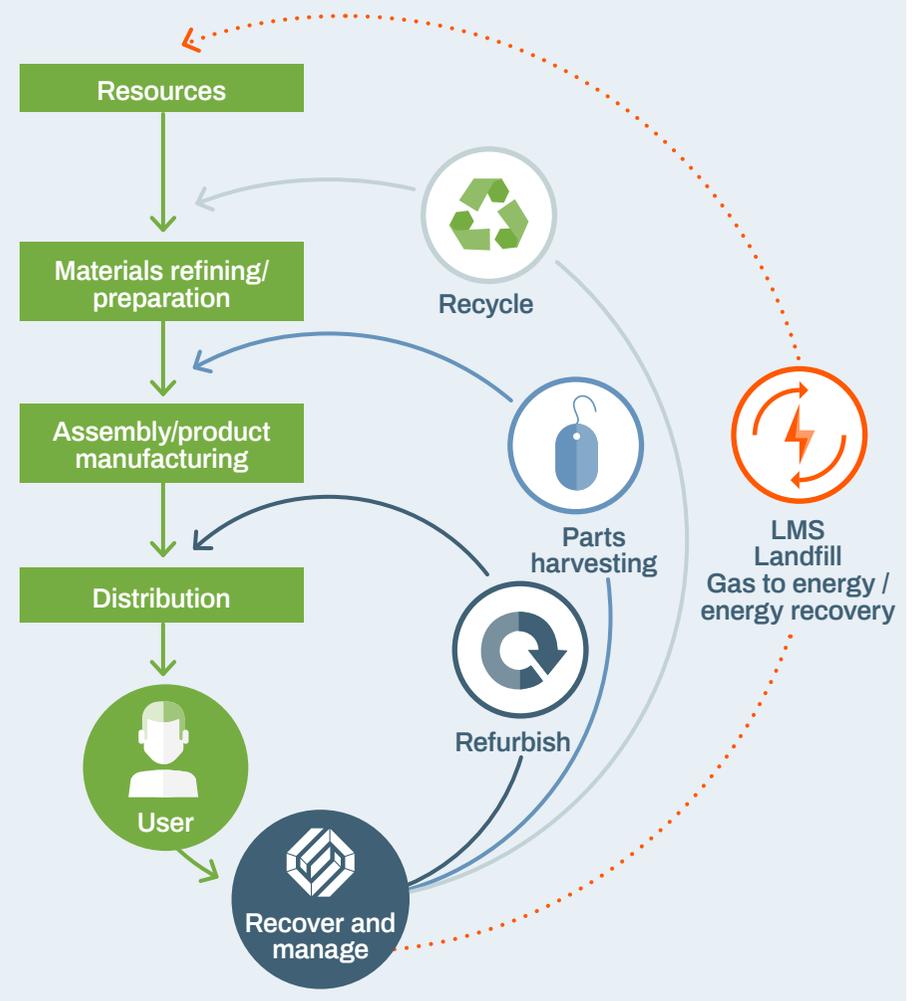


¹⁵ http://www3.weforum.org/docs/WEF_A_New_Circular_Vision_for_Electronics.pdf
¹⁶ <http://www.kesab.asn.au/simsmm/>

? Did you know?

For every tonne of steel recycled, carbon emissions are reduced by **2.1 tonnes**¹⁶

Sims enables the circular economy

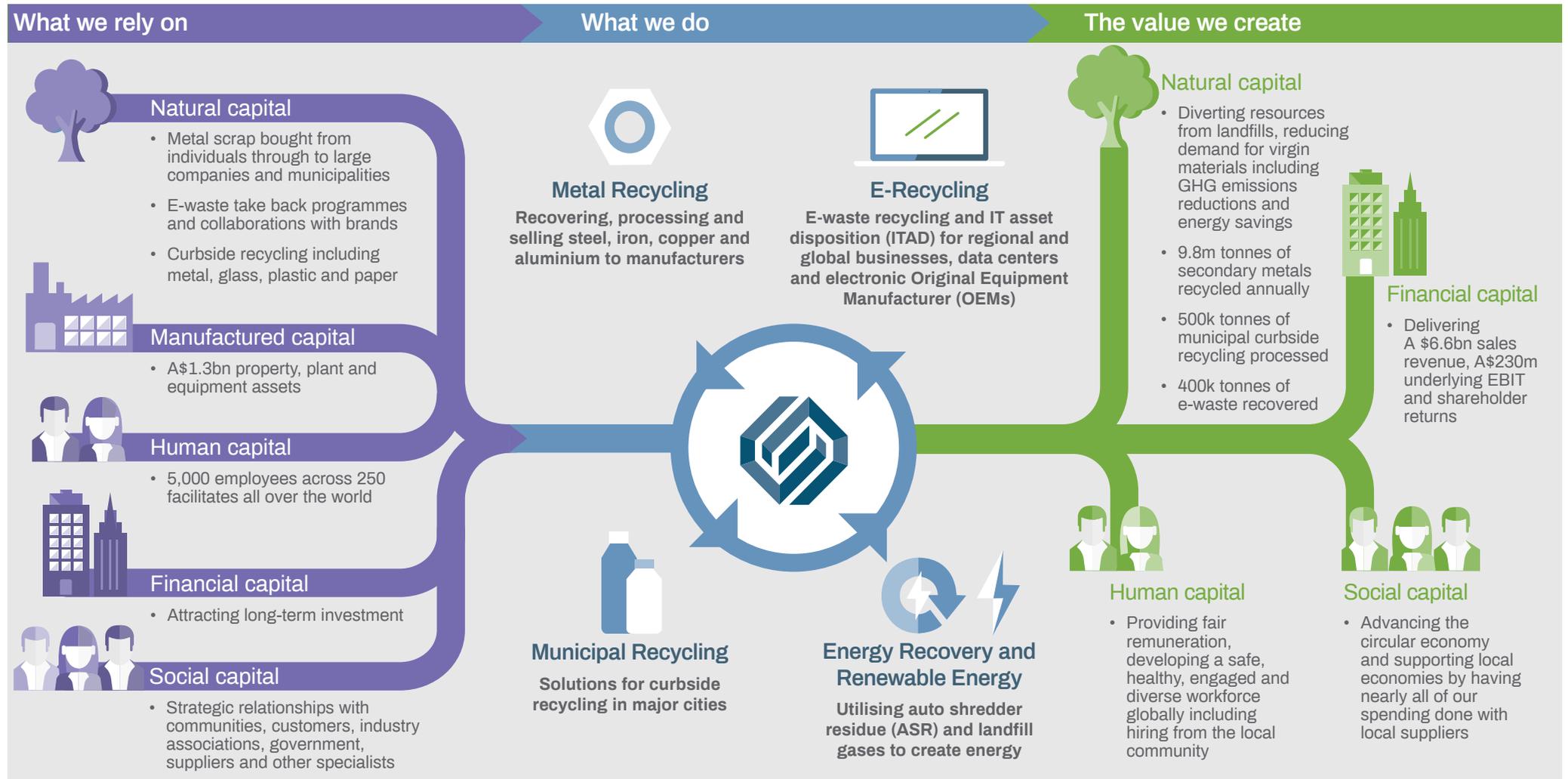




The Sims Purpose

How Sims Creates Value

Sustainable growth creates economic opportunities, environmental and social benefits and increases business resilience. This transition requires a systemic shift that closes, optimises and values resource loops across the value chain.





The Sims Purpose

The Circular Economy And Climate Change

We're working to drive faster progress toward circularity and constantly looking for opportunities to partner with others who want to do the same.



Did you know?

When one tonne of aluminium is recycled, carbon emissions are reduced by a staggering

7.9 tonnes¹⁸

Case
study

Collaborating with Nespresso for Zero Waste

In March 2019, Nespresso, the City of New York Department of Sanitation (DSNY) and Sims Municipal Recycling (SMR) announced a \$1.2 million commitment to increase the recovery of aluminium coffee capsules through New York City's curbside recycling programme. The funding from Nespresso will assist SMR in installing technology to better sort and capture lightweight aluminium, including foil and other mixed metals, which makes it possible for these items to be turned into new products and support New York City's Zero Waste initiative. A key component of the partnership will be to encourage New York City residents to recycle Nespresso capsules, as well as the 43,000 tonnes of aluminium foil and other mixed metals that currently end up in a landfill each year.



Read more online:
www.simsmm.com



This is an excellent example of how the public and private sectors can collaborate to develop solutions that have broad environmental impact and create shared value. New Yorkers are familiar with recycling aluminium cans, and we want to encourage people to also recycle a wider array of aluminium products that they use on a regular basis.

Guillaume Le Cunff,
President and CEO of Nespresso
USA via joint press release¹⁷



¹⁷ <https://www.simsrecycling.com/press-releases/nespresso-commits-1-2-million-to-better-enable-the-recycling-of-aluminum-coffee-capsules-through-new-york-city-curbside-program/>

¹⁸ <http://www.kesab.asn.au/simsmm/>



The Sims Purpose

Our Sustainability Strategy

The future is now, and the need for action rests in our hands. As we deliver on our purpose, the challenges facing our society present us with abundant opportunities to advance the circular economy, to create shared value by partnering for change, and to grow our business.

We share the vision set forward by the United Nations Sustainable Development Goals (UN SDGs), and we know we have a clear role to play in helping achieve it. We are committed to supporting progress on the UN SDGs with particular focus on the four goals that we believe we can make the greatest contribution:



It's an exciting time for Sims, and we are in the process of developing our next set of clear, actionable, outcome-driven sustainability goals to evolve our business and maximise our positive impact. We want to be the best, safest and most responsible recycling and recovery company in the world.

We constantly seek new ways to broaden our participation in society by forging a path toward a more circular economy. And we're determined to be a responsible partner in the communities in which we operate as we strive to serve as a beacon for industry change globally.

Our new sustainability strategy will focus on three outcomes including closing the loop, raising the bar and amplifying our impact.

We will expand more on our new Sustainability Strategy and framework throughout FY20.



<p>Close the loop: The foundation of our business</p>	<p>We close resource loops by enabling society to restore, repair, refurbish, remanufacture and recycle materials. Across our business divisions, we collect, sort and pre-process valuable resources to keep them in the loop at their highest value.</p>
<p>Optimise: Raising the bar</p>	<p>We're investing in innovative technologies that allow us to extract more value from inputs, re-think waste and enable the circular economy. Optimising our processes can increase metal yields and differentiate our products. We're expanding into new business adjacencies, such as recovering energy from waste, and new markets, such as recycling the cloud and converting landfill gas to energy.</p>
<p>Value: Amplifying our impact</p>	<p>The shift to a circular economy will require innovative business models that either replace or improve existing ones, or spark new opportunities and ideas. We collaborate with our customers to challenge conventional models of product design, manufacturing, distribution and, ultimately, reuse and recycling. We see great potential to create shared value by partnering for change across the value chain.</p>



Managing Sustainability





Managing Sustainability

Governance

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

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

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

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

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

You can find Sims Metal Management's Board and Committee Charters, General Codes and Policies, including the Safety, Health, Environment and Community Policies, [online](#). You can also read more about our approach to responsible business on page 51 of this report.

The Board met nine times during FY19. Four of those meetings extended over three days. The meetings involved strategy review and extensive interaction with members of the executive leadership team, as well as the regular oversight exercised by the Board through its meetings.

Our Core Values



Safety

Safety will always be our first priority. We believe that all incidents are preventable and **we are committed to a goal of zero injuries.**



Transparency

We ensure a sense of **appropriate transparency in everything we do.**



Integrity

We conduct all business with integrity and **adhere to the highest standard of ethical business conduct.**



Excellence

We commit to excellence in everything we do and **champion continuous development** and sharing of best practices across the Company.



Respect

We will treat each other, our customers, visitors and community members with **respect and dignity.**



Social Responsibility

We aim to be the world's **safest and most responsible recycling and recovery company.**



Managing Sustainability

Governance continued

Governance committees

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

Audit Committee A

Assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to accounting and financial reporting, internal control structure, internal and external audit functions, and compliance with relevant legal and regulatory requirements in the Committee's area of responsibility.

Risk Committee Risk

Assists the Board in fulfilling its governance and oversight responsibilities in relation to Enterprise Risk Management.

Nomination/Governance Committee N

Ensures the Board comprises individuals who are best able to discharge the responsibilities of Directors and represent the interests of the Company and its shareholders.

Remuneration Committee Rem

Supports and advises the Board on the implementation and maintenance of coherent, fair and responsible remuneration policies which enable it to attract and retain Executives and Directors who will create value for shareholders of the Company.

Safety, Health, Environment, Community and Sustainability (SHECS) Committee S

Oversees the Company's SHECS policies, programs and practices that affect, or could affect, the Company's employees, customers, stakeholders and neighbouring communities, and the committee assists the Board in fulfilling and discharging its SHECS obligations.

Sims Group Board

Board Member	Independent/non-independent executive director	Committee membership
Geoffrey N Brunsdon	Chairman and independent non-executive director	Risk N Rem A
Alistair Field	Executive Officer	Risk N S
Mike Kane	Independent non-executive director	S
Hiroyuki Kato	Non-independent non-executive director	S A
Georgia Nelson	Independent non-executive director	Risk Rem A
Deborah O'Toole	Independent non-executive director	Risk Rem A
Heather Ridout	Independent non-executive director	Risk N S Rem
James T Thompson	Independent non-executive director	N S Rem

Key:

● Risk Committee (5 members)

● Remuneration Committee (5 members)

● Nomination/Governance Committee (4 members)

● Audit Committee (4 members)

● SHECS Committee (5 members)

○ Chairperson



Managing Sustainability

Governance continued

Environment, Social and Governance accountability

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

In 2019, we made a very intentional decision to change our structure to make sustainability a separate function, distinct from its previous position within environment, health and safety (EH&S). We appointed our first Director of Sustainability in September, who reports directly to the CRCO. This decision reflects our commitment to addressing the needs and opportunities that continue to arise in a fast changing landscape. We know that our business does well, but we want to do even better at proactively driving the transition to a circular economy.





Managing Sustainability

Materiality

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

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

Approach and methodology

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

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

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

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





Managing Sustainability

Our materiality process



Step 1: Identification

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

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

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

- CEO
- Chairman of the Board
- Sims' executive leadership team.



Step 2: Prioritisation

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

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

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

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

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



Step 3: Stakeholder engagement

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

Stakeholders included investors, Non-Governmental Organisations (NGO), customers, trade associations and thought-leaders specifically chosen to provide a range of perspectives.

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



Step 4: Validation and review

The outcomes of the process were validated and reviewed by the CRCO, CEO and the executive leadership team.

At key stages throughout the process, Sims' previous materiality work and qualitative stakeholder feedback were referenced to ensure the results were a reasonable reflection of the Sims world, the challenges and the opportunities.

The outcomes of the materiality assessment have been used to shape the new sustainability strategy to be launched in 2020. They were also reviewed against the business strategy for alignment and used to inform this reporting cycle.



Managing Sustainability

Our material topics

Materiality matrix



Key:

- Advance the circular economy
- Quality of inbound materials
- Economic performance
- Ethical business
- Respect for people
- Health and safety
- Addressing climate change
- Being a good neighbor
- Regulatory and compliance
- Thriving workforce
- Water management
- Digitisation and innovation



Managing Sustainability

Task Force on Climate-related Financial Disclosures

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

During the summer of 2019, we hosted an intern from the Environmental Defense Fund (EDF) to calculate our carbon footprint and help us better understand the areas of major impact. This project made it clear that we need to improve our data collection systems, which will be a focus of FY20. It also enabled us to better understand our Scope 3 emissions, beyond our Scope 1 and 2 emissions. The result of this work will guide our future approach.

Governance

We take a global strategic view of risk management and drill down to explore the concrete risks that could impact our business, including climate change. With support and input of the executive leadership team, our CRCO is responsible for bringing the company's risk mapping, including those related to climate change, to the Board of Directors and the Board's Risk Committee at least every quarter.

The Enterprise Risk Management (ERM) framework gives business units ownership of identifying and managing risks. It is supported and reinforced through discussion and appropriate action by the Group and Board levels.

Risk mitigation plans and opportunity prioritisation are developed based on a detailed analysis of each risk. Action is taken to address any risks that exceed Sims' risk tolerance level and to act on new opportunities. For more details, please review our [Risk Management Policy](#).

Strategy

We recognise that climate change may have a meaningful impact on the financial performance of the Group over time, and we have begun the process of identifying key risks and developing actions to mitigate their impact. We are starting to use the guidance provided by the TCFD and their list of climate-related risks and opportunities which is available on page 27.

In addition to the TCFD list, the key risks we have identified for the short and medium-term centre around the potential for increased frequency and more extreme weather events impacting:

- health and safety issues for employees operating on sites (extreme temperatures);
- inability to maintain standard operational hours at facilities (extreme temperatures);
- docks, material handling and the transportation of products (intense rain and wind);
- access to a reliable supply of electricity (extended heat waves); and
- reliable operation of critical data storage sites (flooding, extended heat waves).

During the second half of FY19, Sims experienced nearly a million dollar negative impact through its supply chain due to heavy flooding in some southern states in the U.S. which made it difficult to move material and lowered intake volumes. While not all floods are due to climate change, this cost is a clear indicator of the increasing financial exposure to extreme weather patterns.



Managing Sustainability

The climate-related impacts matrix is an overview of the identified potential climate-related risks and opportunities and their probable financial impact on Sims over the short-, medium- and long-term.

Climate-Related Opportunities		Horizon			Resource Efficiency				Energy Source				Products and Services			Markets		Resilience	
		Years	Short term 0-5	Medium term 5-10	Long term 10+	Use of more efficient mode of transport	Use of more efficient production and distribution processes	Use of the circular economy as the standard business model	Use of recycling	Use of lower-emissions sources of energy	Use of new technologies	Participation in carbon market	Shift toward decentralised energy generation	Development and/or expansion of low emissions goods and services	Ability to diversify business activities	Shift in consumer preferences	Access to new markets	Use of public-sector incentives	Participation in renewable energy programme and adoption of energy efficiency measures
Climate-Related Risks	Policy and Legal																		
	Increased pricing of GHG emission																		
	Enhanced emissions-reporting obligations																		
	Mandates on and regulation of existing products and services																		
	Exposure to litigation																		
	Technology																		
	Substitution of existing products and services with lower emissions options																		
	Unsuccessful investment in new technologies																		
	Costs to transition to lower emissions technology																		
	Market																		
	Changing customer behaviour																		
	Uncertainty in market signals																		
	Increased cost of raw materials																		
	Reputation																		
Shifts in consumer preference																			
Stigmatisation of sector																			
Increased stakeholder concern or negative stakeholder feedback																			
Physical Risks	Acute																		
	Increased severity of extreme weather events such as cyclones and floods																		
	Extreme temperatures limiting operational hours																		
	Extreme temperatures affecting health and safety of employees																		
	Intense rain and wind limiting product transportation and handling, docks																		
	Chronic																		
	Changes in precipitation patterns and extreme variability in weather patterns																		
	Rising mean temperatures																		
	Rising sea levels																		
	Access to reliable supply of electricity																		
Reliable operation of critical data storage																			



Managing Sustainability

TCFD continued

Risk management

Risk is present in everything we do. We operate in a complex global environment where opportunities come with associated risks. It is important to proactively identify, assess and manage the key areas of risk and of potential loss of opportunity, so that we can mitigate the risks. Sims' ERM framework is designed to support each business unit in the effective management of risk. It enables a consistent approach to risk identification, management and monitoring through the use of a global risk taxonomy. Clear definitions of roles and responsibilities are established through the risk governance structure. It is intended to enable consistent and frequent communication between the accountable management, the executive leadership team and the Board.

The purpose is to identify early warning signs of risks and opportunities to effectively manage key risks and opportunities to support achieving our strategy and objectives.

We identify climate-related risks in many ways. At a global level, we use a range of inputs including the World Economic Forum's Global Risk Review. We analyse market and industry information and global risk trends to assess current and emerging risks and opportunities facing the Company. We also explore global megatrends to keep abreast of the fast pace of change and anticipate potential impacts on Sims.

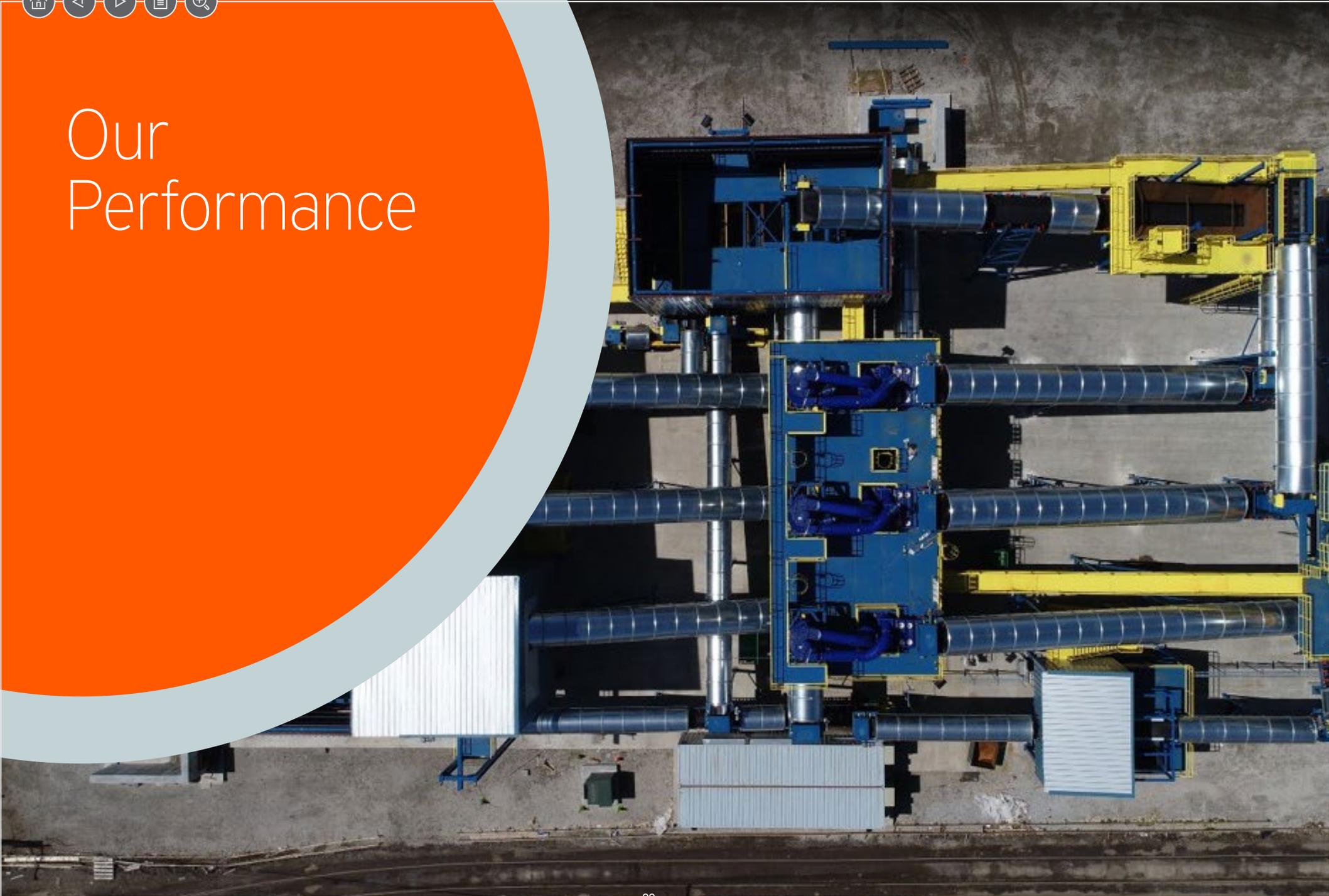


Metrics and targets

As we refine the measurement of our carbon footprint and develop our next targets, we will develop climate change-related targets to support GHG emissions mitigation across our own operations and to intentionally influence our value chain. In the meantime, all capital expenditure (capex) approvals over a \$5 million threshold value require consideration of the impact of climate change as standard practice as we implement our [energy and climate change policy](#).



Our Performance





Our Performance

Environmental

Environmental management

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

Management approach

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

The natural environment

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

Case study

A Greenhouse Grows in Dumfries, UK

Sustainability comes in many forms, and for the employees at Sims Recycling Solutions in Scotland it came in the form of growing their own fruit and vegetables – an idea sparked by attending a presentation on the Sims purpose. The greenhouse is now a central part of the site. Employees tend to the garden on a daily basis before their shift or during breaks. Recycled seating allows more employees to take an interest in the poly-tunnel greenhouse and share in the team spirit. The produce they grow is shared between all site employees and their families. This small project has allowed Dumfries to create even better employee engagement and engender stronger ties with the local community through the donation of some of the fruits and vegetables.





Our Performance

Environmental continued

Industrial processes

We strive to continuously improve our industrial processes to progressively reduce the amount of water and other natural resources we consume, and the waste our activities generate.

Please refer to our ESG governance section to see the highest level of management structure that supports the operational SHECS functions which includes SHECS managers and coordinators.

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

These audits are in addition to general and specific inspections performed by each site's operations management and supervision, as well as those carried out by the SHECS organisation to review performance, drive continuous improvement and help identify and record hazards for corrective action.

In FY19, we completed four in-depth internal audits, over 3,200 general site inspections and over 2,400 monthly safety standards audits.



Performance

Due to data collection limitations, we previously used extrapolation factors to provide Sims' overall environmental operational performance using our top 24 sites (our shredder sites) as the base for our calculations. Due to the higher level of operational activity and material volumes managed at these sites as compared to our other yards, it was reasonable to apply the Pareto principle.

However, due to data quality issues, in FY19 we decided to report the data for the top 24 sites only. We are working to create a robust data collection and quality review process to more accurately represent our footprint in FY20.

FY19

37.4
Scope 1 GHG
as CO₂E
(thousand MT)

127.1
Scope 2 GHG
as CO₂E
(thousand MT)

642.6
Electricity
Consumption
(thousand GJ)

533.3
Fuel Consumption
(thousand GJ)

1.2
ASR Produced
(million MT)

0.37
Water Intake
(million m³)

Metric	FY18
Scope 1 GHG as CO ₂ e (thousand MT)	36.8
Scope 2 GHG as CO ₂ e (thousand MT)	126.7
Electricity Consumption (thousand GJ)	640.9
Fuel Consumption (million GJ)	525.8
ASR Produced (million MT)	1.2
Water Intake (million m ³)	0.39



Our Performance

Energy and Greenhouse Gas Emissions

Despite growing calls for action, global carbon emissions continue to rise. Stabilising temperature increase to less than 2°C¹⁹ will require widespread change, and the business must play a crucial role.

Management approach

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

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

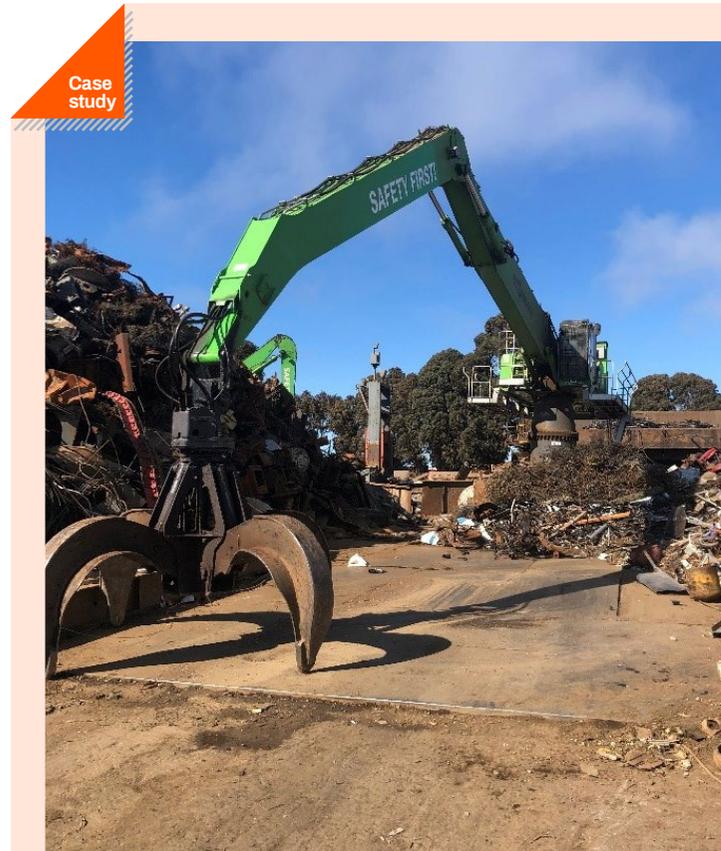
At a minimum, we comply with all applicable energy and carbon emissions laws, regulations and standards, and the monitoring and reporting rules of the countries in which we operate.

Sims was one of the first organisations to participate in the Carbon Disclosure Project (CDP), and 2019 was our 14th year of participation.

We strive to achieve levels of performance that exceed basic compliance, and we are working on establishing the TCFD recommendations (see page 27). FY20 will be a year of transformation as we develop a new set of sustainability goals, as well as improve our data collection process.

As part of our approach, we will continue to target energy efficiency opportunities in our production processes and transportation activities. We seek to transition to renewable energy and lower carbon energy sources to transform our carbon profile.

¹⁹ Relative to pre-industrial levels.



Converting to all-electric yard equipment

Our site in Richmond, California is the first facility in North America to obtain an all-electric crane. The local team replaced six pieces of aging diesel equipment with five pieces of more efficient equipment (material handlers, excavator and loader) and an all-electric pedestal crane. The improvements were made possible with a grant from the Carl Moyer Memorial Air Quality Attainment Program which covered 43 percent of the total cost. Total diesel savings are estimated at approximately 41,200 gallons per year and emissions have been reduced tenfold. In addition, our San Jose site received the first electric vehicle in North America. It is fully powered by a lithium-ion battery (like a Tesla), road-legal, electric yard tractor that was partially funded through the California Air Resource Board.



Our Performance

Energy and Greenhouse Gas Emissions continued

Our performance

Carbon emissions

Total Group scope 1 and scope 2 CO₂ emissions for FY19 were 164.4 thousand MT.

Our Scope 2 emissions were influenced by the increase of secondary separation equipment installed in FY18 to divert more valuable resources from landfills.

In FY19, electricity accounted for 77 percent of emissions, followed by diesel at 22 percent, natural gas, with LPG and petrol combined at less than one percent.

Energy

Our electricity consumption in FY19 was 642.6 thousand gigajoules. We estimated that 11 percent of the electricity we used was from renewable sources based on the grid mix of our suppliers or the equivalent to six percent of our total energy use. Our business strategy is to lower our carbon footprint globally year-over-year.



Generating renewable energy with LMS Energy

In 2001, Sims entered the renewable energy market with a strategic investment in LMS Energy (LMS). Our investment has grown into a 50 percent ownership of LMS, one of Australia's premier landfill gas-to-energy and solar renewable energy companies. LMS entered its 23rd year of business in FY19.

It is a national leader in landfill gas to renewable energy and an innovator in solar-on-landfill technology.

LMS once again achieved strong results in FY19 and commissioned two new projects in Victoria and Tasmania to reach a total of 23 landfill gas-to-energy projects in operation across Australia. These projects generate over 400,000 megawatt hours of base-load renewable electricity annually.

LMS remains the largest bioenergy generator of Large-Scale Generation Certificates (LGCs) in Australia. Additionally, LMS has three solar projects. The Company's renewable energy hub at Albury was the first large-scale solar farm on a landfill cap in Australia, and the first electric vehicle charger to be powered by landfill gas.

LMS also constructed its first behind-the-meter project with 1,000 solar panels installed at the Sims facility in Gillman, South Australia.



1,000
Solar panels installed

With 41 carbon abatement projects accredited under the Emission Reduction Fund, LMS has also been issued with more than 50 percent of all Australian Carbon Credit Units (ACCUs) under the landfill gas methodologies. In FY19, LMS achieved an estimated 3.4 million tonnes (CO₂e) of carbon abatement across all of its activities.



Our Performance

Resource Management

Closing resource loops is our business, and we have to lead by example. We're closing the loop on our own waste by improving our processes and investing in energy recovery technologies.

Management approach

The waste we generate is primarily a result of non-recoverable materials – known as automotive shredder residue (ASR) – from our metals business. ASR is an inherent waste component of the products we purchase to mechanically recycle. It represents what is left after all viable recyclable materials have been extracted.

Our input materials first go through a shredder and ferrous and non-ferrous metals are separated. In some locations, the non-ferrous stream goes through a secondary separation to extract additional value. ASR is the non-metallic residue left behind after our processing is complete.

These non-recoverable materials are expensive to process and dispose of.

They are strictly controlled through our quality control mechanisms and purchasing structure on incoming materials.

To close our own loop, we are investing in technologies to improve separation quality of the inputs we receive and energy recovery technologies to extract the energetic content of our ASR waste.

Sims produces 1.3 million tonnes of ASR globally, which represented a total cost of \$100 million in FY19.

Performance

At the end of FY19, we completed investments in technology to allow the production of [twitch](#) and heavies from [zorba](#) and copper chops from insulated copper wire across the countries where we operate. The investment led to differentiated products and created optionality in both geographic markets and customers. The first zorba separation and copper granulation plants installed are exceeding initial processing expectations.

SRS' Nashville site began running a new plastic separation process that separates market ready plastic which can then be used to close the loop in the manufacturing of electronic components.

Metric	Unit	FY18	FY19
ASR Waste Produced	million MT	1.2	1.2



Extracting more value from inputs

Our Paulina site in Chicago built a new Materials Recovery Plant (MRP) in October 2018. It includes technology that enables us to pull wire and zorba from shredder waste for further processing, increasing the overall recovery rate, saving costs for transporting and landfilling waste and increasing sales.



Our Performance

Resource Management continued

Case
study



'Otto' – Nashville's new plastic separation process

In July, SRS' Nashville site began running a new plastic separation process, nicknamed Otto. The sink-float process separates different types of plastic based on density, which make some plastics float and others sink. We target the plastics that float (mostly polyolefins). They represent higher volumes of the incoming stream, and there is a market for them, so we are able to provide a quality output of 97 percent target plastics, including meeting regulatory requirements for flame retardant content limits.

This high level of cleanliness ensures downstream processors can produce high-quality recycled resins that can be used in new electronics. The finely crushed material created in this process may also be used as ground cover for the local landfill, which adds to the overall recovery rate.

Closing the loop on our waste

Typically around the world, ASR is treated as waste and it is disposed of in a landfill. We're closing our own loop by investing in technology to improve the separation quality of the inputs we receive and reduce our waste. We've invested A \$125 million over the past two years to maximise the amount of material we can recycle and we will continue to invest to ensure we have extracted all viable recyclable material from our waste streams.

Aligned with our purpose, Sims is planning to expand its business offering to include the recycling of non-metallic residue from the automotive shredding process to generate electricity or fuels in key global markets. For Sims, this is taking responsibility for our own waste and closing the loop for Sims in the circular economy.

Sims' energy recovery plants will use Sims own ASR as a high-calorific-value resource of known properties, meaning it can be safely converted into energy or fuels. As an enabler of the circular economy, we intend to build energy recovery plants across the globe over the next 10 years to transform a minimum of 75 percent of our ASR waste streams, which are viable for thermal treatment. We'll also explore emerging technologies to provide viable treatment of the remaining waste stream to eliminate it completely. Our objective is to build and operate our first plant in Australia by June 2022.

A \$125m
invested over the
past two years to
maximise the material
we can recycle

This innovative technology allows us to build long-term value, while operating even more sustainably:

- Closed system using the most advanced gasification technology;
- No incineration or emissions produced directly from gasification and no harmful materials produced;
- Production of syngas, fuels, road base and metal;
- Significant reduction of material going to landfill (1 million tonnes annually);
- One million tonnes of ASR can be converted to 1,100 GWh of energy or converted to liquid fuels or gases;
- Approximately 400 thousand less truck journeys globally on roads each year; and
- Only two percent residual waste.



Our Performance

Water

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

Management approach

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

Performance

In FY19, Sims consumed 0.37 million M³ of water globally. Our water consumption decreased across all regions.

Metric	Unit	FY18	FY19
Water Intake	M ³ in millions	0.39	0.37





Our Performance

People

Health and safety

At Sims, safety is one of our core values, and it is an essential component of our success. We seek continuous improvement in all safety- and health-related aspects across our operations, and we strive to create a zero harm environment.

Management approach

Our long-term approach to safety is built on a strong foundation that includes robust management systems, tools and standards to mitigate risks to employees, as well as clear governance starting with the Board of Directors' SHECS committee who reviews strategy and performance. In our ESG governance section you can find more details on our governing bodies.

Sims' SHECS management systems provide a framework of company standards, training, data systems and tools to guide our safe operations. We are reviewing and reassessing our management systems with a renewed focus on the end user – our field employees.

The objectives of this bottom-up approach include:

- Improving essential company standards focused on clear requirements;
- Translating these requirements in a new global training suite focused on a new Critical Risk Management programme and EHS standard requirements;
- Developing practical job task training to ensure employees work safely; and
- Upgrading data systems using online mobile apps to go paperless which enables analysis of real time data.



Reaching new audiences in New York

The Sims Municipal Recycling (SMR) facility in Brooklyn is home to the [Recycling Education Center](#). The 8,000 square foot Recycling Education Center includes interactive displays, engaging activities, and informational videos. It is an opportunity to see sustainability in action with the city's only commercial-scale wind turbine, use of native plants, unique stormwater management through the use of recycled glass aggregate and maintenance of marine habitats. In FY19, SMR broke new ground and reached new audiences in unique ways. First, it teamed up with Oliver Peoples and #KeepAmericaBeautiful to host V Magazine's spring fashion collection to promote sustainable fashion. You can watch the video [here](#). Secondly, SMR hosted season two of FUSE's T-Pain's School of Business. In the show, rapper [T-Pain](#) talks with entrepreneurial millennials about their endeavours.



Our Performance

People continued

Health and safety continued

Performance

Employee fatalities

It is with immense sadness that we report the loss of two employees as a result of workplace incidents in FY19. Their loss of life profoundly affects all of us. It also fortifies our determination to learn from these incidents, continuously improve, and do all we can to prevent them from happening in the future.

After almost a decade without fatalities, these losses are a clear reminder that we have to always be vigilant about safety. As a result, we are resolute in looking at aspects of our management systems and programs to revamp and improve our safety strategy.

Immediate actions included:

- Eight weeks with stand-down meetings covering key risks and controls;
- Assessment and continuous improvement of key risk areas, including a special emphasis on site traffic plans and maintenance activities;
- Launch of a global safety perception survey to really understand our safety culture at all levels of the organisation; and
- A deep dive into sites with especially high or low safety perceptions.

Work-related injury and illness

Our total recordable injury frequency rate (TRIFR) in FY19 was 1.47 per 200,000 hours or 7.35 per 1,000,000 hours worked, and our lost time injury frequency rate (LTIFR) was 0.33 per 200,000 hours or 1.63 per 1,000,000 hours.

These results show progress in our safety journey with a 30 percent improvement since FY14.

In comparison, according to the most recent data from the U.S. Bureau of Labor Statistics, in 2016 the metal recycling industry average was 4.2 injury/illness recordable rate ([per 200,000 hours worked](#)).

The main types of work-related injuries were: injured while handling, lifting, or carrying; slipped, tripped, or fell on the same level; and hit by a moving, flying, or falling object.

Case
study

Supporting our local fire departments

Our partnership with the York County Fire Department in the UK has enabled them to go from performing rescue training for one to two vehicles every few years to re-certifying their entire workforce and training new fire fighters within six months. Our Middletown facility in the U.S. has also supported the Silver Lake Fire Department and the Liberty Fire Department by hosting a simulated motor vehicle accident.





Our Performance

People continued

Health and safety continued

Employees Only*								
Area	Total Hours Worked	Number of Lost Time Injuries	Lost Time Injury Frequency Rate per 200,000 hours	Lost Time Injury Frequency Rate per 1,000,000 hours	Number of Reportable Injuries (excl. fatalities)	Recordable Injury Rate (excl. fatalities) per 200,000 hours	Recordable Injury Rate (excl. fatalities) per 1,000,000 hours	
Sims Metal Management Group	11,025,433	18	0.33	1.63	81	1.47	7.35	
Sims Municipal Recycling	532,294	2	0.75	3.76	5	1.88	9.39	
North America Metals	4,083,993	5	0.24	1.22	32	1.57	7.84	
Sims Recycling Solutions	2,786,310	3	0.22	1.08	12	0.86	4.31	
Group Offices and Other	307,744	–	–	–	–	–	–	
Australia & New Zealand Metals	1,735,468	4	0.46	2.30	27	3.11	15.56	
UK Metals	1,579,624	4	0.51	2.53	5	0.63	3.17	

* Temporary employees not included

Eliminating hazards and minimising risks

Historically our focus on hazards and associated risks was general in nature. As we continue to evolve our long-term strategic plan, we'll focus on what matters most: our critical risks.

Our Critical Risk Management programme was developed using a 10-year study of incident data as a basis for sharpening our approach to critical risk management and standardising best-in-class critical risk controls.

Using state-of-the-art data management systems, we will continue to proactively collect data to identify system weaknesses and highlight at-risk areas of the business.

Critical control verifications will be a mandatory key performance indicator and data will flow up to the executive leadership team to drive accountability. System-generated dashboards and automated weekly reports will support transparent reporting requirements.

We are looking to advance our data management system to empower front-end users and business leaders when allocating resources.

This allows them to make timely and informed risk based decisions and curb trends before an incident occurs. Traditionally drafted standard work procedures will continue to be used to develop competency-based training, which naturally focuses on job task and field-level risk assessment capabilities.

Job safety analysis is embedded in our company's safety culture, along with pre-shift safety meetings during which supervisors review daily job tasks and potential hazards with site crews. This open communication, coupled with tracked and mandatory daily safety conversations, has successfully increased awareness and strengthened our safety culture.

We have specific standards for incident management and reporting. Our online injury reporting system captures incident details, including injury classification, risk rating, root cause analysis, and corrective action development and assignment. Corrective action closure is monitored through key performance indicator dashboards. To ensure global consistency, a Critical Risk Incident Committee was formed to validate company classification of incidents.



Our Performance

People continued

Health and safety continued

Case
study



Protecting people

To minimise exposure of its employees to noise and dust, SRS in Villawood, Australia invested approximately \$500k in a curtain wall to segregate shredder operation from rest of the yard. Although the site was compliant with boundary noise conditions, the installation of a curtain wall reduced background noise at the boundary. SRS also installed a sensor-operated traffic light system at entry/exits points to keep people safe by segregating mobile plant and pedestrians.

Occupational health

Our diverse business poses specific risks to employee health. Monitoring and mitigating these risks to ensure they remain below safe thresholds is a crucial responsibility. Shredder sites can create a large amount of dust particulate. We monitor this dust around the clock with solar powered monitoring units and use engineering controls such as water misting atomisers, water trucks which spray roadways and work areas, encasement of shredder and baler process components that produce dust, and sprinkler systems to wash down scrap piles and conveyor drops. Noise-related protection is mandatory in specific site locations that exceed occupational threshold limits.

Strengthening our safety culture

Employee engagement and consultation is at the heart of our safety culture. Globally, we hold structured daily communication sessions. These comprise pre-start safety and information meetings where corporate safety alerts, daily tasks and associated hazards are discussed and job safety analysis and risk assessments are reviewed. These meetings open the floor to employees to discuss and address concerns each and every day.

In addition, our executive leadership team and the Board of Directors conduct site visits to demonstrate Sims' commitment to Safety. Our global Safety Alert communicates incident data immediately after an incident occurs, and the global Hazard Alert communicates the later findings of incident investigations and assigned corrective actions.

Top-down improvement initiatives are met with a bottom-up approach, which engages field-level personnel in developing content for standards, inspection questions and associated training.

Top-down improvement initiatives are met with a bottom-up approach, which engages field-level personnel in developing content for standards, inspection questions and associated training.

Employee surveys also provide a voice to employees and they are communicated up to the executive leadership team level. Feedback and action plans are developed and a managerial response is always shared with employees.

Safety training and campaigns

We provide all employees with monthly safety training via videos and in classroom training, as well as through our daily 'toolbox talks' where operations employees and their managers go over the day's activities and potential risks.

With new company expectations to be delivered through safety standard requirements during FY20, training will continue to be delivered and records will be collected through our learning management system. Trainings are offered in the form of instructional videos and facilitator-led sessions to prepare employees for success.

We expose all employees to the same training programme. New employees are trained on tasks and job processes, on-site equipment, hazard and risk, and company safety programmes. Worker health and well-being training is also delivered through the learning management system.

We recently upgraded our intranet to highlight key messages relating to safety, health and well-being. Communication and campaigns cover issues, such as texting while driving, healthy eating and smoking-cessation.



Our Performance

People continued

Human rights

We believe in upholding human rights as a vital part of conducting an ethical business. It enables us to develop a responsible supply chain and create a safe and fair workplace. In addition, it reduces our reputational and business risks.

Management approach

Sims is committed to respecting, promoting and upholding fundamental human rights as set out in the UN Declaration of Human Rights and further defined for business in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

We recognise our role and responsibilities within our sphere of influence and endeavour to avoid being complicit in, or encouraging any, activities that may result in human rights abuses.

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

Details of our commitment to human rights are specifically addressed in the [Sims Code of Conduct](#). This includes specific policies for the protection of rights for employees, including:

- The right to equal opportunity and non-discrimination, regardless of ethnicity, gender, religion, age, sexual orientation, health status or other such protected classifications;
- The right to security of persons, including protection against improper and unlawful harassment and against retaliation for employees who report non-conformance with government regulations, company policies and codes of conduct;
- The right to a safe and healthy workplace for each and every employee, regardless of status;
- The right to competitive remuneration, supporting the concept of competitive pay for work performed; and
- All other legal rights in respect of the workplace granted to our people in the regions in which we operate.

Case study



Tackling the homeless issue

Employees in the West Region in the U.S. volunteer their time in support of several homeless service programmes in their communities. For the past four years, employees in Sacramento have given their time to cook and serve meals for the residents of Sister Nora's Place; Redwood City employees volunteer their time to support Street Life Ministries; and our Richmond employees have cooked and served a monthly dinner for the residents of the Greater Richmond Interfaith Program (GRIP) family shelter for the past 10 years. In total, the Sims West Region has supported in excess of 100 community organisations in FY19 with financial donations and many hours of volunteer staff time.



Our Performance

People continued

Human rights continued

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

Performance

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

Given the levels of voluntary disclosure, we estimate approximately 11 percent representation of our UK population and less than five percent representation for the rest of Europe. In Australia & New Zealand and North America 45 percent and 41 percent of employees are under a collective bargaining agreement, respectively.

All these percentages provide us with a rough estimate that approximately more than 30 percent of our global workforce is represented by a collective bargaining agreement.

Collective bargaining agreements

Region	% of employee population
North America	41
Australia & New Zealand	45





Our Performance

People continued

Developing talent

We are proud to be an equal opportunity employer and we are committed to creating an inclusive working environment that is built on a foundation of mutual respect and inclusion where everyone can contribute, advance on merit and realise their full potential.

Management approach

Sims University

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

Sims University strives to provide best-in-class learning solutions that are relevant, strategic and build a collective understanding of the business. It delivers online and class-based learning programmes through the Sims University Learning Center, our global learning management system that was launched in April 2018.

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

Employees are able to self-select and complete training courses including mandatory safety-related training and compliance-based courses, such as cyber-security and code of conduct. Mandatory training is automatically assigned to new and existing employees and reports are generated to track status and completions.

We're constantly evolving our training offerings to support continual employee development and engagement in a constantly evolving operating landscape. New, externally-developed off-the-shelf content and custom-developed role-based training programmes are regularly made available, such as new hire on-boarding and manager training curricula, which are in development and scheduled to be introduced in 2020.

Current human resources system limitations mean that non-management employees who work in our yard locations do not have network or computer access to take advantage of the Sims University Learning Center. Currently that represents approximately 50 percent of our employees. To bridge this gap, managers conduct facilitated sessions and present content, such as monthly safety videos, during daily 'toolbox talk' meetings and class-based training. We are working on a process to aggregate attendance data for this employee group to establish better reporting of training hours delivered globally.

Sims University strives to provide best-in-class learning solutions that are relevant, strategic and build a collective understanding of the business. It delivers online and class-based learning programmes through the Sims University Learning Center, our global learning management system that was launched in April 2018.

Leadership development

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

Our leadership development approach aims to develop leaders who consistently embody the Sims' leadership competencies and a "One Sims" global mindset. We're developing a multi-tiered approach comprised of targeted programmes for specific leadership groups.

Our targeted programmes for leadership groups

- **Management Cadets**
regional programmes for college graduates and interns are in place in the Australia and UK regions; currently under development in the North America region;
- **Emerging Leaders**
a dedicated programme for those responsible for leading teams and/or other managers is currently in development; and
- **Advanced Leaders**
a programme for top-tier leaders and high-potential employees as identified through the organisational capability review process.



Our Performance

People continued

Developing talent continued

Developing a high performance culture

The formal performance and development management system ensures that employees establish and work toward clear business and personal goals, as well as receive feedback on the progress they've made based on their job responsibilities and the Company's values and purpose. Career development needs and opportunities are also discussed during performance review meetings. More than 70 percent of our employees receive performance and career development reviews, as well as job feedback on a regular basis. The remaining 30 percent are subject to collective bargaining agreements that govern performance separately.

Performance

Employees with network access completed in excess of 29,000 online courses through the Sims University Learning Center in FY19.

Launched in 2017, the three-day North America Safety Leadership Certification programme targets yard managers and supervisors and is delivered via Sims University. To date, 235 employees have participated in this programme.

In September 2018, 65 leaders from all regions, countries and lines of business attended the annual Sims University Management Summit in New York. This four-day, intensive conference was an opportunity to participate in defining the Company's long-term strategic plan, review global strategies and fundamental business processes, as well as network with other leaders from around the globe.



Women Working @ Sims

Maria Medina

What is your current role and how long have you been at Sims?

I'm a Plant Manager and have been at Sims for 12 years.

Why did you join Sims?

I started working for Sims because I needed a job and working in an industrial setting was more appealing to me than working in an office. I have stayed at Sims for 12 years because of the opportunities I have been given.

Why did you choose operations and maintenance as a career path?

Operations appealed to me, because I never saw myself sitting behind a desk all day. Working at the scale, I saw the managers and supervisors, and said, I can do that job and do it better.

What do you enjoy about your work?

I enjoy that every day brings its own set of challenges, and that I've worked in various aspects of the business, which gives me a broader understanding of the business as a whole. I'm proud of the fact that I have instituted changes in each area that I have worked in, and it has resulted in a more efficient operation.

Are there any personal or career achievements you'd like to highlight?

Yes; being allowed to create change, implement the change and measure the change – both locally and nationally (in the U.S.) – and working my way up from Scale Operator to Plant Manager. Working from Scale Operator to management involves A LOT of blood, sweat and tears along the way.



Our Performance

People continued

Diversity and inclusion

Our sustainable business growth depends on developing and retaining a diverse workforce that reflects the ever-changing demographics of where we do business, who we do business with and the communities in which we operate and live.

Management approach

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

In alignment with our purpose narrative, Sims supports all employees and celebrates the differences they each bring to the workplace.

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

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



It is important for leaders to understand that bias, unconscious or not, can influence our decisions without us even realising it. It is important to know how best to prevent those biases from impacting the people decisions we make every day.

Desiree Dancy,
Group VP Talent
and Inclusion



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

- People;
- Inclusive leadership; and
- Communities.

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

The Global Respect & Inclusion Committee, led by the Group Vice President of Talent & Inclusion, supports our overall diversity and inclusion strategy. They provide input and recommendations on initiatives and events designed to enhance the environment for diversity and inclusion across the Company.

The Committee also developed unconscious bias classroom-based training. Due to be introduced for managers and supervisors in 2020, it is designed to raise the awareness of unconscious biases in the workplace, their impact on decision making, and best practices for mitigating the effects.



Our Performance

People continued

Diversity and inclusion continued

Since the Committee was launched in 2016, outcomes have included:

- Establishing diversity tracking methodologies and KPIs;
- Launching the Respect & Inclusion Education Series for all employees;
- Reviewing Human Resources policies and practices to ensure support of diverse life events and lifestyles;
- Reviewing recruitment and marketing material to ensure inclusive representation and language;
- Ongoing review of candidate slates to ensure inclusive recruitment, succession planning and promotion;
- Physically auditing facilities, which resulted in improvements at 20 percent of our locations globally;
- Launching the Women Working @ Sims employee resource group; and
- Introducing cultural celebrations.

Closing the gap

Sims complies with annual reporting requirements for wage gap analysis for its Australian and UK operations. The results from the latest Workplace Gender Equality Agency (WGEA) analysis in Australia indicated that the Company's pay gap is currently at 4.65 percent compared to the national gender pay gap of approximately 14.1 percent. The UK analysis indicated that the current gender pay gap is 2.83 percent at Sims. While we still have room for improvement, we have progressed steadily in reducing the gap, and our performance compares favourably with the overall economy's pay gap in the UK at 17.9 percent. A pay equity analysis is planned for our North America operations during FY20 as part of our intentional and systematic approach to closing the gender pay gap.



It is exciting to see the strides the Company is making to bring more women into leadership roles. It makes business sense. It has led to a diversity of thoughts and perspectives, which enriches discussions, leading to better decision making and outcomes for our Company.

Elise Gautier,
Group Chief Risk and
Compliance Officer



Supporting new parents

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

Employee engagement

Employees have a direct line to Alistair – either via an email to a CEO mailbox, or via the “Ask Alistair” forum on our intranet. We also provide relevant updates about people moves, business updates, celebrations and highlights on what other sites across the world are doing on our intranet. In addition, regions write and distribute local newsletters that include regional information and host town hall meetings for leaders to have open conversations with employees and highlight development on specific areas of interest. In FY19, we conducted an employee engagement survey and we plan to repeat this every other year, with a shorter ‘pulse survey’ in between. We also conducted a global perception survey in FY19 to gain a clear understanding of how our safety culture is perceived at all levels of the organisation.



Our Performance

People continued

Diversity and inclusion continued

Case
study



Promoting cultural awareness in Australia

We celebrated Reconciliation week and International Indigenous Day in 2019 as part of our efforts to promote cultural awareness in Australia. Employees were involved in discussions around what Reconciliation Day means, how we can help achieve harmonisation and developing the Sims Reconciliation Action Plan. In March 2019, a number of our managers participated in a Cultural Awareness Programme, delivered by a local member of the Traditional Owners. The programme aimed to assist participants in developing a better understanding of the cultural perspectives of indigenous people and key issues that impact them, while developing their cross-cultural communication skills.

Performance

In FY19, we maintained our focus on diversity and engagement with a wide range of programmes and initiatives around the globe.

Our industry is traditionally male dominated one, and we're committed to providing a working environment that is fit and welcoming for all employees.

We increased the percentage of women on our executive leadership team from nine percent to 25 percent, which exceeded our FY20 target of 20 percent female employees in senior leadership positions. Female representation on our Group's Board of Directors was 37.5 percent in FY19.

Sims continues to track applicants for positions. Our goal is to have females comprise 25 percent of all applicants (internal and external) by FY20. We reached 24 percent female applicants for the positions we advertised in FY19, almost meeting our FY20 target.

In FY19, we carried out an audit that resulted in improved amenities to better meet the needs of all our employees – both male and female – at 35 facilities around the world, and more will follow in FY20.

More than 1,600 employees participated in the FY19 employee engagement survey. The results provided valuable insight into opportunities that can make Sims a better place to work.

Our actions in response have focused on:

- Improving the overall work environment through process and efficiency improvements;
- Providing career growth opportunities through targeted training and development; and
- Enabling deeper understanding of the Sims vision and direction through our recently launched purpose narrative and long-term strategy.

Our aim is to increase the proportion of female employees across the entire organisation to 25 percent. In FY19, our total female employee base was 19.5 percent.

A series of diversity and cultural celebrations took place at our facilities in the U.S. to honour and educate employees about the contributions of our diverse society. Events included celebrations of traditional cuisine for Asian-American Pacific Islander Heritage Month and a panel discussion for LGBTQ²⁰ Pride Month. In the U.S., UK and Australia, we acknowledged International Women's Day to celebrate the contributions of women in the workplace.

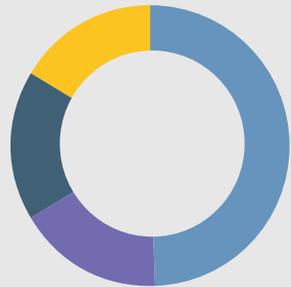
²⁰ Lesbian, gay, bi-sexual, transgender and queer



Our Performance

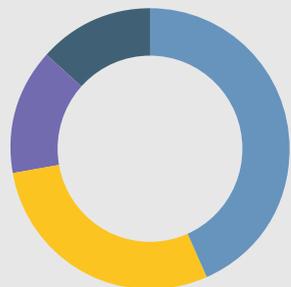
People continued

Total employees at fiscal year end 2019



North America*	2,475
UK	854
Rest of the World	858
Australia	808
Overall (less joint ventures)	4,995

Total temps/contractors at fiscal year end 2019



North America*	344
Rest of the World	229
UK	115
Australia	104
Overall (less joint ventures)	792

Gender of employees*



19.5%
whole organisation is female



17.6%
Australian employees are female



18.6%
UK/EMEA*** employees are female



20.4%
North American** employees are female

Total temps/contractors



22% of 155 new hires were female



78% of 561 of new hires were male

Diversity of governance bodies % females



37.5% Board



12% Senior Executive²¹ and above

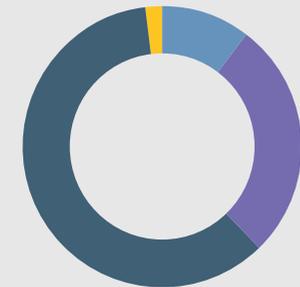


14.5% Management²²



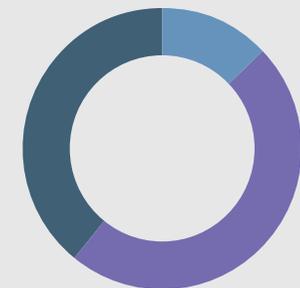
19.5% whole organisation

Minority representation in our U.S. workforce



Asian Pacific Islander	6%
Black	16%
Hispanic/Latino	35%
2 or more ethnicities	1%

Age of employees*



under 30	13%
30–50 yrs. old	48%
Over 50 yrs. old	39%

* Includes North America Metals, US SRS, SMR and Group employees

²¹ Senior Executives generally sit at “CEO-2” in the Group’s reporting structure. “CEO-1” refers to the layer of senior executives reporting directly to the CEO, “CEO-2” to the next layer of management reporting to those senior executives, and so on.

²² Managers generally sit at “CEO-3 and CEO-4” (although in some instances “CEO-2”) in the Group’s reporting structure.

* Data collected where legislation allows

** Includes Metals, SMR, SRS – NA, Global Trade & Group

*** Includes UK Metals & SRS EMEA



Our Performance

People continued

Community engagement and local impacts

The communities in which we operate are key to our success and we want them to see us as a trusted partner. Our communities fuel our sustainable growth by providing links with local workforce, infrastructure and suppliers.

Management approach

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

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

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

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

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

Our stakeholder engagement approach

Courtesy and respect

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

Stakeholder engagement

We engage regularly, openly and honestly with the people living in local communities who may be affected by our operations and we take their views and concerns into account in our decision-making.

Our approach to engagement varies between regions and sites, but we always provide a way for the community to address any concerns and complaints in a timely manner, either via a Sims community focal point employee or a dedicated phone line for neighbours to call.

Product awareness

In our SMR business in particular, we engage with stakeholders involved throughout the lifecycle of our products to promote the responsible use and management of those products. More than 8,000 community members and other stakeholders visit our Recycling Education Center in Brooklyn, NY every year.

Investing in communities

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

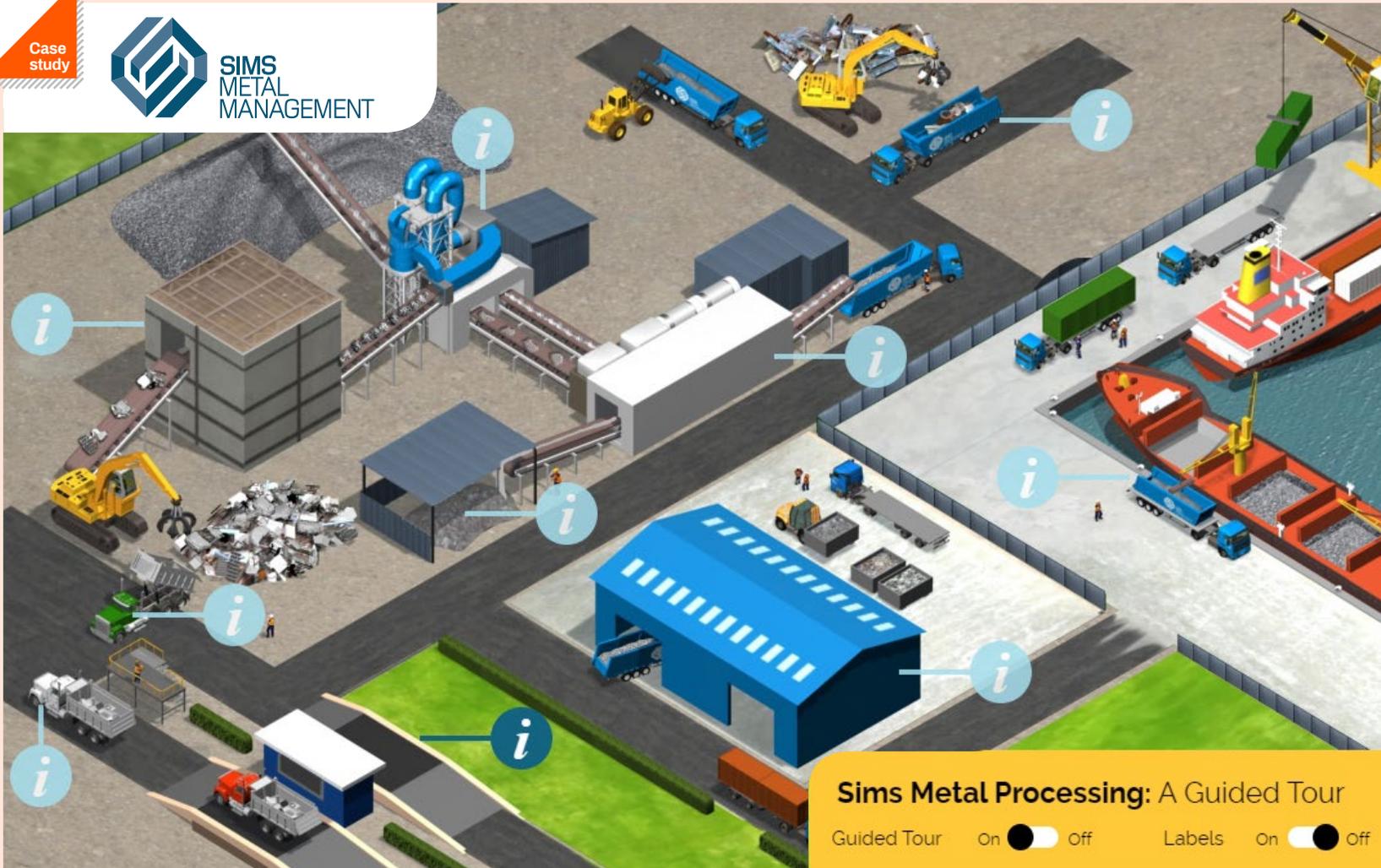


Our Performance

People continued

Community engagement and local impacts continued

Case study



Keeping Australia beautiful

Sims Metal Management has joined forces with Keep South Australia Beautiful (KESAB) to increase our positive impact. Together, we have created an [educational microsite](#) aimed at students and teachers to raise awareness of the importance of metal recycling. We are also jointly seeking a State Government grant to remove scrap metal and clean up areas in the APY lands (Aboriginal lands in North West SA).



Our Performance

Responsible Business

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

Preventing anti-competitive practices, bribery and corruption

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

Sims has publicly posted its [Anti-Bribery & Anti-Corruption Policy](#) to clearly communicate its expectations when conducting business on behalf of Sims to its officers, employees, contractors, agents, consultants, suppliers and its Board of Directors. The policy sets standards that either meet or exceed anti-bribery and anti-corruption requirements in each of the countries in which we do business. It sets the basic requirements that all employees must follow in their dealings on behalf of the Company.

Code of conduct training, and in particular, anti-trust rules and anti-bribery/anti-corruption, is required to be taken annually by our commercial teams and global trade personnel.

Employees with a high degree of exposure to risk – either directly or due to their level of influence, such as those managing third-party contracts, procurement, handling transactions, or managing sites and business functions – are required to disclose any potential conflict of interest annually and to participate in conflict of interest training, in addition to the annual code of conduct training.

Employees with a high degree of exposure to risk – either directly or due to their level of influence, such as those managing third-party contracts, procurement, handling transactions, or managing sites and business functions – are required to disclose any potential conflict of interest annually and to participate in conflict of interest training, in addition to the annual code of conduct training.

Ensuring compliance

[The code of conduct](#) identifies multiple avenues for reporting compliance concerns, including directly contacting managers, human resources, the CRCO, general counsel, the CEO and the Board of Directors. It also informs employees and third-parties that they can raise any concerns via Sims' hotline, which is operated by a third-party and supports anonymous reporting.

Code of conduct training and training on anti-trust rules and anti-bribery/corruption for commercial teams and global trade personnel, in particular, is conducted annually.

Third-party agents are required to acknowledge their understanding of our anti-corruption and company ethics requirements, as well as our incident reporting procedures. Our agents are located in countries where we typically do not have a presence, or have a limited presence, and act as intermediaries with our customers mainly for the sale of ferrous and non-ferrous secondary metals. These agents often operate in countries where the corruption perception index is relatively low.



Our Performance

Responsible Business continued

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

In FY19, our internal audit group conducted 25 internal audits and followed up on management action plans. Through the work performed the internal audit did not identify any conflicts of interest nor incidents of corruption.

Privacy and security

Sims takes great pride in having robust privacy and security policies and strives to be best-in-class, protecting any information and data in our custody and stewardship. We continue to strengthen information security systems by implementing security controls and training. For example, our users are trained on how to recognise a phishing attack and what to do when one occurs on a regular basis. We provide this training via simulated phishing emails to our users, as well as through assigned cyber-security training through the Sims University Learning Center. We see this as a key growth driver for our business, as illustrated through our e-waste and IT asset disposition (ITAD) business, which serves blue chip clients across a range of industries to securely and responsibly recycle and manage the disposition of IT equipment and electronic products.

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

Fair remuneration

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

Shareholders are also provided with the opportunity to vote annually on the remuneration structure of the key management personnel, and the Company has received better than 90 percent of the vote in favour for the past two years.

Over the past 19 months, Sims has adopted and implemented a global grading process using the well-established and validated Hay Grading methodology. This provides a consistent foundation for identifying roles of similar value throughout the Company. With this foundation, we can apply a consistent approach to participation in incentives and other variable benefits. In addition to the globally consistent grading structure, we participate in and purchase independent salary surveys to ensure we are paying market competitive base and variable pay based on the duties, skill requirements and location of employment.

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





Our Performance

Economic Performance

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

Sales revenue of A\$6,640.0 million in FY19 was up three percent compared to sales revenue of A\$6,448.0 million during the year ended 30 June 2018 (FY18). At constant currency, sales revenue was down 2.5 percent primarily due to lower average sales prices.

Sales volumes decreased by 0.5 percent to 9.803 million tonnes in FY19 versus 9.856 million tonnes in FY18. Average selling prices were lower for both ferrous and non-ferrous metals. There were no significant changes in the state of affairs of the Group during FY19. Refer to our [Annual Financial Report](#) for additional information.

Tax matters

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

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

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

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

FY19 Economic value generated, distributed and retained, Australian dollars in millions

6,754
Revenues²³

5,864
Operating costs

664.1
Wages/benefits

7.9
Payments to providers
of capital, net

65.7
Payments to
governments (taxes)

107.9
Payments to
shareholders

44.7
Economic
value retained

Economic value generated, distributed and retained, Australian dollars in millions	FY18
Revenues ²³	6,564.2
Operating costs	5,663.7
Wages/benefits	620.0
Payments to providers of capital, net	10.8
Payments to governments (taxes)	66.2
Payments to shareholders	106.8
Economic value retained	96.7

²³ Includes other income and the share of results from equity accounted investments



About This Report





About This Report

Scope and boundary

This report has been prepared using the Global Reporting Initiative (GRI) Standards as guidance – GRI-referenced – covering FY19 reporting period.

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

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

FY19 data and information on the sustainability report was audited by Sims Internal Audit team.

Additional reporting that may be of interest to the reader can be found online:

- Downloadable version of this report
- Sims Metal Management's most recent previous report, covering the year ending June 30, 2018, and an archive of earlier [annual sustainability reports](#)
- 2019 Sims Metal Management [ASX fillings](#)
- Sims Metal Management Investor [Strategy Day presentation](#)

External recognition

Sims has been named in the Dow Jones Sustainability Index Australia Index for 10 consecutive years.

MEMBER OF
Dow Jones Sustainability Indices DJSI – Australia
In Collaboration with RobecoSAM Index since 2009



ACSI – The Australian Council of Superannuation Investors (ACSI) assessed Sims Metal Management Limited at a 'Leading' rating of ESG reporting.



External Memberships and Engagements:



Glossary

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

Materials Recovery Facility (MRF): a specialised plant that receives, separates and prepares recyclable materials for supply to end-user manufacturers.

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

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

Twitch: floated fragmented aluminium scrap from automobile shredders.

Zorba: shredded mix of non-ferrous metals, mainly aluminium.

Contact

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

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GRI Table

Disclosure		Page / location
GRI 102: General Disclosures		
1. Organisational profile		
102-1	Name of the organisation	3
102-2	Activities, brands, products, and services	5
102-3	Location of headquarters	4
102-4	Location of operations	4
102-5	Ownership and legal form	Sims Metal Managementis is a publicly traded company, with a primary share listing on the Australian Securities Exchange and ADRs trading in the United States on the OTC Market. Page 89 Subsidiaries. Footnote 23.
102-6	Markets served	4
102-7	Scale of the organisation	4
102-8	Information on employees and other workers	48
102-9	Supply chain	16
102-10	Significant changes to the organisation and its supply chain	Annual Report page 53, page 88. Footnote 22.
102-11	Precautionary Principle or approach	26
102-12	External initiatives	55
102-13	Membership of associations	55
2. Strategy		
102-14	Statement from senior decision-maker	7-10
102-15	Key impacts, risks, and opportunities	25, 62-64
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	20, 41-42, 51-52
102-17	Mechanisms for advice and concerns about ethics	51



About This Report continued

GRI Table continued

Disclosure	Page / location
4. Governance	
102-18 Governance structure	22
102-19 Delegating authority	22
102-20 Executive-level responsibility for economic, environmental, and social topics	22
102-21 Consulting stakeholders on economic, environmental, and social topics	22
102-22 Composition of the highest governance body and its committees	21
102-23 Chair of the highest governance body	21
102-24 Nominating and selecting the highest governance body	Remuneration Report section on the Annual Report page 36
102-25 Conflicts of interest	Yes, conflicts of interest are required to be disclosed, updated and confirmed on an annual basis inclusive of our Board of Directors
102-26 Role of highest governance body in setting purpose, values, and strategy	20
102-27 Collective knowledge of highest governance body	Information about our board members on our Annual Report page 16
102-28 Evaluating the highest governance body's performance	Remuneration Report section on the Annual Report page 36
102-29 Identifying and managing economic, environmental, and social impacts	22
102-30 Effectiveness of risk management processes	22
102-31 Review of economic, environmental, and social topics	22
102-32 Highest governance body's role in sustainability reporting	22
102-33 Communicating critical concerns	22
102-34 Nature and total number of critical concerns	We have a highly engaged and dynamic leadership body. Currently there is not systematic tracking of critical concerns as critical concerns are communicated and addressed in a timely manner
102-35 Remuneration policies	Remuneration Report section on the Annual Report page 36-57
102-36 Process for determining remuneration	Remuneration Report section on the Annual Report page 36-57



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GRI Table continued

Disclosure	Page / location
102-37 Stakeholders' involvement in remuneration	Remuneration Report section on the Annual Report page 36-57
102-38 Annual total compensation ratio	Remuneration Report section on the Annual Report page 36-57
102-39 Percentage increase in annual total compensation ratio	Remuneration Report section on the Annual Report page 36-57
5. Stakeholder engagement	
102-40 List of stakeholder groups	24
102-41 Collective bargaining agreements	42
102-42 Identifying and selecting stakeholder	23
102-43 Approach to stakeholder engagement	24
102-44 Key topics and concerns raised	25, 62-64
6. Reporting practice	
102-45 Entities included in the consolidated financial statements	Annual Report page 89 Subsidiaries. Footnote 23
102-46 Defining report content and topic Boundaries	24
102-47 List of material topics	62-64
102-48 Restatements of information	31
102-49 Changes in reporting	23
102-50 Reporting period	55
102-51 Date of most recent report	55
102-52 Reporting cycle	55
102-53 Contact point for questions regarding the report	55
102-54 Claims of reporting in accordance with the GRI Standards	55
102-55 GRI content index	56-61
102-56 External assurance	This report was audited by Sims Internal Audit team. There was no external assurance



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GRI Table continued

Disclosure	Page / location
GRI 200: Economic Standards	
GRI 201: Economic Performance	
201-1 Direct economic value generated and distributed	53
201-2 Financial implications and other risks and opportunities due to climate change	26-28
201-3 Defined benefit plan obligations and other retirement plans	Annual Report page 79-80
201-4 Financial assistance received from government	Annual Report page 67
GRI 202: Market Presence	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	52
202-2 Proportion of senior management hired from the local community	52
GRI 204: Procurement Practice	
204-1 Proportion of spending on local suppliers	49
GRI 205: Anti-corruption	
205-2 Communication and training about anti-corruption policies and procedures	51-52
205-3 Confirmed incidents of corruption and actions taken	52



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GRI Table continued

Disclosure		Page / location
GRI 300: Environmental Standards		
GRI 301: Materials		
301-1	Materials used by weight or volume	9.8 M tonnes of secondary metals recycled, 400K tonnes of electronic waste recycled, 500K tonnes of municipal curbside recycling processed, 02
301-2	Recycled input materials used	Nearly 100 percent of our inputs are secondary materials
301-3	Reclaimed products and their packaging materials	See 301-2
GRI 302: Energy		
302-1	Energy consumption within the organisation	31
302-2	Energy consumption outside of the organisation	31
GRI 303: Water and Effluents		
303-3	Water withdrawal	36
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	31-33
305-2	Energy indirect (Scope 2) GHG emissions	31
GRI 306: Effluents and Waste		
306-2	Waste by type and disposal method	34-35



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GRI Table continued

Disclosure	Page / location
GRI 400: Social Standards	
GRI 401: Employment	
401-1 New employee hires and employee turnover	48
401-3 Parental leave	46
GRI 403: Occupational Health and Safety	
403-1 Occupational health and safety management system	37
403-2 Hazard identification, risk assessment, and incident investigation	39
403-3 Occupational health services	40
403-4 Worker participation, consultation, and communication on occupational health and safety	40
403-5 Worker training on occupational health and safety	41
403-6 Promotion of worker health	40
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	37
403-8 Workers covered by an occupational health and safety management system	40
403-9 Work-related injuries	38-39
403-10 Work-related ill health	39
GRI 405: Diversity and Equal Opportunity	
405-1 Diversity of governance bodies and employees	48
405-2 Ratio of basic salary and remuneration of women to men	46



About This Report continued

Our Material Topics

Grouping	Issue	Sub-issues	Definition
Advance the circular economy	Circular economy	Renewable production, Recycling	Moving towards a more cyclical value chain where by 'waste' products can be re-used as raw materials for input
	Process innovation	Scrap sourcing and collection, Waste separation processes, Efficient smelting processes, Quality of recycle inputs	Innovate processes used to collect and recycle scrap metal throughout the value chain
	Quality of metal product outputs	Process innovation, Circular economy, Resource efficiency	Minimise loss in quality of metal inputs during recycling process to produce up-cycled products
	E-waste	WEEE regulatory compliance, Responsible sourcing of E-waste recyclates, Safe processing and recycling of hazardous materials and electronics	Ensuring correct sourcing, handling, and processing of E-waste throughout the value chain
Quality of inbound materials	Quality of inbound materials	Enterprise risk management	Ensure consistent quality of recycle inputs into recycling operations
	Resource availability		Managing the supply and availability of resources used in operations including raw materials and process inputs
	Hazardous or Radioactive materials	Supplier audits (hazardous/radioactive materials marking), Portal monitoring, Local hazardous waste regulatory compliance, Site exposure planning	Understanding and minimising the risk of hazardous and radioactive materials throughout the value chain
	Waste from operations sent to landfill	Recycling, Resource recovery	Minimising the volume of waste sent to landfill from operations
	Increased cost of and availability of disposal options for ASR waste	Waste type reclassification (municipal to hazardous), Zero waste target, Post-shredder technology, Waste-to-energy technology	Ensure plans are in place to mitigate the impact of increased automotive shredder residue (ASR) waste disposal cost. Identifying and securing recycling or recovery options for ASR waste to ensure compliance with regulations
Economic performance	Economic performance	Hedging, Political and economic conditions in Turkey, US, UK, ANZ, Metal price volatility, Waste stream interruption	Ensuring sustained positive economic performance and value for shareholders and mitigating risks to economic performance from externalities
	Geopolitical disruption	Policy engagement	Ensure plans are in place to mitigate the impact of geopolitical shifts on operations and business viability
	Ferrous metal price volatility	Business continuity, Economic performance	Ensure plans are in place to mitigate the impact of short-term changes in ferrous metal prices at a local and global level
Ethical business	Anti-competitive practices	Ethics & Integrity, Collusion with competitors, Price fixing Co-ordinating bids, Unfair business practices, Cartels, Abuse of market position	Ensuring actions are taken to prevent instances of anti-trust and monopolistic behaviour throughout operations and supply chain
	Bribery and corruption	Ethics & Integrity, Bribery, Facilitation payments, Fraud, Extortion, Collusion, Money laundering	Ensuring actions are taken to prevent instances of bribery and corruption throughout operations and supply chain
Respect for people	Human rights, labour rights, and labour relations	Indigenous rights, Forced labour, Child labour, Zero-hours contracts, Mechanisms to monitor supply chain and ensure adherence to standards, Freedom of association and collective bargaining	Ensuring good, fair and just human rights and labour standards which respect fundamental human rights throughout the value chain
	Responsible sourcing	Good supply chain practices, Supply chain audits, Self-reporting of suppliers, Direct sourcing	Ensuring a fair and ethical supply chain through audits and self-reporting



About This Report continued

Our material topics continued

Grouping	Issue	Sub-issues	Definition
Health and safety	Health and safety	Employee safety, Contractor safety, Health, Exposure to hazardous substances, Safety training, Personal security, Physical security/ threat of violence	Ensuring a safe workplace for our employees that doesn't compromise their health
	Potential for fires	Safety regulatory compliance, Safety fines and penalties, License to operate	Ensuring effective management of the risk associated with fires in all direct operations
	Transportation accidents	Vessel transportation loading, Truck transportation, Vehicle safety at operations	Prevent and minimise injury to employees and contractors, and loss of resources and capital from transportation accidents
Addressing climate change	Climate change opportunities	Growth in circular economy, Demand for recycled materials, Demand for alternative energy sources, Demand for recycling infrastructure and technologies	Ensuring opportunities arising from wider acceptance and actions taken on climate change are understood and included in strategic business planning
	Climate change risks	Site level physical risk, Waterways access, Climate risk in investments, Extreme weather/ natural disaster preparedness	Ensuring acute and long-term climate change impacts on business strategy and operations are understood and mitigation/adaptation plans are implemented
	GHG emissions	Climate change, Scope 1, 2, and 3 emissions	Greenhouse gaseous emissions from business operations
	Carbon Pricing	Carbon reporting and transparency, Revenue impact	Preparing for transition to carbon economies throughout global operations. Ensuring compliance with local policies on carbon pricing
	Renewable and alternative energy generation	Zero waste disposal target, Energy cost target	Increase energy sourced from renewable and alternative sources including waste-to-energy
	Transport fuel consumption	Vehicle efficiency, Vehicle idling in yards, Fuel efficient vehicle fleet	Minimising consumption of fuel for transport associated with operations
Being a good neighbor	Community engagement	Employing local people, Sourcing locally, Respecting indigenous populations	Working with and supporting communities to ensure livelihoods, prosperity and wellbeing
	Noise, dust and other local direct environmental impacts	Metal pollution, Particulate emissions, Noise pollution, Community health	Preventing or minimising environmental impacts from operations
Regulatory and compliance	Regulatory compliance	Failure to comply with regulation, Adapting products in response to regulatory change, Uncertainty of regulatory environment	Responding and adhering to regulatory requirements, including pre-empting and shaping future requirements
	Waste management	Local regulatory requirements, Changes in waste trade streams	Ensuring waste from operations is handled and disposed of in a responsible way in-line with regulatory requirements
	Sustainability governance	Transparency, Stakeholder engagement, Sustainability reporting	Ensuring management of strategic approach to sustainability and material subject matters is appropriately governed and reasonably integrated into corporate governance structures



About This Report continued

Our material topics continued

Grouping	Issue	Sub-issues	Definition
Thriving workforce	Diversity & inclusion and equality	Diversity, Discrimination, Gender empowerment, Employees with disabilities	Diversity & inclusion at work means that all individuals should be accorded equal opportunities to develop fully the knowledge, skills and competencies that are relevant to the economic activities they wish to pursue
	Staff recruitment, retention, development, and training	Employee training, Career evolution	Creating a workplace that's attractive to prospective employees and where current employees can forge fulfilling careers
Water management	Water consumption	Conserving water, Water stewardship, Water stress, Water intensity	Managing the use of water for efficiency and responsible consumption
	Water disposal (effluents)	Water pollution, Water recycling, Water reclamation	Preventing pollution to water supplies and managing waste water such that it can be reused as input
Digitisation and innovation	Technological innovation	Digitisation, Cyber security, Product innovation, Industry 4.0, Blockchain	Leverage advancements in technology to achieve and sustain competitive advantage
	Privacy & security	GDPR, Cyber security, Reputational risk	Responsible control and management of customer and product data; ensuring compliance with relevant data protection laws
	Recycling infrastructure	Good supply chain practices, Process efficiency	Ensuring best available technology (BAT) recycling infrastructure is in place throughout the value chain



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