SIMS LIMITED

2022
ANNUAL REPORT

ENABLING DECARBONISATION

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CONTENTS

Sims Limited ABN:
69 114 838 630

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CREATE A WORLD WITHOUT WASTE TO PRESERVE OUR PLANET

We are obsessively guided by our purpose – create a world without waste to preserve our planet – in our efforts to raise the bar on sustainability, in how we do business, and in how we approach partnerships and collaborations.

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A GLOBAL LEADER IN RECYCLING AND REUSE SOLUTIONS

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Sims Limited is well positioned for the 21st century as a global leader in supporting the decarbonisation of major industries – steel, plastics and data centre manufacturing and operation.

Sims Metal

Buys, processes and sells ferrous and non-ferrous recycled metals.

Sims Lifecycle Services

As a worldwide leader in IT asset and cloud infrastructure reuse, redeployment and recycling, Sims Lifecycle Services offers IT asset disposition (ITAD) and electronic recycling solutions for businesses.

Sims Municipal Recycling

A leader in curbside recycling that processes and markets more than 600,000 tonnes of material annually in New York, New Jersey and Florida, The United States.

Sims Resource Renewal

A circular business that operates in line with the waste hierarchy by using residue material from the metal recycling process to create new useful products.

OUR BUSINESSES CREATE A POSITIVE IMPACT

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Our largest division, Sims Metal, supplies high-quality recycled and repurposed materials. These materials reduce energy inputs and emissions, including those associated with the extraction, refining and production.

Steel produced from EAF emits

83%

less CO_2/tonne compared to BF-BOF[1]

Recycling aluminium saves

97%

of greenhouse gas emissions produced in the primary production process[2]

Recycling copper requires

80–90%

less energy than primary production[3]

7%

of global greenhouse gas emissions are produced by the global steel industry[4]

1 Responsiblesteel.org.
2 Alupro.
3 International Copper Association.
4 World Steel Association.

ENABLING A LOWER CARBON FUTURE

The global decarbonisation of steel making, electricity generation and emerging industries such as electric vehicles is driving the demand for recycled metal.

SIMS METAL

Sims Metal is well positioned to capitalise on the growing demand for low emissions steel and other metals. With many major manufacturers already committing to net zero, we expect the transition to ramp up over the coming years.

6.9m
Tonnes of ferrous volumes sold in FY22

442,000
Tonnes of non-ferrous volumes sold in FY22

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40.9m

Expected total EV sales in 2030

▲ up from 6.7 million vehicles in 2020[1]

+85%

Of solar photovoltaic components are made from aluminium[2]

200%

Copper demand projected growth (from 2020 to 2035)[3]

162m

Tonnes of EAF steel production in China by 2030

▲ from 80 million in 2020[4]

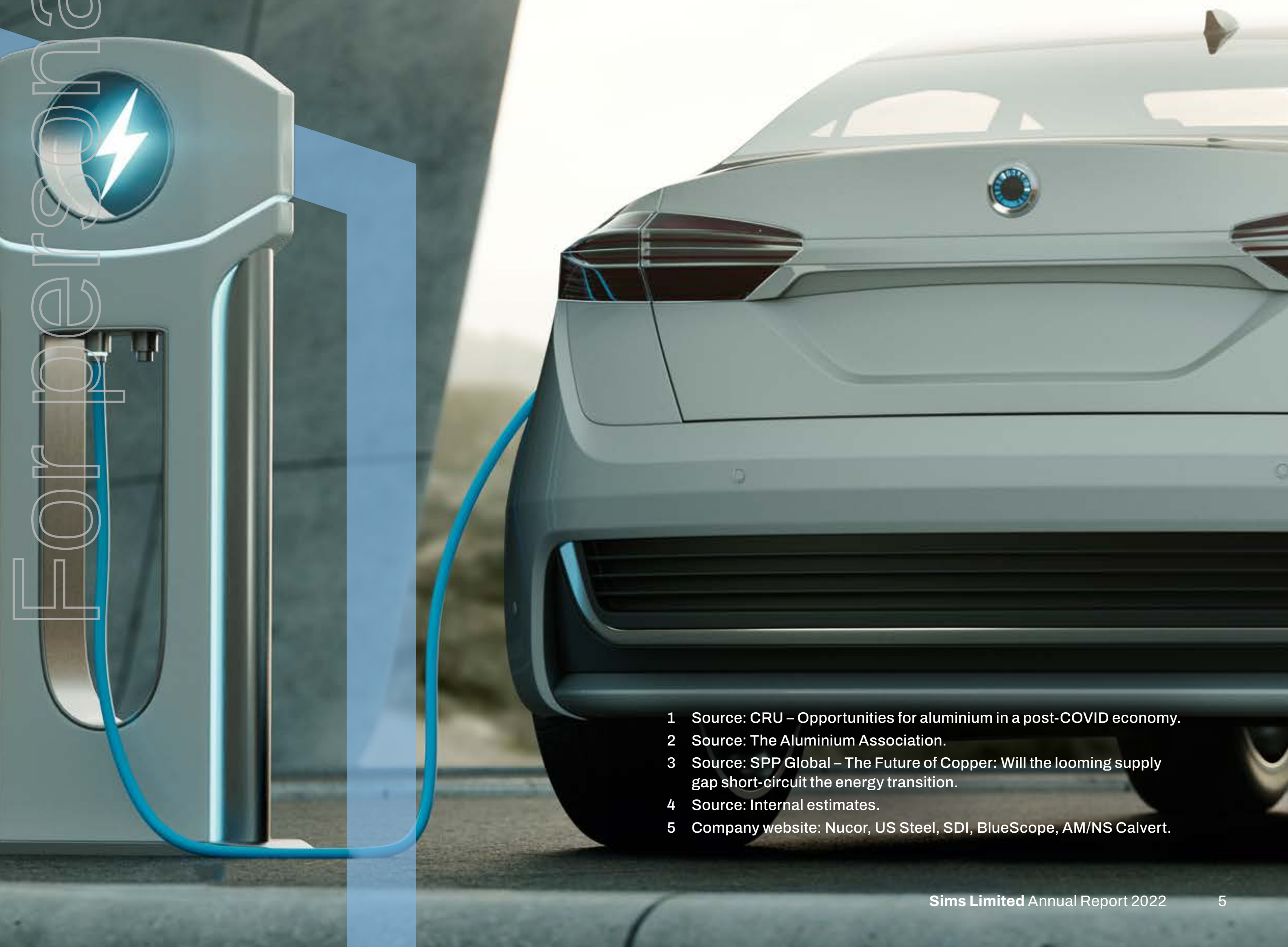
119.5m

Expected total aluminium consumption (tonnes) in 2030

▲ up from 86.2 million in 2020[1]

13.8m

Tonnes of steel production capacity from new EAF projects, expected to be operational by 2024 in the US[5]



1 Source: CRU – Opportunities for aluminium in a post-COVID economy.
2 Source: The Aluminium Association.
3 Source: SPP Global – The Future of Copper: Will the looming supply gap short-circuit the energy transition.
4 Source: Internal estimates.
5 Company website: Nucor, US Steel, SDI, BlueScope, AM/NS Calvert.

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IT ASSET DISPOSITION AND ELECTRONIC RECYCLING

As the global demand for data storage and processing surges, the quantity and size of data centres are growing along with the volume of devices that access it.

SIMS LIFECYCLE SERVICES

We see a rising demand for repurposing data centre infrastructure units due to the significant carbon reduction benefits and more cost effective outcomes. Repurposing equipment, through resale or redeployment, provides better environmental and financial outcomes compared to recycling.

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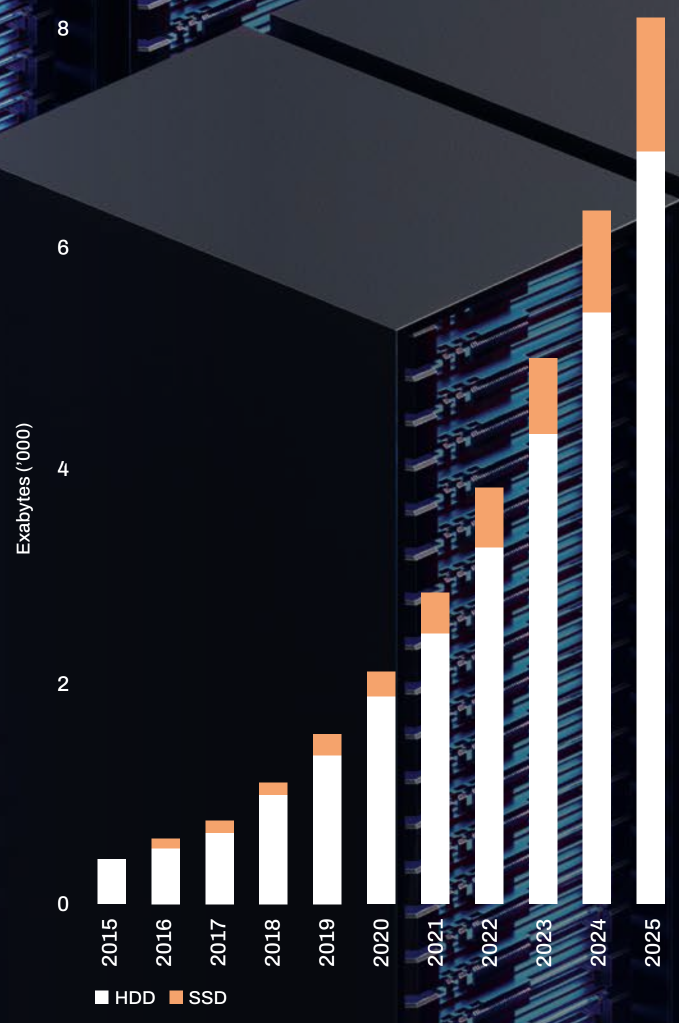
85m

Units were suitable for repurposing the cloud in 2022

+200%

Growth in repurposed units[1] in Sims Lifecycle Services by 2025

Enterprise Data centre HDD and SSD install estimate[2]



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

2 Source: International Data Corporation (IDC), Sims estimator. Calculation is based on SLS Regions and excludes recycled units.

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POSITIONED FOR GROWTH

Sims Limited's ability to take advantage of the tailwinds propelling its businesses today was years in the making. Over 100 years' experience in metal recycling allowed us to develop the capabilities, expertise, scale, financial strength and market position required to execute our strategy successfully.

		FY22 PROGRESS	FY25 TARGETS
SIMS METAL	Ferrous tonnes	8.1m	9.6m
SIMS METAL	Non-ferrous tonnes (US)	200,000	300,000
SIMS LIFECYCLE SERVICES	Repurposed units	2.7m	8.5m
SIMS ENERGY[1]	Capacity	9.0mw	50mw

OUR BUSINESS STRATEGY

Our business strategy remains fit for purpose. It was designed in FY19 and has since moved with the market trends to ensure that we maximise our growth potential in the core metal business as well as in other adjacent businesses, where we have a strong right to win. The business targets provide a framework to ensure that Sims Limited creates value over the long term and reflects our focus on delivering on our purpose.

With sustainability at the core of our business strategy and a key growth driver, we avoid trade-offs between sustainability and financial priorities. Our growth projects require both capital and ESG benefits and target a minimum 15% return.

We could not be more excited about the growth opportunities ahead of us as we continue to build upon our integrated business model, growth strategy and competitive advantages to deliver on our purpose and business targets.

1 Capture methane from landfills outside Australia and New Zealand.

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MARKET TAILWINDS

- Increased environmental concerns from our customers and society
- More stringent environmental controls lift standards required to operate in the metal recycling industry
- Growing demand for recycled copper and aluminium
- Increased demand for recycled metal
- Global push for high quality metals
- Reduction of greenhouse gases and decarbonisation

COMPETITIVE ADVANTAGES

TECHNOLOGY AND PEOPLE

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

MARKET POSITION

- International trading offices and agents in 15 different countries
- ~7% market share[1] of global seaborne ferrous scrap sales

FINANCIAL STRENGTH

- Public company with strong balance sheet

SUSTAINABILITY

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

GROWTH STRATEGY

Grow core business and leverage synergies to expand into adjacent markets

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

SUSTAINABILITY STRATEGY

- Operate Responsibly
- Close the Loop
- Partner for Change

CREATE A WORLD WITHOUT WASTE TO PRESERVE OUR PLANET

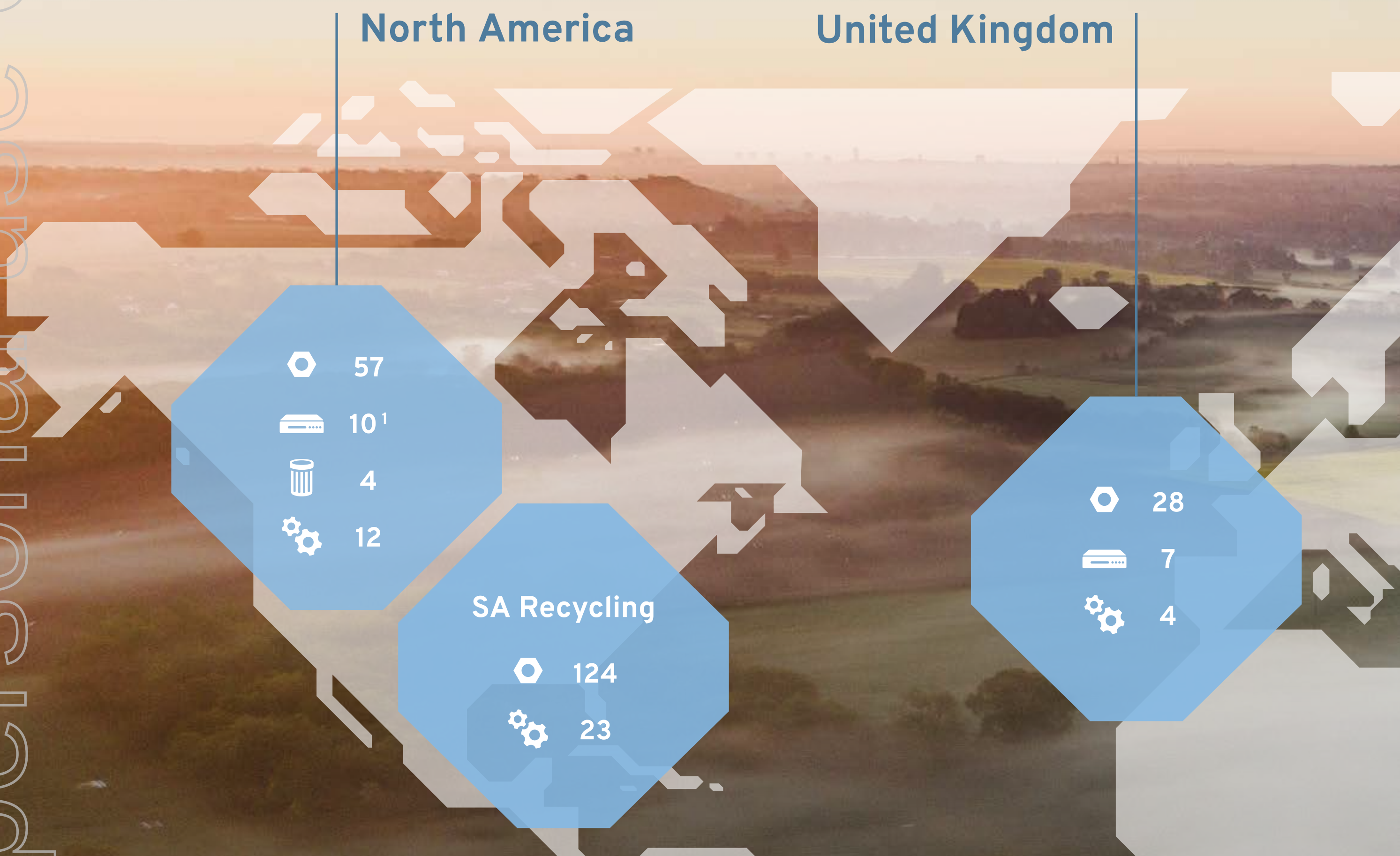
1 World Steel Organisation; Internal Estimates.

Global operations

A WORLD WITHOUT WASTE

Total metal facilities

260



Our facilities

	Sims Metal facilities	158
	Sims Lifecycle Services	22
	Sims Municipal Recycling	4
	Shredders	47

1 Includes Mexico and Brazil sites.

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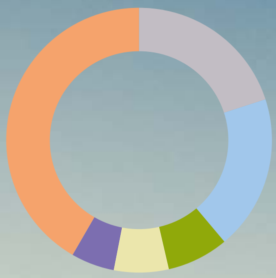
Our global footprint

15

countries



Sales to external customers (%)

Turkey	20.0%
United States	19.1%
Bangladesh	7.4%
Australia	6.6%
China & Hong Kong	5.5%
Other	41.4%

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2022 SNAPSHOT

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Shareholder highlights

CASH FLOW DISTRIBUTION

$244.7m

▲ 74.5% vs FY21

Comprising dividends and buyback

TOTAL DIVIDEND

91¢

▲ 116.7% vs FY21

OPERATING CASH FLOW

$547.8m

▲ 323.3% vs FY21

Financial highlights

SALES REVENUE

$9,264.4m

▲ 56.6% vs FY21

UNDERLYING[1] EBITDA

$958.9m

▲ 65.4% vs FY21

UNDERLYING[1] EBIT

$756.1m

▲ 95.6% vs FY21

UNDERLYING[1] NPAT

$578.9m

▲ 103.8% vs FY21

NET ASSETS

2,537.5

▲ 19.7% vs FY21

1 Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges.

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Operational highlights

SIMS METAL PROPRIETARY INTAKE VOLUMES

8,271m tonnes

▲ 12.2% vs FY21

SIMS METAL PROPRIETARY SALES VOLUMES

8,106m tonnes

▲ 12.2% vs FY21

RETURN ON PRODUCTIVE ASSETS

39.0%

▲ 16.0 ppts vs FY21

ACQUISITIONS CLOSED BY SA RECYCLING IN FY22

6

ACQUISITIONS CLOSED BY SIMS METAL IN FY22

2

Sustainability

REDUCTION IN RECORDABLE INJURIES

48%

FY22 vs FY19

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

1.1

▼ 1.2 ppts in FY21

MSCI ESG RATING

AAA

TOP 100 LIST OF MOST SUSTAINABLE COMPANIES

11th

Ranked for 8th time

CARBON NEUTRALITY TARGET BROUGHT FORWARD BY

12 years

CREATING A BETTER TOMORROW

Fiscal year 2022 was a year of significant achievement. I am proud to report that Sims Limited not only delivered its best financial result ever, but also its best ever safety result. Underlying EBIT of $756.1 million was an increase of 96% over the prior year.

The Company delivered this record performance while facing challenging market conditions due to the continuing effects of the global pandemic, geopolitical unrest and the emergence of inflationary pressures. With respect to safety, our first priority has been and will continue to be the safety of our employees and this is demonstrated by an exceptional safety performance in FY22. During the year, the Company also advanced its sustainability goals and received a number of accolades for its efforts. By any metric, this was a remarkable year.

Strategic Growth Plan

In fiscal year 2019, the Company shared its five-year strategic plan for growth within its core metal and cloud recycling business divisions as well as expansion into adjacent businesses that will reduce waste and produce renewable energy. This past year, the Company progressed its plan to grow its core metal business, Sims Metal, through a number of well-priced and attractively located acquisitions in Australia and the United States and by opening several new feeder yards in those geographies. The Company also purchased a large strategic site at Pinkenba in Queensland that will provide it with the opportunity to build a world-class recycling facility with the potential for processing shredder residue through the Sims Resource Renewal business. Additionally, the Company's Sims Lifecycle Services (SLS) business continued to strengthen its operations by investing in engineering and technology and expanding into new geographies, enabling it to scale up operations quickly to meet demand when supply chain challenges ease.

The Company funded a significant portion of its acquisitions through the sale of a 50.46% interest in its Sims Municipal Recycling business to Closed Loop Partners. We will continue to recycle non-core assets and under-utilised assets to support the growth of the Company's core business. This strategy will enable the Board to balance the need to invest capital in the business to achieve its strategic objectives with appropriate shareholder returns.

Shareholder Returns

During fiscal year 2022, the Company distributed 42.3% of underlying net profit to shareholders, of which 72.3% came in the form of partially franked dividends, with the remaining 27.7% in the form of an on-market share buyback. The Company declared a final dividend for 2022 of 50.0 cents per share, 50% franked. This takes the total dividend for FY22 to 91.0 cents per share, an increase of 116.7% over the prior year. The final dividend will be paid on 19 October 2022 to shareholders on the Company's register at the record date of 5 October 2022.

The Board is committed to ensuring returns to shareholders are delivered in an efficient manner whilst balancing the different objectives of shareholders. Given the relative increase in non-Australian sourced profits which do not attract franking credits, the Board approved a share repurchase program that over the course of fiscal 2022 resulted in the buyback of 7.7 million shares of the Company. The Company has extended the program, and while the number and timing of shares

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The Company delivered this record performance while facing challenging market conditions due to the continuing effects of the global pandemic, geopolitical unrest and the emergence of inflationary pressures.

purchased will depend on the Company's share price and market conditions, it will at a minimum continue to buyback shares to eliminate the dilution through the issue of shares following the vesting of executive performance rights.

Sustainability and Corporate Responsibility

Sustainability remains at the core of the Company's business. As a key enabler of the circular economy and decarbonisation of the steel industry, Sims Limited diverts valuable resources from landfill, reduces demand for virgin raw materials and brings benefits to its value chain in a number of ways, including mitigating greenhouse gas emissions. The Company's sustainability efforts were once more recognised this year: the Company was ranked 11th in Corporate Knights Global 100 list of most sustainable companies and sixth in Sustainability Magazine Top 100 companies in sustainability, and it was one of 45 companies awarded the HRH The Prince of Wales' Terra Carta Seal and it was included in Newsweek's list of America's Most Responsible Companies and the inaugural Financial Times/Nikkei Asia 2022 APAC Climate Leader list.

The Company's five-year sustainability targets are built upon three pillars – **operate responsibly, close the loop and partner for change**. During the past year, the Company made significant progress towards achieving these goals.

TERRA CARTA

Sims Limited was one of 45 companies awarded the HRH The Prince of Wales' Terra Carta Seal

AMERICA'S MOST RESPONSIBLE COMPANIES 2022 Newsweek statista

Sims Limited was included in Newsweek's list of America's Most Responsible Companies

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This year the company became a signatory to the UN Global Compact

Operate Responsibly

The Company continued to embed a strong safety culture across the organisation and the results were evident. The Company experienced the lowest number of critical risk incidents, lost time injuries, and Total Recordable Injury Frequency Rate in its recorded history. The safety of our employees is our number one priority and we focus on safety every day. During the year, the Company's proactive safety programme generated over 12,000 improvement actions, each action providing an opportunity to improve safety at our company.

We are committed to operating a best-in-class business that is grounded in responsible and ethical business practices. In FY22, 100% of our employees took part in our anti-corruption and bribery training. We also released our second Modern Slavery Statement and provided training to our employees on how to recognise modern slavery risks.

Close the Loop

The Company has committed to achieve a 23% reduction in carbon emissions in its operations by FY25 and to become carbon neutral by 2030. Recognising the importance of these commitments, this year the Company brought forward its carbon neutrality target by 12 years to 2030 from the originally announced target of 2042. In order to achieve these commitments, Sims Limited has developed a pipeline of projects for carbon mitigation, reduction and elimination. The Company made good progress towards its goals during the year – it transitioned a number of its sites, including its largest site in Claremont, New Jersey, to renewable electricity. The Company also completed its value chain emissions assessment during the year.

Partner for Change

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

Transparency with Shareholders – Say on Climate

The Board recognises the importance of transparency in reporting to shareholders, and as a result, the Company is putting its climate reporting to a non-binding advisory vote of shareholders at this year's Annual General Meeting. We will hold ourselves accountable by reporting our performance and we expect that you, our shareholders, will also hold us accountable. The Company's Climate Report articulates how Sims Limited aims to thrive in the transition to a low-carbon economy through its portfolio of circular, sustainable businesses. To provide transparency for our Shareholders, we will continue to publish an annual Climate Report, including our progress towards our targets, and we will hold a Say on Climate advisory vote every three years.

Diversity

The Board values diversity of background and experience and firmly believes that a diverse workforce makes for a better company. We are committed to achieving gender diversity across all layers of the Company. To that end, this year the Company established the Women Leading @Sims initiative to connect, mentor and encourage emerging female leaders in the business. The Company has targeted having 25% female employees in management positions and above by FY25 and will continue its efforts to attract, hire and retain women. We also support 40:40 Vision, which is an ambitious investor-led initiative that aims to see women fill 40% of executive roles in ASX200 listed companies by 2030. We have achieved our Board diversity target ahead of schedule – having women comprise more than 40% of the non-executive Directors. However, we recognise that there is still work to be done to create the diverse workforce that we know is important for long-term success.

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Sims Limited was included in the inaugural Financial Times/Nikkei Asia 2022 APAC Climate Leader list

$756.1m

Underlying EBIT

▲ 96% over the prior year

42.3%

Underlying net profit delivered to shareholders

72.3% came from partially franked dividends

50.0¢

Per share declared final dividend for 2022

50% franked

Looking Ahead

A lot has changed in the world since we announced our purpose – **create a world without waste to preserve our planet** – and the Company's strategic growth plans and our sustainability targets. During the year, we revisited our purpose and considered global economic, social and environmental trends. When we look at the world, our businesses and future opportunities through the lens of our purpose, it clearly stands the test of time. Your Directors are adamant that this is the best way to deliver long-term shareholder return. In a rapidly decarbonising world, Sims Limited will continue to innovate to provide products and services that help customers reduce their greenhouse gas emissions and close their loop.

We will continue to ensure that the Board has the right mix of skills and experience to lead the Company. I am sure you will join me in offering a warm welcome to Philip Bainbridge who joined our Board in September. Phil brings a diversity of executive and Board experience and we are fortunate to have his counsel.

Thank You

None of this could have been achieved without the commitment of each and every employee. On behalf of the entire Board of Directors, I would like to thank all of Sims Limited's employees whose efforts made FY22 a successful year. I would also like to thank you for your continued support as shareholders in the Company and invite you to attend our Annual General Meeting; this year you have the option of joining us in person in Sydney or virtually on Tuesday 8 November 2022.

Geoff Brunsdon
Chairman

AMPLIFYING OUR IMPACT

Sims Limited had a very strong operational and financial year. In fiscal year 2022, we built upon the progress we achieved in the previous fiscal year to amplify our financial, social and environmental impact using our sustainability pillars – operate responsibly, close the loop and partner for change – as our foundation and our purpose as our compass.

We pledged operational excellence – which we achieved – and we challenged ourselves to do better – which we did. This past year we made progress on our sustainability agenda in two significant ways: climate action and gender diversity.

Financial Excellence

Our aim is for the Sims Limited's portfolio to deliver the best in class products and services in each of the business' respective industries while maintaining prudent and disciplined capital management. Our focus on sustainability does not come at the expense of financial returns. In fact, it is one of the key drivers of our earnings. Our metal business saw proprietary intake volumes increase to pre-COVID levels. As such, more volumes were diverted away from landfill and returned to the economy. We could not have been more pleased – we achieved excellent financial results and maintained constant and consistent alignment with our purpose to create a world without waste to preserve our planet and our core values.

FY22 growth was underpinned by prudent capital management

In FY22 we delivered the strongest underlying EBIT result on record, achieved the strongest trading margin, and delivered significant volume increases. Our EBIT was in line with the guidance range provided despite geopolitical and economic uncertainty, as well as challenging market conditions due to freight price volatility, inflationary pressures and COVID lockdowns. We have a strong balance sheet, and the return on productive assets grew by 16 percentage points to 39.0%. Cash flow from operations increased by 323.3%, which enabled us to pay shareholder dividends and carry out a share buyback programme.

The underlying EBIT of $756.1 million was 95.6% higher than in FY21. Statutory EBIT for FY22 was $773.6 million, an increase of 146.4% over the FY21 statutory EBIT. Sales revenue was $9,264.4 million, up by 56.6% on the prior corresponding period, driven by higher prices and volumes. Proprietary sales volumes were 12.2% higher. Included in the higher sales volumes was a 23.1% increase in zorba, which was partly due to improved metal recovery technology. The average ferrous sales prices increased by 43.0%, non-ferrous prices increased by 32.0%, and non-ferrous shredder recovery (zorba) prices increased by 31.2% on the prior corresponding period.

The strong earnings growth we saw in FY22 was reflective of a 43.6% increase in the trading margin in the metal segment, which was achieved from a combination of higher sales volumes and material prices and disciplined margin management. Operating costs, excluding depreciation and amortisation, increased by 23.9% compared to FY21 due to higher activity across

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the business, acquisitions, greenfield facilities, and increased performance incentive provisions. Additionally, all segments experienced inflationary pressures across several cost categories, including labour. These tight labour market conditions resulted in labour cost increases that were higher than historical levels. Despite these cost pressures, our portfolio generated underlying EBITDA of $958.9 million, an increase of 65.4% compared to FY21 EBITDA of $579.9 million. The portfolio also benefitted from an 89.2% increase in earnings contribution from Sims Limited's 50% interest in SA Recycling. Our equity stake accounted for $298.5 million in FY22 compared to $157.8 million in FY21. SA Recycling's result included the contribution from six acquisitions completed during FY22.

I am particularly proud of how our employees managed the inflationary pressures and market volatility. They worked diligently to protect margins while maintaining high safety standards across all operating geographies, and every single employee should be commended for their contributions.

$773.6m

Statutory EBIT

▲ 146.4% from the prior corresponding period

$9,264.4m

Sales revenue

▲ 56.6% from the prior corresponding period

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Operational Excellence

As we work to amplify our impact, our focus is two-fold: to ensure that Sims Limited maximise financial performance year-on-year; and all business segments create sustainable value for our various stakeholders. Across the portfolio, we balanced out short-term and long-term requirements through the acquisition of strategic assets, buybacks and dividends. Our asset efficiency has improved year-over-year, the return on productive assets was up from 23.0% in FY21 to 39.0% this past fiscal year, and our growth capital projects continued to deliver value for shareholders through a minimum Internal Rate of Return of 15.0%.

Following are some of the examples of operational excellence we experienced in FY22.

At Sims Metal, we continued reaping the benefits of our global business transformation program. The transition from a regional organisational structure to a functional organisational structure yielded tangible signs of improvement in effectiveness and efficiency. By combining buy and sell activities, the business was able to make faster decisions, such as achieving better buying terms, which was critical to managing margin during a period of volatility in FY22.

Additionally, we closed two strategic acquisitions this past year that delivered value in the second half of the year, strengthening our position in the United States and Australia. Sims Alumisource continued to deliver earnings in line with expectations, contributing 66,900 tonnes in FY22. Our strategic acquisition of the Pinkenba site has the potential to create long-term value across business divisions. This site is one of only a handful of private deep-water berths in Brisbane, Australia, with the capacity to berth Handymax vessels up to 50,000 tonne displacement. Pinkenba also offers the potential to create a best-in-class and lowest-cost metals processing and resource renewal facility, producing high-quality ferrous and non-ferrous metals with on-site waste treatment and hydrogen generation.

$547.8m

Operating cash flow

▲ 323.3% from the prior corresponding period

39.0%

Return on productive assets

▲ 23.0% from the prior corresponding period

We sold a majority stake – 50.46% – in Sims Municipal Recycling (SMR) to a group of investors, including two of the Closed Loop Partners investment funds representing Microsoft, Nestle, PepsiCo, Unilever, Dow, NOVA Chemicals and LyondellBasell. The firm's focus on building a circular economy by reducing waste is aligned with our purpose and SMR's focus. This new joint venture structure brings a strategic management focus and expertise to take the business to the next level quickly. Additionally, this divestment allowed us to fund other acquisitions across the portfolio.

In FY22, Sims Lifecycle Services (SLS) continued to grow repurposed units faster than the market. Underlying EBIT was $16.3 million, reflecting the impact of a 30% reduction in the prices of resold units due to COVID lockdowns in China that reduced manufacturing activity. Despite supply chain constraints that limited the release of cloud material in FY22, repurposed units grew by 28.6%. We also launched a sustainability calculator, new service offerings and invested in engineering and technology to continue driving innovation and build capacity to scale up operations quickly when the supply chain challenges recede.

We broke ground on the Sims Resource Renewal Rocklea pilot facility. Following the flood impacts on the site, operations are expected to commence early in the calendar year 2023. The Pinkenba site, which was acquired in May, is now our preferred site for the potential Queensland commercial facility. Early government and stakeholder engagement and planning are underway to confirm opportunities for future development at this site.

ESG Excellence

In FY22 we continued to challenge ourselves to do better and we brought forward our carbon neutrality target by 12 years, demonstrating our commitment to decarbonising our own operations in addition to providing solutions to reduce the carbon emissions of our customers.

We continued to deliver improved safety metrics across the portfolio. This past year was the safest year on record, and we experienced the lowest number of recorded

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KEY SAFETY METRICS

- The lowest number of critical risk incidents since HY19
- The lowest number of recordable injuries ever recorded
- 1.1 total recordable injury rate – the lowest since FY15

injuries in our history. The total recordable injury frequency rate was 1.1 compared to 1.2 in FY21. We had the lowest ever total recordable injury frequency rate, a sign that we have successfully embedded safety into our overall organisational culture. As I've shared previously, our employees are the heart of this company, and with a sustained 82% employee engagement score, they continue to be a key driver of our performance.

With this stringent focus on our environmental, social and governance (ESG) metrics, we placed an emphasis on strengthening our ESG credentials. We earned the Terra Carta Seal for the creation of sustainable markets, we received maximum AAA rating in MSCI ESG ratings, we were named one of America's most responsible companies for the second time by Newsweek, and we were included on the Financial Times/Nikkei Asia 2022 APAC Climate Leaders List.

On the people and culture front, we launched Women Leading @Sims, an internal development program for high-performing women throughout the various business divisions. This ensures that we level the playing field and establish our bench strength for succession planning. Sims Limited doubled down on other diversity and inclusion efforts as evidenced by our commitment to work with vendors who identify as Indigenous, female and/or as people of colour.

Sustained Excellence

Now that we have achieved a level of excellence that we are proud of, the key is to consistently maintain this level and continue looking for improvements. We made significant progress on our business strategy with the successful completion of several strategic acquisitions, deploying ferrous and non-ferrous enhancement technologies, and opening new feeder yards in the metal business. Our corporate strategy is formulated to meet the long-term demands of the market.

OUR BUSINESS GROWTH STRATEGY REMAINS THE SAME:

- SIMS METAL: fortify and grow sustainable profits
- SIMS RESOURCE RENEWAL: use waste to create new revenue streams and reduce costs
- SIMS LIFECYCLE SERVICES: grow product stewardship and services for recycling the cloud
- SIMS ENERGY: expand business model and technology globally

As expected, we also have a disciplined approach to the execution of our strategy. We maintained growth momentum in our core business, continued to build adjacent businesses, and strengthened strategic positioning across the portfolio.

I am pleased to present these positive findings on behalf of the entire company, and I look forward to the exciting year ahead. We are working on ways to manage growth in this ever-evolving market, and our employees are eager to see how the business will grow and change as a result. Thank you again to all of our employees for the role they played and continue to play in getting us to this milestone.

Alistair Field
Group CEO and Managing Director

HOW WE CREATE VALUE

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What we rely on

Natural capital
Metal scrap, e-waste and curbside recycling

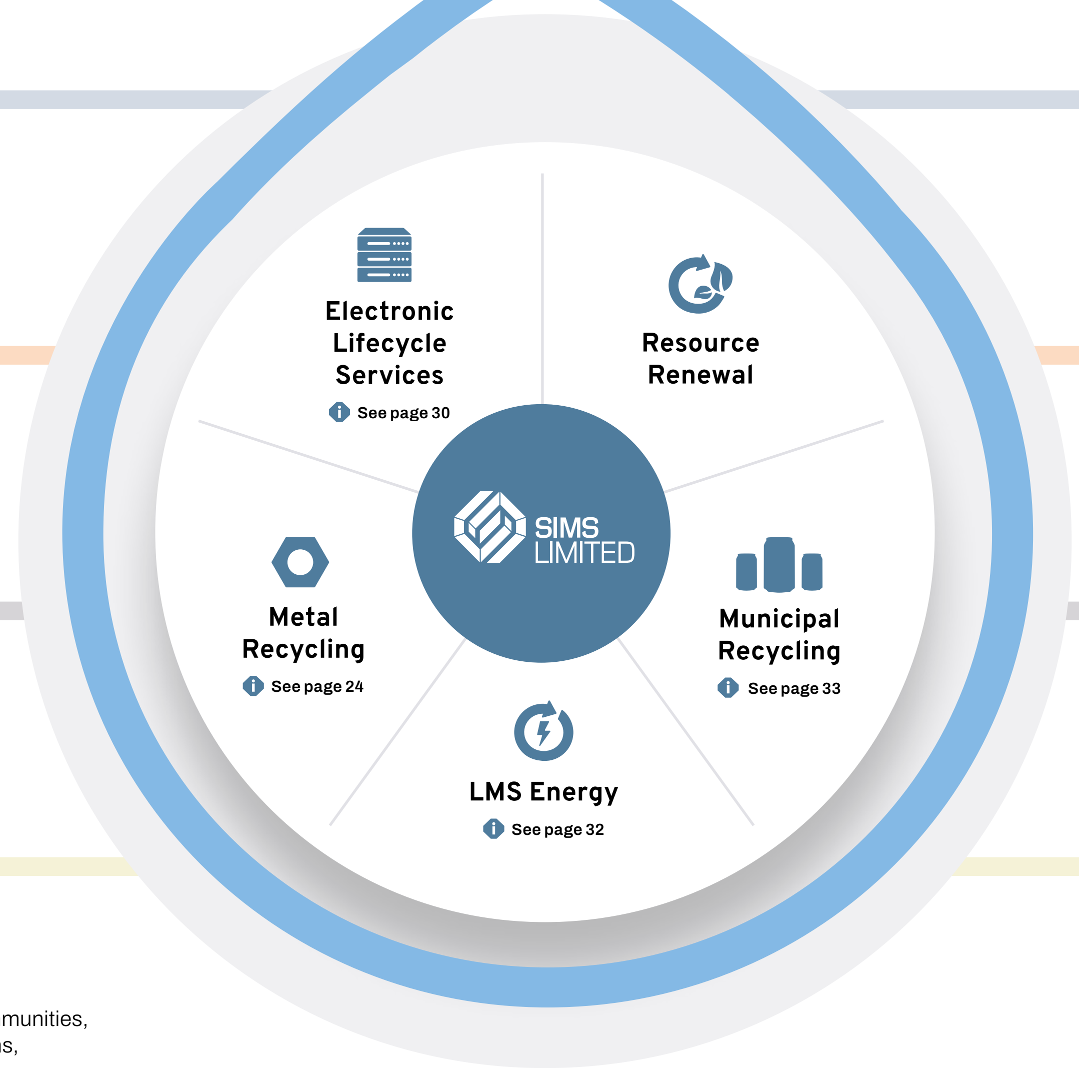
Manufacturing
$1.3 billion property, plant and equipment

Human capital
+4,000 employees
+250 facilities around the world

Financial capital
Attracting long-term investment

Social capital
Strategic relationships with communities, customers, industry associations, government, suppliers and others

What we do



1 Underlying EBIT/average of opening non-current assets and ending non-current assets, excluding assets relating to adoption of AASB 16 Leases and deferred tax assets.

2 Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges.

Our purpose – create a world without waste to preserve our planet – is what drives us to constantly innovate and offer new solutions in the circular economy for consumers, businesses, governments, and communities around the world.

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The value we create

37%
Renewable electricity

8,106m
Tonnes of ferrous and non-ferrous metals

39.0%
Return on Productive Assets[1]

26%
Women in senior management

1.1
Total recordable injury rate

$9,264.4m
Revenue

$756.1m
Underlying[2] EBIT

$185.8m
Tax payments to governments

100%
Employees completed anti-corruption and bribery training

How we maximise value creation

Economic	Environmental	Social
We make positive contributions by:		
Delivering strong returns to investors Investing in innovation for the circular economy Support our customers' low-carbon growth and differentiation through environmental performance	Enabling substantial avoided emissions in the value chain Conserving natural resources and biodiversity through circularity Meeting and striving to exceed environmental standards; promoting better industry standards	Operating with the highest safety standards Building a diverse, skilled, engaged workforce Building partnerships and making contributions in communities Paying taxes and competitive salaries
Potential negative impacts:		
Investment in environmental capital	Generate CO_2e emissions in our own operations Generate ASR waste that is currently diverted to landfill Consumption of resources	Risk of safety and environmental impacts from operations Risks of labour or human rights standards in operations or supply chain Local impacts such as dust, noise and traffic
We maximise positive contributions and minimise negative impacts by:		
Implement Sims Limited growth strategy across our diversified circular businesses Disciplined management of costs and capital	Climate action plan and strong targets Investment in Sims Resource Renewal to close our own loops Resource efficiency programs Increased use of renewable electricity	Focussed programme of EHS risk assessment and controls Compliance and ethics program Supply chain due diligence programme Investing in training and development Engagement with local communities Investment of environmental capital to reduce impacts of operations

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NORTH AMERICA METAL

North America Metal, Sims Limited's largest operating region, operates in the United States and Canada with 1,439 employees. In FY22, North America Metal accounted for 57.5% of Sims Metal's sales revenue, with sales of 5.1 million tonnes of ferrous and non-ferrous secondary metal.

External Operating Environment

The continued demand for recycled scrap metal, both from US domestic mills and export markets, drove higher ferrous sales prices in North America Metal (NAM) throughout FY22. Primary non-ferrous customers, including copper and aluminium refineries, sourced more recycled scrap at higher prices than historical levels. Zorba and twitch prices increased in line with non-ferrous commodities due to global demand for the extracted non-ferrous metallics.

Performance

FY22 proprietary shrunk intake volumes reached the highest levels since the mid-2010s. Higher intake volumes supported an increase in proprietary sales, which grew 17.7% compared to the prior corresponding period. Core ferrous volumes were supplemented by above target volumes from the Atlantic Recycling Group (ARG) acquisition and feeder yard expansions, which allowed the business to secure more 'at source' scrap metal. NAM delivered 200,000 tonnes of non-ferrous sales partly due to continued expansion of the Sims Alumisource business.

NAM leveraged its competitive advantage to maximise margin through access to deep water export facilities, while also maintaining optionality for domestic sales when prudent. Wider spreads between buy and sell prices were partially offset by increases in domestic and export freight and higher operating costs from increased throughput and persistent inflationary pressures.

17.7%

Increase in proprietary sales

Compared with the prior corresponding period

200k

Non-ferrous sales delivered

(tonnes)

The continued demand for recycled scrap metal, both from the US domestic mills and export markets, drove higher ferrous sales prices in North America Metal (NAM) throughout FY22.

PRIORITIES FOR FY23

- The NAM business will continue to focus on diversifying supply sources and procuring 'at source' scrap metal higher up the value chain to support trading margin percentage. Pursuing strategic growth initiatives, such as partnerships with downstream suppliers focused on targeted market segments, will support intake volumes while leveraging margin expansion opportunities.
- The business will continue to focus on operational innovation and development of emerging technologies to differentiate further from competitors.

114.2%

Increase in underlying EBIT compared with the prior corresponding period

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AUSTRALIA AND NEW ZEALAND METAL

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Australia and New Zealand (ANZ) Metal is the leading metal recycler in Australia and New Zealand. The business operates 51 facilities across Australia, New Zealand and Papua New Guinea. In FY22, ANZ Metal accounted for 21.9% of Sims Metal's sales revenue with sales of 1.6 million tonnes of ferrous and non-ferrous secondary metal and 909 employees.

External Operating Environment

Australia's economy grew in FY22, with the Reserve Bank of Australia (RBA) reporting overall growth of 2.6% from July to March Quarter[1].

In contrast to the previous COVID-19 strains, there was continued growth in economic activity through the peak of the Omicron variant outbreak. Severe flooding in areas of southeast Queensland and northern New South Wales had adverse effects on economic activity in coal mining and construction industries. Unlike the other metal regions, Australia and New Zealand's proprietary intake and sales volumes were subdued, reflecting these market conditions.

The New Zealand's economy slowed down compared to the previous year with GDP declining by 1.0% from July to the March Quarter[2].

Performance

Sales revenues in FY22 were 54.2% higher compared to FY21. The increase was primarily driven by substantially improved ferrous and non-ferrous sales prices, which were elevated in line with global trends. Volumes remained flat compared to the previous year.

Underlying EBIT of $186.9 million was 80.4% higher than the previous year. The increase was driven by strong revenue performance and partially offset by a moderate decline in trading margin and increase in controllable costs.

34.9%

Trading margin increase

▲ From FY21

54.2%

Sales revenues increase

▲ From FY21

1 abs.gov.au.
2 stats.govt.nz.

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We will seek to expand both ferrous and non-ferrous processing capacity through upgrades to equipment across several sites.

PRIORITIES FOR FY23

- ANZ will look for green and brown property asset opportunities as well as acquisition targets to expand its collection footprint. Another key priority is to continue the planning phase of the recently acquired Pinkenba facility, where we expect to see the first shipments in 2023.
- Furthermore, we will seek to expand both ferrous and non-ferrous processing capacity through upgrades to equipment across several sites.

$186.9m

Underlying EBIT

▲ 80.4% from FY21

UK METAL

The UK Metal division employs 623 people and operates 28 facilities across the UK. In FY22, UK Metal accounted for 20.6% of Sims Metal's total sales revenue with 1.5 million tonnes of ferrous and non-ferrous secondary metal sales.

External Operating Environment

The continued strong global demand for recycled metal drove higher ferrous sales prices and non-ferrous metals throughout FY22. Commodity prices were volatile with prices spiking on Russia's invasion of Ukraine, although subsequently falling sharply in May and June due to global recession fears. UK Metal continued to export most ferrous by deep sea to Turkey and non-ferrous to either China or the European smelters.

Performance

UK Metal had its strongest trading year on record, driven by favourable market conditions and tight management of buyside pricing. A continued focus on higher quality scrap increased the number of sales outlets available for both ferrous and non-ferrous products. Wider spreads between buy and sell prices were partially offset by increases in domestic and export freight and operating costs. The increase in operating costs was due to inflationary pressures and higher processing costs associated with improved quality of product.

14.5%

Intake volume

▲ From FY21

60.6%

Sales revenue

▲ From FY21

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The continued strong global demand for recycled metal drove higher ferrous sales prices and non-ferrous metals throughout FY22.

PRIORITIES FOR FY23

- The UK business is focused on growing the operations organically through a combination of increased material from 'at source' and continued focus on product quality.
- As we undertook an organisational restructuring in FY20 and FY21, we feel better prepared to navigate the inflationary environment, expected to continue in FY23.

52.7%

Underlying EBIT

▲ From FY21

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SIMS LIFECYCLE SERVICES

Sims Lifecycle Services (SLS) is a global leader in providing circular solutions for technology. The company plays a critical role in helping enterprises and data centres manage the end-of-life stage of the technology lifecycle. In business since 2002, our new name, Sims Lifecycle Services, reflects how dramatically our industry has changed in the last 20 years. SLS will continue to drive circular economy initiatives with our clients and ensure data safe solutions in everything we do.

External Operating Environment

Organisations are seeking end-to-end sustainable, circular services to support environmental best practises, data security mandates, financial return on assets and their internal corporate compliance programs. SLS offers solutions that help companies navigate unique legislative requirements that vary from country to country regarding data security, equipment disposal and documentation.

Continued strong interest in SLS' specialised expertise and complete service offerings, delivered significant growth in repurposed units and market share. However, lower resale prices meant SLS revenues did not increase commensurately.

SLS is dedicated to continue integrating industry-leading innovative processes, to reuse more components which improves environmental outcomes and financial returns for the business and its clients.

Performance

Sales revenue for SLS was $327.0 million in FY22, 2.5% higher than FY21. The revenue increase was driven by market share gains and partially offset by lower resale prices for resold units.

Underlying EBIT was $16.3 million during FY22 compared to $21.8 million in FY21.

$327.0m

Sales revenue for SLS in FY22

▲ 2.5% from FY21

$16.3m

Underlying EBIT during FY22

▼ A$21.8m in FY21

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SLS is dedicated to continue integrating industry-leading innovative processes, to reuse more components which improves environmental outcomes and financial returns for the business and its clients.

PRIORITIES FOR FY23

- Leveraging its secure and reliable global footprint and integrated circular services, SLS will continue to seek growth opportunities, particularly in the repurposing of cloud infrastructure. Large global businesses are eager to work with service providers such as SLS that can deliver secure asset disposition for large-scale data centres and enterprises with complex requirements and distribution.

28.6%

Increase in repurposed units in FY23

▲ From FY22

50bps

SLS' increase in market share

▲ From FY22

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LMS ENERGY

4.4m

Tonnes of carbon abatement

▲ From 4.1m in FY21

61

Total portfolio of projects in FY22

In 2001, Sims Limited entered the renewable energy market with a strategic investment in LMS Energy (LMS). Today, Sims Limited owns 50% of LMS, Australia's market leader in landfill biogas-to-energy and solar renewable energy.

External Operating Environment

Australian wholesale electricity prices spiked in the last quarter of FY22 due to the energy crisis impacting the National Electricity Market. Prices are expected to remain elevated over the next six to 12 months before normalising in the medium term.

The stronger voluntary participation in the carbon and large-scale generation certificate market, drove increased pricing for these commodities.

Performance

We acquired long-term gas rights to 12 landfill biogas projects, bringing LMS' total portfolio to 61 projects globally.

The acquisition of 9MW of power generation capacity in ANZ and 9MW in the US via the Sims Energy joint venture increased LMS' total capacity to 90MW.

LMS' capacity is now almost 60% of the landfill biogas to electricity market. We increased our workforce by 50% in FY22 as 70 new people joined the company, increasing the total workforce to 210 employees.

We acquired 50% of Helmont Energy – a bioenergy company focused on producing biomethane through an anaerobic digestion of agricultural waste.

We saw an increase in carbon abatement from 4.1 million tonnes of carbon (tCO_2e) in FY21 to 4.4 million in FY22.

PRIORITIES FOR FY23

- Through its innovative biogas activities, LMS focuses on powering a low-carbon, circular economy.
- We will seek to expand our portfolio of landfill biogas sites in Aus/NZ/US.
- We will look for opportunities to implement LMS' next-generation technologies such as proprietary anaerobic digestors for organic waste streams.
- We will focus on improving methane capture and destruction rates across our portfolio of sites.

SIMS MUNICIPAL RECYCLING

50.5%

Share of SMR sold to Closed Loop Partners

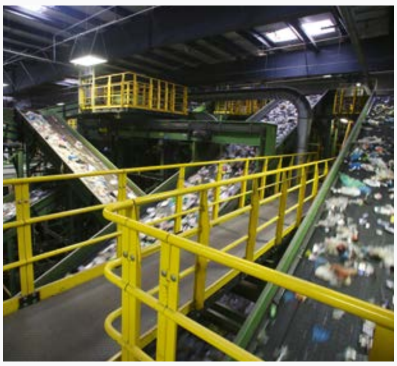
$3.9m

Spend on upgrade to the Palm Beach County MRF

Sims Municipal Recycling (SMR) processes and markets, commingled curbside recyclables (plastic, glass and metal) collected in New York City, Palm Beach County, and portions of New Jersey and Long Island. Having developed strong partnerships and affiliations with industry and regional recycling associations, SMR has grown to be a key recycling services provider to the communities where it operates.

External Operating Environment

In 2003, Sims Limited expanded into curbside recycling in the United States with the creation of Sims Municipal Recycling (SMR). Since then, the operation has grown to become the cornerstone of New York City's recycling system. In total, the business processes and markets more than 660,000 tonnes of municipal curbside material annually.



Performance

Sims Municipal Recycling (SMR) operates five facilities in New York and New Jersey.

These include two receiving/transfer facilities in the Bronx and Queens, New York; two large-scale materials recovery facilities (MRF) in Jersey City, New Jersey, and Brooklyn, New York; and an advanced glass processing plant in Jersey City, New Jersey. SMR continues to evolve and find new opportunities within the ever-changing recycling landscape. In October 2019, SMR took over the operation of the Palm Beach County, Florida MRF, which serves the 1.2 million residents in the county.

In 2022 Sims Limited sold a 50.5% share of SMR to Closed Loop Partners, a Circular Economy Investment Fund based in New York. Closed Loop and Sims Limited are working together to expand the SMR business further.

In 2022 we secured an operating contract in Lee County, Florida, expected to commence in October 2022. Additionally, SMR secured an operating contract for Rockland County, New York. It is expected to begin in the fall of 2022.

Finally, SMR completed a $3.9 million upgrade to the Palm Beach County MRF.

PRIORITIES FOR FY23

- **Closed Loop Partners and Sims Limited continue to actively assess growth opportunities through acquisitions, contract tendering and technology partnerships to improve recovery rates for the municipal recycling input streams.**

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SUSTAINABILITY

All Sims Limited divisions play an integral role in the circular, low-carbon economy by making resources available for future use, reducing resource use, environmental loss and carbon emissions associated with new production. As leaders in the circular economy, we bring the innovation and expertise that we have honed over the past 105 years to the shared global challenge of climate action.

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Our purpose – to create a world without waste, to preserve our planet – is the basis used to develop our strategic growth and sustainability strategies. In the second year of our sustainability strategy, which sets our agenda to FY25, Sims Limited has recorded tangible achievements, demonstrating our commitment to genuine and practical progress. Our strategy is responsive to the expectations of stakeholders and the social, environmental and economic megatrends of our society; and in FY22 we added new goals to our strategy to reflect our climate ambition.

- **Use 100% renewable electricity by 2025**
- **SLS to be carbon neutral by 2025**
- **The Sims Limited portfolio to be carbon neutral by 2030, brought forward from 2042**

This year, along with a Sustainability Report, we are publishing a dedicated Climate Report, which forms the basis of an advisory vote at the 2022 AGM. This Climate Report provides a holistic view of our Company's climate related governance, risks, opportunities, metrics, and our decarbonisation pathway and progress.

Sims Limited is well positioned in the transition to a low-carbon economy. Sims Metal provides high-quality recycled metals in place of virgin materials, which enables the avoidance of emissions, including those associated with extraction, refining and production. When Sims Metal processes discard metal, it is transformed from waste to a resource that can go directly to a smelter without further processing, ready to be made into new steel. In fact, recycling of 8.3 million tonnes of Ferrous metal (FY21 volume) via Sims Limited globally has the potential to avoid 13.4 million tonnes of CO_2e emissions compared to producing the same amount of steel from raw materials. That's more than 100 times the footprint of our own direct operations.

As our customers adjust to the 'new normal' of an unprecedented amount of remote workers and the digital infrastructure required to support them, they are looking for credible options to keep cloud devices in use for as long as possible, helping meet both zero waste and value chain decarbonisation goals. FY22 also saw the launch of SLS' award-winning sustainability calculator, which helps customers understand avoided emissions in their own value chains from repurposing and recycling electronics.

Sims Limited's full sustainability reporting suite is available at www.simsmm.com/sustainability

Our roadmap to carbon neutral

2022 → 2030

Design to decarbonise	Model shadow carbon price to guide internal decisions	Procurement and capex policies	Advocate for an orderly, 1.5° transition	Carbon risk assessment on strategy and acquisition	Engage employees	
Fuels and Gas (Scope 1)	Efficiency projects and upgrades	Explore alternative fuels e.g. hydrogen	Electrify plant and vehicles			Offset remaining emissions
Electricity (Scope 2)	Increase onsite renewables	Efficiency projects and upgrades	Move to renewables	Investigate onsite battery storage		
Value chain (Scope 3)	Measure and verify Scope 3	Collaborate with key suppliers	Reduce where possible (e.g. business travel)			

37%

Renewable electricity

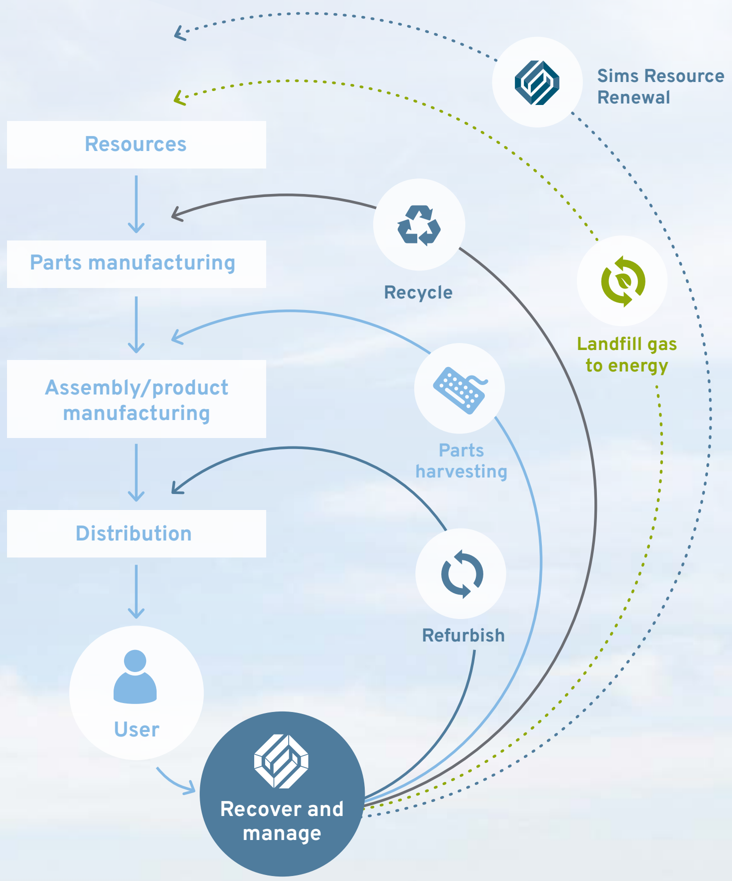
21.2%

Reduction in CO_2e emissions[1]

Scope 3

Emissions measured for the first time

Sims Limited enables the circular economy



1 Compared to FY20 baseline year 'market-based emissions'.

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ENVIRONMENT, HEALTH AND SAFETY (EHS) PERFORMANCE

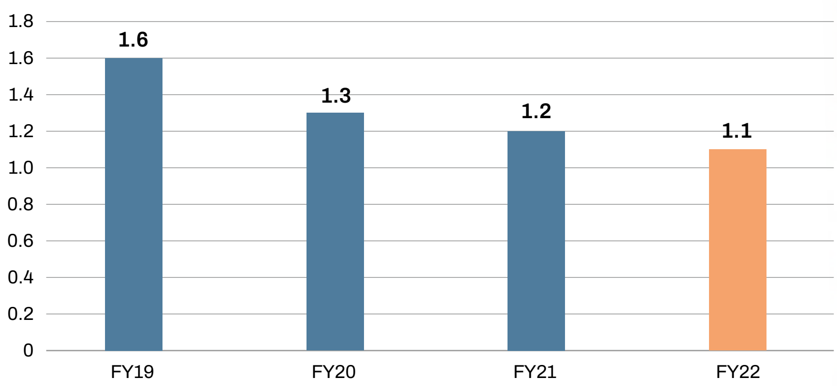
In FY22, Sims Limited experienced the best safety performance on record. The company achieved its lowest recordable injury frequency rate (TRIFR) in its history of 1.14 per 200,000 hours, improving on last year's previous record low. In addition, we experienced the lowest number of lost time incidents at a rate of 0.23 and a critical risk incident rate of 0.35.

Safety Excellence

Sims Limited's strategic multi-year focus revolves around fatal risks, identified after a 10-year incident taxonomy study. We have developed 18 critical control verifications (CCVs) to address these risks, validating that controls applied are effective and continuously improved upon, standardising the best in class for global implementation. The CCVs are based on the requirements set in our EHS standards. Each standard is supported with video representation of standard requirements. This training is delivered through our global learning management system, Sims University, and online mobile applications to make measurement and reporting straightforward.

This focus drives improvements in our environmental management, health provisions and safety controls, year over year.

Total Recordable Injury Frequency Rate (TRIFR)



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Since FY19

0	**88%**	**54%**	**48%**
Fatalities	Reduction in critical risk incidents	Reduction in lost time injuries	Reduction in recordable injuries

The outcome of our strategy in FY22

7,500+	**1,500+**	**12,000+**	**58,000+**
Critical control verifications completed	Site general inspections completed	Action items generated	EHS training courses completed

Environmental Stewardship

Sims Limited's approach in reducing environmental risk follows the same methodology as reducing health and safety risks. Data gathered through the completion of critical control verifications is proactively used to get ahead of incidents and leveraged to standardise best-in-class global controls. In FY22, we transformed our environmental structure to act as a shared service to all business units. A global committee was formed to leverage our global knowledge and develop our first environmental CCV to validate the effectiveness of our environmental controls.

Over 4,300 onsite personnel have completed training in the key requirements of the new environmental management standard. Just under 400 general inspections or CCV were completed, generating over 1,100 improvement actions.

BOARD OF DIRECTORS

Geoffrey N Brunsdon, AM

Chairman and Independent non-executive director

Appointed

Director in November 2009; Deputy Chairman in September 2011 and Chairman in March 2012.

Committees (within Sims Limited)

Chair of Nomination/Governance Committee and Member of Risk Committee, Audit Committee and People and Culture Committee.

Skills and Experiences

Until June 2009, Mr Brunsdon was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He was a member of the listing committee of the Australian Securities Exchange between 1993 and 1997, a member of the Takeovers Panel between 2007 and 2016 and was a director of Sims Limited between 1999 and 2007. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australia and a Fellow of the Institute of Company Directors. Mr Brunsdon is also Chairman of MetLife Insurance Limited (since April 2011) and PayPal Australia Pty Limited (June 2021) and a Director of the Wentworth Group of Concerned Scientists and Purves Environmental Custodians.

Degrees and Qualifications

B Comm, CA, F Fin, FAICD. In 2019, Mr Brunsdon was awarded the rank of Member of the Order of Australia (AM).

Alistair Field

Group Chief Executive Officer and Managing Director

Appointed

August 2017.

Committees (within Sims Limited)

Member of Nomination/Governance Committee, Risk Committee, and Safety, Health, Environment, Community and Sustainability (SHECS) Committee.

Skills and Experiences

Mr Field joined the Company on 1 October 2015 as the Managing Director of ANZ Metal. He has over 25 years of experience in the mining and manufacturing industries. Mr Field has held a number of senior leadership positions, including most recently as Director of Patrick Terminals and Logistics Division for Asciano Limited, and previously as Chief Operating Officer for Rio Tinto Alcan's Bauxite and Alumina Division.

Degrees and Qualifications

Mr Field is a Mechanical Engineer with an MBA from the Henley Business School.

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The Company seeks to ensure that the Board has a range of attributes necessary for the governance of a global organisation. The Board regularly reviews its skills and performance against the expectation that it will provide outstanding governance; have appropriate input to and development of strategy; establish and oversee a clear risk management framework; set challenging performance targets in all aspects of the Company's activities; and understand the operations of the Company.

Heather Ridout, AO

Independent non-executive director

Appointed date

September 2011.

Committees (within Sims Limited)

Chair of the People and Culture Committee and Member of Nomination/Governance Committee, Risk Committee and Safety, Health, Environment, Community and Sustainability (SHECS) Committee.

Skills and Experiences

Ms Ridout's other appointments include being a member of the Boards of Australian Chamber Orchestra; RAND Corporation Australia Advisory Board; Kroll Advisory Board; as well as a Senior Advisor at EQT Partners Australia Pty Ltd. She is also an Alternate Director of the Australian Super Trustee Board and member of the Australian Super Investment Committee. Ms Ridout's previous appointments include member of the Australian Cyber Security Growth Network Board until April 2022 as well as Chair of the Australian Super Trustee Board from May 2013 to September 2019, having joined that Board as a director in 2007. She was a member of the Board of the Reserve Bank of Australia from February 2012 until February 2017. Ms Ridout was also a member of the L.E.K. Advisory Board; Infrastructure Australia; the Advance Australia Advisory Board; the Australian Workforce and Productivity Agency; and a member of the Henry Tax Review panel and the Climate Change Authority. In addition, she has had previous appointments as a member of ASIC's External Advisory Panel, member of the Business Roundtable on Climate Change; member of the National Workplace Relations Consultative Committee; member of the Prime Minister's Taskforce on Manufacturing; co-Chair of the Australian-Canada Economic Leadership Dialogue and a delegate to the B20 – the key business advisory body to the G20.

Degrees and Qualifications

In June 2013, Ms Ridout was awarded the rank of Officer of the Order of Australia (AO) in the general division for distinguished service to business and industry through significant contributions to the development of economic and public policy. She holds a BEc (hons) from the University of Sydney and an honorary Doctor of Business (honoris causa) from both Macquarie University and The University of Ballarat.

Other Listed Company Boards

Mrs Ridout is a director of ASX Ltd.

Georgia Nelson

Independent non-executive director

Appointed date

November 2014.

Committees (within Sims Limited)

Chair of the Risk Committee and Member of the Audit Committee and the People and Culture Committee.

Skills and Experiences

Ms Nelson is an experienced director, having served as a board director of 10 corporations over more than 25 years. Through her company, PTI Resources, LLC, Ms Nelson consulted on a variety of environmental and energy policy matters from 2005 to 2019. A global operations executive, Ms Nelson was the former founding president of Midwest Generation EME, LLC, an Edison International company, and senior vice president of worldwide operations for Edison Mission Energy.

Degrees and Qualifications

Ms Nelson received a Bachelor of Science from Pepperdine University and a Master of Business Administration from the University of Southern California. Ms Nelson is a fellow of the National Association of Corporate Directors in the United States.

Other Listed Company Boards

Ms Nelson serves as a director of three publicly traded US corporations: Cummins Inc, a global corporation that designs, manufactures and distributes engines, filtration and power generation products; Ball Corporation, a global aluminium packaging and aerospace technology company; and Custom Truck One Source, a leading provider of specialised truck and heavy equipment solutions to the utility, telecommunications, rail and infrastructure markets in North America.

BOARD OF DIRECTORS

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Deborah O’Toole

Independent non-executive director

Appointed date

November 2014.

Committees (within Sims Limited)

Chair of the Audit Committee and Member of the Risk Committee and the People and Culture Committee.

Skills and Experiences

Ms O’Toole has extensive executive experience across a number of sectors, including over 20 years in the mining industry and, more recently, in transport and logistics which included managerial, operational and financial roles. She has been Chief Financial Officer in three ASX listed companies. Ms O’Toole currently serves as Chair of Transurban Queensland, and as an independent director of Pacific National Rail Group, Credit Union Australia and Sydney Airport Corporation Limited. Ms O’Toole also serves as the Chair of the Audit Committee or Audit and Risk Committee of Pacific National Rail Group and Credit Union Australia.

Degrees and Qualifications

Ms O’Toole holds a law degree and is a Member of the Australian Institute of Company Directors.

Other Listed Company Boards

Ms O’Toole is a non-executive director of Alumina Limited.

Hiroyuki Kato

Non-independent non-executive director

Appointed date

November 2018.

Committees (within Sims Limited):

Member of the Risk Committee and the Safety, Health, Environment, Community and Sustainability (SHECS) Committee.

Skills and Experiences

Mr Kato is Mitsui and Co, Ltd’s nominated non-independent director. He started his business career in the iron ore division of Mitsui, where he gained considerable experience relating to the mining industry, which became the backbone of his long career at Mitsui. After completing two assignments in New York and attending MIT Sloan School of Management, Mr Kato held various positions in Mitsui’s oil and gas divisions. In June 2020, Mr Kato retired from his position as a Counsellor to Mitsui.

Degrees and Qualifications

BA, MS.

Other Listed Company Boards

Mr Kato is a director of Obayashi Corporation, which is listed on the Tokyo Stock Exchange.

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Tom Gorman

Independent non-executive director

Appointed
June 2020.

Committees (within Sims Limited)
Chair of Safety, Health, Environment, Community and Sustainability (SHECS) Committee.

Skills and Experiences
Mr Gorman served as the Global Chief Executive Officer of Brambles Ltd for seven years, retiring in February 2017. Prior to Brambles, Mr Gorman held a number of senior executive positions over a 21-year career at Ford Motor Company, culminating in President and Chief Executive Officer of Ford Australia from 2004 to 2008. He serves as a trustee of the Maine Chapter of The Nature Conservancy.

Degrees and Qualifications
Mr Gorman holds a Bachelor of Arts in Economics from Tufts University, a Master of Business Administration from Harvard Business School and a Global Master of Arts in International Relations from The Fletcher School at Tufts University.

Other Listed Company Boards
Mr Gorman is a non-executive director of two other ASX-listed companies; Worley Ltd, a global provider of professional project and asset services, and Orora Ltd, a packaging solutions specialist; and non-executive director of a NYSE-listed company, Alcoa Corporation, a global leader in the production of bauxite, alumina and aluminium products.

Victoria Binns

Independent non-executive director

Appointed
October 2021.

Committees (within Sims Limited)
Member of People and Culture Committee and Safety, Health, Environment, Community and Sustainability (SHECS) Committee.

Skills and Experiences
Ms Binns has over 35 years of experience in the global resources and financial services sectors, including 10 years in executive leadership roles at BHP in Asia and 15 years in financial services with Merrill Lynch Australia and Macquarie Equities. During her career at BHP, Ms Binns' roles included Vice President Minerals Marketing, leadership positions in the metals and coal marketing business, and Vice President of Market Analysis and Economics. She was also co-Founder and Chair of Women in Mining and Resources Sg (WIMAR Sg). Prior to joining BHP, Ms Binns held a number of Board and senior management roles at Merrill Lynch Australia, including Managing Director and Head of Australian Research, Head of Global Mining, Metals and Steel, and Head of Australian Mining Research. She is also a non-executive director for the NFP Carbon Market Institute (CMI), and a member of the Advisory Council for JP Morgan, Australia and New Zealand.

Degrees and Qualifications
B.E. (Hons I) (Mining) (UNSW), Grad Dip SIA, FAusIMM, GAICD.

Other Listed Company Boards
Ms Binns is a non-executive director of two other ASX-listed companies, Evolution Mining and Cooper Energy.

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EXECUTIVE LEADERSHIP TEAM

Alistair Field

Chief Executive Officer and Managing Director

Alistair Field was appointed Chief Executive Officer and Managing Director in 2017, two years after joining the Company as the Managing Director, Sims Metal Australia and New Zealand. He is also a member of three Board of Directors-level committees: the Safety, Health, Environment, Community and Sustainability Committee, the Nomination/Governance Committee, and the Risk Committee.

Alistair is a seasoned and knowledgeable executive who possesses 25 years of experience in the mining and manufacturing industries. Prior to joining Sims Limited, he held a number of senior leadership positions, including director of Patrick Terminals & Logistics Division for Asciano Limited and Chief Operating Officer for Rio Tinto Alcan's Bauxite and Alumina Division. Alistair is a Mechanical Engineer, and he holds an MBA from Henley Business School.

Stephen Mikkelsen

Global Chief Financial Officer

Stephen Mikkelsen joined Sims Limited in 2018 as the Global Chief Financial Officer, bringing more than 30 years of finance and executive management experience to the role.

Prior to joining Sims Limited, Stephen held senior leadership positions at AGL Energy, including serving as Chief Financial Officer from 2006 to 2012, followed by Group General Manager Retail Energy and Executive General Manager Energy Markets. Before his tenure at AGL, Stephen was the Chief Financial Officer of Snowy Hydro from 2001 to 2006. Stephen is a member of Chartered Accountants Australia and New Zealand.

Brad Baker

Global Chief Human Resources Officer

In 2018, Sims Limited welcomed Brad Baker as the Global Chief Human Resources Officer. Brad has extensive international operations and board-level experience with publicly listed companies in the United States and Australia.

Brad brings almost 30 years of human capital strategy experience spanning several industries, including plastics, metal processing and mining services, to Sims Limited. Throughout his career, Brad has had overall responsibility for leading talent acquisition, selection assessments, employee and labour relations, organisational behaviour, succession planning, employee engagement, compensation and benefits, and workforce development. Prior to joining the Company, he was the Senior Vice President of Human Resources and a corporate officer for Boart Longyear.

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Elise Gautier

Global Chief Risk and Compliance Officer

Elise Gautier was appointed as Sims Limited's Global Chief Risk and Compliance Officer in October 2018. As a key member of the Company's executive leadership team, Elise is responsible for the design, implementation and maintenance of company-wide programs relating to risk, compliance, environment, health and safety and sustainability to help drive achievement of the Company's strategic goals and positioning as a key enabler of the circular economy.

Elise joined the Company in 2014 as the Global Vice President Internal Audit, bringing more than 20 years of international experience in both industry and consultative services. Prior to joining Sims Limited, she was a Principal with Deloitte & Touche LLP, focusing on internal audit and risk management consulting services. Elise held various leadership positions while working in India to develop Deloitte's offshore risk practice. She also served as a Controller at Strafor Facom, a French multinational diversified manufacturing company, and as an Internal Auditor at Steelcase Inc., an American multinational office furniture manufacturing company. A graduate of the French Business School – Institut Européen d'études Commerciales Supérieures de Strasbourg (IECS), Elise recently relocated to Australia from the United States.

Gretchen Johanns

Global General Counsel and Company Secretary

Gretchen Johanns joined Sims Limited in 2018 as the Global General Counsel and Company Secretary, bringing more than 20 years of experience as a senior legal advisor for publicly listed American companies in the information technology, service and media industries to this role.

Prior to joining the Company, Gretchen served as the Deputy General Counsel and Corporate Secretary at Xerox Corporation. Previously, she held several legal roles of increasing responsibility at Time Warner Cable Inc. Gretchen received her Juris Doctor degree from Cornell University and her Bachelor of Arts degree from Grinnell College.

Ian Basset

Global Head of Business Transformation

Ian Basset joined Sims Limited in February 2021 as the Global Head of Business Transformation, the Company's internal organisational initiative to align all business divisions globally by function. In this role, Ian leverages the insight gained as a management consultant to strategically implement the Company's new organisational business model, as well as assign talent to the newly created roles across the company, and integrate processes, IT and innovation to establish more efficient ways of working.

A key member of the executive leadership team, Ian applies lessons learned and implements best practices from his more than 30-year career in leadership roles at large, complex business environments. Throughout that time, he worked as an information technology executive in the banking industry, an operations director, and an Exco member in a market leading print communications company, amassing a rare combination of skills. Ian's experience spans several corporate functions, including human resources, information and communications technology/information systems, and organisational leadership.

EXECUTIVE LEADERSHIP TEAM

Ingrid Sinclair

Global President, Sims Lifecycle Services

Ingrid Sinclair was appointed Global President for Sims Lifecycle Services, a division of Sims Limited, in 2019. She has overall responsibility for growing and developing the business division's global information technology asset and electronic equipment retirement services for businesses and data centres.

Ingrid joined the business in 2007 as the Vice President of Recycling for the United States, bringing more than 20 years of electronics recycling experience and 10 years spearheading innovation in electronics recycling operations to the role. Ingrid began her career as a Chemical Process Engineer at Glencore Canada (formerly Noranda) where she spent 10 years in various international commercial and operational roles. In addition to being trained as a Six Sigma Black Belt, Ingrid has a Bachelor's degree in Chemical Engineering from the University of Ottawa and a Master of Business Administration from Concordia University.

John Glyde

Global Chief Operating Officer, Sims Metal

John Glyde was appointed Global Chief Operating Officer for Sims Metal, a division of Sims Limited, in 2020. He has worldwide responsibility for metal processing, transportation and logistics (excluding chartering) and engineering services.

John began his career with Sims Limited more than 30 years ago, holding progressively senior leadership roles within the metal business in Australia and the United States during that time. Prior to his current role, John served as the Managing Director of Australia & New Zealand for three years. From 2015 to 2017, he was the Chief Operating Officer for Australia & New Zealand. Previously, John held the position of General Manager for Queensland.

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Rob Thompson

Global Chief Commercial Officer, Sims Metal

Rob Thompson joined Sims Limited as the Global Chief Commercial Officer for Sims Metal in 2022, with worldwide responsibility for both ferrous and non-ferrous buying and sales.

Prior to joining the company, Rob was the Vice President of Sales and Marketing for Gerdau North America. He has more than 30 years of global metal recycling and steel industry experience. Previously, Rob served as the Vice President of Raw Materials, as well as leading other areas, such as Logistics, Sales and Operations Planning (SOP), and Rebar Fabrication. Earlier in his career, Rob was the Global Process Owner of Metallics for Gerdau Corporation in Sao Paulo, Brazil, and the Director of Ferrous Trading for Triple M Metals, Canada. He graduated from the University of Toronto with a degree in Economics.

Steve Skurnac

Global Chief Development Officer

Steve Skurnac was appointed as the Global Chief Development Officer in 2017, a newly created position with the responsibility of ensuring the overall growth and success of the organisation. He is currently spearheading the Company's strategic planning process for growth and longevity, as well as defining its vision and direction. In addition, Steve manages Sims Resource Renewal, as well as the Company's investments in LMS Energy, Sims Energy and Sims Municipal Recycling.

Steve joined Sims Limited in 2007 as the President of Sims Lifecycle Services in North America, and in 2013 he was appointed Global President of that business division. Prior to joining the Company, he spent 24 years at Glencore (formerly Noranda) in various international roles of increased responsibility in metals and recycling. Steve is a graduate of the University of Toronto and has an Engineering degree in mining and metallurgy.

DIRECTORS' REPORT CONTENTS

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DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW

Sensitivity to movements in foreign exchange rates

The principal currencies in which the Group's subsidiaries conduct business are United States ("US") dollars, Australian dollars ("A$"), Euros, and British pounds sterling. Although the Group's reporting currency is the Australian dollar, a significant portion of the Group's sales and purchases are in currencies other than the Australian dollar. In addition, significant portions of the Group's net assets are denominated in currencies other than the Australian dollar.

The Group's consolidated financial position, results of operations, and cash flows may be materially affected by movements in the exchange rate between the Australian dollar and the respective local currencies to which its subsidiaries are exposed.

Some of the results discussed below are presented on a "constant currency" basis, which means that the current period results are translated into Australian dollars using applicable exchange rates in the prior corresponding period. This allows for a relative performance comparison between the two periods before the translation impact of currency fluctuations.

Foreign exchange rates compared with the prior corresponding periods for the major currencies that affect the Group's results are as follows:

	AVERAGE RATE – YEAR ENDED 30 JUNE			CLOSING RATE – AS AT 30 JUNE		
	2022	2021	CHANGE	2022	2021	CHANGE
US dollar	**0.7256**	0.7471	(2.9)%	**0.6902**	0.7500	(8.0)%
Euro	**0.6443**	0.6261	2.9%	**0.6584**	0.6325	4.1%
Pound sterling	**0.5456**	0.5545	(1.6)%	**0.5668**	0.5423	4.5%

As at 30 June 2022, the cumulative effect of the retranslation of net assets of foreign controlled entities, recognised through the foreign currency translation reserve, was $43.7 million compared to $48.0 million as at 30 June 2021.

All balances are stated in Australian dollars unless otherwise stated.

Financial Performance

FY22 was a record-breaking year for the Group.

FY22 sales revenue of $9,264.4 million was up 56.6% compared to FY21 sales revenue of $5,916.3 million. In addition to higher sales volumes, average ferrous sales prices increased 43.0%, non-ferrous prices increased 32.0%, and non-ferrous shred recovery (zorba) prices increased 31.2%. The Group also recorded a 23.6% improvement in zorba volumes, benefitting from recent investments to improve metal recovery rates.

As a result of higher prices, higher volumes, and disciplined buying, the total trading margin for FY22 expanded by 28% compared to FY21.

Operating costs (excluding depreciation and amortisation) increased by 23.9% compared to FY21. In addition to the additional operating costs from new businesses and greenfield sites, and higher organic processing activity, inflationary pressures were experienced across all cost categories, including in labour where tight labour market conditions, resulted in labour cost increases higher than historical levels. Repairs and maintenance costs were impacted by higher material prices. Significant fuel and power increases were experienced in all markets. Waste costs continued to rise at above CPI, in line with recent experience. Incentive costs increased in FY22 compared to FY21 due to significantly improved performance in FY22. Medium term efficiency gains are being actively targeted to partially offset inflationary pressures.

Despite the cost pressures, the business generated underlying EBITDA of $958.9 million, an increase of 65.3% compared to FY21 EBITDA of $579.9 million. The Group also benefitted from an 89.2% increase in earnings contribution from the 50% interest in its SA Recycling joint venture. Sims' equity accounted underlying EBIT was $298.5 million in FY22 compared to $157.8 million in FY21. SA Recycling's result included the contribution from six acquisitions completed during FY22.

FY22 Underlying EBIT was $756.1 million compared to $386.6 million in FY21, an increase of 95.6%. At constant currency, Underlying EBIT increased by 91.4%.

Statutory EBIT was $17.5 million higher than Underlying EBIT due to a gain on disposal of Sims' 51% interest in Sims Municipal Recycling, offset by costs associated with the recent class action settlement, and ERP implementation costs. Statutory EBIT for FY22 was $773.6 million, an increase of 146.4% compared to FY21 statutory EBIT of $314.0 million. At constant currency, statutory EBIT increased by 136.1%.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

FY22 Net interest expense was up by 39.1% compared to FY21. This was due to increased borrowing used to partially fund higher working capital requirements from purchase price increases, higher levels of capital expenditure, which included the funding of the Pinkenba site, and the share repurchase programme of $123.9 million.

In FY22, Statutory NPAT increased by 161.2% to $599.3 million. Underlying NPAT was $578.9 million in FY22 compared to $284.1 million in the prior year, representing an increase of 103.8%. Statutory diluted EPS was 295.6 cents in FY22 compared to 112.8 cents in FY21. Underlying diluted EPS was 285.5 cents in FY22 compared to 139.6 cents in FY21. The weighted average number of basic shares during FY22 decreased by 3.3 million shares compared to FY21. During the financial year, the Group bought back and cancelled 7.7 million shares, which had the effect of improving diluted EPS by 5.6 cents. Further, the Company also leveraged its employee share ownership programme trust to reduce the dilution effect of certain shares issued under the long-term incentive plan.

Reconciliation of Statutory Results to Underlying Results

	EBITDA[1]		EBIT		NPAT	
	FY22	FY21	FY22	FY21	FY22	FY21
A$m						
Reported earnings	**976.4**	507.3	**773.6**	314.0	**599.3**	229.4
Significant items:						
Non-recurring gains on asset dispositions	**(79.1)**	(6.1)	**(79.1)**	(6.1)	**(59.2)**	(4.2)
Non-qualified hedges	**(16.7)**	(4.3)	**(16.7)**	(4.3)	**(16.7)**	(4.3)
ERP Software Implementation Cost	**41.5**	60.8	**41.5**	60.8	**29.0**	45.8
Acquisition transaction costs	**3.7**	–	**3.7**	–	**2.7**	–
Restructuring & redundancies	**5.9**	11.2	**5.9**	11.2	**4.3**	8.6
Legal & Environmental, net of recoveries	**19.5**	10.4	**19.5**	10.4	**13.9**	8.0
Impact of fire, flood	**7.7**	(1.1)	**7.7**	(1.1)	**5.6**	(0.9)
JobKeeper grant income, net of amount voluntarily returned	**–**	(4.4)	**–**	(4.4)	**–**	(3.1)
Other non-recurring items	**–**	6.1	**–**	6.1	**–**	4.8
Underlying results	**958.9**	579.9	**756.1**	386.6	**578.9**	284.1

The major significant item amounts recorded in FY22 include the following:

- Gains on asset dispositions include the gain on sale of the 51% stake in SMR and the gain on restatement of the residual 49% to market value, as well as gain on sale of various surplus properties.
- Non-qualified hedges include the mark-to-market on, in the money, copper hedges held at balance date.
- ERP cost include costs associated with the SAP implementation which went live in July 2022 and is expected to be fully completed in the first half of FY23.
- Restructuring and redundancies predominantly relates to sites closures and realignment of processing capability in the SLS business.
- Legal and environmental includes amounts allowed for the settlement of the class action per the announcement to the ASX on 10 June 2022.
- Impact of flood, fire, includes the impact of:
  - The Queensland flood in May 2022, and its impact on the production site at Rocklea, Brisbane, and various other feeder sites in Queensland.
  - A fire at the Redwood City site in April 2022 which impacted production activities at that site.

1 EBITDA is a measurement of non-conforming financial information. See table below that reconciles EBITDA to statutory net profit.

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Reconciliation of Statutory NPAT to EBITDA

A$M	YEAR ENDED 30 JUNE 2022	2021
Statutory net profit/(loss) after tax	**599.3**	229.4
Depreciation and amortisation, net of right of use asset depreciation	**125.2**	119.9
Right of use asset depreciation	**77.6**	73.4
Interest expense from external borrowings, net of interest income	**8.0**	4.1
Lease liability interest expense	**8.0**	7.4
Income tax expense	**158.3**	73.1
Statutory EBITDA	**976.4**	507.3

Cash flow and borrowings

FY22 Cash inflow from operating activities was $547.8 million compared to $129.4 million in FY21. The $418.4 million increase was largely attributable to the strong operational performance in FY22. In addition, the FY21 cashflow included an investment in working capital of $169.8 million driven by higher business activity and increased purchase prices during the second half of FY21. In FY22 there was a smaller working investment of $58.8 million, resulting from higher inventory due to flood and fire events in Australia and the US respectively, shipping and logical issues.

Operating cashflows are also impacted by the quantum and timing of distribution of earnings from joint ventures, particularly SA Recycling.

Capital expenditures for property, plant and equipment and intangible assets, excluding acquisitions, were $276.2 million during FY22 compared to $129.7 million in FY21. The higher expenditure in FY22 included the strategic purchase of an industrial and port facility at Pinkenba, Queensland in May 2022 (per the ASX announcement lodged 19 May 2022), with a final capitalised value of $93.5 million. In addition, upfront deposits and mobilisation spend for a number of FY23 capital projects were incurred in FY22 to avoid the supply chain bottlenecks which impacted a number of projects in the first half of FY22. Capital expenditure also included a ramp-up in spending on the Sims Resource Recovery project, with $10.7m spent in FY22.

During FY22, the Group paid cash dividends of $140.2 million compared to $24.2 million in FY21 and bought back Sims shares to the value of $123.9 million.

On 30 June 2022, the Group had a net cash position of negative $102.7 million compared to a positive net cash position of $8.3 million on 30 June 2021. The Group calculates net cash as cash balances less total borrowings and reflects total borrowings as if borrowings were reduced by cash balances as a pro forma measurement as follows:

A$M	AS AT 30 JUNE 2022	2021
Total cash	**252.8**	240.3
Less: total borrowings	**(355.5)**	(232.0)
Net cash	**(102.7)**	8.3

CORPORATE GOVERNANCE STATEMENT

The directors and management of the Company are committed to operating the Company's business ethically and in a manner consistent with high standards of corporate governance. The directors consider the establishment and implementation of sound corporate governance practices to be a fundamental part of promoting investor confidence and creating value for shareholders, through prudent risk management and a culture which encourages ethical conduct, accountability and sound business practices.

A description of the Group's corporate governance practices in place throughout the 2022 financial year is set out in the Corporate Governance Statement of the Company, a copy of which can be viewed at https://www.simsmm.com/investors/governance. The Corporate Governance Statement has been prepared with reference to the Corporate Governance Principles and Recommendations (4th edition) published by the Australian Securities Exchange Corporate Governance Council. The Company has complied with the Recommendations. The Corporate Governance Statement has been approved by the board.

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COMPANY SECRETARIES

Gretchen Johanns (Executive)

Ms Johanns joined the Company in November 2018 as Group General Counsel and Company Secretary. Ms Johanns has more than 20 years of experience as a senior legal advisor with US publicly-listed companies in the information technology, service and media industries. Prior to joining the Company, Ms Johanns served as Deputy General Counsel and Corporate Secretary at Xerox Corporation. Previously, she served in various legal roles at Time Warner Cable Inc.

Ana Metelo

Ms Metelo was appointed to the position of Company Secretary in July 2021. She has had a varied international career in finance, capital markets, law, and strategy across the consumer goods, REIT and industrial sectors. Prior to joining the company, Ms Metelo led investor relations at Coca-Cola Amatil.

NAMES AND PARTICULARS OF DIRECTORS

Particulars of the qualification, other directorships, experience and special responsibilities of each Director as at the date of this report are set out in the front section of this Annual Report.

DIRECTORS' MEETINGS

The following table shows the number of board and committee meetings held during the financial year ended 30 June 2022 and the number of meetings attended by each Director:

	BOARD OF DIRECTORS	AUDIT COMMITTEE	RISK COMMITTEE	SHECS COMMITTEE	PEOPLE & CULTURE COMMITTEE	NOMINATION/ GOVERNANCE COMMITTEE
Meetings held	**9**	**6**	**5**	**4**	**5**	**4**
G Brunsdon	9	6	5	–	5	4
A Field	8	–	5	4	–	4
T Gorman	9	–	–	4	–	–
H Kato	9	–	5	4	–	–
G Nelson	8	6	5	–	5	–
D O'Toole	9	6	5	–	5	–
H Ridout	9	–	5	4	5	4
J Thompson [2]	4	–	–	3	4	3
V Binns [1]	6	–	–	2	2	–

1 Ms Binns joined the 8 October 2021 and has attend all meetings since her appointment.
2 Mr Thompson retired from the Board on 10 November 2021.

Directors also attend meetings of committees of which they are not a member. This is not reflected in the table above.

DIRECTORS' INTERESTS

As at the date of this report, the interests of the Directors in the shares, options, or performance rights of the Company are set forth below:

	SHARES
G Brunsdon	39,057
A Field [3]	261,998
T Gorman	4,000
H Kato	–
G Nelson	6,700
D O'Toole	17,500
H Ridout	5,000
J Thompson	26,000
V Binns	–

3 The table above shows only the shares held by Mr Field. Refer to the Remuneration Report for information on options and performance rights held by Mr Field.

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DIVIDENDS

In August 2022, the Directors have declared a final dividend of 50.0 cents per share (50% franked) for the year ended 30 June 2022. The dividend will be payable on 5 October 2022 to shareholders on the Company's register at the record date of 19 October 2022.

The Directors have determined that the dividend reinvestment plan will not operate in relation to this dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 15 February 2022, it was announced that the Group's Chief Commercial Officer – Metal, Michael Movsas, would retire on 1 July 2022, having completed his duties at the end of March 2022. From 1 April 2022 until 10 July 2022, the Group's Chief Operating Officer – Metal acted in the Chief Commercial Officer role. On 11 July 2022, Robert Thompson commenced as Group Chief Commercial Officer – Metal.

Also, on 15 February 2022, it was announced that the Group's Chief Technology Officer, Brendan McDonnell, would retire on 18 April 2022.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Directors are not aware of any items, transactions or events of a material or unusual nature that have arisen since the end of the financial year which will significantly affect, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the Group is set out in the *Operating and Financial Review* above.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulations and reporting requirements in Australia as well as other countries in which it operates. The Group has environmental licenses and consents in place at various operating sites as prescribed by relevant environmental laws and regulations in respective jurisdictions. Conditions associated with these licenses and consents include those which stipulate environmental monitoring requirements and reporting limits to monitor conformance with the requirements of such licenses and consents.

Under Australian environmental regulation, an entity is required to provide a summary of its environmental performance as per s299(1)(f) of the *Corporations Act 2001*. Further information on the Company's environmental performance is set out in the Group's Annual Sustainability Report. On 29 October 2021, the Group lodged its 2021 Sustainability report on the ASX. A copy of the report can be viewed at https://www.simsltd.com/investors/reports.

Additionally, the Group's Australian operations are subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007* ("NGER"). The NGER Act requires the Group to report its annual greenhouse emissions and energy use of its Australian operations. Similarly, the Group's UK operations are subject to the reporting requirements of the companies and limited liability partnerships in complying with the *Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013* and the *Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018*, which require non-quoted large companies, such as Sims Limited, to report on its UK energy use and associated greenhouse gas emissions. The Group has implemented systems and processes for the collection and calculation of the data required so as to prepare and submit the relevant report to the Clean Energy Regulator in Australia and include in its Directors' report as part of its UK filing obligations annually.

In the last 12 months, there have been no material exposure to the risk of breaches of environmental permits conditions or legislation.

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CLIMATE CHANGE RISKS

We recognise that climate change may have a meaningful impact on the financial performance of the Group over time, and we have begun the process of identifying key risks and developing actions to mitigate their impact. We have adopted the Task Force on Climate-related Financial Disclosures recommendations ("TCFD") and have issued our first TCFD report last year. This year, we are integrating our climate disclosures in a Climate report, which will be submitted to a non-binding advisory vote to our shareholders.

As a key enabler of the circular economy, Sims diverts valuable resources away from landfill, bringing benefits to our value chain, such as: greenhouse gas ("GHG") emissions mitigation, landfill diversion and virgin raw materials demand reduction. However, to achieve a bigger impact, broader awareness and collaboration is required. As a result, the Group continues to support the development of circular economy maturity through its industry groups, particularly the World Business Council for Sustainable Development ("WBCSD").

For Sims, climate change matters are likely to be driven by changes in regulations, public policy and physical climate parameters. These are elaborated upon as follows:

Regulations

Regulations include cap and trade schemes, emissions limits and taxes on GHG emissions. The potential impacts range between increased cost of purchased energy, capital costs needed for the electrification of equipment or lower emissions equipment, and cost associated with a potential carbon tax. While it is difficult to estimate the potential impact of future regulations on energy prices, Sims will work on decreasing the potential impact by optimising Sims' energy use and lessening reliance on fossil fuel sources. Sims has not experienced any material impact related to these potential regulations but will continue to evaluate and monitor future development.

Public Policy

As awareness on the impacts of climate change continues to grow, so are the commitments by companies and governments to achieve carbon neutrality. Since we operate across the globe, Sims will need to meet those commitments. Sims supports the efforts endorsed by the European Council in December 2019 to make the EU climate-neutral by 2050 and by the US and Australia to achieve net-zero greenhouse gas emissions by no later than 2050, in line with the Paris Agreement. Sims remains committed to curbing its own emissions. This year, Sims pulled forward its carbon neutrality goal by 12 years to 2030 and remains committed to reaching net zero by 2050 as we execute on our purpose: "Create a world without waste to preserve our planet".

Physical Risks

The key risks identified centre around the potential for increased, and more extreme, weather events impacting:

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

This year, Sims has been affected by extreme weather. Sims experienced a multi-million dollar negative profit impact due to heavy flooding in Queensland in, which led to an extended production outage at Sims Rocklea shredder plant. While not all floods are due to climate change, this cost is a clear indicator of the increasing financial exposure to extreme weather patterns that Sims is exposed to.

In FY21 the Company developed and published its climate change-related targets to support GHG emissions mitigation across our own operations. In FY22, we reviewed and updated our climate change-related targets. The Group is committed to reduce by 23% carbon emissions in our operations in absolute by FY25. In addition, Sims has committed to have its operations powered by 100% renewable energy by FY25 and to have its SLS division become carbon neutral by FY25. Sims has also pulled forward its carbon neutrality goal by 12 years from 2042 to 2030 and remains committed to achieving net zero by 2050.

HEALTH & SAFETY RISKS

The pandemic has created another layer of risk to the health and safety of employees requiring new ways of working, whether it be from home or onsite. Being considered an essential business in many of the jurisdictions where we operate, the Group continued to process materials and deployed and maintained its business continuity plan throughout the year. Sims took several important measures to safeguard its employees' health and safety, including implementing approximately 500 management actions globally and continuously assessing and improving processes to prevent employees from contracting COVID-19. The Company also encouraged vaccination by facilitating access to vaccines and providing paid time off to employees.

Despite the challenges brought by the pandemic, the Group continued its focus to reduce the risk of injury throughout our global operations. The Group continued executing Critical Risk Management program, which was introduced in FY20. A key component of the Group's Critical Risk Management programme is the execution of critical control verifications. These challenge the norm and drive continuous improvements one site at a time. Critical risk incidents have significantly been reduced compared to prior years. FY22 saw a 26.1% decrease from the previous fiscal year.

INSURANCE AND INDEMNIFICATION OF OFFICERS

During the financial year, the Company had contracts in place insuring all Directors and Executives of the Company (and/or any subsidiary companies in which it holds greater than 50% of the voting shares), including Directors in office at the date of this report and those who served on the board during the year, against liabilities that may arise from their positions within the Company and its controlled entities, except where the liabilities arise out of conduct involving a lack of good faith. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contracts.

SHARE OPTIONS AND RIGHTS

Unissued shares

As of the date of this report, there are 2,648,571 share options outstanding and 6,146,531 rights outstanding in relation to the Company's ordinary shares. Refer to note 27 of the consolidated financial statements for further details of the options and rights outstanding as at 30 June 2022. Option and right holders do not have any right, by virtue of the option or right, to participate in any share issue of the Company.

Shares issued as a result of the exercise of options and vesting of rights

During the financial year, there were 379,539 ordinary shares issued upon the exercise of share options and 147,835 ordinary shares issued through the employee share ownership programme trusts in connection with the vesting of rights. Refer to note 27 of the consolidated financial statements for further details of shares issued pursuant to share-based awards. Subsequent to the end of the financial year and up to the date of this report, there have been nil ordinary shares issued upon the exercise of share options and nil ordinary shares issued in connection with the vesting of rights.

NON-AUDIT SERVICES

The Company may decide to employ its external auditor (Deloitte Touche Tohmatsu) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are set out in note 30 of the consolidated financial statements.

The Board has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set forth in note 30 of the consolidated financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.

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AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Act is set out on page 53 and forms part of the Directors' Report for the year ended 30 June 2022.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest tenth of a million dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors.

G N Brunsdon
Chairperson

New South Wales
16 August 2022

A Field
Managing Director and Group CEO

New South Wales
16 August 2022

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REMUNERATION REPORT

INTRODUCTION FROM THE CHAIR OF THE PEOPLE & CULTURE COMMITTEE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Sims Limited's Remuneration Report for the fiscal year ended 30 June 2022 ("FY22").

Each year, we review our executive remuneration framework to ensure that it remains fit for purpose in light of our short- and longer-term strategic objectives, and that we have appropriately considered external factors and the views expressed by our shareholders and advisors. We respect and have responded to the concerns raised and the perspectives shared about our remuneration structures and disclosures. We believe the FY22 Remuneration Report provides our shareholders and other stakeholders with clear and thorough explanations of how FY22 executive remuneration outcomes align with our performance, long-term strategic objectives, and reflect the current economic context.

Overview of FY22

Our markets continue to evolve at a rapid pace with the decarbonisation of the metal industry, against a backdrop of geopolitical and economic uncertainty and challenging market conditions due to freight price volatility, inflationary pressures and COVID-19 lockdowns. Our people have adapted remarkably to this difficult external environment, with our capabilities and business strategy continuing to match the accelerated industry tailwinds experienced throughout most of the fiscal year.

This is evident in the outstanding results delivered by our executive team and broader workforce in FY22, reporting our strongest EBIT on record. This result was driven by excellent margin per tonne across all metal operations achieved through disciplined trading margin management as prices peaked.

We have a solid corporate strategy to meet the long-term demands of the market, by continuing to grow our core metal and cloud recycling businesses and expand into adjacent markets.

We continue to demonstrate strong progress on our sustainability commitments in FY22 marking Sims' safest year on record with the lowest Total Recordable Injury Frequency Rate ever reported. Additionally, we brought forward our carbon neutrality target by 12 years to 2030 and achieved our Board gender diversity target, as set out in our sustainability goals, ahead of schedule. We are proud to have been recognised by independent agencies as one of the world's most sustainable companies and have embedded a corporate culture at Sims with sustainability at its core, which drives growth across all our businesses.

FY22 remuneration framework and outcomes

In line with the prior year, the FY22 financial component of the Short-Term Incentive Plan ("STI") was assessed on Earnings Before Interest and Taxes ("EBIT") based on a single target set for the entire year; unlike the one-off bi-annual targets set in FY21.

Based on a FY22 EBIT result that was significantly above budget, as well as an assessment of executives' non-financial individual performance goals, the CEO and executives achieved a STI outcome of 98%–100% of the maximum.

Our LTI award is focused on the alignment to the shareholder experiences and delivering sustainable growth and value over the long term. The outstanding performance over the three-year measurement period resulted in the 81st percentile against the comparator group achieving the full vesting against the TSR performance hurdle, and after careful consideration of a range of factors, the Board determined that Strategic Share Incentive ("SSI") and Strategic Performance Rights ("SPR") will vest at 80% and 65%, respectively.

As discussed in Section 2.6 below, we have made additional disclosures as to the nature, measurement criteria and outcomes under the incentive plans. This includes greater transparency of targets and factors considered in assessments of each metric, to provide clarity to shareholders on the relationship between incentive pay and performance.

Further, we will introduce some key changes to our STI and LTI programs from FY23. Please refer to 'Looking ahead to FY23' in this letter or Section 3.1 for further details on the upcoming changes.

The intent of having these new features and changes in our remuneration program is part of the Board's ongoing effort to find the right balance between remuneration that incentivises management with fairness while reflecting business performance and responding to shareholder expectations.

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REMUNERATION REPORT (CONTINUED)

KMP changes

During FY22, the Board was pleased to welcome Vicky Binns as a new independent Non-Executive Director ("NED"), effective 8 October 2021. Ms Binns brings more than 35 years' experience in the global resources and financial services sector and valuable independent oversight to the Board.

To ensure we have the right executive talent to build sustainable value for shareholders, following the reporting period, we appointed Robert Thompson as Sims Metal Chief Commercial Officer; a pivotal role for growing the commercial arm of the metal business and the overall success of Sims. He brings a wealth of experience in the metal industry, including the production and sale of steel and recycled metal gained in a global organisation.

Looking ahead to FY23

Sims relies on a high-performing management team to execute our growth strategy and deliver sustainable long-term value for shareholders, in a manner that is consistent with our purpose and culture. To ensure that the remuneration framework remains relevant for the markets in which we compete for talent and aligns to market expectations, the People & Culture Committee reviewed the remuneration framework in FY22. The review is critical particularly in a time of talent scarcity. It was informed by our external advisors and valuable input and feedback from key investors and proxy advisors throughout the year.

As a result of the review, the Board made the following remuneration decisions for FY23:

- A portion of the STI opportunity achieved above a certain threshold will be deferred into Sims shares with a holding period of two years.
- The Strategic Share Incentive ("SSI") component (currently 33% of grant value) of the LTI will be removed for FY23 LTI grants. LTI grants will be composed of TSR Rights (22% of grant value), Return on Productive Assets Rights (33% of grant value) and Strategic Rights (45% of grant value).
- All LTI grant values will be determined using the face value of the underlying Sims ordinary shares.
- All executive KMP will be subject to Minimum Shareholding Guidelines to continue to further reinforce an ownership mindset.

In setting our remuneration strategy, the Board endeavours to work hard to strike an appropriate balance between meeting the expectations of our diverse stakeholders, whilst considering both local and global market practices. As an ASX-listed company that primarily operates on a global scale, the Board strongly believes that our remuneration framework supports our ability to fairly reward, motivate and retain global executive talent who are a source of our competitive advantage, and play a critical role in achieving our primary objective of building sustainable value for our shareholders.

We respect the concerns raised and perspectives shared on our remuneration practices from all our key stakeholders, and we look forward to engaging with you all again in FY23.

We thank you for your ongoing support and welcome your feedback at the AGM.

Yours sincerely,

Heather Ridout

People & Culture Committee Chairperson
RemCoChair@simsmm.com

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The Committee presents the Remuneration Report ("Report") for the Company and the Group for the performance period from 1 July 2021 to 30 June 2022 ("FY22"). This Report forms part of the Directors' Report and has been audited by our independent auditor, Deloitte Touche Tohmatsu, in accordance with section 308 (3C) of the *Corporations Act 2001*. The Report sets out remuneration information for the Company's Key Management Personnel ("KMP").

Listed below are KMPs for FY22 including Executives and Non-Executive Directors ("NEDs"). "Executives" in this report refers to executive KMP.

Directors and Executives who were KMP during FY22

NAME	POSITION	COUNTRY	APPOINTED/DEPARTED (WHERE APPLICABLE)
Executives			
Alistair Field	Group Chief Executive Officer and Managing Director (Group CEO)	Australia	–
Stephen Mikkelsen	Group Chief Financial Officer (Group CFO)	Australia	–
John Glyde	Chief Operating Officer– Global Metal (COO, Metal)	Australia	–
Michael Movsas	Chief Commercial Officer– Global Metal (CCO, Metal)	USA	Retired (30 June 2022)
Stephen Skurnac	Group Chief Development Officer (Group CDO)	USA	–
NEDs			
Geoffrey N Brunsdon	Chairperson and Independent NED	Australia	–
Thomas Gorman	Independent NED	USA	–
Hiroyuki Kato	Non-Independent NED	Japan	–
Georgia Nelson	Independent NED	USA	–
Deborah O'Toole	Independent NED	Australia	–
Heather Ridout	Independent NED	Australia	–
Victoria Binns	Independent NED	Australia	Appointed (8 October 2021)
James T Thompson	Independent NED	USA	Departed (10 November 2021)

Changes to KMP since the end of the reporting period

On 11 July 2022, Mr Robert Thompson was appointed as Chief Commercial Officer – Global Metal.

REMUNERATION REPORT (CONTINUED)

SECTION 1: FY22 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

1.1 EXECUTIVE REMUNERATION FRAMEWORK SNAPSHOT AND GUIDING PRINCIPLES

At Sims, our remuneration philosophy is designed to underpin the Company's Purpose, Vision and Strategy and ensure the performance culture of the business is strongly aligned to our overarching objective of delivering sustainable value to our shareholders. Aligning to this philosophy are guiding principles used to evaluate our remuneration design, structure and framework decisions.

Sims' Executive remuneration framework provides the foundation for how remuneration is determined and paid. The framework is aligned with the business' performance objectives, the remuneration guiding principles, and is informed by market practice. The mix of total target remuneration for Executives consists of fixed remuneration for the performance of job duties, short-term incentives for delivery of one-year financial goals and execution of important strategic and operational objectives, and long-term incentives for achievement of multi-year financial goals and execution of strategic initiatives that position the company for future success.

Our Remuneration Guiding Principles				
Align Executive & Shareholder Interest	**Drive Short-Term & Long-Term Achievements**	**Attract, Motivate & Retain Talent**	**Alignment with Sims' Purpose & Market Dynamics**	**Align Risk & Strategy Execution**
Through an emphasis on achieving long-term results through at-risk incentives and share ownership through deferred equity and holding requirements.	Balanced objectives linked to Group, business unit and individual performance.	Competitive remuneration reflective of the market, scope of role, geographic location and performance.	By designing fit-for-purpose programs accounting for our global operations, cyclical industry and market dynamics, in a manner that aligns to the Company's purpose.	Through an appropriate balanced mix of incentives and metrics aligned to both short-term execution and long-term strategy.

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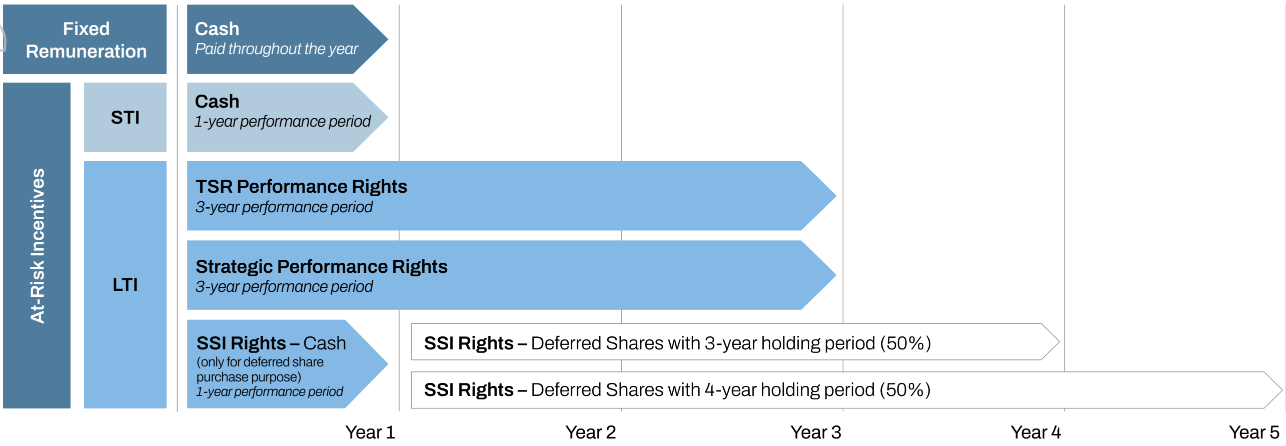
Executive Remuneration Framework

	FIXED REMUNERATION	AT-RISK INCENTIVE SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE
Purpose	**Attract and retain top global talent**	**Rewards for meeting or exceeding challenging annual financial, strategic and individual performance goals**	**Drives a focus on creating sustainable long-term shareholder value and reinforcing an ownership mindset**
Instrument	Base salary, statutory superannuation/pension contributions where applicable and other non-monetary benefits.	Cash	• TSR Performance Rights (22%) • Strategic Performance Rights (45%) • Strategic Share Incentive ("SSI") Rights (33%)
Measurement/ Considerations	Reviewed periodically considering various factors including (but not limited to) role size and complexity, skills and experience, talent scarcity and relevant external remuneration benchmarks.	**Financial performance (80%)** Underlying EBIT **Non-financial performance (20%)** Individual performance goals under several key focus areas: • Safety, Health, Environment, Community & Sustainability ("SHECS") • Business Transformation • Culture, Leadership and People • Optimisation	**TSR Performance Rights** Relative TSR against companies in the ASX 200 materials and energy sectors, over a three-year performance period. **Strategic Performance Rights** Achievement of strategic goals over a three-year performance period, subject to a Return on Capital ("ROC") modifier. **SSI Rights** Objectives aligned to the strategic goals presented to shareholders in April 2019, measured over a one-year performance period. Vested rights are awarded in cash to purchase deferred shares, which are subject to a further holding period of three to four years.
Quantum		**Group CEO, Group CFO, Group CDO** 100% of base salary at-target (184% of base maximum) **CCO, Metal and COO, Metal** 75% of base salary at-target (138% of base maximum)	**Group CEO** LTI grant value of 200% of base salary **Group CFO, Group CDO, CCO, Metal and COO, Metal** LTI grant value of 100% of base salary

REMUNERATION REPORT (CONTINUED)

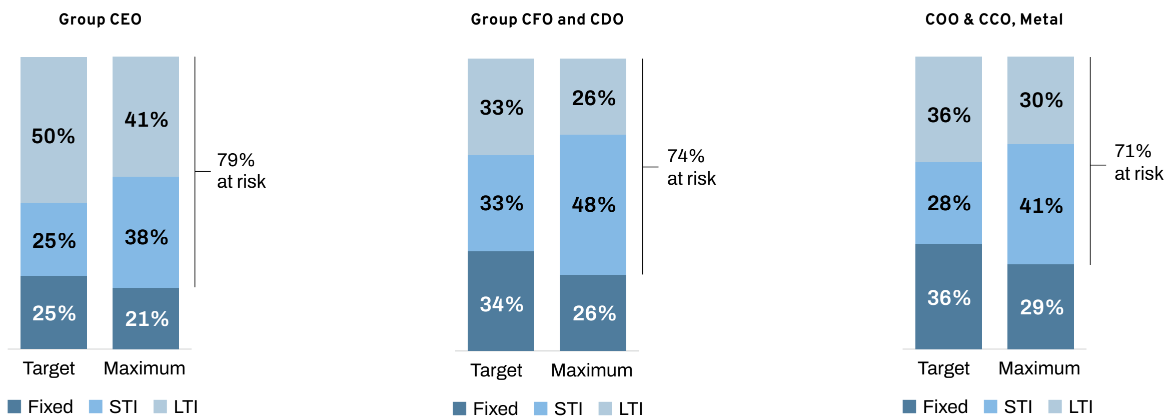
Delivery of FY22 remuneration components



1.2 EXECUTIVE REMUNERATION MIX

The charts below show the mix of the aggregate remuneration components at target for each of our Executives for FY22. References to actual remuneration outcomes received by the Sims' Executives for FY22 are provided in Section 3.

FY22 Remuneration structure and mix at target and at maximum achievement for Sims' Executives[1]



1 Fixed Remuneration excludes accrued benefits.

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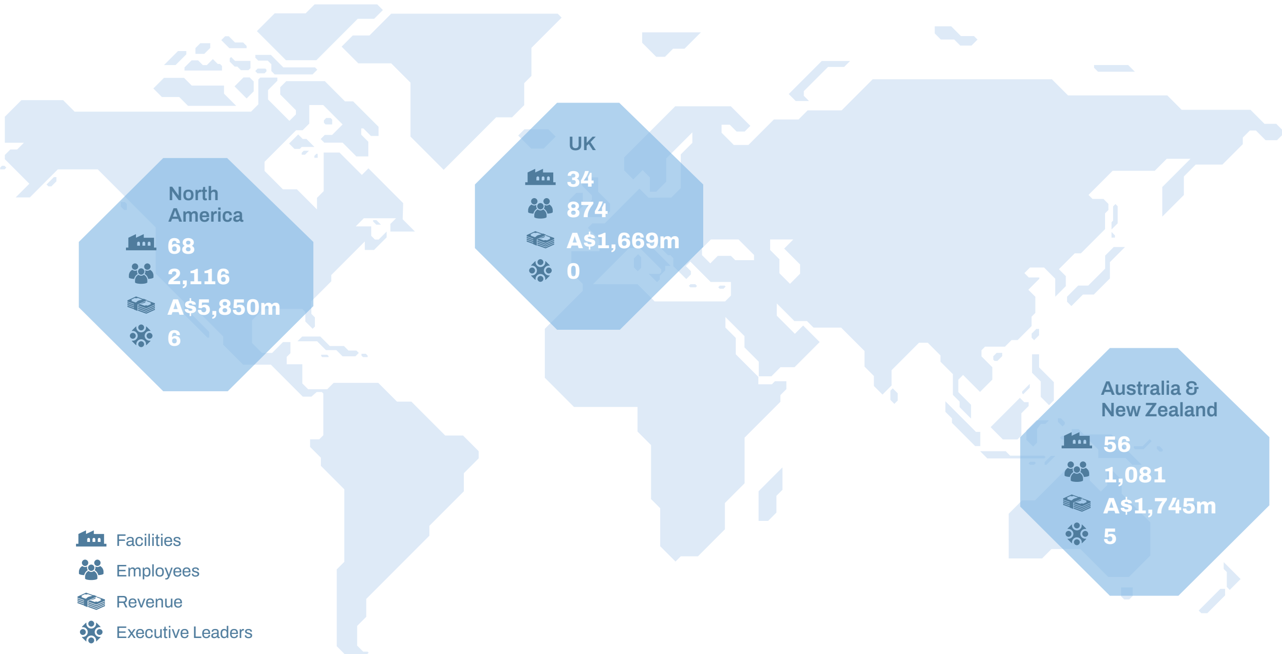
1.3 EXECUTIVE REMUNERATION BENCHMARKING

The Committee believes it is important to understand the relevant market for executive talent in order to ensure Sims' remuneration strategy and programs support the guiding principle to attract, retain and develop a pipeline of highly qualified leaders. Sims has adopted a market positioning strategy where the remuneration program design and total remuneration for Executives are benchmarked against a group of peer companies that are listed on the Australian Securities Exchange ("ASX"), New York Stock Exchange and the NASDAQ Stock Market. The Company competes against the peer companies for executive talent across its different business operations and jurisdictions, globally.



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REMUNERATION REPORT (CONTINUED)

Fixed remuneration acts as a base level of pay for ongoing performance of job responsibilities. A competitive level of fixed remuneration is critical to attract and retain executives.

Total fixed remuneration includes base salary and benefits, such as superannuation or other retirement programs, health insurance, life and disability insurance, and automobile allowances where applicable. At-risk remuneration elements are based on annual bonus and performance-based equity incentives.

Fixed and at-risk remuneration at Sims references an appropriate range around the market median (50th percentile) as one input to the Company's remuneration decisions. In addition, other inputs include:

- The geographic reach of the role.
- The complexity of the role.
- Skills and experience required for the role.
- Market pay levels and competitiveness against the benchmark peer group.
- The criticality of the role to successful execution of the business strategy.
- Market dynamics and cyclicality affecting the industry in which the Company operates.

The Group CEO and CFO did not receive a fixed remuneration increase for FY22, which is the second consecutive year they have not received an increase. As disclosed in the FY21 Remuneration Report, while the CEO and CFO accelerated their relocations back to Australia due to the impacts of COVID-19, no adjustments were made to their remuneration quantum. The Committee believes that their current remuneration quantum remains appropriate, as it reflects the practices of our main sources of competition for their talent.

Other disclosed executives received only minor increases in fixed remuneration up to 4%.

Executive Benchmarking Peer Group

The People & Culture Committee, with assistance from its independent remuneration consultants, monitors composition of the peer group to ensure it continues to serve as an appropriate reference for establishing total remuneration for Sims' Executives. The Committee considers companies with similarities to Sims on one or more of the following characteristics:

- within our industry or comparable lines of business;
- complexity of global operations;
- similar revenue size;
- country listing;
- similar industry dynamics;
- similar number of employees; and
- similar market capitalisation.

This peer group is used exclusively for benchmarking of executive remuneration and is not linked to any incentive program.

By considering benchmarking peers across a number of parameters, this ensures that Sims is able to attract and retain key talent that reflects the geographical and operational complexity of our business. The Committee believes that overemphasising peer companies by market capitalisation can lead to significant volatility in remuneration quantum due to temporary peaks or troughs in Sims' and peers' market value. It should be noted that the US listed peer companies not only represent our key source of competition for executive talent, but also companies that Sims competes with for business acquisitions.

The Committee determined that the 17 companies listed below closely reflect comparable attributes to Sims.

Australian listed companies		
Ansell Limited	BlueScope Steel Limited	Boral Limited
Graincorp Limited	Incitec Pivot Limited	Nufarm Limited
Orica Limited	Orora Limited	Worley Limited
US listed companies		
Worthington Industries, Inc.	ATI Inc. (formerly Allegheny Technologies Inc.)	Cleveland-Cliffs, Inc.
Commercial Metals Company	Reliance Steel & Aluminum Co.	Schnitzer Steel Industries Inc.
Steel Dynamics Inc.	The Timken Company	

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1.4 SHORT-TERM INCENTIVE PLAN OVERVIEW FOR FY22

Who participates in the STI Plan?	The Group CEO and other KMP Executives.
What is the objective of the STI Plan?	To recognise KMP Executives for the achievement of financial, strategic and individual performance goals over one year.
How is it paid?	Cash.
When is it paid?	STI is delivered in September following finalisation of the Company's audited financial results.
What is the performance period?	STI awards are assessed over a 12-month performance period aligned with the Company's financial year (1 July 2021 to 30 June 2022).

How much can the Executive earn?

POSITIONS	TARGET OPPORTUNITY	MAXIMUM OPPORTUNITY
Group CEO, Group CFO, Group CDO	100% of Base Salary	184% of Base Salary
CCO, Metal and COO, Metal	75% of Base Salary	138% of Base Salary

The maximum opportunity represents 200% achievement on the financial component and 120% achievement on the non-financial component (see below).

How is performance assessed and what are the performance measures?

Financial Performance Measure

The financial measure under the STI is underlying EBIT, representing 80% of the total target STI opportunity. Underlying EBIT is established as part of the Company's budget process which includes consideration of the current economic environment. The Board assesses the underlying EBIT achievement and Executives can earn a maximum of 200% achievement of the financial component of the STI, being approximately 87% of the total maximum STI opportunity. Sims' Board may reassess the effectiveness of the performance measures under the STI annually and may determine to make adjustments to ensure continued alignment to strategy and delivery of appropriate returns to shareholders.

The Board believes the utilisation of underlying EBIT as a reporting metric provided a consistent and comparable year-over-year measure. This improves transparency, line of sight, communication and simplicity. EBIT associated with the disposal of businesses, impact of impairments, restructuring charges, timing of non-qualified hedges and other non-recurring items that are subject to significant variability from one period to the next are excluded from the calculation. Refer to the Reconciliation of Statutory Results to Underlying Results within the Operating and Financial Review section of the Directors' Report for a reconciliation of underlying EBIT to statutory EBIT.

Details of the KMPs' FY22 remuneration outcomes and accomplishments are provided under Section 2.

Non-Financial Performance Measure

An Executive's individual performance is also a component of the STI awards, representing 20% of the total target STI opportunity. Individual performance goals ("IPGs") are set in a number of key areas which focus on safety and business initiatives critical to the overall success of the Company and execution of its strategic initiatives and operating objectives. The Board assesses the IPG achievement and Executives can earn a maximum of 120% achievement for the IPG component of the STI, being approximately 13% of the total maximum STI opportunity.

The People & Culture Committee established specific criteria for FY22 individual performance goals pertaining to the Group CEO and other Executives of Sims. IPGs for Executives included objectives in the areas of: safety; business transformation; culture, leadership and people; and optimisation. Additional details regarding achievement against goals are provided for each Executive in Section 2.6.

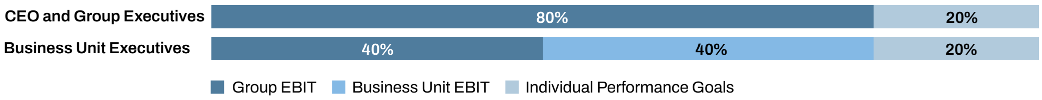
No minimum financial achievement is required for Executives to earn a payout for the achievement of the non-financial component of the STI. The Board retains discretion regarding the funding of the non-financial component payouts.

The Group CEO's performance is assessed by the Committee and any earned incentive payment recommendation must be approved by the Board of Directors. The performance of other Executives is reviewed annually by the Group CEO, and recommended payments are considered and, if appropriate, approved by the Committee.

REMUNERATION REPORT (CONTINUED)

What are the performance weightings for each Executive?

The table below outlines financial and non-financial weightings for each Executive, of which 80% is represented by EBIT.



The Board believes these weightings align to the principle of balancing objectives for which Executives are directly accountable and responsible, while retaining a link to Group performance.

What is the range of achievement and payout levels for the financial component?

The STI is determined by reference to a range of threshold, target and maximum levels of performance hurdles. For FY22, the Remuneration Committee established goals for the fiscal year with the range of financial achievement and potential STI payout opportunities as outlined below. Results between the values are determined on a linear basis.

GROUP AND BUSINESS UNIT EBIT ACHIEVEMENT	STI FUNDING PERCENTAGE
Below Threshold	0%
At Threshold	50%
At Target (100% of Budget)	100%
At or Above Maximum	200%

What happens to STI awards when an Executive ceases employment?

STI performance for the relevant period will be assessed and paid on a pro rata basis for a qualifying employment cessation event (i.e. generally termination due to death, permanent disability, redundancy, or in other circumstances determined at the discretion of the Board). See Section 4.2 for further information on the treatment of an Executive's STI upon termination. A voluntary termination prior to the date of any earned payout will result in no STI award being paid for the year, unless the Committee determines otherwise. STI awards are not payable in the case of termination for cause.

Is there a malus/clawback provision?

Yes. Sims' Board may exercise clawback provisions related to STI payments in the event of fraud or serious misconduct by Executives, or any other eligible plan participant.

Why does the Board consider Board discretion to be appropriate?

At all times, the Board may exercise discretion on STI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect the true performance and overall contributions of the executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted.

Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders. Any discretion applied is disclosed and explained in the Remuneration Report as below:

- FY20: STI awards forfeited in recognition of the COVID-19 impact on business levels and employees, despite the successful achievement of IPGs.
- FY19: STI awards were reduced in recognition of unsatisfactory Company safety performance.

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1.5 LONG-TERM INCENTIVE PLAN OVERVIEW FOR FY22

Who participates in the LTI Plan?

The Group CEO and other KMP Executives

What is the objective of the LTI Plan?

- To align executive and shareholder interests through share ownership, focusing on Group results through awards of long-term, at-risk, deferred equity while also motivating and retaining its key Executives.
- To reward executives for accomplishment of strategic objectives that position the Company for future success and improve operational capabilities as well as for achievement of multi-year financial objectives.
- The Company's FY22 LTI design encourages strong alignment of Executives' interest with those of the Company's shareholders, as the ultimate reward is dependent upon the Company's financial and share price performance.

How is the award delivered and what is the performance period?

Executives are offered grants in the form of Performance Rights and Strategic Share Incentive ("SSI") Rights under the LTI plan.

Performance Rights

A performance right is a contractual right to acquire an ordinary share for nil consideration if specified performance conditions are met. Performance rights include TSR Rights and Strategic Rights. Details regarding the performance rights are below:

- **TSR Rights:** reward achievement of higher shareholder returns relative to peer companies in the ASX 200 materials and energy sectors, over the three-year performance period of 1 July 2021 through 30 June 2024. Rights vest after three years, with the quantum subject to attainment of the performance conditions.
- **Strategic Rights:** incentivise achievement of the Company's strategic goals over the three-year performance period of 1 July 2021 through 30 June 2024. Rights vest after three years, with the quantum subject to attainment of the performance conditions, and potentially further modified for the Company's Return on Capital ("ROC") performance.

SSI Rights

SSI Rights incentivise achievement of the Company's strategic goals over a one-year performance period of 1 July 2021 through 30 June 2022, and the subsequent share price performance over the next three to four years after vesting.

Earned SSI Rights vest (subject to holding requirements) after one year, with the quantum subject to the attainment of the performance conditions, in the form of a cash award. The SSI cash award is used to purchase deferred shares at on-market price (after withholding of any required taxes). 50% of the resulting deferred shares are subject to a three-year required holding period, and the remaining 50% are subject to a required four-year holding period.

How often are awards made?

LTI awards are granted on an annual basis to eligible participants.

The Board has absolute discretion to determine the frequency and timing of grants under the LTI Plan.

What is the mix of awards?

All Executives were granted LTI for FY22 in values proportionate as follows:

POSITIONS	TSR RIGHTS	STRATEGIC RIGHTS	SSI RIGHTS
Group CEO & other KMP Executives	22%	45%	33%

What is the quantum of the award and what allocation methodology is used?

Performance Rights

For Strategic Rights, the valuation per Right was based on the face value of the underlying shares on the date of issue.

For TSR Rights, the value per Right was based on a fair value methodology (Rights will be based on a face value methodology from FY23).

SSI Rights

For SSI Rights, the value per Right is the full cash value associated with each Right (1 Right = US$100 for executives based in the US at time of grant, or A$100 for Australia-based executives) and any vesting cash value will be used to buy on-market deferred shares at the date of vesting, after withholding of taxes.

Further details and the Company's rationale for the grants offered under the LTI plan are highlighted throughout the remainder of this section.

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REMUNERATION REPORT (CONTINUED)

How are the TSR Rights measured

TSR measures the growth over a particular period in the Company's share price plus the value of reinvested dividends.

The TSR performance hurdle was chosen as it directly aligns with shareholder's interest as executives are rewarded only when the Company's TSR equals or exceeds the median of the comparator companies.

Comparator group

The comparator group used to measure TSR performance is the constituent companies as of 1 July 2021 in the ASX 200 materials and energy sectors. This comparator group is made up of companies in related sectors and of similar size to Sims, that are subject to many of the same economic trends as Sims.

Vesting schedule

TSR-based grants vest according to relative positioning of the Company's TSR at the end of a three-year performance period.

SIMS' TSR RELATIVE TO TSR OF COMPARATOR GROUP	PROPORTION OF TSR RIGHTS VESTING
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	Straight line between 50% and 100%
At or Above 75th Percentile	100%

How are the Strategic Rights measured?

Strategic Rights vest following a three-year performance period subject to:

- attainment of specific goals; and
- achievement of a ROC performance metric.

Strategic Rights will vest in a percentage equal to the Strategic Rights Goal Achievement Percentage multiplied by the ROC Achievement Percentage. Sims' Board has full discretion to make adjustments on either the calculation or testing results of the Strategic Rights and ROC measures.

Details of the performance goals and conditions are shown in Section 2.6 of the Remuneration Report.

ROC metric

ROC is defined as underlying EBIT divided by Non-Current Assets.

The ROC performance hurdle was chosen as it measures the success of the business in generating a meaningful level of return on capital investments that are consistent with the Company's business strategy and positive return levels to shareholders.

FY22–24 AVERAGE ROC	ACHIEVEMENT PERCENTAGE
10% or Below	70%
10%–12%	Straight line interpolation
12% or Above	100%

How are the SSI Rights measured?

SSI Rights are measured over a one-year performance period.

In 2019, the Company outlined to shareholders a number of long-term global strategies for its businesses to support its purpose of creating a world without waste to preserve our planet. The metrics under the SSI Rights represent key near-term objectives directly aligned to the strategic goals presented to shareholders in April 2019, which are designed to deliver sustainable growth and value over the long-term. Achievement of the SSI Rights goals is subject to the discretion of the Board and final outcomes may be adjusted, or items included or excluded where appropriate to reflect management performance and shareholder expectations.

Details of the performance goals and conditions are shown in Section 2.6 of the Remuneration Report.

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What is the holding period of the SSI Rights?	Deferred Shares acquired from SSI Rights are subject to a further holding period, outlined below. During the holding period, shares may not be sold or transferred.

DEFERRED SHARES	HOLDING PERIOD STARTS	HOLDING PERIOD ENDS
50% of Deferred Shares acquired from SSI Rights	31 August 2022	29 August 2025
Remaining 50% of Deferred Shares acquired from SSI Rights	31 August 2022	31 August 2026

What happens to LTI awards when an Executive ceases employment?	When a participant voluntarily resigns or is terminated for cause, all unvested awards are forfeited, as all rights are subject to a continuous service provision. Where termination of employment is the result of a qualifying cessation (i.e., generally death, permanent disablement, redundancy, retirement, or in other circumstances at the discretion of the Board), a participant will be entitled to his or her unvested awards subject to any performance conditions, in accordance with the original vesting schedule. Any unvested awards that did not meet the required performance conditions will lapse at the end of the relevant performance period.
How are dividends treated during the vesting period?	Holders of rights and options are not entitled to dividends over the term of the relevant vesting period (and in the case of options, until exercised). Deferred shares do earn dividends during the holding period, as these shares are fully vested.
Is there a malus/ clawback provision?	Yes. Sims' Board may exercise clawback provisions related to LTI payments and future vesting in the event of fraud or serious misconduct by Executives, or any other eligible plan participant.
What happens in the event of a change of control?	The Board has the discretion to immediately vest the rights and options prior to their vesting date if there is a change of control event or in the event that a takeover bid of the Company is recommended by the Board, or a scheme of arrangement concerning the Company, which would have a similar effect to a full takeover bid, is approved by the Company's shareholders.
Why does the Board consider Board discretion to be appropriate?	At all times, the Board may exercise discretion on LTI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect the true performance and overall contributions of the executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted. Any discretion applied is disclosed and explained in the Remuneration Report.

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REMUNERATION REPORT (CONTINUED)

SECTION 2: FY22 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES

2.1 SIMS' FINANCIAL PERFORMANCE RESULTS

Year-on-Year Performance

FY22 was a record-breaking year for Sims. Statutory EBIT was $773.6 million, above the Underlying EBIT of $756.1 million – the highest EBIT we have on record. We achieved a quality result against a challenging background of freight price volatility, inflationary pressures and COVID-19 lockdowns.

Trading margins increased by 27.9% in FY22 compared to FY21. The organisational structure and leadership changes put in place in previous years strengthened the teams and made Sims a more agile and adaptive organisation. The new organisational structure was critical to managing the trading margin in a disciplined and consistent manner as prices increased and remained volatile throughout the year. All metal businesses achieved excellent margin per tonne.

Business activity picked up during the period. The proprietary intake volumes in FY22 rose to pre-COVID levels driven by the excellent performance of the North America Metal business, where average daily volumes were at 106% of FY19 intake volumes.

In FY22, operating cash flow improved by 323.3% to $547.8 million compared to FY21, of which 48.2% was returned to shareholders in the form of dividends and buybacks. We also acquired strategic assets such as the Pinkenba site in Queensland for $93.5 million which has the potential to create long-term value.

FY22 return on productive assets increased by 16 ppts to 39.0% compared to FY21. The significant progress achieved on our growth strategy in FY22 provides a solid foundation to deliver on our strategic targets in FY25. In our core metal businesses, including our JV SA Recycling, we maintained the growth momentum and solidified our market position through strategic acquisitions.

We continued to build our adjacent businesses to diversify revenue sources and reduce volatility of the earnings. We added a strategic partner to Sims Municipal Recycling. In Sims Lifecycle Services, we built the capacity and capability required to quickly scale up operations when the supply chain challenges ease.

We achieved significant progress towards constructing the Sims Resource Renewal Rocklea pilot plant, and we selected Pinkenba as the potential preferred site to build a commercial facility in Queensland.

Finally, sustainability is an important business driver in addition to being embedded in our purpose. Our sound strategy enabled us to enhance our credentials in FY22 as we brought forward climate targets and received new prestigious awards.

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The following table provides a summary of the results over the past five years:

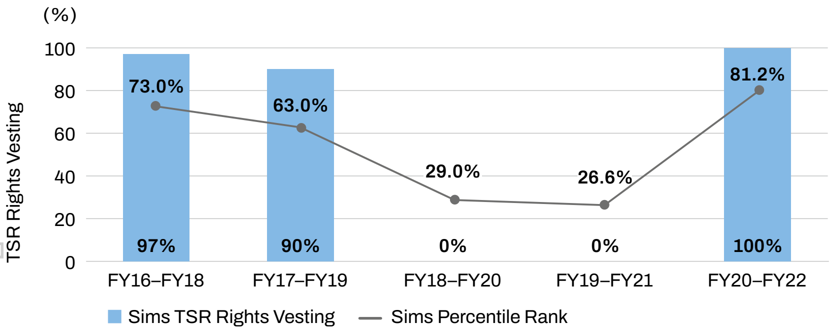
	FINANCIAL YEAR				
	2022	2021	2020	2019	2018
Statutory profit/(loss) before interest and tax (A$m)[1]	**773.6**	314.0	(239.1)	225.0	278.6
Statutory diluted earnings/(loss) per share (A¢)	**295.6**	112.8	(131.2)	74.2	98.7
Statutory return/(loss) on shareholders' equity	**23.6%**	10.8%	(13.4)%	6.6%	9.3%
Net cash (A$m)	**(102.7)**	8.3	110.4	347.5	298.1
Return on productive assets[2]	**39.0%**	23.0%	(3.4)%	13.4%	18.4%
Underlying profit/(loss) before interest and tax (A$m)[3]	**756.1**	386.6	(57.9)	230.3	275.1
Total dividends paid (A$m)[4]	**140.2**	24.2	50.6	107.9	106.8
Share Buyback (A$m)	**123.9**	–	16.5	19.3	–
Share price at 30 June (A$)[5]	**13.71**	16.6	7.93	10.86	16.08
CEO STI outcome (% of maximum)[6]	**100%**	78%	0%	28%	65%
CEO Performance Rights vesting %[6]	**82%**	0%	36%	95%	95%
CEO SSI Rights vesting %[6]	**80%**	90%	70%	N/A	N/A

1 FY20 reflects goodwill and other intangible impairment charges of A$72.0 million. There were no intangible impairment charges in FY22, FY21, FY19, FY18.
2 Underlying EBIT/average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 *Leases* and deferred tax assets.
3 Underlying EBIT is a non-IFRS measure that is presented to provide an understanding of the underlying performance of the Group. The measure excludes the impacts of impairments, disposals as well as items that are subject to significant variability from one period to the next. Refer to the *Reconciliation of Statutory Results to Underlying Results* within the *Operating and Financial Review* section of the Directors' Report for further detail.
4 FY22 final dividend of 50 cents per share was declared after 30 June 2022 and will be paid in FY23.
5 1 July 2017 share price was $15.18.
6 CEO STI, Performance Rights and SSI Rights are shown in the year in which their respective performance periods end.

2.2 TOTAL RETURN TO SHAREHOLDERS

Sims Total Shareholder Return – Sims TSR Rights Vesting

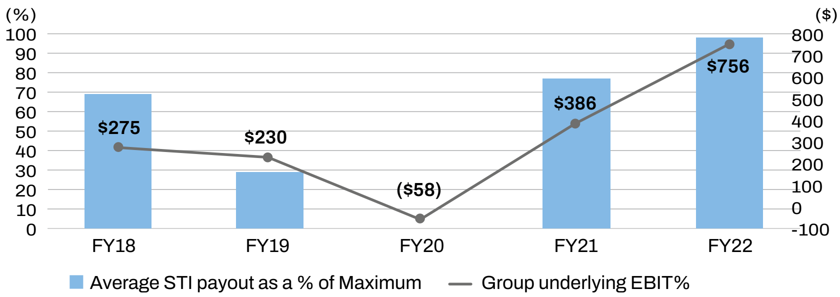
The chart below compares Sims relative TSR percentile rank to the vesting of Sims TSR Rights over the previous five performance periods:



2.3 HISTORICAL AVERAGE STI PAYOUT AS % OF MAXIMUM

Average Executive STI Payout (as a % of maximum) compared to Sims' EBIT performance

Sims' Group underlying EBIT over the past five years is shown in the chart below. The chart confirms that historical average STI outcomes for Executives are aligned with the Company's financial results. Prior to FY20, Return on Controlled Capital Employed was the financial metric under the STI program.



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REMUNERATION REPORT (CONTINUED)

2.4 EXECUTIVE STATUTORY REMUNERATION TABLE

Executive Statutory Remuneration

The following Executive Statutory Remuneration table has been prepared in accordance with the accounting standards and has been audited by the Company's external auditors:

			SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENTS[5]	
(A$) NAME	LOCATION	FINANCIAL YEAR	CASH SALARY[1]	CASH BONUS[2]	OTHER BENEFITS[3]	PENSION AND SUPER-ANNUATION	OTHER LONG TERM BENEFITS[4]	LTI	TOTAL
A Field[6]	Australia	**2022**	**1,716,497**	**3,158,352**	**97,329**	**25,415**	**32,063**	**3,531,252**	**8,560,908**
		2021	1,716,912	2,455,184	585,479	25,000	31,330	3,072,764	7,886,669
S Mikkelsen[6]	Australia	**2022**	**1,162,004**	**2,091,607**	**59,143**	**25,000**	**21,463**	**1,197,103**	**4,556,320**
		2021	1,162,004	1,626,806	27,253	25,000	21,204	1,033,242	3,895,509
J Glyde[6]	Australia	**2022**	**750,767**	**1,170,601**	**210,733**	**112,615**	**36,049**	**920,875**	**3,201,640**
		2021	726,549	874,365	49,720	54,491	13,258	824,858	2,543,241
M Movsas[6, 7]	USA	**2022**	**1,139,296**	**1,537,847**	**112,639**	**51,578**	**–**	**2,453,481**	**5,294,841**
		2022[8]	**1,106,510**	**1,493,591**	**109,398**	**50,094**	**–**	**2,382,875**	**5,142,468**
		2021	1,070,812	1,156,472	252,000	–	–	1,123,469	3,602,753
S Skurnac[6]	USA	**2022**	**930,265**	**1,674,476**	**92,686**	**78,152**	**23,877**	**985,204**	**3,784,660**
		2022[8]	**903,494**	**1,626,288**	**90,019**	**75,903**	**23,190**	**956,852**	**3,675,746**
		2021	903,494	1,264,891	25,507	17,166	23,792	874,123	3,108,973
Total		**2022**	**5,698,829**	**9,632,883**	**572,530**	**292,760**	**113,452**	**9,087,915**	**25,398,369**
		2022[8]	**5,639,272**	**9,540,439**	**566,622**	**289,027**	**112,765**	**8,988,957**	**25,137,082**
		2021	5,579,771	7,377,718	939,959	121,657	89,584	6,928,456	21,037,145

1 Cash salary includes amounts sacrificed in lieu of other benefits at the discretion of the individual.
2 Cash bonus amounts reflect the amounts provided for all Executives under the FY22 and FY21 STI plan.
3 Other short-term benefits include employer contributions to health and life insurance plans, relocation expense and associated tax gross-ups, and amounts accrued for annual leave during the period.
4 Other long-term benefits include Australian accrued long-term leave (for Messrs Field, Mikkelsen and Glyde) and amount for deferred compensation plans (for Mr Skurnac).
5 Share-based payments represent the accounting expense (as computed pursuant to AASB 2 *Share-based Payments*) recognised by the Company for share-based awards and for long-term incentive SSI cash awards.
6 Australian-based Executives (Messrs Field, Mikkelsen and Glyde) received their cash payments in Australian dollars, except for certain relocation expenses for Mr Glyde, which were paid in US dollars. Messrs Movsas and Skurnac were paid in US dollars.
7 FY22 LTI remuneration includes $1,179,647 of accelerated share-based payments following retirement of Mr Movsas effective from 1 July 2022.
8 FY22 remuneration for Messrs Movsas and Skurnac has been translated on a constant currency basis for a relative performance comparison to FY21 before the translation impact of currency fluctuations. The current period amounts paid in US dollars are translated into Australian dollars using the prior year US dollar exchange rate.

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2.5 SUPPLEMENTAL REMUNERATION TABLE

Total Realised Remuneration received by Executives in FY22[1]

As part of the Company's commitment to clear and transparent communication with its shareholders, the Committee has included the table below showing the remuneration that was actually paid to Executives in FY22. The figures in this table include the market value of LTI grants that vested during FY22, while the Section 2.4 table includes the accounting value for LTI grants recognised during FY22, regardless of the date on which they vest, or whether they vest at all.

		CASH SALARY	OTHER BENEFITS	STI		LTI		TOTAL REMUNERATION		ACTUAL TOTAL
(A$)[2] EXECUTIVES	FINANCIAL YEAR	ACTUAL $	ACTUAL $[3]	ACTUAL $[4]	TARGET[5]	ACTUAL VESTED $[6]	TARGET	ACTUAL $	TARGET	REMUNERATION AS % OF TARGET TOTAL REMUNERATION
A Field	**2022**	**1,716,497**	**34,921**	**3,158,352**	**1,716,912**	**1,296,872**	**3,433,824**	**6,206,642**	**6,902,154**	**90%**
	2021	1,716,912	329,570	2,455,184	1,716,912	1,045,350	3,433,824	5,547,016	7,197,218	77%
S Mikkelsen	**2022**	**1,162,004**	**25,000**	**2,091,607**	**1,162,004**	**439,087**	**1,162,004**	**3,717,698**	**3,511,012**	**106%**
	2021	1,162,004	52,253	1,626,806	1,162,004	252,647	1,162,004	3,093,710	3,538,265	87%
J Glyde	**2022**	**750,767**	**289,402**	**1,170,601**	**640,380**	**292,816**	**853,840**	**2,503,586**	**2,534,389**	**99%**
	2021	726,549	81,856	874,365	544,912	124,900	726,549	1,807,670	2,079,866	87%
M Movsas	**2022**	**1,139,296**	**2,430**	**1,537,847**	**859,978**	**376,415**	**1,146,637**	**3,055,988**	**3,148,341**	**97%**
	2022[7]	**1,106,510**	**2,360**	**1,493,591**	**835,230**	**365,582**	**1,113,639**	**2,968,043**	**3,057,739**	**97%**
	2021	1,070,812	108,282	1,156,472	803,105	176,609	1,070,812	2,512,175	3,053,011	82%
S Skurnac	**2022**	**930,265**	**69,595**	**1,674,476**	**930,265**	**348,652**	**930,265**	**3,022,988**	**2,860,389**	**106%**
	2022[7]	**903,493**	**67,592**	**1,626,288**	**903,494**	**338,619**	**903,494**	**2,935,993**	**2,778,073**	**106%**
	2021	903,494	66,466	1,264,891	903,494	439,101	903,494	2,673,952	2,776,948	96%

1 The figures in the table are different from those shown in the Executive Statutory Remuneration table in Section 2.4. The table in Section 2.4 is consistent with financial statement recognition and measurement and includes an apportioned accounting value for all unvested STI and LTI grants during or after FY19 (some of which remain subject to satisfaction of performance and service conditions and may not ultimately vest).

2 Australian-based Executives (Messrs Field, Mikkelsen and Glyde) received their cash payments in Australian dollars, except for certain relocation expenses for Mr Glyde, which were paid in US dollars. Messrs Movsas and Skurnac were paid in US dollars.

3 Other Benefits include employer contributions to defined contribution retirement plans, health and life insurance plans and relocation expenses and associated tax gross-ups, if applicable.

4 Actual STI refers to the Executive's total STI provided for in FY22 to be paid in FY23 (and similar for the comparative period).

5 For the definition of Target STI, refer to Section 1.4.

6 Actual vested LTI refers to equity grants from prior years that vested during FY22. These include share options and share rights that vested on 31 August 2021. The value is calculated using the Company's closing share price on the day of vesting after deducting any exercise price.

7 FY22 remuneration for Messrs Movsas and Skurnac has been translated on a constant currency basis for a relative performance comparison to FY21 before the translation impact of currency fluctuations. The current period amounts paid in US dollars are translated into Australian dollars using the prior year US dollar exchange rate.

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REMUNERATION REPORT (CONTINUED)

2.6 REMUNERATION OUTCOME FOR SIMS EXECUTIVES

At the beginning of FY22, as part of the annual remuneration review process, the Committee approved the various remuneration payments for Sims' Executives. Remuneration outcomes for each KMP are set out within this section.

Historical remuneration practice is to review, and where warranted, make Executive base salary adjustments effective annually in September.

FY22 Short Term Incentive Performance Outcomes

An Executive's STI payout is based on two fundamental factors: how well the Company performed and how well the individual Executive performed against pre-established goals. In accordance with the methodology set out in Section 1.4 of the Remuneration Report, an assessment was undertaken of the performance of the Group CEO and each KMP Executive against their FY22 objectives.

Details on the CEO's performance against financial and non-financial STI objectives, with commentary on achievements, are provided in the scorecard shown below.

CATEGORY	KPIs	RATIONALE FOR SELECTION	TARGET WEIGHTING	PERFORMANCE			WEIGHTED OUTCOMES
				MIN	TARGET	MAX	
Financials[1]	Underlying EBIT	Ensure a focus on growing and managing the profitability of the business as a key driver of sustainable shareholder returns.	80%				160%
Non-Financial[2] **(IPGs)**	SHECS	Reflects key areas that drive outperformance on safety and business initiatives critical to the overall success of the Company and execution of its strategic initiatives and operating objectives.	20%				24%
	Business Transformation						
	ERP						
	Culture & Leadership						
	Optimisation						
Scorecard Outcome			100%				184% of target

1 FY22 underlying EBIT of $756.1 million was significantly above the maximum of the performance goal.

2 Among other achievements, the Board considered the achievement of the lowest total recordable injury rate ever reported, excellent results on the buying excellence programme, multiple successful go-lives of the ERP programme and excellent progress on asset health and operational efficiencies.

The table below outlines the percentage of maximum STI achieved (and forfeited), and the total STI awarded, for each executive in FY22.

EXECUTIVES	STI MAXIMUM OPPORTUNITY (A$)	STI ACHIEVEMENT (% OF MAXIMUM)	STI FORFEITED (% OF MAXIMUM)	STI ACTUAL AMOUNT (A$)
A Field	3,158,352	100%	0%	3,158,352
S Mikkelsen	2,138,087	98%	2%	2,091,607
J Glyde	1,170,601	100%	0%	1,170,601
M Movsas	1,572,022	98%	2%	1,537,847
S Skurnac	1,711,687	98%	2%	1,674,476

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FY22 Long Term Incentive Performance Outcomes for Performance Periods ending 30 June 2022

FY20 STRATEGIC PERFORMANCE RIGHTS

Strategic performance-based rights were tested for achievement at the end of the three-year performance period ending 30 June 2022. These metrics represent key long-term objectives directly aligned to the strategic goals presented to shareholders in April 2019 that are designed to deliver sustainable growth and value over the long-term. While the specific details of those goals and the progress made thereto may be commercially sensitive, a summary of the measures and progress the Board considered in its assessment of achievement is set out below.

INCENTIVE MEASURE	TARGET	ACHIEVEMENT/COMMENTARY	ACHIEVEMENT
Expand metal volumes in favourable geographies	Sales of US ferrous volumes of 5.8 million tonnes in FY22	Not sufficient progress towards target from FY19 volumes to warrant any achievement. Progress was clearly challenged by the setbacks from the COVID decline and ongoing global shipping challenges.	⊗
Grow non-ferrous business	Sales of US non-ferrous volumes of 220,000 tonnes in FY22	Achieved 91% of target with significant improvement of 130% volume growth from FY19 baseline.	→
Enter resource renewal	Achieve first operational waste-to-energy site with capacity of 85,000 tonnes in FY22	Although first operational site was not achieved, the Board does acknowledge excellent programme management and the ability to keep the overall programme on track by quickly redirecting efforts to the Queensland pilot plant following the Victorian government's unforeseen and sudden decision to cap thermal waste applications.	⊗
Grow municipal recycling	Secure additional city municipal recycling contracts by FY22	Two additional city municipal contracts were secured in Florida. The Closed Loop Partners strategic JV was successfully executed in December of 2021.	✓
Recycle the cloud	Recycle 100,000 tonnes of cloud material in FY22. This translates into repurposing ~4M Units	Partial achievement is warranted due to achievement of approximately 70% of target and a threefold growth of repurposed units from FY19 levels and the securing of several new significant strategic customers.	→
Sims Energy	Progress toward the Company's announced goals of acquiring or building 50 megawatts of landfill energy by FY25 outside Australia	Successful acquisition of Florida JED facility, completion of funding structures and business models were completed and puts us on track to achieve the 2025 goal.	✓
		Overall Performance	65% Achievement

⊗ Not Achieved → Partial Achievement ✓ Full Achievement

The performance goals under the FY22 Grants do not have individual weightings, the Board considers the relative importance of each measure and its overall assessment of attainment. However, the Board will be introducing individual weightings of goals for FY23 Grants in response to stakeholder feedback.

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REMUNERATION REPORT (CONTINUED)

FY20 TSR Performance Rights

TSR performance-based rights were tested for achievement at the end of the three-year performance period ending 30 June 2022, and fully vested, having attained the 81st percentile against the comparator group. The scale of achievement is shown below.

SIMS' TSR RELATIVE TO TSR OF COMPARATOR GROUP	PROPORTION OF TSR RIGHTS VESTING
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	Straight line between 50% and 100%
At or Above 75th Percentile	100%

FY22 Strategic Share Incentives Outcomes

The Board established a set of metrics that underpin the performance criteria for achievement of the SSI Rights portion of the LTI Program. These metrics represent key near-term objectives directly aligned to the strategic goals presented to shareholders in April 2019 that are designed to deliver sustainable growth and value over the long-term. While the specific details of those goals and the progress made thereto may be commercially sensitive, a summary of the measures and progress the Board considered in its assessment of achievement is set out below.

SSI INCENTIVE MEASURE & WEIGHTING	TARGET	ACHIEVEMENT/COMMENTARY	ACHIEVEMENT
Expand metal volumes in favourable geographies **Weighting = 15%**	Global ferrous volumes of 8 million tonnes (including NFSR) and 5.8 million tonnes in the United States.	Global volumes achieved 96% of year over year target and US volumes achieved 84% of target on significantly improved margin per tonne.	
Grow non-ferrous business **Weighting = 15%**	Sales of non-ferrous volumes of 200,000 tonnes in the United States.	US Non-Ferrous volumes achieved targeted tonnes.	
Enter resource renewal **Weighting = 15%**	Receive Board and Victorian regulator Works approval to build the Campbellfield Resource Renewal Facility.	Board approved project and applications were lodged. However, Victorian government unexpectedly announced a cap on thermal waste and deferred new licenses. Quick pivot to accelerating pilot plant in Queensland has kept overall program on track.	
Grow municipal recycling **Weighting = 5%**	Secure a new city municipal recycling contract for Sims Municipal Recycling.	Achieved strategic joint venture business with Closed Loop Partners as announced December 2021.	

Not Achieved   Partial Achievement   Full Achievement

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SSI INCENTIVE MEASURE & WEIGHTING	TARGET	ACHIEVEMENT/COMMENTARY	ACHIEVEMENT
Recycle the cloud **Weighting = 15%**	2.7 million Repurposed Units (resold and redeployed units, excluding recycled and shredded)	Achieved repurposed unit targets Secured large strategic customer receiving full approval to proceed following several process, quality and facility audits providing significant future volume opportunity	✓
One Sims – ERP **Weighting = 15%**	Achievement of certain success indicators as approved by the Board of Directors	Most programme milestones for FY22 were achieved including: • Re-baseline of the global trade implementation plan • Successful go-live of HCM phase 2 in April • Go-live of global non-ferrous at fiscal year-end • Terminating contract of underperforming vendor Partial go-live of SLS business system resulted in partial completion	→
One Sims – Business Transformation **Weighting = 15%**	Combine Business Transformation organisational design and ERP into a single overall business readiness plan Extend commercial buying excellence tools through North America Metal and progress into UK and ANZ commercial buying teams	Completed significant restructuring of the organisational design with improved clarity on accountabilities and change framework capabilities. All planned commercial excellence tools were implemented, piloted and successfully deployed throughout the NAM commercial team contributing to identifiable margin improvements. Implementation teams have been initiated to drive through rest of global commercial organisation	✓
Sims Energy **Weighting = 5%**	Achieve run rate of 70 percent of installed production capacity at the JED facility	Production and equipment challenges hampered electricity production to warrant no achievement of this goal.	✗
Total Target **100%**		**Overall Performance**	**80% Achievement**

✗ Not Achieved → Partial Achievement ✓ Full Achievement

The earned portion of the SSI Rights remain subject to continued employment conditions and therefore will not vest until 31 August 2022. SSI Rights that have vested will be used to purchase deferred shares subject to a holding requirement of 50% for three years and 50% for four years. The accounting expense is reflected in the Executive Statutory Remuneration table under Section 2.4.

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REMUNERATION REPORT (CONTINUED)

SECTION 3: FY23 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

3.1 CHANGES TO SIMS' REMUNERATION FRAMEWORK FOR FY23

Throughout FY22, management and the People and Culture Committee has engaged with Sims Shareholders and various stakeholder groups to collect feedback regarding Sims' remuneration practices, in order to find opportunities to enhance our remuneration framework and disclosures. After considering this feedback, the following changes will be made for FY23.

STI

From FY23, if the total bonus award exceeds 120% of target, one-half of the excess over 100% will be deferred post-tax into Sims ordinary shares with a 2-year holding period.

LTI

From FY23, the SSI component will be eliminated. LTI grants will be composed of:

- TSR Rights (22% of grant value);
- Return on Productive Assets Rights (33% of grant value); and
- Strategic Rights (45% of grant value).

All grant values will be determined using the face value of the underlying Sims ordinary shares. With the addition of the Return on Productive Assets Performance Rights, the Strategic Rights from FY23 will not have a ROC modifier applied. From FY23, 55% of the LTI grant will be based on financial metrics, up from 22% in FY22.

Minimum Shareholding Guidelines

Beginning in FY23, all KMP will be subject to Minimum Shareholding Guidelines. Unless otherwise approved by the Board, KMP will be prohibited from selling any shares (other than as necessary to satisfy tax withholding obligations upon vesting of Rights), while under the Minimum Shareholding Guideline. Minimum Shareholding Guidelines consider all vested shares, including those subject to a holding period.

KMP	Minimum Shareholding Guideline
CEO	2x Fixed Remuneration
Other KMP	1x Fixed Remuneration

All other aspects of the incentive's framework will be consistent with the FY22 design.

SECTION 4: EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURE TABLES

4.1 REMUNERATION GOVERNANCE

The Committee assists the Board in fulfilling its oversight responsibility relative to the integrity of the Company's remuneration framework and works closely with other Board Committees to ensure the Company's policies and procedures on risk management, organisational culture, and Board effectiveness are consistent with the long-term best interests of the Company and its shareholders.

BOARD

The Sims' Board has responsibility for the Company's executive remuneration programs which include:

- Establishing remuneration philosophy and guiding principles.
- Oversight of remuneration practices and policies.
- Reviewing and approving recommendations from the People & Culture Committee.

PEOPLE & CULTURE COMMITTEE

The Committee includes 5 independent NEDs and advises the Board on:

- Remuneration strategy, framework, performance goals, recruitment, retention, termination and NED fees and framework.
- Considers recommendations from Sims' management in making remuneration decisions based on the Company's remuneration guiding principles.

MANAGEMENT

Sims' management provides information relevant to remuneration decisions and makes recommendations to the Committee on:

- Remuneration structure, policies and market trends.
- Remuneration recommendations.

REMUNERATION CONSULTANT

- The People & Culture Committee may, at its discretion, select independent consultants to provide advice and information relevant to make informed remuneration decisions.

For the purposes of the Corporations Act no remuneration recommendations in relation to KMP were provided by the Remuneration Consultant or other advisor during FY22.

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REMUNERATION REPORT (CONTINUED)

4.2 EXECUTIVE CONTRACTS

Termination Entitlements under Executive Contracts

The table below outlines termination provisions for the Group CEO and other KMP, in accordance with formal contracts of a continuing nature with no fixed term of service. For FY22, there were no changes to the terms of the contacts for Executives reported in this year's Remuneration Report. These Termination Entitlements were approved by shareholders at the Company's 2014 Annual General Meeting.

TERMINATION ENTITLEMENTS IF TERMINATED BY THE COMPANY OR BY THE EXECUTIVE FOR GOOD REASON	GROUP CEO AND OTHER EXECUTIVES
Notice Period	• Three months; provided by either the Executive or the Company • For Mr Glyde, six months if provided by the Company
Fixed Remuneration	• 12 months of fixed remuneration
STI	• Pro-rata STI payment subject to performance testing and Board discretion based on Executive performance
LTI	• Eligible for continued vesting of LTI awards, subject to performance testing and original vesting
Other Entitlements	• Eligible for any accrued but unpaid remuneration (leave and accrued benefits) • Up to 12 months Company paid health insurance premiums
Termination due to Death or Permanent Disability or Other Circumstances at the Board's discretion	• Entitlements as shown above relating to Treatment of Fixed Remuneration, Treatment of STI, Treatment of LTI and Treatment of Other Entitlements

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4.3 SHARE BASED PAYMENT AND EQUITY HOLDINGS

Options provided as remuneration

The following table summarises the terms of outstanding option grants for Executives:

Options provided as remuneration[1]

NAME	GRANT DATE	NUMBER GRANTED	EXERCISE PRICE (A$)	FAIR VALUE AT GRANT DATE	DATE OPTIONS ARE ELIGIBLE FOR EXERCISE	EXPIRY DATE	% OF OPTIONS THAT HAVE VESTED	MAXIMUM TOTAL VALUE OF UNVESTED GRANT (A$)[1]
Ordinary Shares (A$)								
A Field	9-Nov-18	294,673	12.34	$3.47	31-Aug-21	9-Nov-25	100%	–
S Mikkelsen	9-Nov-18	99,933	12.34	$3.47	31-Aug-21	9-Nov-25	100%	–
J Glyde	9-Nov-18	52,135	12.34	$3.47	31-Aug-21	9-Nov-25	100%	–
M Movsas	9-Nov-18	63,419	12.34	$3.47	31-Aug-21	9-Nov-25	100%	–
S Skurnac	9-Nov-18	86,480	12.34	$3.47	31-Aug-21	9-Nov-25	100%	–

1 All granted options vested during FY22.

Movement in options during the year ended 30 June 2022

The number of options over fully paid ordinary shares in the Company held during the financial year by each Executive is set out below. Values are in Australian dollars. No options were awarded to Executives during FY22.

NAME	BALANCE AT 1-JUL-21	NUMBER GRANTED	NUMBER EXERCISED	NUMBER FORFEITED/ EXPIRED	BALANCE AT 30 JUNE 2022	VESTED	UNVESTED	NUMBER OF OPTIONS THAT VESTED DURING FY22
Ordinary shares (A$)								
A Field	746,395	–	–	–	746,395	746,395	–	98,224
S Mikkelsen	155,101	–	–	–	155,101	155,101	–	33,311
J Glyde	160,367	–	(78,232)	–	82,135	82,135	–	17,378
M Movsas	21,140	–	(21,140)	–	–	–	–	21,140
S Skurnac	372,713	–	(108,063)	–	264,650	264,650	–	28,827

REMUNERATION REPORT (CONTINUED)

Performance Rights and Restricted Share Units provided as remuneration

The following table summarises the terms of outstanding performance rights and RSUs for Executives. A summary of outcomes for performance rights vesting in August 2022 is included in the footnotes below the table:

NAME	GRANT DATE	GRANT TYPE	NUMBER GRANTED	VALUE AT GRANT DATE (A$)	DATE NEXT TRANCHE VESTS	MAXIMUM TOTAL VALUE OF UNVESTED GRANT (A$)[1]
Ordinary Shares (A$)						
A Field	15-Nov-19	TSR	102,348	6.64	31-Aug-22	35,830
	15-Nov-19	Strategic	135,604	10.14	31-Aug-22	50,746[3]
	11-Nov-20	TSR	134,181	8.18	31-Aug-23	404,479
	11-Nov-20	Strategic	186,621	10.10	31-Aug-23	694,598[3]
	11-Nov-21	SSI	11,332	100.00	31-Aug-22	162,266[2]
	11-Nov-21	Strategic	103,428	13.68	31-Aug-24	968,150[3]
	11-Nov-21	TSR	88,667	8.18	31-Aug-24	496,288
S Mikkelsen	15-Nov-19	TSR	34,865	6.64	31-Aug-22	12,205
	15-Nov-19	Strategic	46,194	10.14	31-Aug-22	17,287[3]
	11-Nov-20	TSR	45,407	8.18	31-Aug-23	136,876
	11-Nov-20	Strategic	63,152	10.10	31-Aug-23	235,050[3]
	11-Nov-21	SSI	3,835	100.00	31-Aug-22	54,914[2]
	11-Nov-21	Strategic	35,000	13.68	31-Aug-24	327,622[3]
	11-Nov-21	TSR	30,005	8.18	31-Aug-24	167,944
J Glyde	15-Nov-19	TSR	16,709	6.64	31-Aug-22	5,849
	15-Nov-19	Strategic	22,138	10.14	31-Aug-22	8,285[3]
	1-Jun-20	RSU	65,000	7.21	1-Jun-23	183,676
	11-Nov-20	TSR	32,082	8.18	31-Aug-23	96,709
	11-Nov-20	Strategic	44,620	10.10	31-Aug-23	166,074[3]
	11-Nov-21	SSI	2,818	100.00	31-Aug-22	40,352[2]
	11-Nov-21	Strategic	25,718	13.68	31-Aug-24	240,736[3]
	11-Nov-21	TSR	22,048	8.18	31-Aug-24	123,407
M Movsas	15-Nov-19	TSR	24,363	6.64	31-Aug-22	8,529
	15-Nov-19	Strategic	32,280	10.14	31-Aug-22	12,080[3]
	1-Jun-20	RSU	90,000	7.21	1-Jun-23	254,321
	11-Nov-20	TSR	46,561	8.18	31-Aug-23	140,355
	11-Nov-20	Strategic	64,758	10.10	31-Aug-23	241,027[3]
	11-Nov-21	SSI	2,746	137.82	31-Aug-22	39,321[2]
	11-Nov-21	Strategic	33,543	13.68	31-Aug-24	313,983[3]
	11-Nov-21	TSR	28,756	8.18	31-Aug-24	160,954

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NAME	GRANT DATE	GRANT TYPE	NUMBER GRANTED	VALUE AT GRANT DATE (A$)	DATE NEXT TRANCHE VESTS	MAXIMUM TOTAL VALUE OF UNVESTED GRANT (A$)[1]
S Skurnac	15-Nov-19	TSR	29,162	$6.64	31-Aug-22	10,209
	15-Nov-19	Strategic	38,638	$10.14	31-Aug-22	14,459[3]
	11-Nov-20	TSR	39,286	$8.18	31-Aug-23	118,425
	11-Nov-20	Strategic	54,639	$10.10	31-Aug-23	203,365[3]
	11-Nov-21	SSI	2,228	$137.82	31-Aug-22	31,903[2]
	11-Nov-21	Strategic	27,214	$13.68	31-Aug-24	254,740[3]
	11-Nov-21	TSR	23,330	$8.18	31-Aug-24	130,583

1 No performance rights or RSUs will vest if the vesting conditions are not satisfied, hence the minimum value of unvested awards is nil. The maximum value of the unvested performance rights and RSUs has been determined as the amount of the grant date value that is yet to be expensed, which will vary from expense recognised contingent on achievement criteria. Performance rights and RSUs are granted for nil consideration.

2 These grants relate to performance rights issued in FY22 subject to achievement against a scorecard of one-year goals tied to the Company's strategic plan. The Board determined an achievement level of 90% of the award, thus 90% of the expense will be recognised over the vesting period 1 July 2021 to 31 August 2022. The value for each achieved right is A$100.00 for Australia-based Executives or US$100.00 for US-based Executives, for each vested performance right and will be used for the on-market purchase of the Company's ordinary shares with a holding requirement as described above.

3 These grants relate to performance rights issued in FY20, FY21, and FY22 are subject to achievement against a scorecard of three-year goals tied to the Company's strategic plan as well as a ROC performance modifier. The rights will be tested for achievement level at the conclusion of the respective performance periods commencing 1 July 2019 and ending 30 June 2022 for FY20 rights, 1 July 2020 and ending 30 June 2023 for FY21 rights and 1 July 2021 and ending 30 June 2024 for FY22 rights.

Movement in Performance Rights and Restricted Shares Units[1] during the year ended 30 June 2022

The number of performance rights and RSUs to ordinary shares in the Company held during the financial year by each Executive is set out below:

NAME	INSTRUMENT THAT PERFORMANCE RIGHTS AND RSUS ARE OVER	BALANCE AT 1-JUL-21	NUMBER GRANTED	NUMBER VESTED/ EXERCISED	NUMBER FORFEITED	BALANCE AT 30-JUN-22
A Field	Ordinary shares	839,944	203,427	(10,199)	(270,991)	762,181
S Mikkelsen	Ordinary shares	284,970	68,840	(3,452)	(91,900)	258,458
J Glyde	Ordinary shares	262,892	50,584	(34,328)	(48,015)	231,133
M Movsas	Ordinary shares	318,680	65,045	(2,376)	(58,342)	323,007
S Skurnac	Ordinary shares	243,151	52,772	(2,005)	(79,421)	214,497

1 Restricted Share Units (RSUs) represent the right of a participant to receive an ordinary share of Sims stock for no consideration other than the passage of time. RSUs are not a part of ongoing Executive remuneration and any RSUs reflected above were either granted prior to FY18 or are from awards granted prior to becoming an Executive.

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REMUNERATION REPORT (CONTINUED)

KMP share holdings as at the end of the financial year ended 30 June 2022

KMP share holdings as at the end of the financial year and activity during the financial year, including personally related parties, is set out below:

NAME	BALANCE AT 1-JUL-21	RECEIVED ON EXERCISE OF OPTIONS, PERFORMANCE RIGHTS AND RSUS	PURCHASES/(SALES)	BALANCE AT 30-JUN-22
NEDs				
G Brunsdon	39,057	–	–	39,057
T Gorman	4,000	–	–	4,000
G Nelson	6,700	–	–	6,700
H Kato	–	–	–	–
D O'Toole	17,500	–	–	17,500
H Ridout	5,000	–	–	5,000
J Thompson	26,000	–	–	26,000
V Binns	–	–	–	–
Executives				
A Field	226,342	35,656	–	261,998
S Mikkelsen	26,404	12,067	–	38,471
J Glyde	123,620	86,755	(136,392)	73,983
M Movsas	14,391	35,151	(21,140)	28,402
S Skurnac	166,405	119,883	(108,063)	178,225

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4.4 NON-EXECUTIVE DIRECTOR FEES

NED Fees

The level of NED fees reflects the need to reward directors for their commitment to the corporate governance of the Company, their active participation in the affairs of the business and the contribution they make generally to the maximisation of shareholder value. The Company aims to provide a level of fees for NEDs taking into account, among other things, fees paid for similar roles in comparable companies, the time commitment, risk and responsibility accepted by NEDs, and recognition of their commercial expertise and experience. Given the geographical spread of the NEDs, with three out of seven NEDs located in either the US or Japan, the Company also considers global market competitiveness in setting fee levels.

The maximum aggregate amount available for NED fees (including superannuation) is the greater of A$3 million and US$3 million per annum as approved by shareholders at the Company's 2015 Annual General Meeting. Total aggregate NED fees for FY22 were A$2,216,389/ US$1,614,302 (FY21: A$2,200,899/US$1,634,513).

During FY19, the Company established a policy of paying all NED fees based on the Australian dollar, regardless of where the director is resident. US resident NEDs who joined the Board prior to FY19 will continue to receive their fees based on the US dollar.

There have been no changes to NED base fees since July 2011. The table below outlines NED base fees for FY22 and FY21:

	2022		2021	
(A$)/(US$)	A A$	B US$	A A$	B US$
Base Fees				
Chairperson	493,330		493,330	
NED	222,750	203,424	222,750	203,424
Committee Fees				
Committee Chairperson [1, 2]	27,375	25,000	27,375	25,000
NED Committee Member	8,760	8,000	8,760	8,000

Column A: All Directors, except for US resident Directors who joined the Board prior to FY19.
Column B: US resident Directors who joined the Board prior to FY19.

1 The NEDs received pro-rated fees based on the time served on each Committee.
2 Chairperson of the Nomination/Governance Committee does not receive any fee for the role.

NEDs also receive reimbursement for essential travel, accommodation and other expenses incurred in travelling to and/or from meetings of the Board, or when otherwise engaged in the business of the Company in accordance with Board policy.

NEDs are not currently covered by any contract of employment; therefore, they have no contract duration, notice period for termination, or entitlement to termination payments. NEDs do not participate in any incentive (cash or equity-based) arrangements.

For Australian resident NEDs, superannuation is deducted from the above fees disclosed in Column A. The Company paid superannuation at 10.0% up to the maximum contribution (A$27,500) for each Australian resident NED in FY22. Superannuation is not paid in respect of overseas NEDs. NEDs do not receive any retirement benefits.

REMUNERATION REPORT (CONTINUED)

4.5 NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director Remuneration

For NEDs who receive payments in US dollars, the table below also reflects the Australian dollar equivalent based on the exchange rate at the date of payment. For NEDs who receive payments in Australian dollars, the table below also reflects the US dollar equivalent based on the exchange rate at the date of payment. Accordingly, exchange rate movements have influenced the disclosed fee level.

A$ UNLESS NOTED NON-EXECUTIVE DIRECTORS			SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS		
NAME	LOCATION	FINANCIAL YEAR	CASH FEES	SUPERANNUATION[1]	TOTAL A$	TOTAL US$
G Brunsdon	Australia	**2022**	**496,165**	**23,443**	**519,608**	**377,686**
		2021	497,914	21,694	519,608	388,277
T Gorman[2]	USA	**2022**	**250,125**	**–**	**250,125**	**181,720**
		2021	240,818	–	240,818	179,275
H Kato	Japan	**2022**	**240,270**	**–**	**240,270**	**174,828**
		2021	240,270	–	240,270	180,070
G Nelson[2]	USA	**2022**	**332,443**	**–**	**332,443**	**244,424**
		2021	333,656	–	333,656	244,424
D O'Toole	Australia	**2022**	**244,201**	**23,443**	**267,644**	**194,506**
		2021	245,950	21,694	267,644	199,999
H Ridout	Australia	**2022**	**252,961**	**23,443**	**276,404**	**200,874**
		2021	254,710	21,694	276,404	206,544
J Thompson[2,4]	USA	**2022**	**154,459**	**–**	**154,459**	**113,712**
		2021	322,499	–	322,499	235,924
V Binns[3]	Australia	**2022**	**158,227**	**17,208**	**175,435**	**126,552**
		2021	–	–	–	–
Total		**2022**	**2,128,851**	**87,537**	**2,216,388**	**1,614,302**
		2021	2,135,817	65,082	2,200,899	1,634,513

1 Superannuation contributions are made on behalf of Australian resident NEDs to satisfy the Company's obligations under Australian Superannuation Guarantee legislation.

2 Mr Gorman is a resident of the USA and receives his payment in Australian dollars. Ms Nelson and Mr Thompson are residents of the USA and receive their payments in U.S dollars.

3 Ms Binns was appointed to the Board on 8 October 2021.

4 Mr Thompson resigned as an Independent Non-executive director on 10 November 2021.

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REMUNERATION REPORT (CONTINUED)

4.6 OTHER TRANSACTIONS WITH KMP

Transactions entered into with any KMP of the Group, including their personally related parties, are on normal commercial terms.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors.

G N Brunsdon
Chairperson

New South Wales
16 August 2022

A Field
Managing Director and Group CEO

New South Wales
16 August 2022

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AUDITOR'S INDEPENDENCE DECLARATION

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16 August 2022

The Board of Directors
Sims Limited
Level 9, 189 O'Riordan Street
Mascot, NSW, 2020

Dear Board Members

Auditor's Independence Declaration to Sims Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Sims Limited.

As lead audit partner for the audit of the financial report of Sims Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants

FINANCIAL REPORT CONTENTS

Notes to the Financial Statements

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CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2022

	NOTE	2022 A$M	2021 A$M
Revenue	3	**9,275.6**	5,925.9
Other income	3	**129.6**	42.9
Raw materials used and changes in inventories		**(6,562.0)**	(3,932.8)
Freight expense		**(798.5)**	(495.1)
Employee benefits expense		**(667.1)**	(567.5)
Depreciation and amortisation expense	5	**(202.8)**	(193.3)
Repairs and maintenance expense		**(102.0)**	(79.5)
Other expenses		**(608.1)**	(551.9)
Finance costs	2	**(19.8)**	(14.1)
Share of results of joint ventures	25	**312.7**	167.9
Profit before income tax		**757.6**	302.5
Income tax expense	13	**(158.3)**	(73.1)
Profit for the year		**599.3**	229.4

		A¢	A¢
Earnings per share			
Basic	7	**303.1**	114.1
Diluted	7	**295.6**	112.8

The consolidated income statement should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	NOTE	2022 A$M	2021 A$M
Profit for the year		**599.3**	229.4
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Changes in the fair value of cash flow hedges of an equity method investment, net of tax	25	**(0.1)**	1.1
Foreign exchange translation differences arising during the period, net of tax	21	**91.7**	(77.8)
Gain reclassified to profit or loss on disposal of foreign operations, net of tax		**–**	(0.2)
Item that will not be reclassified to profit or loss:			
Re-measurements of defined benefit plans, net of tax		**(0.2)**	2.1
Other comprehensive (loss)/income for the year, net of tax		**91.4**	(74.8)
Total comprehensive income for the year		**690.7**	154.6

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	NOTE	2022 A$M	2021 A$M
Current assets			
Cash and cash equivalents	18	**252.8**	240.3
Trade and other receivables	8	**697.4**	606.3
Inventories	9	**763.8**	639.5
Other financial assets	17	**57.8**	46.9
Assets classified as held for sale		**0.2**	0.3
Total current assets		**1,772.0**	1,533.3
Non-current assets			
Investments in joint ventures	25	**659.3**	417.1
Other financial assets	17	**93.7**	97.0
Right of use assets	11	**296.4**	276.3
Property, plant and equipment	10	**1,317.3**	1,123.9
Retirement benefit assets	16	**6.6**	7.8
Deferred tax assets	13	**161.0**	134.7
Intangible assets	12	**133.2**	93.0
Total non-current assets		**2,667.5**	2,149.8
Total assets		**4,439.5**	3,683.1
Current liabilities			
Trade and other payables	14	**722.2**	628.0
Lease liabilities	11	**74.7**	68.5
Other financial liabilities	17	**10.1**	7.6
Current tax liabilities		**29.2**	16.2
Provisions	15	**189.1**	130.4
Total current liabilities		**1,025.3**	850.7
Non-current liabilities			
Payables	14	**15.9**	18.6
Borrowings	19	**355.5**	232.0
Lease liabilities	11	**271.5**	256.6
Deferred tax liabilities	13	**143.4**	118.6
Provisions	15	**88.8**	85.1
Retirement benefit obligations	16	**1.6**	2.4
Total non-current liabilities		**876.7**	713.3
Total liabilities		**1,902.0**	1,564.0
Net assets		**2,537.5**	2,119.1
Equity			
Contributed equity	20	**2,583.2**	2,727.8
Reserves	21	**325.7**	212.9
Accumulated deficit	21	**(371.4)**	(821.6)
Total equity		**2,537.5**	2,119.1

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	NOTE	CONTRIBUTED EQUITY A$M	RESERVES A$M	ACCUMULATED DEFICIT A$M	TOTAL EQUITY A$M
Balance at 30 June 2020		2,734.4	266.9	(1,019.0)	1,982.3
Income for the year		–	–	229.4	229.4
Other comprehensive (loss)/income		–	(76.9)	2.1	(74.8)
Total comprehensive income for the year		–	(76.9)	231.5	154.6
Transactions with owners in their capacity as owners:					
Purchase of shares by trusts (Treasury shares)	20, 21	(6.6)	–	(9.9)	(16.5)
Dividends paid	6	–	–	(24.2)	(24.2)
Share-based payments expense, net of tax		–	22.9	–	22.9
		(6.6)	22.9	(34.1)	(17.8)
Balance at 30 June 2021		2,727.8	212.9	(821.6)	2,119.1
Income for the year		**–**	**–**	**599.3**	**599.3**
Other comprehensive (loss)/income		**–**	**91.6**	**(0.2)**	**91.4**
Total comprehensive income for the year		**–**	**91.6**	**599.1**	**690.7**
Transactions with owners in their capacity as owners:					
Purchase of shares by trusts (Treasury shares)		**(20.7)**	**–**	**(8.7)**	**(29.4)**
Dividends paid	6	**–**	**–**	**(140.2)**	**(140.2)**
Share-based payments expense, net of tax		**–**	**21.2**	**–**	**21.2**
Buy-back of ordinary shares	20	**(123.9)**	**–**	**–**	**(123.9)**
		(144.6)	**21.2**	**(148.9)**	**(272.3)**
Balance at 30 June 2022		**2,583.2**	**325.7**	**(371.4)**	**2,537.5**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

	NOTE	2022 A$M	2021 A$M
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**9,126.6**	5,631.0
Payments to suppliers and employees (inclusive of goods and services tax)		**(8,553.9)**	(5,534.1)
		572.7	96.9
Interest received		**3.9**	2.6
Interest paid		**(19.5)**	(13.7)
Dividends received from joint ventures		**174.0**	57.1
Grant income received		**0.9**	9.7
Repayment of grant income		**–**	(7.5)
Insurance recoveries		**1.6**	2.4
Income taxes received		**–**	25.1
Income taxes paid		**(185.8)**	(43.2)
Net cash inflows from operating activities	18	**547.8**	129.4
Cash flows from investing activities			
Payments for property, plant and equipment		**(274.7)**	(128.6)
Payments for businesses, net of cash acquired	23	**(69.6)**	(32.8)
Payments for intangible assets		**(1.5)**	(1.1)
Payments for other financial assets		**(2.1)**	(0.5)
Proceeds from sale of assets held for sale		**62.4**	–
Proceeds from sale of property, plant and equipment		**12.6**	10.7
Proceeds from sale of other financial assets		**1.5**	2.3
Repayment of loan by related party		**1.4**	23.1
Investment in joint venture		**(4.8)**	–
Net cash outflows from investing activities		**(274.8)**	(126.9)
Cash flows from financing activities			
Proceeds from borrowings		**1,817.9**	985.2
Repayment of borrowings		**(1,704.4)**	(860.0)
Fees paid for renewal of loan facilities		**(1.3)**	–
Repayment of lease liabilities		**(78.4)**	(74.1)
Payments for ordinary shares bought back	20	**(123.9)**	–
Payments for shares under employee share plan		**(29.4)**	(16.5)
Dividends paid	6	**(140.2)**	(24.2)
Net cash inflows/(outflows) from financing activities		**(259.7)**	10.4
Net increase in cash and cash equivalents		**13.3**	12.9
Cash and cash equivalents at the beginning of the financial year		**240.3**	227.3
Effects of exchange rate changes on cash and cash equivalents		**(0.8)**	0.1
Cash and cash equivalents at the end of the financial year	18	**252.8**	240.3

The consolidated statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

OVERVIEW

1 BASIS OF PREPARATION

Sims Limited (the "Company") is a for-profit company incorporated and domiciled in Australia. The consolidated financial statements for the year ended 30 June 2022 ("FY22") comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

Basis of preparation

This general-purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- adopts all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2021, all of which did not have a material impact on the financial statements;
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective;
- has been prepared on the basis of historical cost, except for certain derivative financial assets and liabilities which have been measured at fair value (note 17);
- is presented in Australian Dollars; and
- presents all values as rounded to the nearest tenth of a million dollars, unless otherwise stated under *ASIC Corporations (rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016.

Going concern

The financial report has been prepared on a going concern basis of accounting with no material uncertainties as to the Company's ability to continue to operate.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

In preparing the consolidated financial statements, all intercompany balances and transactions are eliminated.

The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements can be found in the following notes:

- Revenue (note 3).
- Inventory (note 9).
- Impairment (note 10, note 11 and note 12).
- Useful life of property, plant and equipment (note 10).
- Deferred tax positions (note 13).
- Provisions (note 15).
- Retirement benefit obligations (note 16).
- Business acquisitions and disposals (note 23).
- Share-based payments (note 27).

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Currency

Each entity in the Group determines its own functional currency, reflecting the currency of the primary economic environment in which it operates.

Transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of each transaction. At balance date, amounts payable and receivable in foreign currencies are converted at the rates of exchange ruling at that date with any resultant gain or loss recognised in the income statement.

Translation

The financial statements of overseas subsidiaries are maintained in their functional currencies and are converted to the Group's presentation currency as follows:

- assets and liabilities are translated at the rate of exchange as at balance date;
- income statements are translated at average exchange rates for the reporting period which approximate the rates ruling at the dates of the transactions; and
- all resultant exchange differences are recorded in the foreign currency translation reserve.

On consolidation, exchange differences arising from borrowings and any other currency instruments designated as hedges of investments in overseas subsidiaries are transferred to the foreign currency translation reserve on a net of tax basis where applicable. When an overseas subsidiary is sold, the cumulative amount recognised in the foreign currency translation reserve relating to the subsidiary is recognised in the income statement as part of the gain or loss on sale.

New and amended accounting standards and interpretations

New and amended accounting standards issued by the AASB and International Accounting Standards Board ("IASB") which became effective on 1 July 2021 that are relevant to the Group include:

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*.
- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*.

The adoption of the above amendments to the accounting standards had no material impact on the Group.

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FINANCIAL PERFORMANCE

2 SEGMENT INFORMATION

Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Group CEO, the Chief Operation Decision Maker ("CODM").

The Group operates in six principal operating segments: North America Metal ("NAM"), Australia/New Zealand Metal ("ANZ"), UK Metal ("UK"), Global Trading, Investment in SA Recycling ("SAR") and Sims Lifecycle Services ("SLS"). The segments are based on a combination of factors including geography, products and services. All other operating segments are included within the "Unallocated" segment.

Details of the segments are as follows:

- **NAM** – comprising subsidiaries and joint ventures in the United States of America and Canada which perform ferrous and non-ferrous secondary recycling functions.
- **ANZ** – comprising subsidiaries in Australia, New Zealand and Papua New Guinea which perform ferrous and non-ferrous secondary recycling functions.
- **UK** – comprising subsidiaries in the United Kingdom which perform ferrous and non-ferrous secondary recycling functions.
- **Global Trading** – comprising the Group's ferrous and non-ferrous marketing subsidiaries that coordinate sales of ferrous bulk cargo shipments, non-ferrous sales into primarily China and Southeast Asia and brokerage sales on behalf of third and related parties.
- **SAR** – comprising the Group's share of results from its investment in the SA Recycling joint venture.
- **SLS** – comprising subsidiaries which provide IT asset and cloud infrastructure reuse, redeployment and recycling in the following countries: Australia, Germany, India, Ireland, Netherlands, Poland, Singapore, the United Kingdom and the United States of America.
- **Unallocated** – comprising unallocated corporate costs, interests in a joint venture in Australia, Sims Municipal Recycling ("SMR") and Global Sustainability Insurance Corporation, a captive insurance company.

Information about reportable segments

2022	NAM A$M	ANZ A$M	UK A$M	GLOBAL TRADING A$M	SAR A$M	SLS A$M	UNALLO-CATED A$M	TOTAL A$M
Total sales revenue	4,453.4	1,694.4	1,594.9	1,128.5	–	327.0	66.2	9,264.4
Other revenue	6.1	0.4	0.1	0.3	3.0	0.1	1.2	11.2
Total segment revenue	4,459.5	1,694.8	1,595.0	1,128.8	3.0	327.1	67.4	9,275.6
Segment EBIT	241.7	163.5	52.2	54.7	302.5	5.6	(46.6)	773.6
Interest income								3.8
Finance costs								(19.8)
Profit before Tax								757.6
Assets	1,762.5	877.2	432.0	90.2	512.4	175.2	590.0	4,439.5
Liabilities	599.0	305.7	207.7	91.6	0.4	113.7	583.9	1,902.0
Net assets	1,163.5	571.5	224.3	(1.4)	512.0	61.5	6.1	2,537.5
Other items:								
Depreciation and amortisation	(102.0)	(53.4)	(25.8)	(1.1)	–	(9.6)	(10.9)	(202.8)
Share of results of joint ventures	3.9	–	–	–	302.5	–	6.3	312.7
Investments in joint ventures	45.8	0.1	–	–	470.5	–	142.9	659.3
Property, plant and equipment additions	121.7	140.7	28.0	0.1	–	8.3	15.4	314.2

Information about reportable segments

2021	NAM A$M	ANZ A$M	UK A$M	GLOBAL TRADING A$M	SAR A$M	SLS A$M	UNALLO-CATED A$M	TOTAL A$M
Total sales revenue	2,669.9	1,098.9	993.3	745.8	–	318.9	89.5	5,916.3
Other revenue	6.0	0.5	–	0.1	2.1	0.3	0.6	9.6
Total segment revenue	2,675.9	1,099.4	993.3	745.9	2.1	319.2	90.1	5,925.9
Segment EBIT	104.8	94.6	28.6	20.9	157.8	11.9	(104.6)	314.0
Interest income								2.6
Finance costs								(14.1)
Loss before Tax								302.5
Assets	1,446.0	772.2	425.6	70.8	345.8	145.8	541.6	3,747.8
Liabilities	454.8	279.1	204.0	105.3	0.3	103.9	481.3	1,628.7
Net assets	991.2	493.1	221.6	(34.5)	345.5	41.9	60.3	2,119.1
Other items:								
Depreciation and amortisation	(89.4)	(53.0)	(25.6)	(1.0)	–	(9.3)	(15.0)	(193.3)
Share of results of joint ventures	3.7	–	–	–	158.2	–	6.0	167.9
Investments in joint ventures	39.9	–	–	–	305.9	–	71.3	417.1
Property, plant and equipment additions	58.6	34.4	10.5	–	–	4.7	14.7	122.9

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3 REVENUE AND OTHER INCOME

	2022 A$M	2021 A$M
Sales revenue (from contracts with customers)		
Ferrous secondary recycling	**6,896.6**	4,288.9
Non-ferrous secondary recycling	**1,925.4**	1,199.5
Recycling services	**327.0**	319.0
Secondary processing and other services	**115.4**	108.9
	9,264.4	5,916.3
Other revenue		
Interest income	**3.8**	2.6
Rental income	**6.6**	6.6
Dividend income	**0.8**	0.4
	11.2	9.6
Total revenue	**9,275.6**	5,925.9

Sales to external customers[1]

	2022 A$M	2021 A$M
Australia	**612.3**	468.7
Bangladesh	**685.9**	351.9
China	**507.0**	399.2
Turkey	**1,852.9**	976.1
United States	**1,772.9**	1,227.7
Other	**3,833.4**	2,492.7
Total sales revenue	**9,264.4**	5,916.3

1 Amounts reflect the customer geographic location.

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

Intersegment sales

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

Recognition and measurement

Ferrous secondary recycling

Ferrous secondary recycling comprises the collection, processing and trading of iron and steel secondary raw material. The Group sells a significant portion of its ferrous secondary material on cost and freight or cost, insurance and freight Incoterms. Under these arrangements, revenue from the sale of goods is recognised prior to when the vessel arrives at the destination port as control has passed and performance obligations have been met (dependent on the Incoterms per contract). A material portion of the Group's ferrous bulk cargo sales arrangements specify that title passes once material has been loaded onto a vessel (i.e. passed the ship's rail). These sales are primarily sold on a letter of credit basis.

Non-ferrous secondary recycling

Non-ferrous secondary recycling comprises the collection, processing and trading of other metal alloys and residues, principally aluminium, lead, copper, zinc and nickel bearing materials. Revenue for non-ferrous secondary recycling is recognised when control passes and performance obligations are satisfied. According to the specific contract terms, control of the goods will pass to the customer at the point in time when the goods are loaded in a container, delivered to the customer or cash is received as that is the point in time the original bills of lading are passed to the buyer and title is transferred. Contract terms are determined based upon customer, product and/or destination and are typically sold on a cash in advance, deposit, letter of credit or open credit basis.

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Recycling services

Recycling services comprises the provision of environmental and data security responsible services for the refurbishment, resale or commodity reclamation of IT assets recycled for commercial and post-consumer suppliers. For recycling services, service revenue is recognised based upon completion of the agreed performance obligations, including services such as hard disk cleansing and data capture and reporting. These performance obligations are based upon amount collected, processed and/or on a time basis amongst other contractual terms. For precious metals reclaimed, revenue is recognised upon completion and agreement of an assay, and when price and quantity can be determined, and acceptance is finalised. Contractual terms can involve a deposit received in advance for which revenue is deferred until performance obligations are satisfied.

Secondary processing and other services

Secondary processing and other services comprise the recycling of municipal curbside materials, stevedoring, and other sources of service based revenue. Municipal curbside revenue predominantly consists of the sale of paper, plastics or tin cans which involve standard pricing and title passing upon collection. The collection of the product satisfies requisite performance obligations of the entity, allowing revenue to be recognised at that time. Other service revenue is recognised based upon completion of the performance obligations in the contract.

Interest income

Interest income is recognised as it is earned, using the effective interest method.

Rental income

Rental income consists of rentals from sub-lease rentals. Rentals received under operating leases and initial direct costs are recognised on a straight-line basis over the term of the lease.

Dividend income

Dividends are recognised when the Group's right to receive the payment is established.

Critical accounting estimate and judgement

Revenue is recognised as performance obligations contained within a contract have been satisfied for which the recognition, timing and measurement vary across businesses. Judgement may be required to determine when each performance obligations has been satisfied and as a result the period in which revenue should be recognised.

Other income

	2022 A$M	2021 A$M
Net gain on commodity derivatives	**25.2**	–
Net gain on currency derivatives	**0.8**	7.9
Net gain on disposal of property, plant and equipment	**5.3**	8.2
Net gain on revaluation of financial assets at fair value through profit or loss	**2.0**	2.5
Non-recurring gain on sale of interest in SMR (note 23)	**67.4**	–
Government grants	**1.3**	13.4
Insurance recoveries	**17.0**	3.1
Third party commissions	**3.8**	3.2
Management fees	**1.7**	1.2
Other	**5.1**	3.4
Total other income	**129.6**	42.9

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Grant income

Grant income is accounted for in profit or loss as other income or deduction in reporting the related expense. In FY21, the Company has disclosed income relating to the JobKeeper scheme in Australia and various regional government relief packages in response to COVID-19 as government grant income. Governments in multiple jurisdictions in which the Group operates implemented legislation to assist entities that experienced financial impacts stemming from the pandemic, including direct grant payments, payroll support, payroll tax credits and tenant reliefs. Based on eligibility criteria set out in JobKeeper payment scheme legislation, subsidiaries within the ANZ segment met the decline in turnover requirements and received total cash grants of $14.0 million cumulatively during six months ending 30 June 2020 ("FY20") and during FY21. During FY21, the Company voluntary returned $7.5 million of JobKeeper funds, which related to eligible amounts received during FY21. This amount has been presented as an other expense.

In FY21, certain subsidiaries within the United Kingdom received direct support from the UK government to pay wages for furloughed staff up to certain eligibility limits. The Company has recognised the reimbursement of employment costs as a deduction of related employee benefits expense incurred by the subsidiary.

4 SIGNIFICANT ITEMS

Significant items are those which by their size and nature, incidence or variability from one period to the next are relevant in explaining the financial performance of the Group and as such are disclosed separately.

	2022 A$M	2021 A$M
Global ERP software implementation costs (note 5)	**41.5**	60.8
Restructuring and redundancies	**5.9**	4.8
Environmental and legal provisions, net of insurance recoveries	**19.5**	10.4
Gain on sale of property	**(11.7)**	(6.6)
(Gain)/loss on sale of businesses (note 23)	**(67.4)**	0.5
Non-qualified hedges[1]	**(16.7)**	(4.3)
Impact of fires and floods	**7.7**	(1.1)
Fixed asset impairments	**–**	6.4
Acquisition transaction costs	**3.7**	–
	(17.5)	70.9

1 Non-qualified hedges include the impact of financial hedges that do not qualify for hedge accounting.

5 EXPENSES

	2022 A$M	2021 A$M
Depreciation and amortisation:		
Depreciation expense, net of right of use asset depreciation	**122.7**	119.5
Right of use asset depreciation expense	**77.6**	73.4
Amortisation expense	**2.5**	0.4
	202.8	193.3
Net loss on commodity and/or currency derivatives	**–**	60.1
Net foreign exchange loss	**3.7**	8.3

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Recognition and measurement

Depreciation and amortisation

Refer to note 10 for property, plant and equipment depreciation, note 11 for right of use asset depreciation and note 12 for amortisation.

Global Enterprise Resource Planning ("ERP") software implementation costs

During FY22, the Group continued to progress its ongoing global ERP implementation. The Group recognises the configuration and customisation costs in a software as a service ("SaaS") arrangement as an operating expense or a prepayment, recognised, in profit or loss as the customisation and configuration services are received. In limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset, insofar as it relates to the development of bridging modules to existing on-premise systems or bespoke additional software capability where the customer controls the IP of the underlying software code.

During FY22, $41.5 million (FY21: $60.8 million) of costs relating to the Global ERP implementation were charged to profit or loss. This was comprised of $7.3 million (FY21: $11.1 million) of employee benefits expense and $34.2 million (FY21: $49.7 million) of other expenses, which primarily include professional fees and software license expenses incurred during development of the software.

The costs recognised in the profit or loss relating to the Global ERP implementation are included within the Unallocated segment in the Segment note (note 2) as the costs for the Global ERP programme are recognised as a corporate expense.

6 DIVIDENDS

	CENTS PER SHARE	AMOUNT A$M
2022:		
Interim 2022 (44% franked)	**41.0**	80.3
Final 2021 (50% franked)	**30.0**	59.9
2021:		
Interim 2021 (100% franked)	**12.0**	24.2

Since the end of the fiscal year, the Directors have declared a final dividend of 50.0 cents per share (50% franked). The dividend will be payable on 19 October 2022 to shareholders on the Company's register at the record date of 5 October 2022. The estimated dividends to be paid, but not recognised as a liability at the end of the reporting period, is approximately $92.5 million.

Dividend franking account

The franked components of all dividends paid or declared were franked based on an Australian corporate tax rate of 30%.

At 30 June 2022, there was an $1.2 million surplus (2021: $0.5 million surplus) of estimated franking credits.

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7 EARNINGS/(LOSS) PER SHARE

Basic earnings per share is calculated by dividing net profit/(loss) by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing net profit by the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

The weighted average number of shares used for the purposes of calculating basic earnings per share is calculated after deduction of the shares held by the Group's trusts.

	2022	2021
Basic earnings/(loss) per share (in A¢)	**303.1**	114.1
Diluted (loss)/earnings per share (in A¢)	**295.6**	112.8
Weighted average number of shares used in the denominator ('000)		
Basic shares	**197,722**	201,045
Dilutive effect of share-based awards	**5,036**	2,402
Diluted shares	**202,758**	203,447

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ASSETS AND LIABILITIES

8 TRADE AND OTHER RECEIVABLES

	2022 A$M	2021 A$M
Trade receivables	**500.6**	469.3
Loss allowance	**(2.6)**	(2.1)
Net trade receivables	**498.0**	467.2
Other receivables	**109.3**	85.9
Tax receivable	**49.5**	20.7
Prepayments	**40.6**	32.5
Total current receivables	**697.4**	606.3
Movement in loss allowance		
Balance at 1 July	**2.1**	1.3
Provision recognised/ (written back) during the year	**0.4**	0.9
Foreign exchange differences	**0.1**	(0.1)
Balance at 30 June	**2.6**	2.1
Debtors overdue		
Days overdue		
1–30 days	**28.9**	21.8
31–60 days	**7.9**	3.9
Over 60 days	**12.9**	5.7
	49.7	31.4

Recognition and measurement

Trade and other receivables are initially recognised at fair value, and subsequently measured at amortised cost, net of loss allowance. Trade receivables are generally due for settlement within 30 to 60 days following shipment, except in the case of certain ferrous shipments made to export destinations, which are generally secured by letters of credit that are collected on negotiated terms but generally within 10 days of shipment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written-off by reducing the carrying amount directly. A loss allowance account is used based upon the lifetime expected credit loss model as required by AASB 9 *Financial Instruments*. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument or asset. Refer to the processes described in the credit risk section of note 22 for further information regarding the Group's approach to ongoing credit monitoring. Expected credit losses on other receivables is not considered material.

When a trade receivable for which a loss allowance provision had been recognised becomes uncollectible in a subsequent period, it is written-off against the provision for impairment account. Subsequent recoveries of amounts previously written-off are credited against other expenses in profit or loss.

9 INVENTORIES

	2022 A$M	2021 A$M
Raw materials	**128.9**	107.0
Finished goods	**605.9**	508.1
Stores and spare parts	**29.0**	24.4
	763.8	639.5

As at 30 June 2022, the value of ferrous inventory held by the Group was $430.4 million (2021: $376.4 million).

The cost of inventories recognised as expense during FY22 amounted to $6,684.8 million (2021: $4,043.4 million).

Lower of cost and market adjustments during the year ended 30 June 2022 amounted to $17.0 million (2021: nil).

Recognition and measurement

Inventories are stated at the lower of cost and net realisable value. Cost is based on first-in, first-out or weighted average and comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity.

Stores and spare parts consist of consumable and maintenance stores and spare parts when they do not meet the definition of property, plant and equipment.

Critical accounting estimate and judgement

Valuation and existence of inventories

Quantities of inventories are determined using various estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification.

Net realisable value

The Group reviews its inventory at the end of each reporting period to determine if it is properly stated at the lower of cost and net realisable value. Net realisable value is based on estimated future selling prices. Impairment losses may be recognised or reversed on inventory if management needs to revise its estimates of net realisable value in response to changing market conditions.

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10 PROPERTY, PLANT AND EQUIPMENT

	LAND A$M	BUILDINGS A$M	LEASEHOLD IMPROVEMENTS A$M	PLANT & EQUIPMENT A$M	CAPITAL WORK IN PROGRESS A$M	TOTAL A$M
At 30 June 2022						
Cost	**449.8**	**438.8**	**110.5**	**1,304.5**	**205.3**	**2,508.9**
Accumulated depreciation	**–**	**(213.0)**	**(74.0)**	**(904.6)**	**–**	**(1,191.6)**
Net book amount	**449.8**	**225.8**	**36.5**	**399.9**	**205.3**	**1,317.3**
Movement						
Balance at 1 July	**334.1**	**258.6**	**38.9**	**416.0**	**76.1**	**1,123.7**
Additions	**101.3**	**1.6**	**2.1**	**14.4**	**194.8**	**314.2**
Disposals	**(1.6)**	**(0.5)**	**(0.1)**	**(1.0)**	**–**	**(3.2)**
Acquisitions (note 23)	**–**	**0.2**	**–**	**20.7**	**5.8**	**26.7**
Dispositions (note 23)	**–**	**(35.7)**	**–**	**(26.0)**	**(3.2)**	**(64.9)**
Reclass to Asset held for Sale	**0.2**	**–**	**–**	**–**	**–**	**0.2**
Transfers	**(5.0)**	**14.1**	**2.5**	**68.5**	**(80.1)**	**–**
Impairment charges [1]	**–**	**–**	**–**	**(19.6)**	**(2.2)**	**(21.8)**
Depreciation expense	**–**	**(25.4)**	**(6.4)**	**(90.9)**	**–**	**(122.7)**
Foreign exchange differences	**20.8**	**12.9**	**(0.5)**	**17.8**	**14.1**	**65.1**
Balance at 30 June	**449.8**	**225.8**	**36.5**	**399.9**	**205.3**	**1,317.3**

	LAND A$M	BUILDINGS A$M	LEASEHOLD IMPROVEMENTS A$M	PLANT & EQUIPMENT A$M	CAPITAL WORK IN PROGRESS A$M	TOTAL A$M
At 30 June 2021						
Cost	334.1	455.2	107.3	1,349.1	76.1	2,321.8
Accumulated depreciation	–	(196.6)	(68.4)	(932.9)	–	(1,197.9)
Net book amount	334.1	258.6	38.9	416.2	76.1	1,123.9
Movement						
Balance at 1 July	335.6	276.5	28.1	424.3	128.3	1,192.8
Additions	–	0.7	1.7	9.3	111.2	122.9
Disposals	(0.6)	(0.2)	(0.1)	(2.1)	(1.8)	(4.8)
Acquisitions (note 23)	1.3	3.1	–	10.1	0.9	15.4
Dispositions (note 23)	–	–	–	(0.2)	–	(0.2)
Transfers	18.8	18.3	15.1	89.0	(141.2)	–
Global ERP software implementation costs	–	–	–	–	(14.5)	(14.5)
Reclass to intangible assets(note 12)	–	–	–	–	(1.2)	(1.2)
Impairment charges	–	–	(0.1)	(6.3)	–	(6.4)
Depreciation expense	–	(24.2)	(5.7)	(89.6)	–	(119.5)
Foreign exchange differences	(21.0)	(15.6)	(0.1)	(18.3)	(5.6)	(60.6)
Balance at 30 June	334.1	258.6	38.9	416.2	76.1	1,123.9

1 A$21.8 million of the FY22 impairment charges were the result of review of assets and projects within the NAM and Unallocated segments. The impairment charges were recognised in profit or loss within the other expenses line item in FY22.

Recognition and measurement

Carrying value

Property, plant and equipment is recorded at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition and installation of the items.

Depreciation

Assets are depreciated on a straight-line basis over their estimated useful lives. Useful lives are reassessed at the end of each reporting period and are subject to management judgement. The expected useful lives are as follows:

- Buildings – 25 to 40 years.
- Plant and equipment – one to 20 years.
- Leasehold improvements – lesser of life of asset or term of the lease.

Proceeds from sale of assets

The gross proceeds from sale of assets are recognised at the date that an unconditional contract of sale is exchanged with the purchaser and control of the asset is transferred. Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amounts and recognised in profit or loss.

Critical accounting estimate and judgement

Impairment

The carrying amounts of the Group's property, plant and equipment are reviewed for impairment when there is an indication that the asset may be impaired. If the asset's carrying amount is greater than its estimated recoverable amount, then an impairment loss is recognised. Assessing the recoverable amount of property, plant and equipment requires management judgement.

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11 LEASES

	REAL ESTATE A$M	PLANT & EQUIPMENT A$M	TOTAL A$M
At 30 June 2022			
Cost	**296.7**	**189.5**	**486.2**
Accumulated impairment	**(5.9)**	**–**	**(5.9)**
Accumulated depreciation	**(86.8)**	**(97.1)**	**(183.9)**
Net book amount	**204.0**	**92.4**	**296.4**
Movement			
Balance at 1 July	**182.3**	**94.0**	**276.3**
Additions	**126.0**	**40.6**	**166.6**
Acquisitions	**–**	**0.7**	**0.7**
Impairment expense reversed	**0.2**	**–**	**0.2**
Disposals	**(76.7)**	**(3.4)**	**(80.1)**
Depreciation expense	**(34.6)**	**(43.0)**	**(77.6)**
Foreign exchange differences	**6.8**	**3.5**	**10.3**
Balance at 30 June	**204.0**	**92.4**	**296.4**
At 30 June 2021			
Cost	247.6	164.6	412.2
Accumulated impairment	(7.2)	–	(7.2)
Accumulated depreciation	(58.1)	(70.6)	(128.7)
Net book amount	182.3	94.0	276.3
Movement			
Balance at 1 July	216.8	94.6	311.4
Additions	9.7	44.5	54.2
Impairment expense	(1.2)	–	(1.2)
Depreciation expense	(31.7)	(41.7)	(73.4)
Foreign exchange differences	(11.3)	(3.4)	(14.7)
Balance at 30 June	182.3	94.0	276.3

Consolidated income statements

	2022 A$M	2021 A$M
Right-of-use asset depreciation	**77.6**	73.4
Interest expense (included in finance costs)	**8.0**	7.4
Expense related to short-term and low-value leases	**2.7**	22.6

Consolidated statement of cash flows

	2022 A$M	2021 A$M
Repayment of lease liabilities within 'financing activities'	**78.4**	74.1
Interest related to lease liabilities within 'operating activities'	**8.0**	7.4
Total lease cash outflows	**86.4**	81.5

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The contractual cash flows of the Group's lease liabilities at the reporting date are shown in the table below. The contractual amounts represent the future undiscounted cash flows.

	2022 A$M	2021 A$M
Not later than one year	**82.3**	74.9
Later than one year, but not later than five years	**189.6**	177.4
Later than five years	**108.3**	115.9
	380.2	368.2
Less: unearned interest	**34.0**	43.1
	346.2	325.1

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Recognition and Measurement

Depreciation

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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12 INTANGIBLE ASSETS

	GOODWILL A$M	SUPPLIER RELATIONSHIPS A$M	PERMITS A$M	LICENSES/ CONTRACTS A$M	SOFTWARE & OTHER A$M	TOTAL A$M
At 30 June 2022						
Cost	**1518.3[1]**	**296.1**	**12.0**	**50.9**	**50.5**	**1,928.5**
Accumulated impairment	**(1,415.8)**	**(24.9)**	**(12.0)**	**(0.8)**	**(17.2)**	**(1,471.4)**
Accumulated amortisation	**–**	**(247.8)**	**–**	**(49.5)**	**(26.6)**	**(323.9)**
Net book amount	**102.5**	**23.4**	**–**	**0.6**	**6.7**	**133.2**
Movement						
Balance at 1 July	**79.9**	**11.9**	**–**	**–**	**1.2**	**93.0**
Acquisitions (note 23)	**20.5**	**12.2**	**–**	**0.6**	**4.1**	**37.4**
Additions	**–**	**–**	**–**	**–**	**1.5**	**1.5**
Amortisation expense	**–**	**(2.1)**	**–**	**–**	**(0.4)**	**(2.5)**
Foreign exchange differences	**2.1**	**1.4**	**–**	**–**	**0.3**	**3.8**
Balance at 30 June	**102.5**	**23.4**	**–**	**0.6**	**6.7**	**133.2**

	GOODWILL A$M	SUPPLIER RELATIONSHIPS A$M	PERMITS A$M	LICENSES/ CONTRACTS A$M	SOFTWARE & OTHER A$M	TOTAL A$M
At 30 June 2021						
Cost	1,554.9	278.5	12.2	46.8	41.0	1,933.4
Accumulated impairment	(1,475.0)	(33.7)	(12.2)	(0.8)	(15.8)	(1,537.5)
Accumulated amortisation	–	(232.9)	–	(46.0)	(24.0)	(302.9)
Net book amount	79.9	11.9	–	–	1.2	93.0
Movement						
Balance at 1 July	59.3	0.7	–	–	–	60.0
Acquisitions (note 23)	20.1	11.3	–	–	–	31.4
Reclass from property, plant and equipment (note 12)	–	–	–	–	1.2	1.2
Amortisation expense	–	(0.4)	–	–	–	(0.4)
Foreign exchange differences	0.5	0.3	–	–	–	0.8
Balance at 30 June	79.9	11.9	–	–	1.2	93.0

1 In FY22, the Group wrote off historically impaired goodwill balance in UK of $35.9 million and the associated accumulated impairment.

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Recognition and measurement

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

Other intangible assets, comprising supplier relationships, permits, trade names, software and contracts, are acquired individually or through business combinations and are stated at cost less accumulated amortisation and impairment losses. Permits have an indefinite life. Software and other intangible assets include acquired trade names and software assets. The Company accounts for SaaS arrangements in which the Company controls the asset as an identified intangible asset within trade names and software.

Amortisation

Intangible assets with finite useful lives are amortised either on a straight-line basis or on the expected period of future consumption of embodied economic benefits. Supplier relationships are amortised over a period of one to 10 years, trade names over 20 years and contracts over a period of one to three years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

Impairment

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired. Other definite lived intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the cash generating unit ("CGU") level. CGUs represent the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

Goodwill has been allocated subsequent to impairments and disposals, for impairment testing purposes, to the CGUs as follows.

CGU	Segment	2022 A$M	2021 A$M
Australia and New Zealand Metal	ANZ Metal	**61.7**	57.7
North America Metal [1]	North America Metal	**39.2**	20.6
All other CGUs		**1.6**	1.6
Total		**102.5**	79.9

1 During FY22, the Group acquired recycling businesses within the NAM and ANZ segment which resulted in goodwill of $20.5 million and other intangible assets of $16.8 million at the date of acquisition. Refer to note 23 for further information.

Impairment charges

There were no impairment charges recognised in FY22 nor in FY21.

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Critical accounting estimate and judgement

Determination of potential impairment requires an estimation of the recoverable amount of the CGUs to which the goodwill and intangible assets with indefinite useful lives are allocated. The recoverable amount of each CGU is determined based on the higher of its value in use or fair value less costs to sell. These calculations require the use of assumptions such as discount rates, growth rates based on historical market data and other assumptions.

Key assumptions used for goodwill and intangible asset impairment tests

The value in use calculations use a five-year cash flow projection, which is based initially on the budget for the year ended 30 June 2023 (as approved by the Board) and a four-year forecast prepared by management. The four-year forecast is developed using historical averages derived from four years of historical results and the budget for the year ended 30 June 2023.

These five-year projections also incorporate management estimates related to the inherent impact of future volatility in volumes, commodity prices and margins drawn from past experience and factor in current and expected future economic conditions. A terminal value is determined from the final year of cash flow based on application of the Gordon Growth model.

The cash flows are discounted using rates that reflect management's estimate of the time value of money and the risks specific to each CGU that are not already reflected in the cash flows. In determining appropriate discount rates for each CGU, consideration has been given to a weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the CGU.

The cash flow projections are based on management's best estimates, with reference to historical results, to determine income, expenses, capital expenditures and cash flows for each CGU. Expected future cash flows used to determine the value in use of goodwill are inherently uncertain and could materially change over time.

For CGUs utilising the value in use calculation to determine the recoverable amount, the key assumptions used for the value in use calculations were as follows:

	DISCOUNT RATE (PRE-TAX)		GROWTH RATE	
CGU	2022 %	2021 %	2022 %	2021 %
North America Metal	**13.3**	11.0	**1.9**	1.7
ANZ Metal	**14.7**	13.6	**1.9**	1.9

There were no reasonably possible changes in assumptions that would result in impairment of the CGUs.

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13 INCOME TAXES

	2022 A$M	2021 A$M
Income tax expense		
Current income tax charge	**159.6**	44.5
Adjustments for prior years	**0.5**	2.8
Deferred income tax	**(1.8)**	25.8
Income tax expense recognised in profit or loss	**158.3**	73.1
Reconciliation of income tax expense to prima facie income tax expense		
Profit/(loss) before income tax	**757.6**	302.5
Tax at the standard Australian rate of 30%	**227.3**	90.8
Effect of tax rates in other jurisdictions	**(57.6)**	(6.5)
Non-deductible expenses	**5.5**	6.0
Recognition previously unrecognised deferred tax assets	**(20.6)**	(9.8)
Share of results of joint ventures	**(3.3)**	(1.8)
Non-assessable income	**(0.5)**	–
Share-based payments	**2.8**	(11.8)
State and local taxes	**6.8**	3.4
Adjustments for prior years	**0.5**	2.8
Other	**(2.6)**	–
Income tax expense recognised in profit or loss	**158.3**	73.1
Income tax (benefit)/charge directly to equity		
Share-based payments	**1.6**	(5.0)
Exchange gain on foreign denominated intercompany loans	**13.6**	(13.8)
	15.2	(18.8)
Tax expense relating to items of other comprehensive income		
Defined benefit plans	**0.5**	0.6
	0.5	0.6
Deferred tax assets and liabilities		
Deferred tax assets		
The balance comprises temporary difference attributable to:		
(amounts recognised in profit or loss)		
Provisions and other accruals	**19.2**	18.4
Employee benefits	**40.6**	26.5
Property, plant and equipment	**4.0**	4.3
Intangible assets	**11.6**	11.7
Joint ventures	**10.6**	17.7
Tax loss carryforwards and tax credits	**23.5**	18.5
Leases	**93.1**	73.5
Share-based payments	**6.8**	6.1
ERP software-other	**30.9**	17.0
	240.3	193.7
(amounts recognised directly in equity)		
Defined benefit plans	**0.4**	0.7
Share-based payments	**2.5**	5.0
	2.9	5.7

	2022 A$M	2021 A$M
Deferred tax assets (continued)		
Balance at 1 July	**199.4**	221.9
Charged to income statement	**34.6**	(13.5)
Charged directly to equity and other comprehensive income	**(1.8)**	4.5
Transfers to deferred tax liabilities	**(1.3)**	–
Foreign exchange differences	**12.3**	(13.5)
Balance at 30 June	**243.2**	199.4
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
(amounts recognised in profit or loss)		
Intangible assets	**2.4**	1.8
Leases	**90.6**	72.1
Property, plant and equipment	**89.4**	86.3
Inventory and consumables	**3.2**	2.7
Joint ventures	**3.1**	2.5
Share-based payments	**0.2**	–
Employee benefits	**8.0**	3.8
Other	**2.2**	1.4
	199.1	170.6
(amounts recognised directly in equity)		
Defined benefit plans	**0.2**	–
Exchange gain on foreign denominated intercompany loans	**26.3**	12.7
	26.5	12.7
Movements		
Balance at 1 July	**183.3**	199.5
Charged to income statement	**19.3**	7.5
Charged directly to equity and other comprehensive income	**13.7**	(13.8)
Transfers from deferred tax assets	**(1.3)**	–
Foreign exchange differences	**10.6**	(9.9)
Balance at 30 June	**225.6**	183.3
Net deferred tax asset	**17.6**	16.1
Deferred tax balances recognised in the Consolidated Statement of Financial Position		
Deferred tax asset	**161.0**	134.7
Deferred tax liability	**143.4**	118.6
Net deferred tax asset	**17.6**	16.1

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Recognition and measurement

Current tax

The income tax expense or benefit for the period is the tax payable on the current period taxable income using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect to prior years.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax base. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The FY21 deferred tax assets and liabilities have been reclassified in the current period, reducing the deferred tax assets and deferred tax liabilities by $64.7 million (FY20: $67.4 million).

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realisation of deferred tax assets. The net deferred tax assets are all reviewed for realisability each reporting period. In preparing the analysis to determine if there is certainty in future profitability to utilise the deferred assets, in order to be consistent and conservative, the future profitability projected in the goodwill impairment models has been used to determine the recognition of the net deferred tax assets. At 30 June 2022, previous unrecognised deferred tax assets were recognised generating a tax benefit of $9.3 million. Certain entities utilised deferred tax assets that were not recognised during the year resulting in a tax benefit for the period of $10.3 million.

At 30 June 2022, the Group has not recognised deferred tax assets totalling $75.0 million (2021: $96.9 million) as it is not probable that they will be realised. A portion of the unrecognised deferred tax asset relates to unused tax losses of $63.6 million (2021: $73.1 million) due to either a history of tax losses or it is not considered probable that there will be sufficient future taxable profits to realise the benefit of deferred tax assets within certain subsidiary entities.

Tax consolidation legislation

The Company and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 31 October 2005. The Company is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing and funding agreement that provides for the allocation of income tax liabilities between entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement on the basis that the probability of default is remote.

Critical accounting estimate and judgement

Deferred tax

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of probable future taxable profits.

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14 TRADE AND OTHER PAYABLES

	2022 A$M	2021 A$M
Current:		
Trade payables	**454.0**	392.4
Other payables	**223.2**	204.0
Deferred income	**45.0**	31.6
	722.2	628.0
Non-current:		
Other payables	**15.9**	18.6

Recognition and measurement

Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of a financial year, which are unpaid.

Movements in deferred income during the fiscal year relate to revenue recognised upon the satisfaction of performance obligations. Deferred income of $31.6 million at 30 June 2021 was earned during FY22 and $45.0 million at 30 June 2022 relates to new performance obligations.

15 PROVISIONS

	2022 A$M	2021 A$M
Employee benefits	**139.3**	110.7
Self-insured risks	**33.1**	33.6
Onerous provisions	**5.2**	9.2
Legal provisions	**33.9**	2.3
Property make-good	**27.2**	28.6
Other provisions	**39.2**	31.1
	277.9	215.5
Current	**189.1**	130.4
Non-current	**88.8**	85.1
	277.9	215.5

Movements in each class of provision during the year ended 30 June 2022, other than employee benefits, are set out below:

	SELF INSURANCE RISKS A$M	ONEROUS PROVISIONS A$M	LEGAL A$M	PROPERTY MAKE-GOOD A$M	OTHER PROVISIONS[1] A$M
Balance at 1 July	33.6	9.2	2.3	28.6	31.1
Provisions recognised/(reversed)	(3.2)	0.6	31.5	4.2	8.0
Payments	–	(4.4)	(0.1)	(6.0)	(2.5)
Foreign exchange differences	2.7	(0.2)	0.2	0.4	2.6
Balance at 30 June	33.1	5.2	33.9	27.2	39.2

1 Other provisions includes contingent consideration attributed to the Alumisource acquisition. Refer to note 23 for more detail.

Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Probability requires a degree of management judgement. Other than for loss contracts, provisions are not recognised for future operating losses.

Employee benefits

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Self-insurance

Certain of the Group's subsidiaries are self-insured for property, health, workers' compensation and general liability claims. Provisions are recognised based on claims reported, and an estimate of claims incurred but not reported. These provisions are determined by actuaries on a discounted basis.

Onerous provisions

Provisions for onerous commitments are recognised when the Group believes that the unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received under the contract.

Property make-good

Provisions are recorded for estimated make-good expenses for the Group's leased properties and environmental rehabilitation costs. The provision is an estimate of costs for property remediation that is expected to be required in the future.

The Group is subject to comprehensive environmental requirements relating to, among others, the acceptance, storage, treatment, handling and disposal of solid waste and hazardous waste; the discharge of materials and storm water into the environment; the management and treatment of wastewater and storm water and the remediation of soil and groundwater contamination. As a consequence, the Group has incurred, and will continue to incur, environmental costs and liabilities associated with site and facility operation, closure, remediation, monitoring and licensing.

Provisions have been made in respect of estimated environmental liabilities where obligations are known to exist and can be reasonably measured. However, additional liabilities may emerge due to a number of factors, including changes in environmental laws and regulations in each of the jurisdictions in which the Group operates or has operated. The Group cannot predict the extent to which it may be impacted in the future by any such changes in legislation or regulation.

Legal claims

Various Group companies are parties to legal actions and claims that arise in the ordinary course of their business. While the outcome of such legal proceedings cannot be readily foreseen, the Group believes that they will be resolved without material effect on its financial statements. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably estimated and there are no contingent obligations the Group are aware of.

Other provisions

Other provisions include contingent obligations resulting from acquisition-related contractual arrangements. A provision is made when a Group company has a subsequent legal or constructive obligation, and it is probable that an outflow of resources will be required to settle the obligation based on the contractual terms. Subsequent to a fair value purchase accounting assessment, any remeasurement of the contingent consideration will be recognised in profit or loss. Additionally, miscellaneous closure provisions associated with commercially driven restructuring plans, which are not otherwise bifurcated in specific provision categories, are included within other provisions.

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16 RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of pension plans for the benefit of its employees throughout the world. The Group's pension plans are provided through either defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement. The defined contribution plans receive fixed contributions from Group companies with the Group's legal obligation limited to these contributions. The Group made contributions of $8.4million in the year ended 30 June 2022 (2021: $12.6 million).

Defined benefit plans

The Group operates different defined benefit plans in the UK, Australia and US. The specific characteristics (benefit formulas, funding policies and types of assets held) of the defined benefit plans vary according to the regulations and laws in the country where the defined benefit plans are offered.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2022 A$M	2021 A$M
Fair value of defined benefit plan assets	**73.1**	92.7
Present value of accumulated defined benefit obligations	**(68.1)**	(87.3)
Net amount	**5.0**	5.4
Net amount comprised of:		
Retirement benefit assets	**6.6**	7.8
Retirement benefit obligations	**(1.6)**	(2.4)
Net defined benefit asset	**5.0**	5.4

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The movements in the net defined benefit balance during the year ended 30 June are outlined below:

	2022			2021		
	FAIR VALUE OF PLAN ASSETS A$M	PRESENT VALUE OF OBLIGATION A$M	NET PLAN ASSET A$M	FAIR VALUE OF PLAN ASSETS A$M	PRESENT VALUE OF OBLIGATION A$M	NET PLAN ASSET A$M
Balance at 1 July	**92.7**	**(87.3)**	**5.4**	94.7	(91.9)	2.8
Actuarial gains/(losses) recorded in comprehensive income	**(16.3)**	**16.6**	**0.3**	1.4	1.3	2.7
Current service cost	**(0.1)**	**(0.5)**	**(0.6)**	(0.1)	(0.6)	(0.7)
Net interest income	**1.8**	**(1.8)**	**–**	1.6	(1.7)	(0.1)
Employer contributions	**0.3**	**0.1**	**0.4**	0.2	–	0.2
Benefit payments	**(4.1)**	**4.1**	**–**	(4.6)	4.6	–
Foreign exchange differences	**(1.2)**	**0.7**	**(0.5)**	(0.5)	1.0	0.5
Balance at 30 June	**73.1**	**(68.1)**	**5.0**	92.7	(87.3)	5.4

The principal actuarial assumptions, which require estimations and judgement, used to calculate the net defined benefit balance were as follows. These are expressed as a weighted average.

	2022	2021
Discount rate	**3.0%**	2.1%
Rate of increase in salaries	**3.5%**	3.0%
Rate of increase in Retail Price Index (UK defined benefit plan only)	**3.5%**	3.0%

The Group expects to make contributions of $1.5 million to the defined benefit plans during the next financial year.

The major categories of plan assets are as follows:

	2022 A$M	2021 A$M
Cash	**2.9**	22.5
Equity investments	**6.0**	11.2
Debt instruments	**23.0**	54.0
Property and other assets	**41.2**	5.0
Total plan assets	**73.1**	92.7

Recognition and measurement

The defined benefit obligations are calculated annually, at a minimum, by independent actuaries using the projected unit credit method. Remeasurements of the net defined benefit balance, excluding interest, are recognised immediately in other comprehensive income.

The Group determined the net interest income on the net defined benefit balance for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the opening net defined benefit balance, adjusted for any changes in the net defined benefit balance during the period resulting from contributions and benefit payments. Net interest income related to the defined benefit plans is recognised in the income statement.

17 OTHER FINANCIAL ASSETS AND LIABILITIES

	2022 A$M	2021 A$M
Other financial assets – Current:		
Investments in marketable securities	**13.5**	13.1
Trust assets	**1.2**	0.7
Lease receivable	**0.9**	0.7
Restricted cash related to captive insurance financial asset (note 18)	**–**	20.1
Derivative financial instruments:		
Forward commodity contracts	**42.2**	11.5
Forward foreign exchange contracts	**–**	0.8
	57.8	46.9
Other financial assets – Non-current:		
Loans to related parties[1]	**42.0**	40.0
Long term lease receivable	**34.1**	35.0
Other receivables	**17.6**	22.0
	93.7	97.0
Other financial liabilities – Current:		
Derivative financial instruments:		
Forward foreign exchange contracts	**10.1**	7.6
	10.1	7.6

1 In FY20, the Group provided a US$40.0 million loan to Adams Steel of Nevada LLC, an entity held by George Adams who is a member in the Group's joint venture, SA Recycling. The loan accrues interest at 4% for an eight year term. At 30 June 2022, the balance of the loan was $42.0 million.

Recognition and measurement

Derivative financial instruments

Refer to note 22.

Investments in marketable securities

Investments in marketable securities are designated as a financial asset at fair value through profit or loss. Investments in marketable securities are initially recognised at fair value and are subsequently carried at fair value. The fair value of the investment is based on last quoted price. Unrealised gains and losses arising from changes in the fair value are recognised in profit or loss.

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CAPITAL STRUCTURE AND RISK MANAGEMENT

18 CASH AND CASH EQUIVALENTS

	2022 A$M	2021 A$M
Cash at bank and on hand	**219.2**	240.3
Restricted cash related to captive insurance financial asset	**33.6**	–
Cash and cash equivalents	**252.8**	240.3

Cash at bank and on hand includes an amount of restricted cash related to captive insurance of $33.6 million (FY21: $20.1 million). In April 2022, IFRIC published an agenda decision summarising IFRIC considerations and decisions relating to demand deposits with restrictions on use arising from a contract with a third party. The agenda decision clarified that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash.

The Group has reassessed the accounting treatment of restricted cash related to captive insurance in accordance with the IFRIC agenda decision and presented these amounts as part of cash and cash equivalents in the current year. The Group has considered that the disclosure in FY21 of these amounts in other financial assets had no material impact on the Group's current nor prior year financial statements and, on that basis, has not restated the prior period comparative amounts.

Reconciliation of profit/loss for the year ended 30 June to net cash inflows/(outflows) from operating activities

	2022 A$M	2021 A$M
Profit/(loss) for the year ended 30 June	**599.3**	229.4
Adjustments for non-cash items:		
Depreciation and amortisation	**202.8**	193.3
Non-cash interest expense	**0.3**	0.5
Equity accounted results net of dividends received	**(138.7)**	(110.8)
Non-cash share-based payments expense	**23.0**	17.5
Unrealised (gain)/loss on held for trading derivatives	**(16.7)**	(14.7)
Non-cash retirement benefit expense	**0.6**	0.7
Non–cash forgiveness of debt	**–**	(0.4)
Remeasurement of contingent consideration	**6.4**	–
Net gain on disposal of property, plant and equipment	**(9.5)**	(8.2)
Loss/(gain) on disposal of subsidiaries	**(40.5)**	0.5
Formation gain for joint venture	**(26.9)**	–
Impairment of property, plant and equipment	**21.8**	6.4
Non-cash write off of ERP implementation operating costs	**–**	13.0
Increase in deferred taxes	**–**	7.9
Other	**(0.6)**	1.2
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(34.4)**	(247.9)
(Increase)/decrease in inventories	**(104.2)**	(309.1)
Increase/(decrease) in prepayments	**0.5**	(9.9)
Increase/(decrease) in provisions	**50.5**	58.9
Increase/(decrease) in income taxes	**(14.7)**	33.1
Increase/(decrease) in trade and other payables	**28.8**	268.0
Net cash inflows/(outflows) from operating activities	**547.8**	129.4

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Reconciliation of liabilities arising from financing activities

	BORROWINGS A$M	LEASES LIABILITIES A$M
Balance at 30 June 2021	**232.0**	**325.1**
Financing cash flows	**113.5**	**(78.4)**
Lease additions	**–**	**165.6**
Non-cash lease transactions	**–**	**(76.6)**
Non-cash foreign exchange movement	**10.0**	**10.5**
Balance at 30 June 2022	**355.5**	**346.2**

	BORROWINGS A$M	LEASES LIABILITIES A$M
Balance at 30 June 2020	116.9	363.5
Financing cash flows	125.3	(74.1)
Non-cash forgiveness of debt	(0.4)	–
Lease additions	–	50.9
Non-cash foreign exchange movement	(9.8)	(15.2)
Balance at 30 June 2021	232.0	325.1

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

19 BORROWINGS

Non-current borrowings at 30 June 2022 consist of $355.5 million, primarily related to bank loans (2021: $232.0 million).

The Group has access to unsecured global multi-currency/multi-option loan facilities, all of which are subject to common terms. The Group had access to the following credit standby arrangements at the balance date. The amount of credit available is subject to limits from loan covenants as specified in the loan facilities.

	2022 A$M	2021 A$M
Unsecured global multi-currency/multi-option loan facilities	**823.5**	613.9
Amount of credit unused, inclusive of financial guarantees on loan facilities	**427.6**	337.1

In November 2021, the Group renewed its loans facilities on substantially the same terms and conditions as had previously existed. This renewal extended the maturity dates of the Group's borrowing facilities by an additional two years to 31 October 2024.

The group incurred $11.6 million of finance costs, excluding lease interest, during the year ended 30 June 2022, mainly comprised of interest on external borrowings and commitment fees on the Group's loan facilities (2021: $6.7 million).

There have been no breaches of the Group's bank covenants during the period.

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Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

20 CONTRIBUTED EQUITY

	2022		2021	
	NUMBER OF SHARES	A$M	NUMBER OF SHARES	A$M
On issue per share register at the beginning of the period	**201,478,612**	**2,735.6**	201,217,486	2,735.6
Share buy-back	**(7,743,782)**	**(123.9)**	–	–
Issued under long-term incentive plans	**379,539**	**–**	261,126	–
On issue per share register at the end of the period	**194,114,369**	**2,611.7**	201,478,612	2,735.6
Less: Treasury shares held at the end of the period	**(1,619,568)**	**(28.5)**	(540,878)	(7.8)
Total contributed equity	**192,494,801**	**2,583.2**	200,937,734	2,727.8

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. With effect from 1 January 2020, the Company has allowed participants of its long-term incentive plan ("LTIP") to withhold shares to satisfy applicable tax withholding and exercise costs under the LTIP.

Share buy-back

On 23 August 2021, the Company announced a share buy-back program for 12 months that commenced an on-market share buy-back program of up to $150 million worth of shares. The number and timing of shares purchased will depend on the Company's share price and market conditions. All ordinary shares purchased pursuant to the share buy- back program will be cancelled. During FY22, the Company purchased and cancelled 7,743,782 ordinary shares for total consideration of $123.9 million under its current buy-back program.

Employee share ownership programme trusts

During August 2019, the Company established two separate employee share ownership programme trusts for the benefit of all long-term incentive plan eligible employees of the Company. The trust uses funds provided by Sims Limited and/or its subsidiaries to acquire shares on market to satisfy exercises and vestings under the Group's long-term incentive plans. The trusts held 1,619,568 shares at 30 June 2022 (2021: 540,878 shares).

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds. When the Company purchases any of its own equity instruments, for example, as a result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from contributed equity.

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21 RESERVES AND ACCUMULATED DEFICIT

Reserves

	SHARE BASED PAYMENTS A$M	CASH FLOW HEDGING A$M	FOREIGN CURRENCY TRANSLATION A$M	TOTAL A$M
Balance at 1 July 2020	238.1	(1.1)	29.9	266.9
Equity-settled share-based payment expense	17.8	–	–	17.8
Share of joint venture's other comprehensive income	–	1.1	–	1.1
Gain reclassified to profit or loss on disposal of foreign operations	–	–	(0.2)	(0.2)
Foreign currency translation differences	–	–	(91.5)	(91.5)
Deferred tax	5.0	–	13.8	18.8
Balance at 30 June 2021	260.9	0.0	(48.0)	212.9
Equity-settled share-based payment expense	**22.7**	**–**	**–**	**22.7**
Gain reclassified to profit or loss on disposal of foreign operations	**–**	**–**	**(16.7)**	**(16.7)**
Foreign currency translation differences	**–**	**–**	**122.0**	**122.0**
Deferred tax	**(1.6)**	**–**	**(13.6)**	**(15.2)**
Balance at 30 June 2022	**282.0**	**–**	**43.7**	**325.7**

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of share-based awards issued to employees.

Cash flow hedging reserve

The cash flow hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are recognised in profit or loss when the associated hedged transaction impacts profit or loss. The Group primarily uses forward foreign exchange contracts.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Group disposes of the foreign operation.

Accumulated deficit

	2022 A$M	2021 A$M
Balance at 1 July	**(821.6)**	(1,019.0)
Profit/(loss) after tax	**599.3**	229.4
Dividends paid	**(140.2)**	(24.2)
Treasury shares purchased	**(8.7)**	(9.9)
Actuarial gain on defined benefit plans, net of tax	**(0.2)**	2.1
Balance at 30 June	**(371.4)**	(821.6)

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22 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk, commodity price risk and equity securities price risk), credit risk and liquidity risk. The Group's overall financial risk management strategy seeks to mitigate these risks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by a limited number of employees as authorised by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Risk Committee ("RC") of the Board oversees the monitoring of compliance by management with the Group's risk management framework. The RC is assisted in its oversight role by Internal Audit which undertakes reviews of key management controls and procedures.

The Group uses derivative financial instruments in certain circumstances in accordance with Board approved policies to hedge exposure to fluctuations in foreign exchange rates and commodity prices. Derivative financial instruments are used for hedging purposes and not as trading or other speculative instruments.

Capital risk management

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the Group remains in a sound financial position. In order to manage the capital structure, the Group may periodically adjust dividend policy, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure primarily using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt. As at 30 June 2022, the Group had a net cash position of $(102.7) million (2021: $8.3 million).

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's net profit or the value of its holdings of financial instruments.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to transactions settled in US dollars. The exposure of an entity to transaction risk is minimised by matching local currency income with local currency costs.

The Group enters into forward foreign exchange contracts to hedge sales or purchase commitments denominated in currencies that are not the functional currency of the relevant entity. These contracts are typically entered for a period of three to six months based on when the transaction is expected to settle.

The Group's net financial assets/(liabilities) exposure to foreign exchange risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2022 A$M	2021 A$M
Currency		
US dollar	**208.2**	99.8
Euro	**90.9**	21.9
British pounds sterling	**5.7**	21.3

The table below shows the net impact of a 10% appreciation of the relevant currency against the Australian dollar for the balances above with all other variables held constant and the corresponding effect on the Group's forward foreign exchange contracts with all other variables held constant.

Impact on post-tax profit – (lower)

	2022 A$M	2021 A$M
Currency		
US dollar	**(12.8)**	(22.2)
Euro	**1.6**	(2.4)

Impact on equity – higher

	2022 A$M	2021 A$M
Currency		
US dollar	**41.8**	38.5

The impact on equity includes the effect from intragroup long-term borrowings which, in substance, form part of the Group's investment in an entity. Exchange gains and losses on these balances are recorded in the foreign currency translation reserve.

A 10% depreciation of the relevant currency against the Australian dollar would have an equal and opposite effect.

(ii) Commodity price risk

The Group is exposed to risks associated with fluctuations in the market price for ferrous and non-ferrous metals and precious metals, which are at times volatile. The Group seeks to mitigate commodity price risk by seeking to turn over its inventories quickly, instead of holding inventories in anticipation of higher commodity prices.

The Group uses forward commodity contracts matched to purchases or sales of non-ferrous metals (primarily copper, nickel and aluminium) and certain precious metals (primarily gold, silver and palladium) where viable forward commodity contracts are available to minimise price risk exposure. The hedges undertaken aim to protect margins and provide downside protection of the underlying value of on-site finished goods inventories and unpriced in-transit sales.

At the end of the reporting period, none of the Group's forward commodity contracts qualified for hedge accounting, despite being valid economic hedges of the relevant risk. Accordingly, any movement in commodity rates that impact the fair value of these forward commodity contracts are recorded in profit or loss. Note 17 shows the carrying amount of the Group's forward commodity contracts at the end of the reporting period.

A 10% appreciation in commodity prices on outstanding forward commodity contracts, with all other variables held constant, would result in lower net profit of $2.2 million during FY22 (2021: $19.1 million). A 10% depreciation of the stated commodity prices would have an equal and opposite effect.

(iii) Interest rate risk

The Group is exposed to interest rate risk as entities borrow funds at variable interest rates. The Group does not use any derivative financial instruments to manage its exposure to interest rate risk. Cash deposits, loans to third parties and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate risk for interest-bearing liabilities is immaterial in terms of possible impact on profit or loss.

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Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

The Group establishes credit limits for its customers. Trade and other receivables consist of a large number of customers, spread across various metal producing sectors in international markets. Ongoing credit evaluation is performed on the financial condition of the Group's customers and, where appropriate, a loss allowance is raised. For certain customers, the Group purchases credit insurance to protect itself against collection risks.

The Group is also exposed to credit risk arising from the Group's transactions in derivative contracts. For credit purposes, there is only a credit risk where the counterparty is liable to pay the Group in the event of a closeout.

The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to financial institutions that typically have a minimum credit rating of "A" by either Standard & Poor's or Moody's, unless otherwise approved by the Board. Management also monitors the current credit exposure with each counterparty. Any changes to counterparties or their credit limits must be approved by the Group Chief Financial Officer.

Liquidity risk

Liquidity risk is associated with ensuring that there is sufficient cash and cash equivalents on hand and the availability of funding through an adequate amount of committed credit facilities to meet the Group's obligations as they mature and the ability to close out market positions.

The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic and volatile nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Included in note 19 is a summary of undrawn facilities that the Group can draw upon if required.

The contractual cash flows of the Group's financial liabilities are shown in the table below. The contractual amounts represent the future undiscounted cash flows. The amounts for interest bearing liabilities also include interest cash flows and therefore, do not equate to the carrying amount. The expected timing of cash outflows are set out below:

	LESS THAN 1 YEAR A$M	BETWEEN 1 AND 5 YEARS A$M	OVER 5 YEARS A$M	TOTAL A$M
2022				
Non-derivatives:				
Trade and other payables	**722.2**	**12.6**	**3.3**	**738.1**
Borrowings	**–**	**355.5**	**–**	**355.5**
Derivatives:				
Net settled (forward commodity contracts)	**–**	**–**	**–**	**–**
Gross settled (forward foreign exchange contracts):				
– (inflows)	**(470.4)**	**–**	**–**	**(470.4)**
– outflows	**480.3**	**–**	**–**	**480.3**
	732.1	**368.1**	**3.3**	**1,103.5**
Interest on financial commitments	**10.0**	**10.0**	**3.4**	**23.4**
Financial guarantees [1]	**51.4**	**–**	**–**	**51.4**
	793.5	**378.1**	**6.7**	**1,178.3**

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	LESS THAN 1 YEAR A$M	BETWEEN 1 AND 5 YEARS A$M	OVER 5 YEARS A$M	TOTAL A$M
2021				
Non-derivatives:				
Trade and other payables	628.0	9.8	8.8	646.6
Borrowings	–	232.0	–	232.0
Derivatives:				
Net settled (forward commodity contracts)	–	–	–	–
Gross settled (forward foreign exchange contracts):				
– (inflows)	(509.6)	–	–	(509.6)
– outflows	517.0	–	–	517.0
	635.4	241.8	8.8	886.0
Interest on financial commitments	5.5	1.8	–	7.3
Financial guarantees [1]	61.8	–	–	61.8
	702.7	243.6	8.8	955.1

1 Refer to note 29 for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. However, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement.

Put option

A subsidiary of the Group holds a 50% share in the SA Recycling, LLC Joint Venture ("SAR"). The remaining 50% of SAR is owned by the Adams family through Adams Steel LLC ("Adams Steel"). Under the terms of the SAR Operating Agreement dated 1 September 2007, as subsequently amended, Adams Steel holds an option which gives Adams Steel the right to compel the Group's subsidiary to purchase some or all of its interest on a cash free/debt free basis, using a 4.5 multiple of the average annual EBITDA for the prior three fiscal years. Sims' assessment is that this formula would result in an exercise price that would be considered equal to the fair value of 50% of SAR. As such, the derivative does not have a material value to be accounted for. The purchase of some or all of the interest under the option is to be settled in cash within twelve months of the option being exercised. The option has no expiry date and has no impact on the current control of SAR. The Group considers that sufficient financing options are available should the put option be exercised.

Fair value

The carrying amounts and estimated fair values of the Group's financial assets and liabilities are materially the same.

The fair value of financial instruments traded on active markets (such as publicly traded derivatives and investments in marketable securities) is based on quoted market prices at the reporting date. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (such as forward foreign exchange contracts) is determined using readily observable broker quotes. These instruments are included in level 2.

There were no transfers between levels during the year.

Valuation of financial assets and liabilities

Financial instruments carried at fair value are classified by valuation method using the following hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Certain derivative instruments do not qualify for hedge accounting, despite being valid economic hedges of the relevant risks. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses. Refer to note 4 for the impact of hedge gains or losses for non-qualified hedges.

The Group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item impacts profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within revenue.

Where the hedged item is the cost of a non-financial asset or liability, such as a forecast transaction for the purchase of property, plant and equipment, the amounts recognised within other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gains or losses that were deferred in equity are immediately transferred to profit or loss.

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GROUP STRUCTURE

23 BUSINESS ACQUISITIONS AND DISPOSALS

Acquisitions

(A) RECYCLERS AUSTRALIA

On 6 December 2021, the Group acquired Recyclers Australia, within the ANZ segment, for total consideration of $18.2 million. Recyclers Australia is a recycling business with two facilities located in Queensland (Yatala, Brendale) and one facility located in Victoria (Melbourne).

On a combined basis, had the acquisition occurred on 1 July 2021, the revenue and net profit contribution by the business acquired to the Group's Income Statement would not have been material. Additionally, revenue and net profit contribution by the business acquired to the Group post acquisition would not have been material.

Details of the aggregate preliminary purchase consideration and cash outflow, assets and liabilities arising from the acquisition and goodwill recognised from the acquisition are as follows:

	A$M
Prepayments	**0.1**
Inventories	**0.5**
Property, plant and equipment	**11.3**
Right of use asset	**0.7**
Identified intangible assets (note 12)	**2.4**
Deferred tax liabilities	**(0.5)**
Lease liabilities	**(0.7)**
Net identifiable assets acquired	**13.8**
Goodwill on acquisition	**4.4**
Total cash consideration paid	**18.2**

The Group incurred $1.2 million of transactional costs related to the acquisition.

The accounting for the Recyclers Australia acquisition has only been provisionally determined at the reporting date. Subject to the finalisation of the provisional acquisition accounting, all identifiable intangible assets have been recognised separately from goodwill. In accordance with the requirements of AASB 3 *Business Combinations*, the consolidated entity has 12 months from the date of acquisition to finalise its acquisition accounting, and therefore the information presented should be considered provisional.

(B) ATLANTIC RECYCLING GROUP

On 16 December 2021, the Group announced that it had agreed to acquire the commercial and operating assets of Maryland-based Atlantic Recycling Group, within the NAM segment, for total consideration of US$37.0 million and acquisition of inventory on hand for US$12.0m. This transaction was completed on 1 January 2022.

On a combined basis, had the acquisition occurred on 1 July 2021, the revenue and net profit contribution by the business acquired to the Group's Income Statement would not have been material. Additionally, net profit contribution by the business acquired to the Group post acquisition would not have been material.

Details of the aggregate preliminary purchase consideration and cash outflow, assets and liabilities arising from the acquisition and goodwill recognised from the acquisition are as follows:

	A$M
Property, plant and equipment	**20.9**
Identified intangible assets (note 12)	**14.4**
Net identifiable assets acquired	**35.3**
Goodwill on acquisition	**16.1**
Total cash consideration paid	**51.4**

Certain purchase accounting items, such as the value of intangible assets shown above, require a degree of judgement. The Group has consulted with an independent third party to determine appropriate valuation of these assets. The Group incurred $1.0 million of transactional costs related to the acquisition.

The accounting for the Atlantic Recycling Group acquisition has only been provisionally determined at the reporting date. Subject to the finalisation of the provisional acquisition accounting, all identifiable intangible assets have been recognised separately from goodwill. In accordance with the requirements of AASB 3 *Business Combinations*, the consolidated entity has 12 months from the date of acquisition to finalise its acquisition accounting, and therefore the information presented should be considered provisional.

(C) ALUMISOURCE CORPORATION

On 12 February 2021, the Group acquired certain commercial and operating assets of Alumisource Corporation, an aluminium processing business, within the NAM segment for total consideration of $32.8 million. The primary reason for the acquisition was to increase non-ferrous retail sales volumes, particularly to aluminium customers.

Details of the aggregate purchase consideration and cash outflow, assets and liabilities arising from the acquisition and goodwill recognised from the acquisition are as follows:

	A$M
Trade receivables	**13.3**
Inventories	**5.1**
Property, plant and equipment (note 10)	**15.4**
Identified intangible assets (note 12)	**11.3**
Trade payables	**(9.5)**
Net identifiable assets acquired	**35.6**
Goodwill on acquisition	**20.1**
Total consideration	**55.7**
Due from seller	**2.1**
Contingent consideration (note 15)	**(25.0)**
Net cash outflow	**32.8**

Certain purchase accounting items, such as the discounted contingent consideration on initial value of intangible assets shown above, require a degree of judgement. The Group had consulted with an independent third party to determine appropriate valuation of the acquisition, including the contingent consideration. Contingent consideration was calculated using a Monte-Carlo simulation model, which took into account a range of discounted projected future earnings, and factored in assumptions, such as discount rates and growth rates.

On an undiscounted basis, management estimated contingent consideration was expected to be $24.9 million to $37.4 million. The provision for contingent consideration was predicated on an expected three to five year period based on a pre-defined earnout formula, which will be paid based on future earnings before interest, tax, depreciation and amortisation ("EBITDA") relative to a predefined target EBITDA. Subsequent to the fair value purchase accounting assessment, any remeasurement of the contingent consideration will be recognised in profit or loss.

At 30 June 2022, the liability for contingent consideration has been remeasured. An additional provision of $9.0 million has been recorded to reflect the expected increase in the contingent consideration payable and foreign exchange impact on the liability.

The Group incurred $1.1 million of transactional costs related to the acquisition.

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Disposals and Sale of Interest

(A) SIMS MUNICIPAL RECYCLING

The Group agreed to sell a majority stake in Sims Municipal Recycling of New York, LLC to a group of investors including two of the Closed Loop Partners ("CLP") Investment funds. Under the terms of the transaction, Sims sold 50.46% of SMR for US$45.4 million with Sims retaining the balance. Sims hold two of the five board seats under the arrangements. Management control rests with Closed Loop and its partner investors. Sims disposed of the SMR business from the date of transaction closure, and account for its remaining investment as an Investment in Associate.

The sale was effective as of 31 January 2022. The consideration and the carrying amount of the net assets at the date of disposal are as follows.

	A$M	A$M
Total cash consideration		**63.4**
Less: cash settlement of loans prior to closing		**(0.8)**
Net cash inflow on disposal of businesses		**62.6**
Net carrying value of disposed assets:		
Cash	**–**	
Receivables	**19.0**	
Inventories	**0.5**	
Other assets	**0.7**	
Property, plant and equipment, net	**79.6**	
Payables	**(15.4)**	
Other liabilities	**(14.7)**	
Total net assets	**69.7**	
Less: total net carrying value of disposed assets at 50.46%		**(35.2)**
Gain reclassified to profit or loss on disposal of foreign operations		**16.7**
Gain on sale of interest (note 3)		**44.1**

The Group recognised $26.9 million as the portion of that gain attributable to remeasuring the 49.54% investment interest retained in the former subsidiary by the Group at its fair value at the date when control was lost.

The Group incurred $2.5 million of transactional costs related to the transaction.

(B) OTHER DISPOSALS

During FY21, the Group sold its Dubai operations, previously classified as held for sale, for total consideration of $0.1 million. The transaction resulted in a loss on sale of $0.5 million, included in other expenses.

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24 SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING % 2022	EQUITY HOLDING % 2021
Sims Limited[1]	Australia		
Electronic Product Stewardship Australasia Pty Limited	Australia	**90%**	90%
Sims Aluminium Pty Limited[1]	Australia	**100%**	100%
Sims E-Recycling Pty Limited	Australia	**90%**	90%
Sims Energy Pty Ltd	Australia	**90%**	90%
Sims Group Australia Holdings Limited[1]	Australia	**100%**	100%
Sims Group Holdings 1 Pty Ltd	Australia	**100%**	100%
Sims Group Holdings 2 Pty Ltd	Australia	**100%**	100%
Sims Group Holdings 3 Pty Limited	Australia	**100%**	100%
Sims Industrial Pty Limited	Australia	**100%**	100%
Simsmetal Holdings Pty Limited	Australia	**100%**	100%
Simsmetal Properties NSW Pty Limited	Australia	**100%**	100%
Simsmetal Properties Qld Pty Limited	Australia	**100%**	100%
Simsmetal Services Pty Limited[1]	Australia	**100%**	100%
Sims Resource Renewal Pty Limited	Australia	**100%**	100%
Sims Group Canada Holdings Limited	Canada	**100%**	100%
Sims Group Recycling Solutions Canada Ltd	Canada	**100%**	100%
Sims Recycling Solutions s.r.o.[2]	Czech Republic	**–**	100%
Sims Group German Holdings GmbH	Germany	**100%**	100%
Sims Lifecycle Services GmbH	Germany	**100%**	100%
Sims Metal Management Asia Limited	Hong Kong	**100%**	100%
Sims Recycling Solutions India Private Limited	India	**100%**	100%
Trishyiraya Recycling India Private Limited	India	**100%**	100%
Sims Recycling Solutions Ireland Limited	Ireland	**100%**	100%
Sims Lifecycle Services BV	Netherlands	**100%**	100%
Sims Recycling Solutions Coöperatief B.A.	Netherlands	**100%**	100%
Sims E – Recycling (NZ) Limited	New Zealand	**90%**	90%
Sims Pacific Metals Limited	New Zealand	**100%**	100%
Simsmetal Industries Limited	New Zealand	**100%**	100%
Gaukara Company No. 2 Limited[3]	Papua New Guinea	**–**	100%
PNG Recycling Limited[3]	Papua New Guinea	**100%**	100%
Sims Recycling Solutions Sp. z.o.o.	Poland	**100%**	100%
Sims Global Commodities Pte. Ltd.	Singapore	**100%**	100%
Sims Recycling Solutions Pte. Ltd.	Singapore	**100%**	100%
Cooper Metal Recycling Ltd[2]	UK	**–**	100%
Deane Wood Export Limited[2]	UK	**–**	100%
Dunn Brothers (1995) Limited[2]	UK	**–**	100%
Kaystan Holdings Limited	UK	**100%**	100%
Lord & Midgley Limited	UK	**100%**	100%
Morley Waste Traders Limited	UK	**100%**	100%
Sims Foundry Limited	UK	**100%**	100%
Sims Renewable Energy Limited	UK	**100%**	100%
Sims Group UK Holdings Limited	UK	**100%**	100%
Sims Group UK Intermediate Holdings Limited	UK	**100%**	100%
Sims Group UK Limited	UK	**100%**	100%
Sims Group UK Pension Trustees Limited	UK	**100%**	100%

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING %	
		2022	2021
Sims Metal Management Finance Limited	UK	**100%**	100%
Sims Metal Management U.K. Limited [2]	UK	**–**	100%
Sims Recycling Solutions Limited [2]	UK	**–**	100%
United Castings Limited [2]	UK	**–**	100%
CIM Trucking, Inc.	US	**100%**	100%
Converge Engineering LLC [4]	US	**–**	100%
Dover Barge Company	US	**100%**	100%
Global Sustainability Insurance Corporation	US	**100%**	100%
Metal Dynamics Detroit LLC [5]	US	**–**	100%
Metal Management Indiana, Inc.	US	**100%**	100%
Metal Management Memphis, L.L.C. [6]	US	**100%**	100%
Metal Management Midwest, Inc.	US	**100%**	100%
Metal Management Northeast, Inc.	US	**100%**	100%
Metal Management Ohio, Inc.	US	**100%**	100%
Metal Management, Inc.	US	**100%**	100%
Sims ARG, Inc (previously 'Naporano Iron & Metal, Inc.')	US	**100%**	100%
New York Recycling Ventures, Inc.	US	**100%**	100%
Sims Aluminum Inc.	US	**100%**	100%
Sims Southwest Corporation	US	**100%**	100%
Schiabo Larovo Corporation	US	**100%**	100%
Sims Energy USA Holdings Corporation	US	**100%**	100%
Sims Energy USA LLC	US	**100%**	100%
Sims Group Global Trade Corporation	US	**100%**	100%
Sims Group USA Corporation	US	**100%**	100%
Sims Group USA Holdings Corporation	US	**100%**	100%
Sims Metal Management USA GP	US	**100%**	100%
Sims Recycling Solutions Holdings Inc.	US	**100%**	100%
Sims Recycling Solutions Inc.	US	**100%**	100%
Simsmetal East LLC	US	**100%**	100%
Simsmetal West LLC	US	**100%**	100%
SMM – North America Trade Corporation	US	**100%**	100%
SMM Gulf Coast LLC	US	**100%**	100%
SMM New England Corporation	US	**100%**	100%
SMM South Corporation	US	**100%**	100%
SMM Southeast LLC	US	**100%**	100%
Sims Lifecycle Services S.A. de C.V. [7]	Mexico	**100%**	–
Sims Lifecycle Services Ltda. [7]	Brazil	**100%**	–
Sims Lifecycle Services Limited [7]	UK	**100%**	–
Sims Metal Limited [7]	UK	**100%**	–

1 These subsidiaries and the Company are parties to a Deed of Cross Guarantee under which each entity guarantees the debts of the others. The above entities represent a Closed Group and an Extended Closed Group for the purposes of the relevant Australian Securities and Investments Commission Class Order.

2 These subsidiaries were dissolved in the current year.

3 Gaukara Company No.2 Limited was merged into PNG Recycling Limited. Effective from 1 July 2021.

4 Converge Engineering LLC was merged into Sims Recycling Solutions Inc. Effective 30 June 2022.

5 Metal Dynamics Detroit LLC was merged into Metal Management Ohio Inc. Effective 30 June 2022.

6 Metal Management Memphis LLC was merged into Metal Management Midwest Inc. Effective 30 June 2022.

7 These subsidiaries were formed in the current year.

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Deed of Cross Guarantee

Sims Limited, Sims Group Australia Holdings Limited, Sims Aluminium Pty Limited and Simsmetal Services Pty Limited are parties to a Deed of Cross Guarantee ("DCG") under which each company guarantees the debts of the others. By entering into the DCG, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785, as in force on 28 April 2021.

The above companies represent a "Closed Group" for the purposes of the Class Order. As there are no other parties to the DCG that are controlled by Sims Limited, they also represent the "Extended Closed Group". Set out below are the condensed consolidated income statement, a consolidated statement of comprehensive income, a summary of movements in consolidated accumulated deficit and a consolidated statement of financial position for the Closed Group.

	2022 A$M	2021 A$M
(i) Condensed consolidated income statement		
Profit before income tax	**76.6**	45.1
Income tax expense	**(25.1)**	(3.8)
Profit after tax	**51.5**	41.3
(ii) Consolidated statement of comprehensive income		
Profit after tax	**51.5**	41.3
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Changes in the fair value of derivatives held as cash flow hedges, net of tax	**–**	–
Item that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plans, net of tax	**0.7**	(0.2)
Other comprehensive (loss)/income for the year, net of tax	**0.7**	(0.2)
Total comprehensive income for the year	**52.2**	41.1
(iii) Summary of movements in consolidated accumulated deficit		
Balance at 1 July	**(900.0)**	(907.0)
Profit for the year	**51.5**	41.3
Actuarial (loss) on defined benefit plans, net of tax	**0.7**	(0.2)
Trust reserves	**(8.7)**	(9.9)
Dividends provided for or paid	**(140.2)**	(24.2)
Balance at 30 June	**(996.7)**	(900.0)

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	2022 A$M	2021 A$M
(iv) Consolidated statement of financial position		
Current assets		
Cash and cash equivalents	**13.2**	101.7
Trade and other receivables	**266.5**	220.4
Inventories	**198.2**	127.3
Other financial assets	**1.2**	0.7
Assets classified as held for sale	**–**	0.1
Total current assets	**479.1**	450.2
Non-current assets		
Investments in joint ventures	**75.4**	71.1
Other financial assets	**1,620.4**	1,618.9
Right of use assets	**48.2**	59.3
Property, plant and equipment	**355.2**	224.3
Deferred tax assets	**4.3**	1.2
Other intangible assets	**49.1**	42.3
Total non-current assets	**2,152.6**	2,017.1
Total assets	**2,631.7**	2,467.3
Current liabilities		
Trade and other payables	**264.0**	232.1
Lease liabilities	**17.4**	18.5
Other financial liabilities	**4.8**	3.8
Current tax liabilities	**8.3**	10.1
Provisions	**73.5**	33.4
Total current liabilities	**368.0**	297.9
Non-current liabilities		
Lease liabilities	**76.6**	75.4
Borrowings	**312.0**	–
Retirement benefit obligations	**0.6**	1.5
Provisions	**7.3**	5.2
Total non-current liabilities	**396.5**	82.1
Total liabilities	**764.5**	380.0
Net assets	**1,867.2**	2,087.3
Equity		
Contributed equity	**2,583.2**	2,727.8
Reserves	**280.7**	259.5
Accumulated deficit	**(996.7)**	(900.0)
Total equity	**1,867.2**	2,087.3

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25 INTERESTS IN OTHER ENTITIES

Joint ventures

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST % 2022	OWNERSHIP INTEREST % 2021
SA Recycling, LLC ("SAR")	Recycling	US	**50**	50
LMS Energy Pty Ltd ("LMS")	Renewable energy	Australia	**50**	50
Richmond Steel Recycling Limited	Recycling	Canada	**50**	50
Rondout Iron & Metal Company LLC	Recycling	US	**50**	50
Sims Municipal Recycling of New York, LLC [1]	Recycling	US	**49.5**	100
Simstar Alloys Pty Limited [2]	Recycling	Australia	**0**	0

1 Sale of 50.46% interest during FY22. Refer to note 23.
2 Joint venture was deregistered during FY21.

Movements in carrying amounts of joint ventures

2022	SAR A$M	SMR A$M	OTHER A$M	TOTAL A$M
Balance at 1 July	**305.9**	**–**	**111.2**	**417.1**
Share of results	**302.5**	**1.0**	**9.2**	**312.7**
Share of other comprehensive income	**(0.1)**	**–**	**–**	**(0.1)**
Fair value of investment in associates	**–**	**61.4**	**–**	**61.4**
Dividends received	**(171.0)**	**–**	**(3.0)**	**(174.0)**
Other	**–**	**–**	**4.8**	**4.8**
Foreign exchange differences	**33.2**	**1.5**	**2.7**	**37.4**
Balance at 30 June	**470.5**	**63.9**	**124.9**	**659.3**

2021				
Balance at 1 July	219.6	–	103.2	322.8
Share of results	158.2	–	9.7	167.9
Share of other comprehensive income	1.1	–	–	1.1
Dividends received	(55.1)	–	(2.0)	(57.1)
Foreign exchange differences	(17.9)	–	0.3	(17.6)
Balance at 30 June	305.9	–	111.2	417.1

Summarised financial information of joint ventures

2022				
Statement of financial position				
Current assets	**806.2**	**28.0**	**89.2**	**923.4**
Non-current assets	**1,123.5**	**65.8**	**258.0**	**1,447.3**
Current liabilities	**310.1**	**–**	**30.7**	**340.8**
Non-current liabilities	**671.3**	**–**	**74.3**	**745.6**
Income statement				
Revenue	**5,200.3**	**122.1**	**271.3**	**5,593.7**
Share of net profit for the year	**604.6**	**5.4**	**19.5**	**629.5**

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2021	SAR A$M	SMR A$M	OTHER A$M	TOTAL A$M
Statement of financial position				
Current assets	546.8	–	92.2	639.0
Non-current assets	602.6	–	164.0	766.6
Current liabilities	171.8	–	31.0	202.8
Non-current liabilities	357.7	–	14.2	371.9
Income statement				
Revenue	2,857.0	–	216.1	3,073.1
Share of net profit for the year	318.0	–	19.8	337.8

Balances and transactions with joint ventures

2022	SAR A$M	SMR A$M	OTHER A$M	TOTAL A$M
Purchases of goods and services	**941.7**	**–**	**–**	**941.7**
Management and other fees and commissions	**9.4**	**–**	**1.2**	**10.6**
Current receivables	**7.1**	**(0.4)**	**(1.7)**	**5.0**
Current payables	**22.9**	**–**	**0.1**	**23.0**

2021	SAR A$M	SMR A$M	OTHER A$M	TOTAL A$M
Purchases of goods and services	569.8	–	3.1	572.9
Management and other fees and commissions	5.4	–	1.1	6.5
Current receivables	3.2	–	0.2	3.4
Current payables	19.2	–	0.2	19.4

The assets and liabilities of SAR and SMR are subject to the ongoing purchase price allocation process which allocates the consideration paid to the identifiable assets acquired and liabilities assumed. The purchase price allocation is likely to change certain assets and liabilities disclosed in this note, including the recognition of goodwill and other identifiable intangible assets within the joint ventures when finalised.

Recognition and measurement

Investments in joint ventures have been accounted for under the equity method of accounting. The Group's share of net profit of joint ventures is recorded in the income statement.

Investments in joint ventures are annually tested for impairment and whenever the Group believes events or changes in circumstances indicate that the carrying value amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use.

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26 PARENT ENTITY INFORMATION

The Company was incorporated on 20 June 2005. Under the terms of a scheme of arrangement entered into between Sims Limited (formerly known as Sims Metal Management Limited from 22 November 2008 to 24 November 2019 and Sims Group Limited from 20 June 2005 to 21 November 2008) and Sims Group Australia Holdings Limited ("SGAHL") (formerly known as Sims Group Limited prior to 20 June 2005) on 31 October 2005, the shareholders in SGAHL exchanged their shares in that entity for the shares in Sims Limited.

SGAHL was deemed to be the acquirer in this business combination. This transaction has therefore been accounted for as a reverse acquisition. Accordingly, the consolidated financial statements of Sims Limited have been prepared as a continuation of the consolidated financial statements of SGAHL. Summary financial information is below:

	2022 A$M	2021 A$M
Statement of financial position:		
Current assets	**195.0**	184.6
Total assets	**2,430.9**	2,429.7
Current liabilities	**86.0**	47.0
Total liabilities	**344.5**	88.4
Shareholders' equity:		
Contributed equity	**3,903.9**	4,056.3
Reserves	**282.1**	253.2
Profits reserve	**12.3**	122.5
Accumulated deficit	**(2,111.9)**	(2,090.7)
Total equity	**2,086.4**	2,341.3
Statement of comprehensive income:		
(Loss)/profit for the year	**17.5**	(3.3)
Total comprehensive (loss)/income	**17.5**	(3.3)

Guarantees entered into by the parent entity

The Company has not provided financial guarantees for which a liability has been recognised in the Company's statement of financial position. The Company has given guarantees in respect of the performance of contracts entered into in the ordinary course of business. The amount of these guarantees provided by the Company as at 30 June 2022 was $51.4 million (2021: $61.6 million).

The Company has provided a guarantee for its proportional share of a lease obligation of a joint venture of the Group. The Company's proportional amount of the lease obligation remaining as at 30 June 2022 was $8.7 million (2021: $10.8 million).

The Company is party to a number of financing facilities and a DCG under which it guarantees the debts of a number of its subsidiaries.

OTHER DISCLOSURES

27 SHARE-BASED PAYMENTS

The Company's LTIP is designed as a reward and retention tool for eligible employees. The maximum number of shares that can be outstanding at any time under the LTIP is limited to 5% of the Company's issued capital. Grants under the share ownership plans can be in the form of options or share rights. Certain share ownership plans also provide for cash-settlement, which are determined by the Board.

Share-based payment expense

	2022 A$M	2021 A$M
Equity-settled share-based payments expense	**23.0**	17.5
Cash-settled share-based payments expense	**0.1**	0.9
	23.1	18.4

Equity-settled options

	2022		2021	
EQUITY-SETTLED OPTIONS OUTSTANDING	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Ordinary shares:				
Balance at 1 July	**5,113,022**	**A$11.71**	8,047,884	A$11.35
Granted	**–**	**–**	–	–
Forfeited/expired	**(53,998)**	**A$10.85**	(293,502)	A$10.10
Exercised	**(2,410,453)**	**A$11.46**	(2,641,360)	A$10.79
Balance at 30 June	**2,648,571**	**A$11.96**	5,113,022	A$11.71
Exercisable at 30 June	**2,648,571**	**A$11.96**	4,445,757	A$11.62

For equity-settled options exercised during the year ended 30 June 2022, the weighted average share price at the date of exercise was A$17.11 for ordinary shares (2021: A$13.86 for ordinary shares).

Information about outstanding and exercisable equity-settled options as at 30 June 2022 is as follows:

	OUTSTANDING			EXERCISABLE		
EXERCISE PRICE RANGE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)
Ordinary shares:						
A$9.38–A$10.19	242,360	A$9.40	0.44	242,360	A$9.40	0.44
A$10.51	699,179	A$10.51	1.36	699,179	A$10.51	1.36
A$12.34–A$13.43	1,707,032	A$12.92	2.94	1,707,032	A$12.92	2.94
	2,648,571	A$11.96	2.30	2,648,571	A$11.96	2.30

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Cash-settled options

CASH-SETTLED OPTIONS OUTSTANDING	2022 NUMBER OF OPTIONS	2022 WEIGHTED AVERAGE EXERCISE PRICE	2021 NUMBER OF OPTIONS	2021 WEIGHTED AVERAGE EXERCISE PRICE
Balance at 1 July	**178,139**	**A$10.85**	312,785	A$10.54
Forfeited/Expired	–		(73,533)	A$9.98
Exercised	**(178,139)**	**A$10.85**	(61,113)	A$10.30
Balance at 30 June	–		178,139	A$10.85
Exercisable at 30 June	–		178,139	A$10.85

Performance rights

Performance rights vest after a period of one to three years, subject to the performance hurdle being met. Performance hurdles are either based on Total Shareholder Return ("TSR"), Return on Invested Capital ("ROIC"), or strategic goals criteria. Details of the performance and service conditions are provided in the Remuneration Report.

PERFORMANCE RIGHTS OUTSTANDING	2022 NUMBER OF SHARES	2022 WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE	2021 NUMBER OF SHARES	2021 WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE
Ordinary shares:				
Non-vested balance at 1 July	**4,585,937**	**A$8.65**	4,072,310	A$9.22
Granted	**995,458**	**A$14.80**	1,562,462	A$10.80
Forfeited/cancelled	**(1,836,169)**	**A$12.87**	(1,029,639)	A$14.08
Vested	**(26,499)**	**A$10.77**	(19,196)	A$10.81
Non-vested balance at 30 June	**3,718,727**	**A$8.21**	4,585,937	A$8.65

In the year ended 30 June 2022, 1,836,169 share rights (2021: 992,313) were forfeited as the performance conditions were not satisfied and nil share rights (2021: 37,326) were forfeited due to employment terminations.

Restricted share units

Restricted share units granted to employees typically vest over a period of three to four years.

RESTRICTED SHARE UNITS OUTSTANDING	2022 NUMBER OF SHARES	2022 WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE	2021 NUMBER OF SHARES	2021 WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE
Ordinary shares:				
Non-vested balance at 1 July	**1,935,187**	**A$9.33**	1,456,437	A$9.77
Granted	**564,204**	**A$14.87**	1,015,680	A$9.59
Forfeited/cancelled	**(39,907)**	**A$8.15**	(15,927)	A$10.81
Vested	**(31,680)**	**A$10.58**	(521,003)	A$11.01
Non-vested balance at 30 June	**2,427,804**	**A$10.62**	1,935,187	A$9.33

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Fair value

The significant weighted assumptions used to determine the fair value were as follows. Management consults with a third party firm to perform fair value assessments and assess assumptions, which involve a degree of judgement.

	PERFORMANCE RIGHTS	
	2022	2021
Risk-free interest rate	**0.9%**	0.1%
Dividend yield	**2.8%**	2.3%
Volatility	**28.2%**	31.5%
Share price at grant date	**A$14.80**	A$10.77

Recognition and measurement

The grant date fair value is recognised as an employee benefit expense with a corresponding increase in equity over the vesting period. At the end of each reporting period, the Group revises its estimate of the number of shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

For cash-settled share-based arrangements, the fair value of the amount payable is recognised as an employee benefit expense with a corresponding increase to a liability. The liability is re-measured each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as an employee benefit expense in profit or loss.

The fair value of options and performance rights at grant date is independently determined using either a binomial model or a Monte-Carlo simulation model which takes into account any market related performance conditions. Non-market vesting conditions are not considered when determining fair value, but rather are included in the assumptions about the number of rights that are expected to vest. The fair value of restricted share units is determined based on the market price of the Company's shares on the date of grant and the Company's dividend yield.

28 KEY MANAGEMENT PERSONNEL

Total remuneration paid or payable to Directors and key management personnel ("KMP") is set out below:

	2022 A$	2021 A$
Short-term benefits	**18,033,095**	16,033,265
Long-term benefits	**113,452**	89,584
Post-employment benefits	**380,299**	186,739
Share-based payments	**9,087,915**	6,928,456
	27,614,761	23,238,044

During FY22, a KMP received $1,179,647 of benefits upon retirement at 30 June 2022 related to acceleration of share-based payments. Refer to the FY22 Remuneration Report for further detail.

Other than the disclosures in note 17, 24, 25 and 28, there were no other transactions with related parties for the year ended 30 June 2022 and 2021.

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29 COMMITMENTS AND CONTINGENCIES

COMMITMENTS	2022 A$M	2021 A$M
Lease Commitments		
Not later than one year	**0.5**	0.3
Later than one year, but not later than five years	**1.5**	0.2
Later than five years	**–**	–
Total lease commitments not recognised as liabilities	**2.0**	0.5

	2022 A$M	2021 A$M
Capital expenditures		
Payable within one year	**31.6**	35.9
Later than one year, but not later than five years	**–**	1.9
Later than five years	**–**	0.1
Total capital expenditure commitments not recognised as liabilities	**31.6**	37.9

The commitments included above also include the Group's share relating to joint ventures.

Guarantees

The Group has given guarantees in respect of the performance of contracts entered into in the ordinary course of business. The amounts of these guarantees provided by the Group, for which no amounts are recognised in the consolidated financial statements, as at 30 June 2022 was $51.4 million (2021: $61.6 million).

30 REMUNERATION OF AUDITORS

AUDITOR OF THE PARENT ENTITY	2022 A$'000	2021 A$'000
Deloitte Touche Tohmatsu Australia:		
Audit or review of financial statements		
• Group.	**1,427**	1,281
• Subsidiaries and joint operations.	**511**	490
	1,938	1,771
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**4**	55
Other services:		
• Non-assurance services relating to enterprise risk and sustainability.	**592**	177
• Taxation services.	**78**	14
	2,612	2,017
Other auditors and their related network firms:		
Audit or review of financial statements		
Subsidiaries and joint operations	**1,881**	1,662
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**–**	–
• Other services.		
• Taxation services.	**255**	243
	2,136	1,905
	4,748	3,922

The auditor of Sims Limited is Deloitte Touche Tohmatsu.

31 SUBSEQUENT EVENTS

Other than the declaration of dividends disclosed in note 6, there has not been any matter or circumstances, other than that referred to in the financial reports or notes thereto, that has arisen since the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

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DIRECTORS' DECLARATION

In the Directors' opinion:

(a) The financial statements and notes set out on pages 88 to 141 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that Sims Limited will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 24.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Group Chief Executive Officer and the Group Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

The declaration is made in accordance with a resolution of the directors.

G N Brunsdon
Chairperson

New South Wales
16 August 2022

A Field
Managing Director and Group CEO

New South Wales
16 August 2022

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report to the Members of Sims Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sims Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Existence of Ferrous Inventories At 30 June 2022, the Group's consolidated statement of financial position includes inventories of A$763.8 million, which include ferrous scrap metals inventories of A$430.4 million, as disclosed in Note 9 'Inventories'. The nature of ferrous inventories means significant judgement is required to estimate the ferrous inventories on hand due to the use of various estimation techniques.	Our procedures included, but were not limited to: • Evaluating management's processes for determining the existence of ferrous inventories, including understanding relevant controls; • Testing the existence of ferrous inventories by attending inventory counts conducted by management at material locations at or around year end and observing and challenging management's process to determine the quantities on hand; and • Assessing the adequacy of disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Financial Highlights, Chairman's Review, CEO's Review, Operational and Financial Review, Corporate Governance Statement, Other Information and Shareholder Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Financial Highlights, Chairman's Review, CEO's Review, Operational and Financial Review, Corporate Governance Statement, Other Information and Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 49 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sims Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants
Sydney, 16 August 2022

SHAREHOLDER INFORMATION
As at 16 September 2022

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EQUITY SECURITIES

Substantial Shareholders

	%
Mitsui & Co	17.20%
Allan Gray Australia PTY Ltd	16.02%

ORDINARY SHARES

Distribution of ordinary share holdings

RANGE	HOLDERS
1 to 1,000	6,783
1,001 to 5,000	3,891
5,001 to 10,000	474
10,001 to 100,000	228
100,001 and Over	29
Total	**11,405**

There were 804 holders of less than a marketable parcel of shares.

PERFORMANCE RIGHTS/RESTRICTED SHARE UNITS

Distribution of performance rights/restricted share units holdings

RANGE	HOLDERS
1 to 1,000	0
1,001 to 5,000	52
5,001 to 10,000	30
10,001 to 100,000	66
100,001 and Over	10
Total	**158**

A total of 4,525,147 performance rights and restricted share units to take up ordinary shares are issued under the Sims Limited Long Term Incentive Plan and individual contracts, held by 158 holders.

The performance rights and restricted share units do not have any voting rights.

OPTIONS

Distribution of options holdings

RANGE	HOLDERS
1 to 1,000	1
1,001 to 5,000	14
5,001 to 10,000	7
10,001 to 100,000	33
100,001 and Over	5
Total	**60**

A total of 2,637,038 options to take up ordinary shares are issued under the Sims Limited Long Term Incentive Plan and individual contracts, held by 60 holders.

The options do not have any voting rights.

SHAREHOLDER INFORMATION

As at 16 September 2022

TWENTY LARGEST SHAREHOLDERS

RANK	NAME	16 SEP 2022	%IC
1	HSBC Custody Nominees (Australia) Limited	**53,270,647**	27.55
2	J P Morgan Nominees Australia Pty Limited	**33,580,819**	17.37
3	Mitsui & Co Ltd	**33,450,338**	17.30
4	Citicorp Nominees Pty Limited	**32,575,051**	16.85
5	National Nominees Limited	**7,689,644**	3.98
6	BNP Paribas Noms Pty Ltd	**4,837,367**	2.50
7	Solium Nominees (Australia) Pty Ltd	**1,430,491**	0.74
8	HSBC Custody Nominees (Australia) Limited	**1,177,619**	0.61
9	BNP Paribas Nominees Pty Ltd	**779,466**	0.40
10	HSBC Custody Nominees (Australia) Limited – A/C 2	**528,319**	0.27
11	Citicorp Nominees Pty Limited	**470,513**	0.24
12	BNP Paribas Noms Pty Ltd	**448,155**	0.23
13	Solium Nominees (Australia) Pty Ltd	**322,577**	0.17
14	HSBC Custody Nominees (Australia) Limited-GSCO ECA	**250,443**	0.13
15	Elianaelysia Pty Ltd	**249,610**	0.13
16	Pacific Custodians Pty Limited	**230,312**	0.12
17	BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd	**223,523**	0.12
18	BNP Paribas Nominees Pty Ltd ACF Clearstream	**207,669**	0.11
19	Allcare Investments Pty Ltd	**166,000**	0.09
20	Netwealth Investments Limited	**164,736**	0.09
	Total	**172,053,299**	88.99

FIVE YEAR TREND SUMMARY

FIVE YEAR TREND SUMMARY	2022	2021	2020	2019	2018	2017
Revenue	9,275.6	5,925.9	4,908.5	6,650.2	6,457.9	5,089.6
Profit/(loss) before interest and tax	773.6	314.0	(239.1)	225.0	278.6	201.2
Net finance costs	(16.0)	(11.5)	(13.8)	(6.7)	(8.9)	(10.2)
Tax (expense)/benefit	(158.3)	(73.1)	(12.4)	(65.7)	(66.2)	12.6
Profit/(loss) for the year	599.3	229.4	(265.3)	152.6	203.5	203.6
Net cashflows from operations	547.8	129.4	(65.3)	360.1	252.1	266.4
Earnings/(loss) per share – diluted	295.6	112.8	(131.2)	74.2	98.7	101.6
Dividends per share [1]	91.0	42.0	6.0	42.0	53.0	50.0
Return on shareholders' equity	23.6%	10.8%	(13.4%)	6.6%	9.3%	10.3%
Current ratio (to 1)	1.73	1.80	1.82	1.87	1.75	2.07
Gearing ratio	n/a	n/a	n/a	n/a	n/a	n/a
Net tangible asset backing per share	12.39	10.08	9.56	10.38	9.82	9.13

1 2017 includes a 10.0 cents per share Special Dividend.

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CORPORATE DIRECTORY

SECURITIES EXCHANGE LISTING

The Company's ordinary shares are quoted on the Australian Securities Exchange under the ASX Code 'SGM'.

The Company's American Depositary Shares ("ADSs") are quoted on the Over-the-Counter market under the symbol 'SMSMY'. The Company has a Level I ADS program, and the depositary bank is The Bank of New York Mellon Corporation. ADSs trade under CUSIP number 829160100 with each ADS representing one (1) ordinary share. Further information and investor enquiries on ADSs may be directed to:

The Bank of New York Mellon

Transfer Agency Postal Address By Regular Mail:
PO BOX 505000
Louisville, KY 40233-5000 United States

By Overnight Delivery:

462 South 4th Street Suite 1600 Louisville,
KY 40202 United States

Telephone

Toll Free: 888 269 2377
Toll: +1 (201) 680 6825
Email: shrrelations@cpushareownerservices.com
Website: www-us.computershare.com/investor

REGISTERED OFFICE

Suite 2, Level 9
189 O'Riordan Street Mascot NSW 2020

Telephone: (02) 8113 1600

MAILING ADDRESS

PO Box 651
Botany NSW 1455
Corporate Directory

SHAREHOLDER ENQUIRIES

Enquiries from investors regarding their share holdings should be directed to:

Link Market Services Limited

Street Address
Level 12, 680 George Street
Sydney NSW 2000

Postal Address
Locked Bag A14
Sydney South NSW 1235 Australia

Telephone: 1300 554 474
Outside Australia: +61 1300 554 474
Facsimile: +61 2 9287 0303
Website: www.linkmarketservices.com.au

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Gretchen Johanns
Ana Zita Cardoso Faria Metelo

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