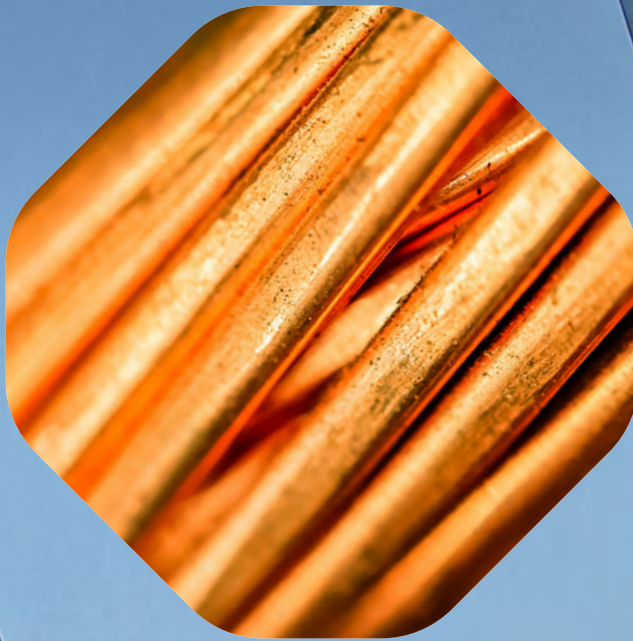


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Our purpose-led strategy allows us to create value by providing a pathway to decarbonisation and circularity.

Create a world without waste to preserve our planet

We enable the reuse of finite natural resources and foster the decarbonisation of our customers’ supply chains, which creates measurable, positive impact for individuals, communities, industries and governments.

Acknowledgement

We acknowledge the Traditional Owners of the land where we operate and work. We recognise their continuing connection to land, waters and culture. We pay our respects to their Elders, past and present.

Forward-looking statements

The material contained in this document is a presentation of information about the Sims Limited business portfolio's current activities at the date of the close of the reporting period, 30 June 2023. It is provided in summary form and does not purport to be complete.

It should be read in conjunction with Sims Limited's periodic reporting and other announcements that have been lodged with the Australian Securities Exchange (ASX). To the extent that this document may contain forward-looking statements, such statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors – many of which are beyond the control of the business portfolio – and may cause actual results to differ materially from those expressed in the statements contained in this release.

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

Sustainability reporting suite

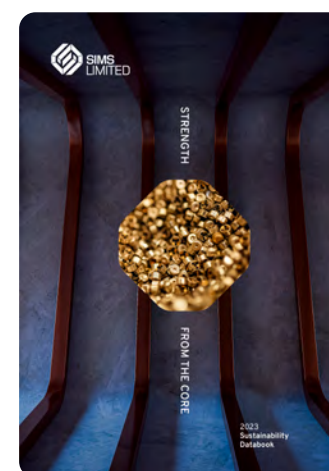
Sims Limited's sustainability reporting suite, which includes the FY23 Sustainability Report, Climate Report, Sustainability Databook and the 2022 Modern Slavery Statement, is available at www.simsltd.com/sustainability. All reporting for the period from 1 July 2022 through 30 June 2023 was done according to the [Global Reporting Initiative \(GRI\) Standards](#), and the GRI index is available in the Sustainability Databook. The Annual Report and statement of financial results are available at www.simsltd.com/investors. All currency amounts are in Australian dollars.



Sustainability Report FY23



Climate Report FY23



Sustainability Databook
FY23



Modern Slavery Statement
FY23
(December 2023)

CEO and chair statement

Our purpose, to create a world without waste, is at the heart of our strategy. It has proven to be a source of strength and focus as we advance both our climate change ambition and our role as enablers of the low-carbon circular economy of the future.

We have strong momentum toward our climate targets, and this year marks the early achievement of our 2025 goal to reduce emissions¹ by 23%, largely due to increasing our renewable electricity uptake to 84% of our total consumption. Decarbonisation continues to be a megatrend. Today 90% of the global GDP is covered by net-zero pledges, compared with just 16% of GDP in 2019.² A circular economy, particularly for metals, is recognised as an essential lever for climate action. Project Drawdown, a clearinghouse for climate research, has ranked metals recycling as the 33rd most impactful solution for climate change action in a 1.5°C scenario.³

This past fiscal year, Sims Metal, our metal recycling business, processed more than 9.4 million tonnes of material and reinjected this tonnage back into the economy, reducing the need to extract new resources and avoiding the emission of 11.6 million tonnes of carbon dioxide equivalent (CO₂e) compared with making that amount of steel from raw materials. Sims Lifecycle Services (SLS), our business division dedicated to providing circular solutions for technology, launched a sustainability calculator aimed at assisting its customers in understanding the emissions avoided through refurbishing and repurposing cloud hardware. In FY23, SLS repurposed and redeployed 3.8 million cloud units, making progress against our goal to repurpose or redeploy 8.5 million units by the end of FY25. These activities avoided 755,000 tonnes of CO₂e compared with manufacturing those same units.

This, our second Climate Report, shows strong progress against our action plan. Our North American-operated businesses switched to 100% renewable electricity during the year, and we progressed with the electrification of assets in our procurement strategy. This report also shows how we consider the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in our approach to governance, strategy and risk management.

We continue to engage with internal and external stakeholders as part of our governance approach. In 2022, we held our first shareholder advisory vote on our climate reporting, where it was endorsed by shareholders representing 89.6% of issued capital.

We continue to engage with stakeholders around the issues and opportunities they identify for Sims Limited on climate and have incorporated feedback throughout this second report. As we execute the climate strategy, our aim is to always ensure that we deliver long-term sustainable value for our shareholders.

During the year, we have also initiated the next phase of risk analysis to gain a more detailed understanding of the exposure to various acute climate-related events and chronic physical risks with the buildout of a detailed risk profile for each operated site. We also conducted our second review of our industry associations and have published the review on our website.

Whilst our company has made strong progress on climate change action since the launch of our sustainability strategy in 2020, there is still much work to be done. We both wish Stephen Mikkelsen, the incoming CEO, every success in achieving the enormous potential of Sims Limited in this decisive decade for charting the course to a circular, low-carbon economy.



Geoff Brunsdon,
Chairman



Alistair Field,
Group CEO &
Managing Director

Climate action highlights

Making strong progress toward our climate goals.



84%
renewable electricity
consumption



Enabled
12.4M
tonnes of avoided
emissions in the
value chain



Lowered
emissions
32%¹
compared to
FY20 baseline



2023 Corporate Knights Global
100 Most Sustainable Companies

A-
CDP Climate score
in 2022



Asia-Pacific
Climate Leader 2023



¹ Scope 1 and 2 (market-based) emissions. Based on FY20 baseline

² Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero. The Net Zero Tracker <https://zerotracker.net/>

³ <https://drawdown.org/solutions/table-of-solutions>

Our strategy and position on climate change

As the world grapples with the need for urgent climate action, Sims Limited's purpose, create a world without waste to preserve our planet, calls us to climate action. Through our circular business activities, we help customers achieve lower carbon intensity in their processes and products, as well as avoid disturbing carbon sinks in the natural environment by reusing finite natural resources. We also act on reducing greenhouse gas (GHG) emissions from our own business as we work to achieve our purpose and enable the low-carbon economy of the future.

Our first Climate Report was published last year and received 89.6% support when put to an advisory shareholder vote at our 2022 Annual General Meeting (AGM). Progress against our plan is published annually, and we have committed to update our transition plan and put it to an advisory vote every three years. The disclosures in this report incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We acknowledge that the warming of the planet is unequivocal and is clearly influenced by human activity, and we believe the world must pursue the Paris Agreement goals to limit the impacts of climate change, guided by the latest climate science. Sims Limited believes the circular economy is essential to address the shared global challenge of climate change.

The United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement provide that efforts to stabilise GHG concentrations should also enable sustainable economic development. Our sustainability strategy is guided by the United Nations Sustainable Development Goals (SDGs) and aligns with SDG 8: Decent Work and Economic Growth, SDG 12: Responsible Consumption and Production, and SDG 13: Climate Action.

To achieve these goals, a wide-scale transformation of energy, industrial and transport systems, as well as enabling technology, will be required. As these sectors decarbonise, they will also build out new infrastructure, contributing to a growing demand for renewable energy technologies, lower-carbon mobility in all forms, and the data centre technology that assists efficient and intelligent operations. As

these sectors grow, so, too, will the demand for the metals and cloud devices needed to build them, especially as societies globally continue to urbanise. Copper is required for the buildout of electrification and renewable energy. Aluminium is required for electric vehicles and solar panels. Low-carbon steel will be in demand as cities grow – for buildings, rail infrastructure and wind turbines. Our circular businesses enable us to support the delivery of these goals by recycling and supplying metals and cloud devices that are essential to a circular, low-carbon economy.

We recognise the need for action on our own emissions and in FY22, we announced new, more ambitious targets for our climate action. Based on the FY20 baseline, electricity accounted for nearly 50% of Sims Limited operational emissions, and as such, we made a commitment to source renewable electricity for all of our operations by 2025. The remaining portion of our emissions mainly comes from fossil fuels in our road fleet and mobile plant, and we are pursuing opportunities to displace diesel in our operations. We are also committed to take responsibility for our direct emissions with a goal of becoming carbon neutral by 2030 – moving this target forward from 2042. Our ambition is to become net zero by 2050.⁴

Progress on Sims Resource Renewal (SRR), our business that operates within the waste hierarchy to close our own waste loop, continued with the construction of our demonstration plant in Rocklea, Queensland. SRR will use automotive shredder residue, which is the waste generated from the metal recycling process, as the feedstock to create valuable products for society.

At Sims Limited, the low-carbon transition is at the heart of our business strategy as we seek to increase our positive impact in the circular economy and take actions to decarbonise our operations and value chain in line with our energy and climate targets. The strategic and scenario analyses we have conducted demonstrate that, as an enabler of the global circular economy, Sims Limited is well-positioned to assist customers in lowering their respective carbon footprints as the world transitions to a circular, low-carbon economy.

LOW-EMISSIONS STEEL



Steel production accounts for

7%

of global emissions.⁵



Demand for recycled materials is forecast to increase in a 2050 net-zero scenario.⁶



There are at least **18 different steel industry standards, protocols and initiatives** related to decarbonisation of the global steel industry – for producers, consumers and financiers.⁷



Science Based Targets initiative (SBTi), CA100+ and the Climate Bonds Initiative **include reduction targets over time.**⁷



Every tonne of scrap used for steel production avoids

1.5

tonnes of carbon dioxide emissions

1.4

tonnes of iron ore extraction

740

kilograms of coal

120

kilograms of limestone

compared to producing steel from raw materials.⁸



All standards highlight the use of scrap as a **critical pathway to low-emissions steel.**



Responsible Steel, SBTi, the Global Steel Climate Council and the IEA **provide specific targets for steel emissions intensity.**



This landscape is complex – there is significant variation in target audience, features, boundaries, targets, requirements and validation procedures.

⁴ Scope is direct operations only

⁵ <https://www.iea.org/reports/iron-and-steel-technology-roadmap>

⁶ IEA Energy Technology Perspectives 2023 <https://www.iea.org/reports/energy-technology-perspectives-2023>. The net-zero scenario, opportunities for recycling and secondary production are maximised

⁷ Hasanbeigi, A.; Sibal, A. 2023. What is Green Steel? Definitions and Scopes from Standards, Protocols, Initiatives, and Policies around the World. Global Efficiency Intelligence. Florida, United States. <https://static1.squarespace.com/static/5877e86f9de4bb8bce72105c/t/63c7a01f9d1a8a63a4b5a1b5/1674027071700/Whats+Green+Steel+-+18Jan2023.pdf>

⁸ <https://worldsteel.org/steel-by-topic/raw-materials/>

Our strategy, targets and ambitions

Our sustainability strategy is designed to help drive positive impact on our environment and society while creating value for our stakeholders. Our sustainability pillars – operate responsibly, close the loop and partner for change – are the foundation of our sustainability ambitions. We measure our progress with clear targets and goals, which are set for FY25. Each pillar is aligned to one of three U.N. SDGs, SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action, and SDG 12: Responsible Consumption and Production, to highlight where our actions most contribute to a greater collective impact. For more details on this strategy, refer to the FY23 Sustainability Report by visiting simsltd.com/sustainability.

Our climate-action plan is linked with our Close the Loop pillar, and action will involve addressing all

goals in our strategy. Developing a skilled, diverse workforce; being transparent; partnering for impact in our communities; and creating new circular business models are all essential to achieving our climate-action plan.

In FY22, Sims Limited announced new climate-action targets in response to the increasing urgency of climate change and the material importance of reducing GHG emissions to our stakeholders. This included a renewable electricity commitment that recognises the importance of electrification to advancing our decarbonisation roadmap and accelerating our carbon-neutral target from 2042 to 2030. We believe these new targets better reflect the importance of climate action in pursuit of our purpose.

Sims Limited sustainability strategy

PARTNER FOR CHANGE

CLOSE THE LOOP

OPERATE RESPONSIBLY



- Foster a no-harm work environment
- Close the gender gap
- Develop a skilled and energised workforce
- Ensure transparency on how our business is conducted in an ethical manner



- Become carbon neutral by 2030 and achieve net zero by 2050
- Achieve no waste to landfill
- Close materials loops further by expanding capacity and services



- Build trusted relationships with our communities
- Create new business models that further the circular economy

Create a world without waste to preserve our planet

SHORT TERM: 2025

- Reduce emissions⁹ by 23% compared to our FY20 baseline
- Use 100% renewable electricity in operated businesses
- Achieve carbon neutrality in Sims Lifecycle Services' direct operations

MEDIUM TERM: 2030

- Achieve carbon neutrality in direct operations across the portfolio businesses

LONG TERM: 2050

- Achieve net-zero CO₂e emissions⁹ in our direct operations

⁹ Scope 1 and 2 (market-based) emissions. All targets in reference to FY20 baseline

All of these goals relate to our direct emissions (Scopes 1 and 2), and our targets distinguish between achieving carbon neutrality (2030) and net-zero CO₂e emissions (2050). In the lead-up to 2030, we will implement our carbon action plan (refer to page 14). This plan will include the transition to renewable electricity since electricity is responsible for 48% of our baseline emissions. Considering the number of mobile plant and road vehicles with an expected lifespan beyond 2030 and a lack of availability of low-emissions alternatives, eliminating emissions from fuel combustion (Scope 1 emissions) before 2030 is not possible. Remaining emissions will be balanced using verified carbon offsets. We consider "net zero" (2050) to be the point at which emissions are reduced by at least 90% compared with the company's baseline year with residual emissions offset.

We believe that pursuing carbon neutrality in the medium term appropriately aligns with our purpose and commitment to SDG 13: Climate Action. The governance, actions and risks are described later in this document.

In FY22, Sims Limited measured our value chain emissions (Scope 3 emissions) for the first time, and in FY23, we continued to refine our methodologies. We also have engaged with SBTi in the development of the steel sector pathway, which at the time of writing was expected to conclude in September 2023. Refer to page 20 for a discussion on Scope 3 emissions and our immediate action plans.

SCIENCE-BASED TARGETS ALIGNING WITH 1.5°C PATHWAYS

Targets are considered "science-based" if they are in line with what the best available climate science says is necessary to meet the goals of the Paris Agreement's ambitious aim to limit average global warming to well below 2°C by the end of the century compared to pre-industrial levels, and pursue efforts to limit warming even further to 1.5°C.

Our targets, which cover our Scope 1 and 2 emissions, were developed following the Science-Based Targets initiative (SBTi) cross-sector absolute reduction methodology for near-term targets. This methodology (also referred to as the absolute contraction approach) specifies that all companies reduce their absolute emissions at the same rate relative to the baseline year, irrespective of initial emissions performance. For Scope 1 and 2 targets set with a base year of 2020 or earlier, aligned to a 1.5°C scenario, the absolute reduction approach prescribes a 4.2% minimum linear annual rate of reduction.¹⁰ From this approach, Sims Limited derived our existing 23% absolute reduction by 2025 target.

Based on our analysis, the emissions reductions associated with our short-, medium- and long-term targets for Scope 1 and 2 emissions fall within the range of emissions reductions required to be considered aligned with a 1.5°C scenario and the goals of the Paris Agreement. This year, Apex Group Ltd. has reviewed our methodology and targets and provided an opinion that our Scope 1 and 2 targets are aligned with a 1.5°C pathway, which can be found at the end of this document.

As our Scope 3 emissions are more than 90% of our total inventory, any target that is formally endorsed by the SBTi must include a Scope 3 emissions reduction target that covers at least 67% of Scope 3 emissions. As more than 80% of our Scope 3 emissions come from the processing of our sold scrap product during secondary metalmaking, these emissions would have to be included in a Scope 3 target. We have continued to refine our approach based on the release of the SBTi steel pathway during the reporting period. Please refer to page 20 for more details on Scope 3 emissions and pathways.

¹⁰ <https://sciencebasedtargets.org/resources/files/Getting-Started-Guide.pdf>

Climate change governance

Climate change is a material governance and strategic issue, and our Board of Directors is responsible for ensuring that Sims Limited has adequate policies and strategies in place to understand and manage climate risk while also seizing the opportunities presented by the transition to a low-carbon economy as part of our strategy.

The Safety, Health, Environment, Community and Sustainability (SHECS) Committee assists the Board in overseeing its climate-related performance and governance responsibilities. The Risk Committee reviews climate-related risk and is ultimately responsible for overseeing the embedding of climate risk into the enterprise risk management (ERM) approach and setting the risk appetite for the company. The charters for these committees are available in the company's annual Corporate Governance Statement and Directors Report and at simsltd.com/governance. In practice, all Board members participate in the Annual Corporate Meeting, which supports holistic consideration of climate-related topics.

With support and input of the executive leadership team (ELT), our chief risk and sustainability officer (CRSO) is responsible for providing and maintaining the ERM framework, in which climate change risk is integrated, as well as accountability for oversight of climate-related matters across the company. This includes monitoring performance across the business, maintaining the ERM system and performance disclosure. In FY23, the CRSO's title was changed to include sustainability (formerly chief risk and compliance officer) to reflect our organisation's commitment to sustainability at the executive level. No organisational structure change was required. The CRSO reports to the chief executive officer (CEO) and Board.

Executives are ultimately the risk owners and are accountable for identifying, managing and monitoring climate-related risks and opportunities within the ERM framework and risk appetite. Key risks are reported to the Board's Risk Committee at least quarterly. The CEO, CRSO and the entire ELT are accountable for the company's actions and commitments to embed climate change into our risk management and business strategy.

Under the leadership of the CEO, our executive and management teams are responsible for implementing the strategic direction and delivering the goals approved by the Board. These include implementation of climate-related targets and policy positions, identification and management of risks

and opportunities, and reporting on these topics to the Board directly and/or through the relevant Board committees.

Strengthening the link between remuneration and climate performance

The Remuneration Committee of the Board is responsible for determining and approving remuneration packages for the CEO and the ELT.

From FY23 onwards, the Committee strengthened the link between performance pay outcomes and achievement of our climate goals. The CEO's compensation includes an annual performance-based long-term incentive (LTI) equal to 200% of base at maximum vesting. From FY23 onwards, a weighting of 10% of the LTI is tied to the achievement of the company's 2025 goals to reduce absolute emissions by 23% from the FY20 baseline and to achieve 100% renewable electricity.

The remainder of the LTI relates to the growth of our circular businesses in our growth strategy, which was announced in 2019. These businesses offer solutions to customers seeking to decarbonise their products and value chains. The growth strategy is embedded within the Close the Loop pillar of our sustainability strategy. The ELT shares in incentives for goal achievement and is responsible for cascading the goals throughout the organisation, from which key management personnel are rewarded for emissions reductions.

Full details of the CEO's compensation are available in the Remuneration Report. These incentives will support the company's ability to deliver shareholder value in the transition to a low-carbon economy.

External stakeholder engagement

Our climate change strategy is supported by active engagement with our stakeholders, including investors, customers, policymakers and our communities. We regularly review our plans in response to stakeholder views, changes to climate change policy and regulation, and the latest scientific knowledge on climate. Action on GHG emissions was also identified as a material topic in our last materiality review, which was conducted in FY22.

The Board uses a range of formal and informal communication channels to understand the views of shareholders in relation to climate change. Increasingly, commentary related to climate change is part of all routine investor engagements, including roadshows, 2023 Investor Days and investor engagement meetings. In 2022, Sims Limited introduced a dedicated environmental, social and governance (ESG) briefing for investors and their analysts to engage on these topics.

This past fiscal year, the chair, CEO, chief financial officer (CFO), members of the executive team and Investor Relations teams met with investors and analysts globally. Included in our climate-related topics were ESG governance and value chain emissions.

Sims Limited frequently works with stakeholders and engages with government on the design of circular economy and waste management policies and regulations, which are increasingly aligned to climate-action objectives. We do this in line with our long-standing support of policies and regulations that are applied equally and consistently, to lift the market to the high standards to which we operate.

In FY23, we became a signatory to the [Action Declaration on Climate Policy Engagement](#), which was launched at COP27. Signatories commit to ensuring their climate policy engagement, and that of their industry associations, helps to advance Paris-aligned climate action. As part of our commitment, we again conducted a review of the climate policy positions of industry associations of which Sims Limited is a member, and the full report is published on our website. We again detected no material misalignments between their positions and Sims Limited's energy and climate policy.

Sims Limited also joined the Australian Climate Leaders Coalition (CLC) during the year. The CLC is a group of cross-sectoral Australian corporate CEOs supporting the Paris Agreement commitments and setting and implementing public decarbonisation targets.

BOARD ENGAGEMENT ON CLIMATE ACTION IN FY23

Climate change and the low-carbon transition are routinely on the Board of Director's agenda, including strategy, risk management and progress against our targets. In FY23, the Board:

- Endorsed the FY22 Climate Report and the approach to be taken for the advisory vote at the 2022 AGM.
- Reviewed and endorsed the FY23 review of industry association lobbying positions.
- Monitored progress to decarbonisation targets.
- Consulted with shareholders on climate-related matters through the chair and CEO.
- Considered climate-related issues when reviewing acquisitions.
- Reviewed changes to climate-related risk disclosure in the FY23 Annual Report.
- Reviewed changes to climate policy and regulation at the global and national level, such as COP27 outcomes and changes to the Australian Safeguard Mechanism.

In addition, the Risk Committee reviewed key risks and their indicators, including those related to climate change. The Remuneration Committee approved new components related to climate-change targets in executive remuneration in FY22 (see page 10 or the FY23 Annual Report) and reviewed their appropriateness.

Endorsed
**CLIMATE
REPORT**
at 2022 AGM

Added
GHG emissions
**REDUCTION
TARGETS**
to our long-term
compensation
metrics

Signed the
**Action Declaration on
Corporate Knights Climate
Policy Engagement**
in FY23

Opportunity and risk management

In informing our strategy, Sims Limited has identified climate-related risks and opportunities over the short (2030), medium (2050) and long term (2070). These occur in relation to both the physical risks of rising temperatures and the transition to a low-carbon economy.

Consistent with the TCFD recommendations, we have used scenarios to assist us with understanding these risks and opportunities for our operated

businesses. Scenarios describe a range of possibilities for the future, to provide a structured way of thinking through uncertainty and making strategic choices.

We have used both lower- and higher-emissions scenarios to understand the potential projected range of climate-related financial impacts. We used publicly available information from the Representative Concentration Pathways (RCPs)







adopted by the Intergovernmental Panel on Climate Change Fifth Assessment Report (IPCC AR5) and Network for Greening the Financial System (NGFS) to describe different possible futures and indicative economic and social impacts. The RCPs to inform the climate trajectories were used to measure the impacts of acute and chronic climate changes on Sims' Limited assets and infrastructure. The NGFS climate scenarios have been selected to help to understand the impact of environmental and climate change policy (e.g., carbon pricing) on the cost of operations, inform the projected demand landscape for recycled metals and electronics, and the required timings and technologies for Sims Limited to decarbonise.

Physical risks can be acute (e.g., cyclones or floods) or chronic (e.g., sustained higher temperatures that may lead to sea-level rise). Transitional risks and opportunities encompass the impacts of policy, regulatory and market changes required to transition to a low-carbon economy. To select the most material climate change risks and opportunities for scenario analysis, senior management perspectives on future climate and risks and opportunities for Sims Limited were captured in a survey

and an Executive Leadership validation and prioritisation workshop was conducted. These results were reviewed and validated separately by the Board of Directors. The process was facilitated by a third party. In our TCFD analysis, conducted in 2021, we considered physical risks at our 22 largest sites and at 36 strategic destination ports worldwide. In subsequent years, we have expanded this analysis to consider all operational sites, as well as additional risk indicators such as water stress.

In FY23, we extended our analysis of physical risk and created a new risk management dashboard that incorporates information about climate risk for all premises, using two different scenarios. The information comes from publicly available sources and considers factors such as water stress, sea-level rise and temperature rise. The dashboard can be overlaid with additional information about the site, such as demographic information or processed volume, to help provide a holistic risk picture. The dashboard is available to operational and Merger & Acquisition teams to inform decision-making.

CLIMATE RISK AND OPPORTUNITY SUMMARY

		Risk or opportunity assessed	Metrics considered	Time frame	Reference scenario	Results and impacts	Incorporation into strategy
PHYSICAL RISKS	 Extreme heat	Productivity (from workers and machinery) may decrease, resulting in a negative financial impact to Sims Limited. Water availability may be limited, causing impacts to dust suppression activities.	<ul style="list-style-type: none">Fraction of the year in locally defined hot daysDays above 33°C/90°FSites in water-stressed areas	2030 2050 2070	RCP 4.5 RCP 8.5	By 2050, all sites may experience an additional 5%-40% hot days in a year. By 2050, 35 sites could be located in water-stressed areas, of which four sites are considered large water users (>10,000 m³ per annum).	Sims Limited's Environment, Health and Safety (EHS) policy already covers heat stress. We are investing in water recycling solutions to reduce water consumption. We are also investing in advanced dust suppression technology that does not use water as an input. Scenario results are used to inform further resilience activities including investigating any technology, process changes or structural alterations that may reduce impacts from heat.
	 Extreme rain (flooding and cyclones)	Increased flooding risk may disrupt Sims Limited's value chain, impacting revenue.	<ul style="list-style-type: none">Wettest day rainfallCyclones/hurricanesMean sea-level rise (2050 only)1-in-100-year extreme sea-level rise (2050 only)	2030 2050 2070	RCP 4.5 RCP 8.5	The considered climate metrics are all expected to increase. We have identified key locations that are more exposed than others. Storm surges and sea-level rise may cause significant regional damages.	We are already adapting to extreme weather events such as flooding in Queensland and hurricanes Sandy, Henri and Ida. Adaptation differs depending on the relative risk and treatment available. Scenario results are used to better inform future mitigation and adaptation plans for expected increased impacts. We are considering these impacts in due diligence processes. This extreme weather risk is not unique to Sims Limited and can in part be avoided through stakeholder collaboration and collective action to accelerate decarbonisation.
TRANSITIONAL RISKS/OPPORTUNITIES	 Greater climate change regulation	Climate change is accelerating the rate and magnitude of change in environmental policy and regulations. This may change the costs of doing business for Sims Limited operations and key suppliers.	<ul style="list-style-type: none">Carbon-pricing policies and regulationsCost of carbonRecycling policies and regulations	2030 2050	NGFS Scenarios: <ul style="list-style-type: none">OrderlyDisorderlyHothouse world	Sims Limited may see the highest increase in costs if we do not take any climate action (disorderly scenario). This is because governments are assumed to introduce immediate but divergent climate-related policies.	Sims Limited already keeps abreast of changing regulation and legislation relevant to our business. This allows us to monitor and prepare for future changes. In FY22, we announced an increase in the ambition of our climate-action targets and have taken action to decarbonise our operations, independent of a regulatory requirement. We have adopted a shadow carbon price internally to model the potential impacts of carbon pricing on our operations and strategy.
	 Increased demand for recycled products	Action to limit climate change will likely accelerate the demand for recycled materials due to changing consumer and customer expectations as well as legislation. This would generate revenue for Sims Limited.	<ul style="list-style-type: none">Steel demand (MT*)Availability of scrap steel (MT)Increase of available scrap steel (%) <small>* Million tonnes</small>	2030 2040 2050	NGFS Orderly	The availability of recycled steel and scrap supply is expected to continue increasing. Sims Metal's processing demand under these scenarios is projected to double by 2050.	Achievement of global climate targets necessitates the transition to a more resource-efficient and circular economy, which is already core to our strategy and corporate purpose. We continued to advance our strategy in FY22 with the acquisition of Recyclers Australia and Atlantic Recycling Group, which together will deliver 200,000t of additional ferrous and non-ferrous product; and the FY23 acquisition of Northeast Metal Traders (NEMT) at approximately 60,000t additional non-ferrous metal per year. See the Metrics and Targets section of this report for more on our performance against our strategic goals to accelerate the circular economy to achieve our purpose.
	 Investment to decarbonise operations	Sims Limited will likely need to invest to achieve its 1.5°C commitments. We will need to monitor emerging technologies and solutions to make financially prudent investments. We will engage in the purchase of carbon offsets for residual emissions.	<ul style="list-style-type: none">Energy generationEnergy storageModern transition fuels (e.g., biofuels)Carbon market development	2030 2040 2050	NGFS Orderly	For Sims Limited to transition in line with a 1.5°C-aligned scenario (net zero by 2050), we will need to invest in projects that reduce fossil fuel use and increase the percentage of renewable energy used. This is consistent with our committed targets and strategy.	Sims Limited has committed to becoming net zero by 2050 with staged goals at 2025 and 2030. Our Scope 1 and 2 targets are consistent with the SBTi methodology. We have defined our key pathways to decarbonisation as per page 14 in this document. We use an internal shadow price on carbon to model potential impact of decarbonisation investment and costs of potential carbon offsetting.
	 Access to capital	Investors and financiers seek to lower the emissions impact of their portfolios in line with changing market preferences and/or regulation. The drive to a low-carbon economy leads to new finance models becoming available.	ESG disclosure performance	2030 2040	NGFS Orderly	Our low-carbon revenue model and disclosure of ESG performance is attractive to ESG-focused investors and lenders.	Sims Limited has invested in focused ESG data and reporting resources to improve transparency, and this enables us to demonstrate our ESG credentials. Transparency on our performance positions us to be able to take advantage of emerging sustainability finance instruments such as green bonds or sustainability-linked loans, if required in the future.

Managing our operational footprint

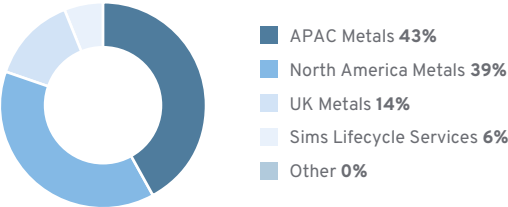
Reducing our operational emissions is a key strategic driver for Sims Limited. We disclose Scope 1 and 2 emissions totals based on an operational control boundary. Emissions associated with joint ventures where we do not have operational control are presented in the Scope 3 boundary, according to our equity interest.

As shown here, the main sources of our operational emissions¹¹ in FY23 were diesel (70%) and electricity (24%). The contribution of electricity to our emissions profile has decreased as a result of increased procurement of renewable electricity. Other sources of operational emissions include natural gas and cutting gas (such as oxygen torches). The core metal business generates the bulk of the group footprint.

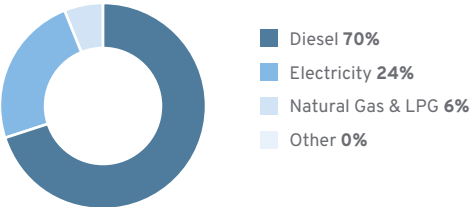
In FY23, our footprint decreased by 32% from the baseline year (21% from FY22 levels), largely because of executing new renewable electricity transactions in line with our commitment to source 100% renewable electricity by 2025. This included all sites in the United States and Canada not already using renewable electricity. We also saw a full-year

impact of renewable electricity contracts made in FY22, most notably in Jersey City, New Jersey (our largest electricity consumer); Kwinana, Western Australia; and all sites in New Zealand.

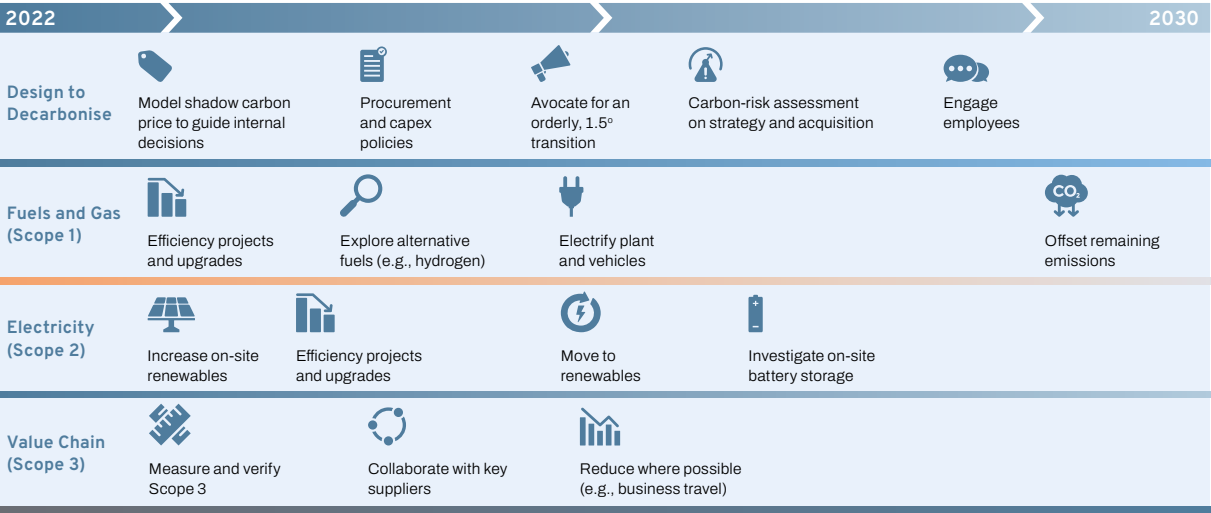
CO₂E CONTRIBUTION (LOCATION-BASED)



CO₂E SOURCES (MARKET-BASED)



Pathway to carbon-neutral operations



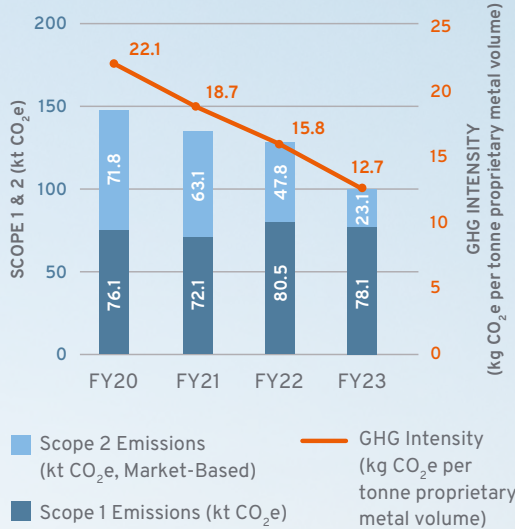
Our priority is to invest in reducing our operational emissions, with carbon offsets used for those emissions we cannot eliminate or reduce before 2030.

11 Market-based

CALCULATING GHG INTENSITY

GHGs can also be expressed relative to another unit, such as revenue or tonnes of production, which is called an intensity metric. This is useful for understanding the relative intensity of GHG emissions compared to our business activity. We have presented this as tonnes of CO₂e per million tonnes of proprietary metal volume. As we do not process brokered volume, it does not have a large impact on our Scope 1 and 2 performance and has been omitted from the intensity calculations. However, emissions relevant to brokered volume (e.g., transport, customer processing, etc.) are included in the Scope 3 boundary.

GHG EMISSIONS AND INTENSITY



100%
of US and Canadian sites
are sourcing renewable
electricity

21%
footprint reduction
year-over-year¹²

Targets ¹³	FY20 Baseline	FY23 Result	FY23 Progress
Short term – Reduce emissions 23% by 2025	147,909 tCO ₂ e	101,211 tCO ₂ e 32% reduction	We have met our initial target of 23% emissions reduction compared to FY20 levels. This has been driven by year-on-year increases in renewable electricity.
Short term – Use 100% renewable electricity by 2025	0%	84%	
Short term – SLS become carbon neutral by 2025	7,224 tCO ₂ e	3,938 tCO ₂ e 45% reduction	
Medium term – All Sims Limited businesses to become carbon neutral by 2030	147,909 tCO ₂ e	101,211 tCO ₂ e 32% reduction	

12 Scope 1 and 2 emissions. Based on FY22 to FY23 levels

13 All targets in reference to FY20 baseline; market-based emissions; Scope 1 and 2 only

STREAMLINING MATERIAL HANDLERS AND ADVANCING ELECTRIFICATION

Across Sims Metal and our joint venture partners SA Recycling and Richmond Steel, a fleet of over 800 material handlers with multiple specifications is sourced from more than 20 original equipment manufacturers (OEMs).

In 2022, a project led by Global Procurement and Operations was initiated to source and establish preferred suppliers in order to maximise efficiencies across our metals operations. Project goals included:

- Delivering fit-for-purpose material handlers.
- Minimising downtime.
- Lowering whole-of-life costs.
- Delivering against our values of safety and social responsibility, including decarbonisation.

With the involvement of each region, 105 regional requirements were reduced to a standardised set of requirements. An OEM market screen was undertaken, and preferred vendors were selected. As part of the screening exercise, new electric units were identified. Regional operational working groups were formed to assess available technologies, identify possible applications, develop specifications and techniques, review designs and case studies, and submit recommendations. As part of the research, Sims Metal visited sites where electric units were applied in other recycling industries to observe their operation and learn firsthand about the challenges and benefits of these units.

Based on the working groups recommendations, 24 electric material handlers were included in the FY24 capex budget. Together, these units will reduce carbon emissions by over 2,000 tonnes per year compared to the diesel units they are replacing (once delivered and commissioned).

>95%

Percentage of SLS renewable electricity consumption



110+

Sims Limited sites use renewable energy



197.6kw solar system at Brooklyn, Victoria, installed during FY23

Decarbonising our electricity supply

Sims Limited plans to deliver our short-term target by initially focusing on decarbonising our electricity supply. In line with our commitment to use 100% renewable electricity by 2025, we will support renewable generation in our contract procurement of electricity and match our consumption with renewable energy credits (RECs). We will also consider installation of renewable energy generation and storage at our sites. These are low-risk options that can be achieved with modest investment in mature, commercially available technologies. In line with our Energy & Climate Policy, we will advance energy efficiency and conservation methods throughout the portfolio. These projects will reduce energy demand and costs, as well as emissions.

Planned electrification of the diesel fleet will increase electricity consumption at our yards, so moving to renewable electricity early is of strategic importance to recognise the maximum emissions reductions and support capacity and demand management at sites.

In FY23, electricity contributed to 24% of our emissions footprint (market-based calculation), down from 57% in the baseline year, because of our increased use of renewable electricity. During the year, we purchased unbundled Green-e certified RECs to match the electricity consumption of North American sites not

already covered by renewable electricity supply contracts (including those in regulated markets where Sims Limited cannot choose the suppliers). We also observed further reductions from renewable electricity agreements that were in effect for only part of the year in FY22.

We now use 100% renewable electricity at more than 110 sites across the Sims Limited portfolio, including 15 out of 18 SLS Circular Centres by the close of the year. Just under 60% of renewable electricity consumption is supplied as a 'bundled' product, with remaining consumption matched with unbundled RECs, which are generally sourced from within the country of consumption. In general, where we have purchased unbundled RECs, they have been purchased from renewable electricity generators within the country of consumption.¹⁴

Sims Limited is also progressing deployment of on-premise renewable electricity with installation of a 197.6 kilowatt system installation in Brooklyn, Victoria, during FY23. While on-premise installations will, in general, cover only a small amount of consumption, these installations offer value for money, can reduce daytime demand peaks and associated charges, and reduce Scope 2 and Scope 3 emissions (as they relate to upstream electricity transmission loss).

¹⁴ Canadian consumption is matched with USA-origin RECs. Canada and the United States are considered to form a single renewable electricity market. UK consumption was matched with EU RECs prior to April 2023, and UK-origin RECs from 1 April onwards

Reducing diesel use

Combustion of diesel and petrol contributed 70% of operational emissions in FY23. Most of the consumption was from diesel used in mobile plant equipment in our metal yards. Diesel may be displaced by alternative fuels, such as biodiesel or hydrogen, but we believe that electrifying assets has the strongest potential to reduce emissions in the near term. In addition to emissions reductions, lower operating and fuel costs can be achieved through electrification. It also reduces the number of potential instances when operational employees could be exposed to emissions from diesel particulate.

Where electric options are readily available and are commercially comparable to diesel assets (considering whole-of-life operational costs), they are being adopted, and electric assets are being deployed throughout the company. However, for other asset classes such as our road fleet, low-emissions options may not yet meet our operational or commercial requirements. In FY23, we purchased our first electric road truck, which will perform customer collections at the Newport fridge recycling facility in the United Kingdom upon delivery in late 2023.

In line with our global procurement strategy to ensure value for money is delivered for Sims Limited, we increased our engagement with OEMs and non-operated joint ventures to identify and trial cost-effective low-emissions options. Our work over FY23 on material handlers illustrates this approach. (See case study on page 16).

We will adopt a phased approach to replace fossil-fuel assets based on their useful economic life. As we pursue electrification, we are also investigating using biofuels as an interim step to accelerate progress toward our 2030 target. However, global supply chains for biodiesel are not evenly developed, and we would want to use biofuels that have been produced sustainably. In FY23, we concluded a small-scale trial of hydrogen injectors retrofitted to diesel engines. Fuel savings from the trial, combined with the difficulty our drivers had with the units, did not warrant expansion of the trial.

During the year, we conducted an awareness campaign with employees to encourage the reduction of engine idling, such as during driver changeovers or unforeseen work stoppages. The campaign included toolbox talks and posters aimed at influencing drivers' behaviour and decision-making. Both site and regional leaders were engaged on this topic, and the overall response was positive. We also are piloting new telematics systems at different sites to benchmark consumption and set efficiency targets in the future.



SIMS LIFECYCLE SERVICES: ADVANCING TOWARD CARBON NEUTRALITY

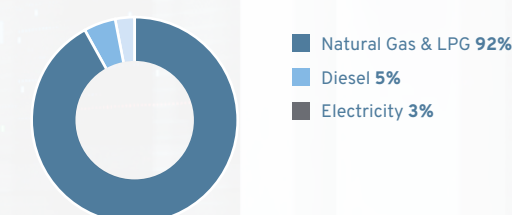
Sims Lifecycle Services (SLS), a global leader in [IT asset disposition \(ITAD\)](#), data centre circularity and electronics recycling, is progressing toward its commitments of achieving 100% renewable electricity and carbon neutrality at all Circular Centres by 2025. Renewable electricity is now used at 15 of 18 SLS Circular Centres, covering more than 95% of electricity consumption. SLS customers include innovative technology and data centre businesses, which are defining the decarbonisation agenda in their sector. By achieving carbon neutrality as early as 2025, SLS will further help its customers reduce emissions impacts across their own value chains.

To achieve its 2025 commitments, SLS is taking the following actions:

- Switching to 100% renewable electricity contracts at premises where we directly contract for electricity. Where we do not, SLS is using its influence to encourage landlords to provide renewable electricity or cover usage with RECs.
- Pursuing energy-efficiency and conservation programs across the portfolio.
- Pursuing electric and low-emissions options in the SLS light-duty vehicle fleet.
- Setting desired environmental criteria for new premises as we expand our global operations.

A small amount of emissions come from vehicle fuel for road vehicles, and we continue to evaluate electric and low-emissions options in the SLS fleet, which is primarily light vans fitted with disk destruction devices. Third-party haulers are used for most large logistics movements, which are accounted for in the Scope 3 boundary.

SLS EMISSIONS SOURCES FY23 (MARKET-BASED)



As SLS has continued to execute its strategy to focus on repurposing and refurbishing cloud units, the assay facility at Franklin Park Illinois, which refines precious metal scrap from industrial by-products, has become less aligned with the SLS business strategy. Since these by-products come from automotive, biomaterial, aerospace, metal platers and circuit-board manufacturing industries, we made a strategic decision to transfer the business to Sims Metal, in a new structure called Sims Precious Metals. From 1 July 2024, the emissions from this facility thus will be allocated to Sims Metal. This facility was the largest source of emissions (67% in FY23) in the SLS business.

Emissions in our value chain

At Sims Limited, we recognise that climate change is a shared global challenge and that our actions are not complete without engaging the value chain. Like many companies, the emissions in our value chain are significantly higher than the emissions from our direct operations. Because they are outside of our own operations, we do not have operational control of these emissions and must collaborate and use our influence to drive reductions, as well as to obtain accurate and complete data.

The largest sources of Scope 3 emissions are from the steel and maritime sectors, relating to the processing and freight of our sold product. Our ability to make significant reductions to Scope 3 emissions will depend on the decarbonisation of these sectors in line with the Paris Agreement goals. More details on the trajectory of these sectors are discussed in the following pages.

Over the past 12 months, we have engaged with our value chain to refine our procedures to collect more detailed data for our most material Scope 3 emissions.

As emissions from the marine freight and secondary processing of our sold-metals product dominate the Scope 3 inventory, Sims Metal's value chain contributes to 96% of Sims Limited total value chain emissions.

We have presented the emissions from the Sims Lifecycle Services value chain for stakeholders to form a complete understanding of this division. The most significant Scope 3 emission sources for Sims Lifecycle Services are third-party transport and the use of resold and refurbished products (e.g., the electricity they consume in their second lifecycle). In FY24, we will review the methodology for calculating the use of sold products category to refine our data sources and assumptions.

RELEVANT SCOPE 3 CATEGORIES

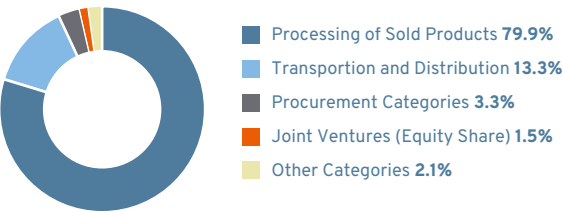
Scope 3 Category	Category Name	Total tCO ₂ e	% of Scope 3
Category 1	Purchased goods and services	100,563	2.4%
Category 2	Capital goods	34,016	0.8%
Category 3	Fuel- and energy-related activities	38,284	0.9%
Category 4 and 9	Upstream and downstream transportation	556,899	13.3%
Category 6	Business travel	4,830	0.1%
Category 10	Processing of sold products	3,354,625	79.9%
Category 11	Use of sold products	48,762	1.2%
Category 15	Investments (joint venture equity share)	61,417	1.5%

Categories 5 and 7 represented <1% of emissions in FY22 so were not re-measured. Categories 8, 12, 13 and 14 are not relevant to Sims Limited operations.

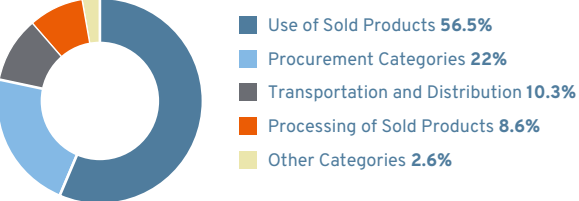


Electric shear installed in front of acoustic cladding for shredder downstream at Avonmouth, United Kingdom

% CONTRIBUTION (MAJOR CATEGORIES)*



SLS % CONTRIBUTION*



* Due to rounding, may not equal 100%



96%
of Sims Limited's
Scope 3 emissions are
related to Sims Metal's
value chain

Processing of sold products

The largest single source of Scope 3 emissions is from the remelting of our processed metal products into new metals, particularly ferrous metal, which represents most of the metal we trade by volume.

The future trajectory of this category relies on our customers' decarbonisation roadmaps, which in turn will be guided by the development of renewable energy, technology solutions within the sector and government policies that enable this transition. Through engagement, we know that some of our customers, particularly customers in domestic markets, have set Scope 1 and Scope 2 emissions reduction targets for their businesses. These commitments take varying forms: reduction in emissions intensity (e.g., CO₂e per tonne of product); absolute emissions reduction within this decade; and net-zero goals by 2050. These commitments are underpinned by national net-zero commitments in our core domestic and export markets, including Australia (2050), the United States (2050) and Turkey (2053). In FY23, 93% of our emissions in this category were generated in countries that have net-zero pledges by 2055, rising to 98% by 2070.

During FY23, we conducted an analysis of our customers to determine if they report their production emissions intensity.¹⁵ On a volume-sold basis, 38% of sold volume could be matched with a publicly reported production intensity metric. However, the emissions boundaries were generally not clearly defined. This caused significant challenges in comparing them and reliably integrating them into our emissions calculation for this category. However, we did update our methodology to acknowledge

volume processed by specific steelmaking technology (e.g., EAF or BOF) used by our customers (where disclosed).

The decarbonisation of the steel sector is a significant challenge, as outlined in a 2021 report by the Institutional Investors Group on Climate Change (IIGCC) in partnership with Climate Action 100+ (CA100+). In their modelling of even the most ambitious trajectory for innovation, investment and adoption of decarbonisation measures, the steel industry is considered unlikely to reach net zero by 2050.¹⁶ A 2023 analysis by the IEA concludes that the current pipeline of low- and near-zero-emission projects falls short of what is required to meet the Net Zero Emissions by 2050 Scenario, and high-emissions projects make up around two-thirds of all announced projects worldwide.¹⁷

By supplying more processed scrap product to customers, Sims Limited would contribute to reducing their emissions intensity (compared to making the same amount of steel from raw materials). In parallel, the increased volume would cause Sims Limited's own Scope 3 emissions to rise, at least until there is widespread decarbonisation in the sector.

During FY23, SBTi and the steel sector worked to develop science-based, target-setting methodologies, tools and guidance for steel companies and stakeholders. Sims Limited participated in the public consultation process about the proposed methodology and final deliverables were released in July 2023. Steelmakers seeking to use the sector-based pathway must include

specific processes (illustrated in the core system boundary graphic below), regardless of whether they are a Scope 1, 2 or 3 emission for a particular steelmaker. This ensures SBTi targets are based on consistent, comparable accounting.

In consultation and in their published work examples, SBTi confirmed that the steel sector methodology is appropriate for use for setting targets for Scope 3 emissions for the processing of sold scrap product, as long as all processes the scrap product undergoes inside the iron and steel core boundary are included in the Scope 3 calculation. This is different from the approach we had historically used, so during FY23 we have re-evaluated our methodology for this category. Our research indicated that a higher proportion of BOF process energy was more correctly allocated to ironmaking (from raw materials) rather than steelmaking and we adjusted our calculations accordingly. We have also included emissions from hot rolling of steel in our calculations for the first time, giving greater alignment with the SBTi core boundary.

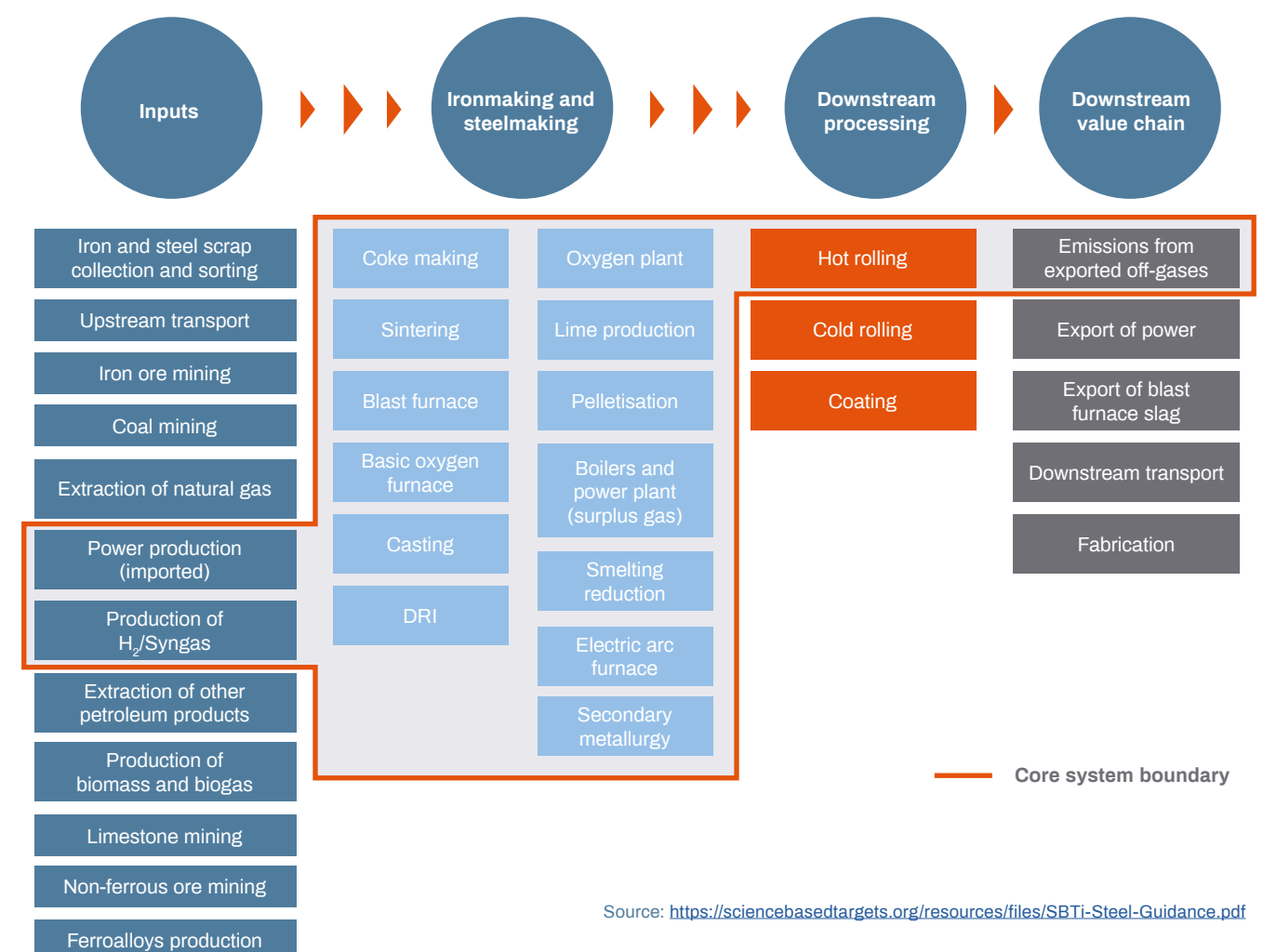
During the year, we also evaluated alternate SBTi methods for Scope 3 target setting. The economic contraction approach (i.e., emissions reduction per dollar of revenue) is not appropriate for Sims Limited due to commodity cycle volatility. The absolute

contraction approach would require a Scope 3 target of 25% reduction by 2030 (well below 2°C), which is not a credible expectation for our most material contributors to Scope 3 emissions. During FY24, we will continue to evaluate and refine our methodologies and engage with stakeholders around Scope 3 target setting.

In our approach to collaborate for reducing emissions from the processing of our sold products, Sims Limited will:

- Continue to engage with customers to understand and support their Scope 1 and 2 emissions targets.
- Continue to monitor customer publicly disclosed reporting, including disclosure of emissions intensities and boundaries.
- Continue to improve our processes to deliver high-quality inputs that can be efficiently processed by customers.
- Engage with and monitor research from organisations such as SBTi, Responsible Steel and the Transition Pathways Initiative to understand the industry trajectory and pathways.
- Improve our understanding of how our current and future products can support innovative low-carbon approaches to steelmaking.

SBTi IRON AND STEEL CORE BOUNDARY



Source: <https://sciencebasedtargets.org/resources/files/SBTi-Steel-Guidance.pdf>

¹⁵ Where the customer represented at least 0.5% of sold volume

¹⁶ <https://www.climateaction100.org/wp-content/uploads/2021/08/Global-Sector-Strategy-Steel-IIGCC-Aug-21.pdf>

¹⁷ <https://www.iea.org/energy-system/industry/steel>



CONSTRUCTING DEMONSTRATION PLANT

for Sims Resource Renewal
to help close our own
waste loop

Upstream and downstream transport and distribution

This year, we have presented the number for third-party freight together as the outlook and pathways are very similar. Transport (primarily sold product) is the second largest source of emissions in the Scope 3 boundary, of which the largest contributor (over 80%) is the marine freight of processed metal. Third-party heavy road, rail and barge freight (either to a domestic destination or to a seaport) makes up the remainder of this category.

Sims Metal freights globally, using chartered vessels for bulk shipment and containers for smaller quantities. Vessel choice and availability is restricted both by ongoing global supply chain challenges and the preference of bulk vessel operators to take other cargo. Scrap cargo is perceived as less desirable than other bulk commodities (e.g., food products like grains) because of factors including loading/unloading damage, fire risk and the low margins of the shipped product. Therefore, it is likely newer, low-emissions vessels will not be shipping scrap cargo for some time.

In 2023, the International Maritime Organisation (IMO) revised their GHG reduction targets to include an enhanced common ambition to reach net-zero GHG emissions from international shipping close to 2050. It also includes a commitment to ensure an uptake of alternative zero and near-zero GHG fuels by 2030, as well as indicative checkpoints for 2030 and 2040, targeting at least a 20% reduction by 2030 and 70% by 2040, compared to 2008 emission levels. The new strategy is far more ambitious than the previous strategy, which aimed for a 50% reduction in emissions by 2050 and has been estimated to align with a pathway well below 2°C,

although not to a 1.5°C pathway.¹⁸ The IMO is expected to announce specific measures over the short and medium term to reduce emissions from ships. However, as we freight globally, it is reasonable to anticipate that low- or zero-emission shipping infrastructure may not be uniformly available across all marine routes, and that global progress will be uneven.

During FY23, we engaged with the 10 container lines that Sims Metal uses most frequently to understand more about their climate commitments. Of the 10 lines:

- Seven had carbon-neutral commitments at 2050 or before, with one at 2060.
- Six had a medium-term emissions reductions target (at or before 2030).
- One could provide specific emissions calculations for Sims Limited freight, which have been incorporated into our Scope 3 calculations for this year.

We were also able to move to a carbon-neutral product with a container line used in the United Kingdom (separate from the 10 analysed above).

Sims Limited's product is freighted on road by our own heavy goods vehicles (HGVs), where emissions will be captured in our Scope 1 boundary, and by third-party haulers, typically owner-drivers, from which emissions are reported in the Scope 3 boundary. Current availability of zero-emission heavy freight is challenging as the electric truck market share remains low across most major markets. In 2022, 1.2% of the total number of

medium- and heavy-duty vehicles registrations worldwide were electric vehicles, and over 85% of those were in China.¹⁹ To achieve the Paris Agreement goals, the share of zero-emission HGVs needs to rise to 45% by 2030 and to nearly 100% no later than 2040, if the transportation sector is to fulfil its emissions reduction responsibilities.²⁰

There is some reason for optimism regarding the increased presence of zero-emission vehicles in the Sims Limited value chain. In 2021, the United Kingdom became the first nation in the world to commit to phasing out new, non-zero-emission HGVs weighing 26 tonnes and under by 2035, with all new HGVs sold in the United Kingdom to be zero emission by 2040.²¹ Research from the U.S. Department of Energy indicated that low-emissions heavy trucks are expected to become cost-competitive with diesel equivalents by 2035.²²

During COP27, the United States committed to the Memorandum of Understanding on Zero-Emission Medium- and Heavy-Duty Vehicles, where countries commit to working together to enable 100% zero-emission new truck and bus sales by 2040 with an interim goal of 30% zero-emission vehicle sales by 2030. New Zealand and the United Kingdom are also signatories. During FY23, the Australian government published the country's first EV strategy, although limited to light vehicles.²³

Sims Limited expects to take delivery of our first electric road truck in late 2023, and we will share learnings from this both internally and with our value chain. We have also deployed EV charging infrastructure at a number of sites, where it is accessible to employees and site visitors, as a way to encourage EV uptake in our communities.

We will take a collaborative approach with our value chain in seeking to decarbonise third-party road freight. This may involve investigating how we can support charging infrastructure or vehicle availability for owner-drivers, leveraging our own efforts to decarbonise our vehicle fleet. In general, we seek to minimise road travel distances by strategically locating our metal processing sites near deep-water ports, which minimises freight costs, as well as emissions.

Sims Limited will:

- Continue to identify options for low-emissions mode substitution (e.g., more volume transported via rail).
- Evaluate how GHG intensity could be incorporated as a criterion in chartering.
- Continue to engage with shipping companies to obtain quality emissions data, where available.
- Investigate ways to optimise utilisation of containers and trailers, including third-party units.
- Investigate ways we could support third-party hauler electrification (e.g., provision of charge points).

¹⁸ <https://theicct.org/marine-imo-updated-ghg-strategy-jul23/>

¹⁹ <https://www.iea.org/reports/global-ev-outlook-2023/trends-in-electric-heavy-duty-vehicles>

²⁰ <https://theicct.org/publication/hdv-zevtc-global-may22/>

²¹ <https://www.gov.uk/government/news/uk-confirms-pledge-for-zero-emission-hgvs-by-2040-and-unveils-new-chargepoint-design>

²² <https://www.energy.gov/articles/doe-projects-zero-emissions-medium-and-heavy-duty-electric-trucks-will-be-cheaper-diesel>

²³ <https://www.dcccew.gov.au/sites/default/files/documents/national-electric-vehicle-strategy.pdf>

Procurement-related categories

Sims Limited's reported Scope 3 emissions inventory for procurement-related categories (e.g., purchased goods and services, capital goods, upstream fuel- and energy-related activities, and business travel) represent, as an aggregate, the third largest contributor to our FY23 Scope 3 emissions. These are also categories that may be exposed to carbon pricing and therefore help to identify climate risks and opportunities in our value chain.

Reported emissions in these categories include emissions from production of equipment used in our operations, construction materials used in our capital projects, professional services, business travel and the upstream emissions related to the production of fuels used in our operations.

Aligned with the GHG Protocol reporting standards, our emissions estimations for procurement categories are generally based on the spend-based method, which covers cradle-to-gate emissions, where an industry-average emission factor is applied to the economic value of the goods and services consumed. In FY23, we re-measured business travel as this was the first year since FY21 that had not been affected by pandemic-related travel restrictions. This showed that business travel is still not a material source of emissions in the value chain.

The Sims Limited Supplier Code of Conduct sets out our expectation that suppliers have an emissions reduction program in place. We have provided the Code of Conduct to new and existing vendors, and it is referenced in our standard purchase order terms and conditions. Sims Limited will also seek to include climate and environmental performance criteria in supplier onboarding initiatives to be deployed in future years.

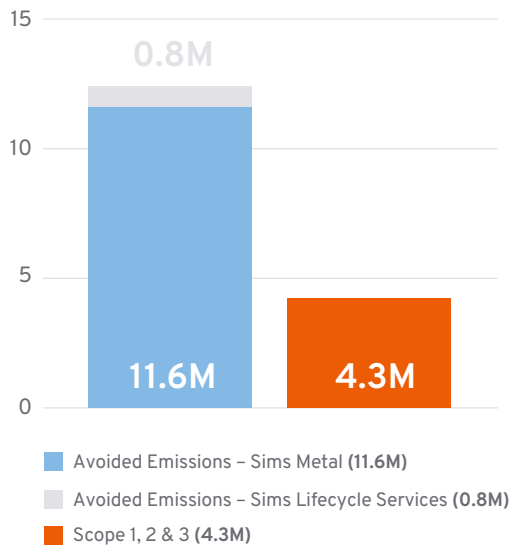
Avoided emissions in the value chain

Avoided emissions are emissions saved outside of a product's life cycle or value chain, due to the use of that product. As the emissions are saved outside the value chain of a company's activity, they are not captured under conventional Scope 1, 2 and 3 frameworks.

Sims Limited is part of a value chain that diverts materials from landfill. These diverted materials are sorted and then refurbished, and parts are harvested or recycled to make new products. This avoids depletion of non-renewable resources, as well as the GHG impacts associated with the extraction, refining and transport of raw materials. In the metals value chain, secondary metals also require less energy to be made into new products than raw materials do. The additional lens from avoided emissions analysis, complementing conventional carbon metrics, is therefore useful to our stakeholders in examining the opportunities and risks for us in the climate transition.



SIMS LIMITED EMISSIONS IN THE VALUE CHAIN (tCO₂e)



In FY23, Sims Limited enabled more than 12.4 million tonnes of avoided emissions compared to making the same products with raw materials. 11.6 million was from the use of Sims Metal product and 0.8 million enabled by Sims Lifecycle Services ITAD services.

Unlike the GHG Protocol's accounting standards for Scopes 1-3, there is not an accepted methodology for avoided emissions, which are sometimes referred to as "Scope 4." In presenting this analysis, Sims Limited has used the same data reference points and assumptions that informed our Scope 3 calculation for Category 10 (processing of sold product). The recycling impact credit has been based on publicly available lifecycle studies, including from WorldSteel, which have been updated this year, and customised with a global weighted average of our activities, including our direct operational emissions (Scope 1 and 2), and inbound and outbound transport as presented in the Scope 3 inventory.



Carbon offset strategy

Although Sims Limited prioritises emissions reductions projects, carbon offsets will be required to deliver the company's carbon-neutral goals (2025 for SLS and 2030 for the rest of the portfolio businesses), particularly for Scope 1 emissions where solutions may be limited. We have not retired any voluntary offsets to date as we prioritise direct reductions of our operational emissions.

Where Sims Limited procures carbon offsets, we have set out the following core principles to guide our approach:

- Source offsets that deliver robust co-benefits for the environment and communities, preferably aligned with our sustainability strategy and the UN SDGs (Decent Work & Economic Growth, Climate Action, and Responsible Consumption & Production).
- Apply robust standards for the quality of offsets, such as Verified Carbon Standard or Gold Standard offsets, to ensure they deliver additional benefits and permanence.

- Source a mixture of offsets generated in the countries where we operate and other countries to help manage the costs of offsets and maximise flexibility in procurement.
- Disclose the amount of offsets we retire.

We anticipate our volume of offsets during fiscal years 2025 through 2029 to be relatively small, so our strategy will be to purchase offsets through a partnership arrangement rather than direct investments in projects. Sims Limited will also evaluate options for generating offsets within our own value chain (sometimes known as "insetting"). In FY23, we explored a scheme that would generate a small number of credits from growing trees on an unused plot of land in North Carolina, which we hope may yield results in future years. The volume that may be generated from this scheme will not be sufficient to cover 2025-2030 needs.

At the time of writing, Sims Limited's business divisions were not required or regulated to participate in a carbon market in any geography. We monitor these developments as a part of the company's climate risk and opportunity management approach.

Delivering a just transition

The Paris Agreement recognises the need to reduce emissions in a way that takes "into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities."²⁴ Our sustainability pillars, operate responsibly and close the loop, are aligned with SDG 8: Decent Work & Economic Growth and SDG 13: Climate Action, respectively, and are two key elements necessary for a just transition.

The transition to a low-carbon, circular economy benefits communities and environments. Our integral role in this shift means we occupy a unique position to also deliver long-term value for our employees and investors.

Our scenario analysis showed that our business growth will be resilient in different carbon scenarios, so we anticipate continued growth in our operations. While we regard this as a positive contribution to communities by delivering local employment, supply chain opportunities, waste reduction and community engagement, we also acknowledge that other impacts, such as dust, noise and traffic, are not as desirable. We strive to ensure that we are good neighbours and implement controls for these impacts, and we measure the effectiveness of these impacts. Sims Limited is investing in advanced controls to further reduce our own environmental impacts. We also play an active role in our communities by supporting community organisations, schools and the local environment by investing our resources, time and business solutions. In FY23, we revised our social licence and community impact frameworks, which are described in more detail in this year's Sustainability Report.

As part of our business operations, we may close or relocate certain sites, which would affect our employees and communities. Our sites vary in size, from small feeder yards that employ a handful of people to our largest site in Jersey City in the United States, which employs just under 350 people. In general, the closure of a single site would not affect the economic viability of a community, but when and where site closures do occur, we assist employees with employment services and other support.

As we execute our business strategy to thrive in a low-carbon, circular economy, we will continue to understand and address the potential positive and negative impacts on human rights. This is consistent with our commitments to human rights, including the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and our existing due diligence processes in this area.

Our third sustainability pillar is partner for change. We can support progress toward a just transition by collaborating with governments, supply chain partners, customers and our communities to identify opportunities that contribute to this shift. In Australia, we have committed to creating sustainable opportunities for Aboriginal and Torres Strait Islander people in our business and value chain as part of our [Innovate Reconciliation Action Plan](#). We are collaborating with like-minded businesses through our membership in organisations such as the World Business Council for Sustainable Development, the UN Global Compact and the Australian Climate Leaders Coalition.



²⁴ https://unfccc.int/sites/default/files/english_paris_agreement.pdf Preamble

Capital investment and green revenue in a 1.5°C world

Sims Limited is a green revenue business and our capital investment advances our growth strategy, which is focused on delivering revenue growth in core and new business models.

At the time of writing, Sims Limited is not subject to regulated sustainable taxonomy disclosure. We monitor these developments, including ongoing work by the Australian Sustainable Finance Institute (ASFI) to develop a green taxonomy that is intended to mirror best practice from existing global instruments.

In FY22, the Financial Times Stock Exchange (FTSE) 100 Index Russell's Green Revenues Classification System (GRCS) assessed Sims Limited as having 98.75% green revenue. The FTSE Russell's GRCS incorporates evolving global standards and best practices to research and analyse companies based on their impact on climate change mitigation and adaptation, water, resource use, pollution and agricultural efficiency. The FTSE Russell evaluates each business activity in the GRCS through the lens of seven environmental themes, which includes all six European Union Taxonomy objectives. Our business activities fall into the Tier 1 category for businesses that deliver clear and significant environmental benefits.²⁵ Sims Limited was also assessed as a 99.88% green revenue business by Corporate Knights in its 2022 analysis.

As always, investment decisions are subject to our rigorous commercial criteria to ensure that our capital allocation can enable us to safely manage

our operations and provide a return on investment that is in line with our strategy and broader prudent obligations. As part of this obligation, we have adopted an internal (shadow) price on carbon to help ensure that our decisions reflect all costs, including climate costs.

A shadow carbon price is an internal decision-making aid that applies a theoretical surcharge per tonne of carbon emissions (CO₂e). The shadow carbon price is used to help us better understand the potential impact of external carbon pricing on our capital expenditure, investments and strategic decisions. Sims Limited conducts carbon sensitivity analysis for decision-making with pricing modelled at a range of price points up to AU\$100/tCO₂e by 2030. The carbon price is set in reference to external analysts, carbon markets in the geographies we operate, and peer disclosure. It is subject to review over time.

In the procurement of goods and services, our overarching consideration is ensuring the best value for money. Value for money is not necessarily the lowest price, nor is it the highest-quality goods or services. Value for money is derived from a fair and balanced assessment of a range of financial and non-financial factors, including quality, cost, fitness for purpose, capability, risk, total cost of ownership, and social and sustainability criteria, including environmental costs. By including a shadow carbon price in our decision-making criteria, this supports our investments in lower-emissions options, other things being equal.

²⁵ <https://www.ftserussell.com/data/sustainability-and-esg-data/green-revenues-data-model>




Notes on data

Additional performance detail and an outline of the organisational boundary is available in the FY23 Sims Limited Sustainability Databook, available on our [website](#).

TCFD Index

	Disclosure	Sims Limited's response	
Governance	Describe the Board's oversight of climate-related risks and opportunities.	FY23 Annual Report • Corporate Governance Statement (p 41-51)	FY23 Climate Report • Board engagement on climate change (p 11) • Climate change governance (p 10-11)
	Describe management's role in assessing and managing climate-related risks and opportunities.	FY23 Climate Report • Climate change governance (p 10-11) • Opportunity and risk management (p 12-13)	
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	FY23 Annual Report • Corporate Governance Statement (p 41-51)	FY23 Climate Report • Our strategic approach (p 6-9) • Opportunity and risk management (p 12-13) • Processing of sold products (p 22-23)
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	FY23 Annual Report • Prepare for tailwinds (p 2-3)	FY23 Climate Report • Our strategic approach (p 6-9) • Opportunity and risk management (p 12-13) • Delivering on our ambitions (p 14-19) • Emissions in our value chain (p 20-27) • Capital investment and green revenue in a 1.5°C world (p 30)
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	FY23 Climate Report • Our strategic approach (p 6-9) • Opportunity and risk management (p 12-13)	
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	FY23 Annual Report • Corporate Governance Statement (p 41-51)	FY23 Climate Report • Climate change governance (p 10-11)
	Describe the organisation's processes for managing climate-related risks.	FY23 Annual Report • Corporate Governance Statement (p 41-51)	FY23 Climate Report • Climate change governance (p 10-11)
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	FY23 Annual Report • Corporate Governance Statement (p 41-51)	FY23 Climate Report • Climate change governance (p 10-11) • Opportunity and risk management (p 12-13)
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	FY23 Climate Report • Opportunity and risk management (p 12-13)	FY23 Sustainability Databook – Energy & Emissions tab
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	FY23 Climate Report • Delivering on our ambitions (p 14-19) • Emissions in our value chain (p 20-27)	FY23 Sustainability Databook – Energy & Emissions tab
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	FY23 Climate Report • Our strategy, targets and ambitions (p 8-9) • Delivering on our ambitions (p 14-19) • Emissions in our value chain (p 20-27)	FY23 Sustainability Databook – Energy & Emissions tab

External recognition



14th most sustainable company globally and member of the Clean200 global list



Maximum AAA rating



Financial Times Asia-Pacific Climate Leaders 2023



A- in 2022 Climate submission




Awarded to companies with ESG performance above the sector-specific Prime threshold



Sustainalytics – Low ESG risk



Newsweek America's Most Responsible Companies 2023



Debuted on FTSE4Good index



Top decile performance in the steel sector in 2022 index²⁶



TAHITO Te Tai o Rehua Fund – TransTasman Equity Fund 2023

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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26 As at 13 December 2022



INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of Sims Limited

Apex Companies LLC, (Apex) was engaged to provide limited assurance of the greenhouse gas (GHG) emissions and select ESG data reported by Sims Limited (Sims) for the period stated below. This limited assurance statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions and select ESG data is the sole responsibility of Sims. Sims is responsible for the preparation and fair presentation of the GHG emissions statement and select ESG data in accordance with the criteria. Apex's sole responsibility was to provide an independent assurance opinion on the accuracy of the GHG emissions and select ESG data reported and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG emissions statement and select ESG data based upon the assurance. Assurance activities applied in a limited level of assurance are less extensive in nature, timing and extent than in a reasonable level of assurance.

Boundaries of the reporting company GHG emissions and select ESG data covered by the assurance:

- Operational Control
- Worldwide
- Exclusions from the scope of Sims' GHG emissions assertion are:
 - Refrigerants, which have been determined to be immaterial

Types of GHGs: CO₂, N₂O, and CH₄

GHG Emissions and ESG Statement:

- Scope 1:** 78,071 metric tons of CO₂ equivalent
- Scope 2: Location-Based:** 66,600 metric tons of CO₂ equivalent
- Scope 2: Market-Based:** 23,140 metric tons of CO₂ equivalent
- Scope 3:**
 - Category 1 - Purchased Goods & Services: 100,563 metric tons of CO₂ equivalent
 - Category 2 - Capital Goods: 34,016 metric tons of CO₂ equivalent
 - Category 3 - Fuel- and Energy-Related Activities: 38,284 metric tons of CO₂ equivalent
 - Category 4 - Upstream Transportation and Distribution: 556,889 metric tons of CO₂ equivalent
 - Category 6 - Business Travel: 4,830 metric tons of CO₂ equivalent
 - Category 10 - Processing of Sold Products: 3,354,625 metric tons of CO₂ equivalent
 - Category 11 - Use of Sold Products: 48,762 metric tons of CO₂ equivalent
 - Category 15 - Investments: 61,417 metric tons of CO₂ equivalent
- Total Water Consumption:** 565,173,615 liters
- Total Waste Volume (automotive shredder residue only):** 1,137,840 metric tons
- Total NO_x and SO₂ Air Emissions (from combustion sources):** 1,268 metric tons
- Total Energy Consumed:** 1,816,563 gigajoules



- Gender Pay Gap:** 2.9%
- Health and Safety Data**
 - Critical Risk Incident Rate:** 0.74
 - Total hours worked:** 10,591 thousand hours
 - Total recordable injuries:** 57
 - Fatality count:** 0
 - High-consequence injury count:** 3
 - High-consequence injury rates (per 200,000 hours and per 1,000,000 hours)**
 - Per 200,000 hours:** 0.06
 - Per 1,000,000 hours:** 0.28
 - Recordable work-related injury rates (per 200,000 hours and per 1,000,000 hours)**
 - Per 200,000 hours:** 1.08
 - Per 1,000,000 hours:** 5.38
 - Number of lost time injuries:** 10
 - Lost time injury frequency rates (per 200,000 hours and per 1,000,000 hours)**
 - Per 200,000 hours:** 0.19
 - Per 1,000,000 hours:** 0.94
- Scope 1 and Scope 2 targets' alignment with Science Based Target initiative (SBTi) Criteria and Recommendations for Near Term Targets**
 - Sims' emissions reductions targets for Scope 1 and Scope 2 emissions, modeled using the Science-based Target Setting Tool Version 1.2, appear to be in alignment with efforts to limit global warming to 1.5°C as prescribed by SBTi.

Data and information supporting the Scope 1, Scope 2 and Scope 3 GHG emissions assertion were in some cases estimated rather than historical in nature. Data and information supporting the ESG assertions were generally historical in nature.

Period covered by assurance:

- Fiscal Year 2023 – July 1, 2022 to June 30, 2023

Reporting Protocols against which assurance was conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, Revised Edition (Scope 1 and 2) and the GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)
- OSHA and US Bureau of Labor Standards (Safety Data)
- Company criteria (ESG data)



- Science Based Target initiative (SBTI) Criteria and Recommendations for Near Term Targets (Version 5.1, April 2023)

Verification/Assurance Protocols used to conduct the assurance:

- ISO 14064-3 Second Edition 2019-04: Greenhouse gases -- Part 3: Specification with guidance for the verification and validation of greenhouse gas statements
- International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board

Level of Assurance and Qualifications:

- Limited
- This assurance used a materiality threshold of $\pm 5\%$ for aggregate errors in sampled data for each of the above indicators.

GHG Verification Methodology:

Evidence-gathering procedures included, but were not limited to:

- Interviews with relevant personnel of Sims;
- Review of documentary evidence produced by Sims;
- Review of Sims' data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and,
- Audit of sample data used by Sims to determine GHG emissions.

ESG Data Assurance Methodology:

Evidence-gathering procedures included, but were not limited to:

- Assessing the appropriateness of the Reporting Criteria;
- Conducting interviews with relevant Sims personnel regarding data collection and reporting systems;
- Reviewing the data collection and consolidation processes, including assessing assumptions made, and the data scope and reporting boundaries;
- Reviewing documentary evidence provided by Sims;
- Agreeing a selection of the data to the corresponding source documentation;
- Reviewing Sims systems for quantitative data aggregation and analysis; and
- Assessing the disclosure and presentation of the subject matter to ensure consistency with assured information.

Assurance Opinion:

Based on the assurance process and procedures conducted to a limited assurance level of the GHG emissions and ESG data statement shown above, Apex found no evidence that the GHG emissions statement and ESG data statement:

- is not materially correct and is not a fair representation of the GHG emissions and ESG data and information; and



- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2), and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3).

It is our opinion that Sims has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of the GHG emissions and ESG data for the stated period and boundaries.

Statement of Independence, Integrity and Competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Sims Limited, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

Attestation:

Jessica Jacobs, Lead Verifier
ESG – Senior Project Manager
Apex Companies, LLC
Cincinnati, Ohio

Trevor Donaghu, Technical Reviewer
ESG Director
Apex Companies, LLC
Pleasant Hill, California

September 27, 2023

This independent assurance statement, including the opinion expressed herein, is provided to Sims Limited and is solely for the benefit of Sims Limited in accordance with the terms of our agreement. We consent to the release of this statement by you to the public or other organizations but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this declaration.

