SIMS LIMITED

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

Annual Report 2021

CONTENTS

OUR COMMITMENT

Sims Limited is a global leader in metal and electronics recycling, and an emerging leader in the municipal recycling and renewable energy industries. With more than 260 facilities and operations in 15 countries, Sims plays an integral role in the circular economy by making resources available for future use. As a responsible corporate citizen, we continuously seek new ways to broaden our participation in the environmental sector. 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. With 104 years of recycling experience and more than 3,880 highly skilled employees, our future has never been brighter and safer.

MORE THAN
3,880
EMPLOYEES GLOBALLY

MORE THAN
260
FACILITIES ACROSS 15 COUNTRIES

MORE THAN
104
YEARS OF RECYCLING EXPERIENCE

> With 104 years of recycling experience, Sims Limited's future has never been more promising or safe.

FINANCIAL HIGHLIGHTS

SALES REVENUE (A$M)

$5,916.3

20.5%

UNDERLYING EBIT (A$M)

$386.6

767.7%

UNDERLYING NPAT (A$M)

$284.1

589.0%

NET CASH (A$M)

$8.3

Positive cash position

UNDERLYING RETURN ON PRODUCTIVE ASSETS

20.4

PERCENT

780.0%

FULL-YEAR DIVIDENDS

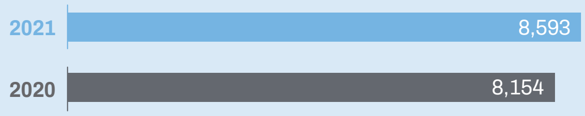
42.0

CENTS

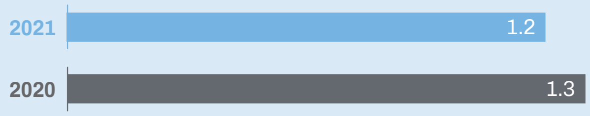
600.0%

YEAR ENDED 30 JUNE (A$ MILLION)	2021	2020
Sales Revenue	5,916.3	4,908.5
Statutory EBITDA	507.3	35.7
Underlying EBITDA	579.9	144.9
Depreciation[1]	(192.9)	(198.0)
Amortisation	(0.4)	(4.8)
Statutory EBIT	314.0	(239.1)
Underlying EBIT	386.6	(57.9)
Net Interest Expense[2]	(11.5)	(13.8)
Underlying Income Tax Benefit/(Expense)	(90.8)	13.6
Statutory NPAT	229.4	(265.3)
Underlying NPAT	284.1	(58.1)
Statutory EPS (Cents Per Share) – Diluted	112.8	(131.2)
Underlying EPS (Cents Per Share) – Diluted	139.6	(28.7)
Full-Year Dividends (Cents Per Share)	42.0	6.0
Net Assets	2,119.1	1,982.3
Net Cash	8.3	110.4
Total Capital[3]	2,110.9	1,871.9
Underlying Return on Capital[4]	13.3%	-2.2%
Non-Current Assets Excluding Lease-Related Assets	1,903.1	1,880.0
Return on Productive Assets[5]	20.4%	-3.0%
Net Tangible Assets	2,026.1	1,922.3
Net Tangible Assets per Share (A$ Per Share)	10.1	9.6
Net Cash Inflow/(Outflow) from Operating Activities	129.4	(65.3)
Capital Expenditures	128.6	140.5
Free Cash Flow After Capital Expenditures[6]	0.8	(205.8)
Employees	3,881	4,075
Sales Tonnes ('000)	8,593	8,154

SALES VOLUMES (TONNES '000)



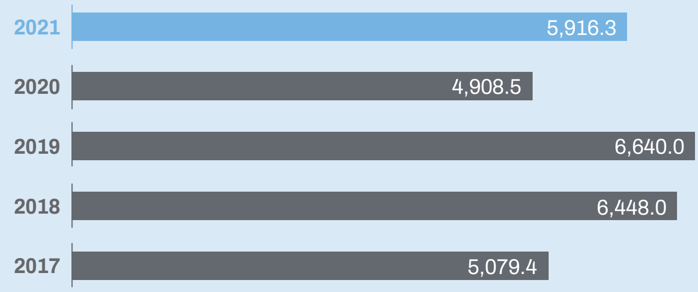
TOTAL RECORDABLE INJURY FREQUENCY RATE



1 FY21 depreciation includes A$73.4 million of expense related to right of use assets (FY20: A$67.1 million).
2 FY21 net interest expense includes A$7.4 million of expense related to right of use assets (FY20: A$6.8 million).
3 Total capital = net assets – net cash.
4 Underlying return on capital = (underlying EBIT net of tax at effective tax rate of 27.5%) / total capital.
5 Return on productive assets = underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB16 Leases.
6 Free cash flow after capital expenditures = operating cash flow – capital expenditures.

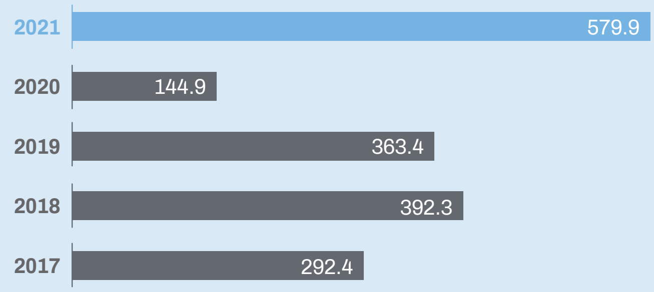
SALES REVENUE (A$M)

$5,916.3



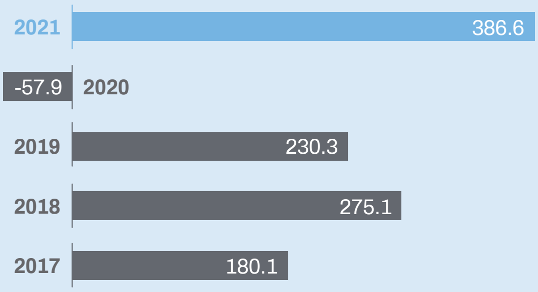
UNDERLYING EBITDA (A$M)

$579.9

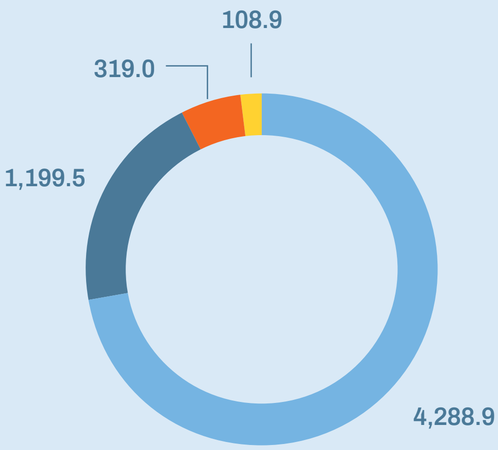


UNDERLYING EBIT (A$M)

$386.6

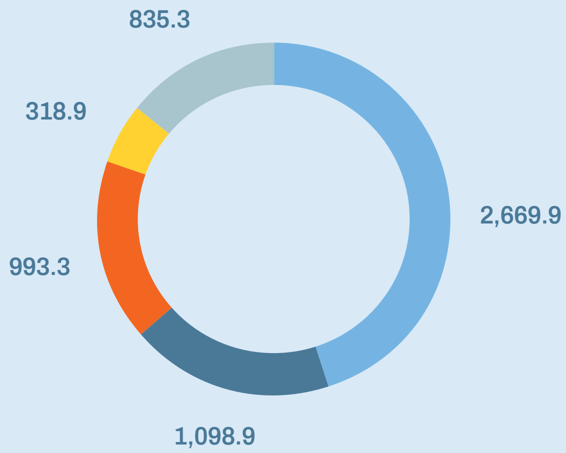


SALES REVENUE BY PRODUCT (A$M)



- Ferrous Metal
- Non Ferrous Metal
- Recycling Services
- Secondary Processing & Other

SALES REVENUE BY BUSINESS (A$M)



- North America Metal
- Australia & New Zealand Metal
- UK Metal
- Sims Lifecycle Services
- Other

When I wrote my review last year, we were several months into the COVID-19 pandemic and experiencing the devastating impact the virus had on our lives and economy. Despite the uncertainty, I spoke of the Board of Directors' confidence in the Sims Purpose, strategic growth plan and leadership team. The Company's accomplishments over the past year have more than confirmed that this confidence was well-founded. Despite the challenging operating conditions, the Company finished the year with an underlying EBIT of A$386.6 million (up 768 percent over the prior year), made good progress on its strategic growth plan, and delivered the best safety results since the Company listed on the Australian Securities Exchange in November 1991.

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 in adjacent businesses that will reduce waste and produce renewable energy. This past year, the Company advanced its plan to grow its core metal business, Sims Metal, through the acquisition of assets of Alumisource Corporation, a leading North American aluminium processor, as well as the acquisition of a purpose-built recycling facility in southwest Sydney. Sims Lifecycle Services also continued to grow its market share by increasing the number of cloud units it repurposed for resale or deployment.

Sims Resource Renewal received planning development approval from the Brisbane City Council and the Queensland government for a pilot facility at Rocklea in Queensland, Australia. This is a significant step in advancing the Company's purpose to create a world without waste to preserve our planet. Sims Resource Renewal will create a truly closed loop in metal recycling by transforming what was waste into new, useful products with commercial value. The business recently announced its intention to produce hydrogen for industrial use at its proposed facility at Campbellfield in Victoria, supporting the transition to a more sustainable energy landscape.

Although there is still uncertainty about the trajectory of the COVID-19 pandemic, the Company is well-positioned with a strong balance sheet and lower cost base as compared to fiscal year 2019, and Sims Limited is ready to capitalise on opportunities, including the growing demand for recycled metal and cloud repurposing. The Board is confident that our disciplined approach to execution of our strategic plan will create significant value for shareholders, our employees and the communities where we operate for many years to come.

Capital Management and Dividends

The Board will continue to balance the need to invest adequate capital in the business to achieve its strategic objectives with appropriate shareholder returns. The Company declared a final dividend for 2021 of 30.0 cents per share, 50 percent franked. This takes the total dividend for FY21 to 42.0 cents per share, a payout ratio of 30% based on statutory earnings. The final dividend will be paid on 20 October 2021 to shareholders on the Company's register at the record date of 6 October 2021.

While the full-year dividend per share represents a 600 percent increase over the prior year, it is a lower payout ratio than in recent years due to the Company's franking position. 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 commenced on 6 September 2021. The number and timing of shares purchased will depend on the Company's share price and market conditions.

Safety

Our first priority has been and will continue to be the safety of our employees, customers, suppliers and those in the communities where we operate. During the year, we continually assessed and improved health, safety and wellness protocols designed to prevent employees from contracting COVID-19. Additionally, in many jurisdictions, the Company encouraged vaccinations by facilitating access to COVID-19 vaccines and provided incentives to do so.

Geoff Brunsdon

Chairman

While implementing these new COVID-19 protocols, our employees did not lose sight of day-to-day operational safety. In FY21, we continued to focus on reducing the risk of injury throughout the organisation. I am pleased to report that the Company experienced the lowest number of critical risk incidents, total recordable injuries and lost time injuries in its recorded history. Safety is paramount in all that we do, and we will continue to focus on safely sending our employees home each day.

Sustainability and Corporate Responsibility

Sustainability remains at the core of the Company's business. As a key enabler of the circular economy, Sims 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. Guided by its purpose, the Company continues to seek innovative ways to keep resources in use at their highest value for as long as possible and assist its customers in increasing the sustainability of their own supply chains and reducing their carbon footprints.

The Board recognises the importance of transparency in reporting to shareholders. In May, the Company announced that it intends to put its climate reporting to a non-binding, advisory vote of shareholders at its FY22 Annual General Meeting. Sims has set clear short-, medium- and long-term emissions reduction targets that are aligned with the Paris Agreement and follow the Science Based Targets initiative (SBTi) methodology. The Company committed to achieve a 23 percent reduction in carbon emissions in its operations by FY25 as compared to FY20, become carbon neutral by 2042, and achieve net zero by 2050. To this end, Sims has developed a pipeline of projects for carbon mitigation, reduction and elimination.

Sims also committed to adopt the Task Force on Climate-related Financial Disclosures recommendations (TCFD) in FY19, and the Company will continue to advance its disclosure in calendar year 2021 through detailed climate-related scenario analysis.

We appreciate that shareholders are not only focused on their financial return on investment, but also on how that return is made. As we said when the Company announced its strategic plan in April 2019, Sims will innovate and invest in technologies that enable it to both achieve its purpose and generate appropriate financial returns. We are convinced that by so doing, Sims Limited will continue to prosper for the benefit of its shareholders, employees, the communities where we operate, its suppliers and customers.

Diversity and Culture

The Board values diversity of background and experience, and we firmly believe that a diverse workforce makes for a better company. The Directors strongly support the Company's goal to achieve 25 percent female representation across the globe. The Company continued to make strides to improve gender diversity in its workforce during FY21. This year, the Company again improved the diversity of its applicant pool; women comprised 30 percent of all job applicants, and its overall female new hires well outpaced the current female population. These actions resulted in the Company's female employee representation increasing to 22 percent of its total employee population at the end of FY21.

We will continue to work hard to ensure that Sims Limited and its portfolio of businesses are appealing for anyone who works here. The Company's approach to hiring is fair, its policies and working environment result in all employees feeling they are welcomed, valued and safe, and its remuneration is equal.

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 who quickly adapted to the new ways of working during the past year in order to keep our facilities running and operating safely.

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 it will be held virtually on 10 November 2021.

Geoff Brunsdon
Chairman

THE COMPANY IS COMMITTED TO ACHIEVE A 23 PERCENT REDUCTION IN CARBON EMISSIONS IN ITS OPERATIONS BY FY25 AS COMPARED TO FY20, BECOME CARBON NEUTRAL BY 2042, AND ACHIEVE NET ZERO BY 2050.

CHAIRMAN'S REVIEW

Sims Limited is well positioned with a strong balance sheet and lower cost base as compared to FY19, and the Company is ready to capitalise on opportunities, including the growing demand for recycled metal and cloud repurposing.

CEO'S REVIEW

Fiscal year 2021 was a year of progress even in the face of adversity. We started the year still feeling, experiencing and living the ongoing effects of the global pandemic, and we ended the year in the same fashion. The mental, physical and emotional toll that COVID-19 has had on our team – one of the best in the business – is immeasurable, but through collaboration, living our purpose and adhering to our values, we managed to end the year on a positive note.

Strong Fiscal Year

After what was a very dramatic and challenging 2020, fiscal year 2021 presented us with a strong set of operational and financial results, which were largely driven by material improvement in market prices during the second half of the year. Not only did we deliver predominantly fixed cost savings of A$75 million as compared to FY19, but we also made substantial progress with advancing our strategic growth plan. These combined efforts positioned Sims Limited for additional success for the next few years.

While we had disappointing results last fiscal year, I am pleased to share that Sims Limited reported an underlying EBIT of A$386.6 million in FY21, A$444.5 million higher than FY20. In fact, each of our major business divisions showed strong earnings growth – as a result of higher sales volumes, active margin management and lower predominantly fixed costs. Sales revenue grew by 20.5 percent to A$5,916.3 million in FY21. The increase was due to higher sales volumes and average selling price driven by increased demand in many industrial sectors.

Proprietary sales volumes were 7.225 million tonnes in FY21, representing an increase of eight percent compared to the prior corresponding period. Volumes were somewhat compressed by lower scrap availability due to COVID-19 impacts during much of the first half of the fiscal year. Higher commodity market prices, beginning in November 2020, persisted throughout the second half of the fiscal year, driving an increase of 7.1 percent in proprietary intake volumes for FY21. The average monthly proprietary intake volume in 2H21 was 96 percent of the FY19 average levels, representing a sequential improvement from 85 percent in 1H21. Statutory NPAT in FY21 was A$229.4 million. Underlying NPAT was A$284.1 million in FY21, compared to a loss of A$58.1 million in FY20.

Safety

With the pandemic still looming around the world, our focus on safety continues to include enhanced measures to keep our 3,881 employees safe and healthy. Although our injury rates were impacted by reduced work hours due to COVID-related site closures – a 19 percent reduction in work hours from the previous year – we still managed to improve our safety performance year-over-year. We experienced 24 percent fewer recordable injuries in FY21 as compared to FY20; this was an excellent result, which built upon the positive trend we saw at the half year.

As with FY20, the global pandemic was a primary concern, but we never relented in addressing the critical risks across our operations through our continuous improvement program. These drove significant improvements, which resulted in the lowest number of critical risk incidents, the lowest number of recordable injuries, and the lowest number of lost time cases.There were over 15,000 corrective actions identified this year; over 95 percent of these actions have already been addressed and closed. Each of these actions was an opportunity to make our sites and offices safe workplaces for all employees, thereby reducing employee injuries.

Safety isn't just one of our core values; it is a way of life for everyone at our Company – from our Board of Directors to our newest employees. Our managers' diligence and demonstrated leadership, coupled with the framework we've implemented over the past two years, have brought us closer to achieving our zero-harm safety goal.

Our employees made outstanding efforts to address the critical risks in our business in FY21, and I am extremely proud of their focus and hard work.

A STRONG AND SUSTAINED SECOND HALF RECOVERY HAS DELIVERED SIGNIFICANT MARGIN GROWTH.

Purpose Equals Strategy

As I reflect on the three pillars that our FY25 sustainability targets are built upon – operate responsibly, close the loop and partner for change – I am encouraged by the progress we've made this year. Our purpose-driven approach serves as a reminder that sustainability is the foundation upon which our business was built. It guides our steps toward being a more responsible corporate citizen and community partner; even though the coronavirus affected how we conduct business, we were able to forge ahead in doing what we do best: constantly driving innovation and development within the circular economy.

Throughout FY21, our team sought a number of ways to lower our overall carbon footprint. This past year, we reduced our carbon footprint by four percent. We started converting our electricity consumption to more renewable sources, resulting in a 11 percent conversion thus far. The progress toward achieving these targets is encouraging, and we have a pipeline of projects that will allow us to meet these targets, including reducing emissions across our global operation.

Another aspect of our corporate strategy is sustainable growth through a disciplined approach to capital management expenditures. Due to the pandemic, we instituted a capital expenditure freeze and eased it slowly throughout the year. We saw depreciation from existing assets and new capital expenditures of approximately A$193 million for the year. On the growth side, the focus is on ferrous and non-ferrous volumes, Sims Lifecycle Services (SLS), and the first Resource Renewal operational and pilot facilities. In FY22, we have a target spend of A$160 million on sustaining capex and A$60 million on the development of the Campbellfield and Rocklea Resource Renewal facilities. Any FY22 growth capex will be approved at the time and subject to meeting minimum Internal Rate of Return (IRR) hurdle requirements.

Our global metal business performed well. We purchased Alumisource Corporation, a leading United States-based aluminium processor and provider of a furnace ready product for end customers. This milestone is key in enabling us to deliver against our strategic growth targets as it relates to growing non-ferrous retail volumes in North America. North America Metal reported an underlying EBIT of A$137 million, a A$176 million increase over the same period last year. Australia and New Zealand Metal posted an underlying EBIT of A$103.6 million, a 104.3 percent increase over FY20. UK Metal had lower operating costs and higher volumes and margins, which delivered significant earnings improvement, resulting in an underlying EBIT of A$45.7 million. This result is A$78.4 million above the same period in FY20.

The ERP program implementation across the business continues. We are making a great deal of progress and remain focused on the benefits that the fully implemented solution will deliver.

We are seeing positive improvement across our entire portfolio of businesses. SLS had a great year, and the market potential is tremendous. The business is delivering on the strategic initiatives announced to the market, delivering a A$21.8 million result. SLS shifted its business model from recycling electronic material to maximising its redeployment or reuse and providing sustainable solutions for digital companies.

Sims Municipal Recycling reported an underlying EBIT of A$3.1 million, driven by market price increases across all commodities – particularly in plastics. The business reported higher costs due to the impacts of COVID-19 and the related increase in residential recycling volumes.

Now that Sims Resource Renewal has received statutory approvals for the pilot facility at Rocklea in Queensland, Australia, we anticipate that we will be able to start operations in calendar year 2022 – bringing our portfolio of businesses one step closer to achieving our purpose, create a world without waste to preserve our planet. We are on the road to 2030, and our aim is to convert one million tonnes of auto shredder residue, the material remaining after metal recycling, into useful, quality product each year, thereby closing the loop on our own waste. In FY21, we announced that hydrogen would be the most suitable output from syngas for our first commercial facility, which is proposed for Campbellfield in Victoria, Australia. Additionally, as a result of producing hydrogen, carbon dioxide will be produced, which will in turn be captured and sold to the food and beverage industry.

Our Board of Directors and my entire management team feel a tremendous amount of pride knowing that our purpose holds up each time it is pressure-tested by our various initiatives, and that our Company is in a strong position to further advance our growth strategy in FY22 and beyond. As we experience these positive results, our capital allocation strategy will continue to balance the ongoing requirement for distributions to shareholders with the need for business reinvestment to support our corporate strategy.

Thank You

I am extremely grateful for the resilience of our Company, our employees, our suppliers and our partners over the past year. As we move into FY22, I hope the pandemic will wane and our collaboration will deepen. For all of you who are reading these words, maintain your safety, prioritise your health, and strengthen your commitment to our natural world.

Alistair Field
Group CEO & Managing Director

Alistair Field

Group CEO and Managing Director

INTEGRATED STRATEGY

In 2019, Sims Limited unveiled a multi-year strategic plan to drive growth in its then-current businesses and expand into new environmental adjacencies. In FY21, the Company achieved good progress across these areas.

Strategic Growth

- Announced the planning development approval of the pilot Sims Resource Renewal facility at Rocklea in Queensland, Australia
- Announced the intention to produce hydrogen from Sims Resource Renewal's planned Campbellfield facility in Victoria, Australia
- Acquired Alumisource, a provider of furnace-ready product for end customers, which forecasts to grow North America Metal non-ferrous retail volumes 24%, and with strong cultural fit
- Acquired existing purpose-built recycling facility in Sydney's rapidly growing southwest market

The Company is in a strong position to further advance its growth strategy in FY22 and beyond. China's new regulations allowed high quality non-ferrous scrap and ferrous scrap to be freely imported from 1 November 2020 and 1 January 2021, respectively, validating the strategic push to improve metal quality.

SIMS LIFECYCLE SERVICES (SLS)

Demonstrated growth with large addressable market

- Strong interest in SLS expertise and complete service offering
- Increase in repurposed units from 1.6 million to 2.1 million in FY21 vs FY20, up 31 percent

SIMS METAL

Medium- and long-term outlook favourable for secondary ferrous and non-ferrous metals

- Ongoing or announced stimulus spending, particularly in the U.S.A. and China, to increase demand for steel-intensive infrastructure spending and drive consumption
- Global decarbonisation of the steel and energy industries will drive demand for recycled metal

SA RECYCLING

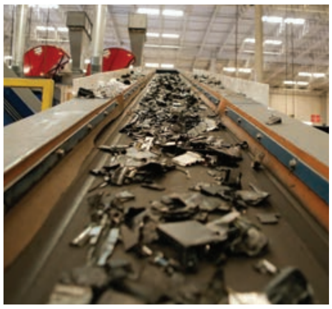
Benefitting from acquisition sales volumes

- 10 acquisitions with 20 new operating sites since 2017
- FY17-FY21 acquisitions accounted for ~600,000 tonnes of FY21 sales or 15.4 percent of volumes

SIMS RESOURCE RENEWAL

Advancing goal to convert one million tonnes of ASR into quality products each year by 2030

- Anticipate operations to commence first half calendar 2022 for Rocklea pilot facility
- Confirmed hydrogen as the most suitable output from syngas for Campbellfield Resource Renewal facility, based on commercial demonstration results and financial analysis



Strategic Targets

Targeting minimum 15 percent return on growth projects requiring capital and ESG benefits

	FY21	FY25
	Ferrous volume ('000 tonnes)	
Expand metal volumes in favourable geographies	6,870	9,600
	Non-ferrous retail volumes ('000 tonnes)	
Grow U.S. non-ferrous business	147	300
	Resource renewal status	
Enter resource renewal	• Statutory approval for the Rocklea pilot facility • Confirmed production of hydrogen at proposed Campbellfield facility	Capacity 120k ASR tonne/year
	Number of repurposed units ('000)[1]	
Recycle cloud infrastructure	2,100	8,500
	Renewable energy	
Expand proven landfill energy business overseas	Entered 50:50 joint venture to acquire the assets of the JED renewable landfill gas-to-energy facility in Florida	Under review

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

GLOBAL OPERATIONS

50
FACILITIES
NORTH AMERICA METAL

28
FACILITIES
UK METAL

SALES TO EXTERNAL CUSTOMERS (%)

AUSTRALIA	BANGLADESH	CHINA
7.9	5.9	6.7
$468.7M	$351.9M	$399.2M

104
YEARS OF RECYCLING EXPERIENCE

3,881
EMPLOYEES

18 FACILITIES
SIMS LIFECYCLE SERVICES

124 JOINT VENTURE FACILITIES
NORTH AMERICA & AUSTRALIA

48
FACILITIES
AUSTRALIA & NEW ZEALAND METAL

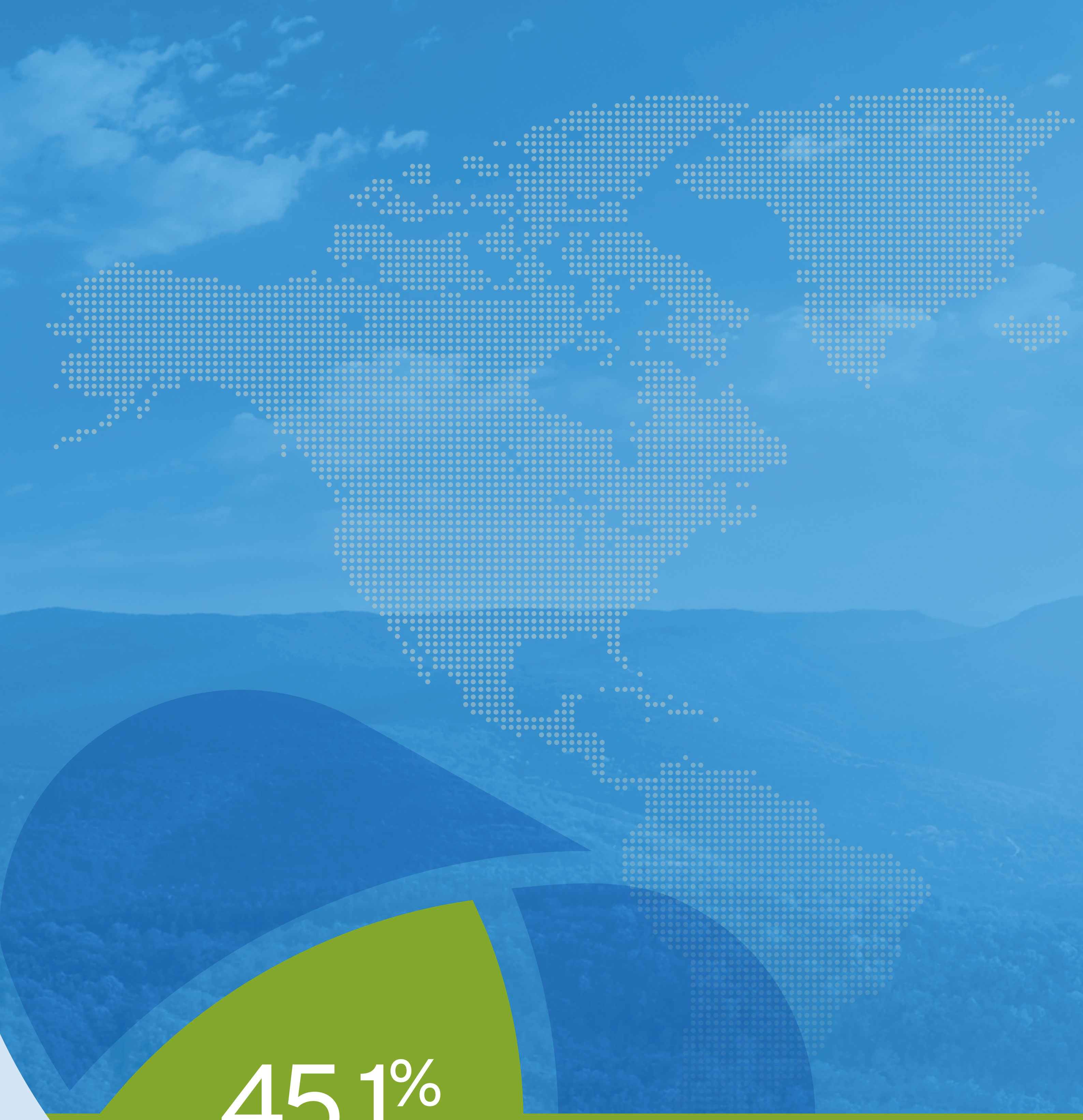
TURKEY

UNITED STATES

OTHER

2.1m
REPURPOSED UNITS RE-ENTERED THE MARKET

A$5,916m
SALES REVENUE IN 2021



45.1%

OF GROUP REVENUE

NORTH AMERICA
METAL

EXTERNAL OPERATING ENVIRONMENT

The region benefitted from a strong recovery in economic activity during the latter part of 1H21 and throughout 2H21, as the global demand for scrap metal improved. Increased offtake from domestic steel mills and strong export demand led to higher scrap metal sales prices in 2H21. This in turn drove higher buy prices and translated to an increase in scrap arisings in the North American market. Zorba and twitch prices recovered to more normal historical levels driven by higher economic activity in Asia.

PERFORMANCE

FY21 proprietary sales volumes in North America improved by 6.8% over the prior corresponding period driven by improved market conditions and the reopening of collection facilities following the COVID-19 lockdowns. North America Metal (NAM) reported improved earnings, benefiting from a reduced fixed cost base achieved in the prior year and maintained in FY21, despite higher activity levels. In line with the Group's strategic goal of increasing non-ferrous volumes, NAM acquired Alumisource in February 2021. Pleasingly, the aluminium processor's integration tracked well, and the business delivered earnings ahead of expectations under the NAM ownership.

GOING FORWARD

With volumes now exceeding historical FY19 levels, we are well positioned to take advantage of favourable market conditions and benefit further from potential government infrastructure stimulus. Additionally, we will continue expanding our North American collection network to drive ferrous and non-ferrous volumes. Alumisource is expected to be a strong contributor to the NAM's non-ferrous volume growth by combining the Sims' technical expertise and investment capability with the Alumisource's market experience.

SALES REVENUE

A$2,669.9

29.5%

UNDERLYING EBITDA

A$226.4

311.6%

UNDERLYING EBIT

A$137.0

451.3%

North America Metal, Sims Limited's largest operating region, operates in the United States and Canada with 1,172 employees. In FY21, North America Metal accounted for 45.1 percent of the Group's total sales revenue, with sales of 4.4 million tonnes of ferrous and non-ferrous secondary metal.

18.6%

OF GROUP REVENUE

AUSTRALIA & NEW ZEALAND METAL

EXTERNAL OPERATING ENVIRONMENT

Australia's economy rebounded sharply in FY21, with the Reserve Bank of Australia (RBA) expecting GDP growth of 4.75 percent for the fiscal year. The recovery was boosted by the significant rally in commodity prices, residential dwelling investment, and substantial government economic stimulus spending, totalling $290 billion across a range of measures.

On the back of stimulus measures and improving construction demand, crude steel production in Australia increased by four percent in FY21 over the over the prior year. However, Australian exports of ferrous scrap remained largely flat over the prior year due to strong domestic steel mill demand.

New Zealand's economic recovery also improved steadily through the fiscal year. GDP growth of 1.6 percent in the March quarter was driven primarily by a solid rebound in construction activity. Improved economic conditions translated into higher secondary metal generation, with New Zealand's export of ferrous scrap in tonnage terms increasing by 10 percent in FY21 over the prior year.

PERFORMANCE

FY21 proprietary sales volumes for ANZ increased by 7.6 percent on progressively improving demand for raw materials both domestically and overseas.

Higher sales volumes and substantially elevated sales prices resulted in an increase in sales revenues of 19 percent in FY21 over the prior year. This coupled with steady trading margins and further cost reductions resulted in significantly higher earnings over FY20. FY21 EBIT of $104 million was 104 percent higher than the prior year's result.

GOING FORWARD

ANZ will continue to reinvest in its market-leading position with the establishment of the new facility in Minto, New South Wales, as well as refreshing plant and equipment across key facilities in FY22. These initiatives will be paired with ongoing efficiency projects aimed at lowering the operational cost base, improving service to customers, and increasing market competitiveness.

SALES REVENUE

A$1,098.9

18.8%

UNDERLYING EBITDA

A$156.6

51.1%

UNDERLYING EBIT

A$103.6

104.3%

Australia and New Zealand (ANZ) Metal is the leading metal recycler in Australasia. The business operates 48 facilities across Australia, New Zealand and Papua New Guinea. In FY21, ANZ Metal accounted for 19 percent of the Group's total sales revenue with sales of 1.6 million tonnes of ferrous and non-ferrous secondary metal and 894 employees.

16.8%

OF GROUP REVENUE

UK
METAL

EXTERNAL OPERATING ENVIRONMENT

The trading environment in the UK in FY21 was better than 1H20, with Brexit and COVID-19 having a limited impact on the business. In December, there was a sharp rise in commodity prices as the global economy returned to growth. The market remained buoyant throughout the second half of the year; very favourable market conditions existed throughout the period.

PERFORMANCE

Sales revenue for UK Metal in FY21 was 14.2 percent higher than FY20 due to increased prices for scrap metal and a 12.2 percent increase in the volume of proprietary tonnage sold. Non-ferrous volumes reduced by 20 percent as we prioritised high margins over volume.

Underlying EBIT of A$45.7 million in FY21 compared to A$31.9 million loss in FY20. This turnaround was driven by a combination of substantial cost reduction through restructuring and site closure in FY20 and 1H21, and significant margin improvement achieved through strong buy-side management and favourable market conditions.

The replacement Avonmouth downstream was successfully brought online in late 2020, increasing the capacity for shredder volumes. The expectation is that the business will grow volumes and reduce processing costs per tonne at the UK's major shredder and dock facility during FY22.

The 2H21 performance was significantly higher than 1H21, reflecting the strong margin management and more favourable market conditions.

GOING FORWARD

The business is committed to building on the success achieved in FY21 by focusing on continuous improvement of the operating facilities, delivering high quality products and closely managing margins.

In FY22, the business will invest in processing equipment, including aluminium polishing, ensuring continued supply of high-quality products to the market.

Finally, the business will look for growth opportunities, both organically and through acquisitions, that are consistent with the Sims Purpose and meet the Company's investment criteria.

SALES REVENUE

A$993.3

14.2% ▲

UNDERLYING EBITDA

A$71.3

1758.1% ▲

UNDERLYING EBIT

A$45.7

243.3% ▲

UK Metal is one of the leading metal recyclers in the United Kingdom. The business employs 562 people and operates 28 facilities across the UK. In FY21, UK Metal accounted for 16.8% of the Group's total sales revenue with 1.4 million tonnes of ferrous and non-ferrous secondary metal sales.

Sims Lifecycle Services (SLS) plays a hands-on role in managing end-of-life IT equipment from enterprises and data centres. 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.

5.4%

OF GROUP REVENUE

SIMS LIFECYCLE SERVICES

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 the business.

SLS remains focused on innovation to re-use more parts which improves environmental outcomes and financial returns for the business and its customers.

PERFORMANCE

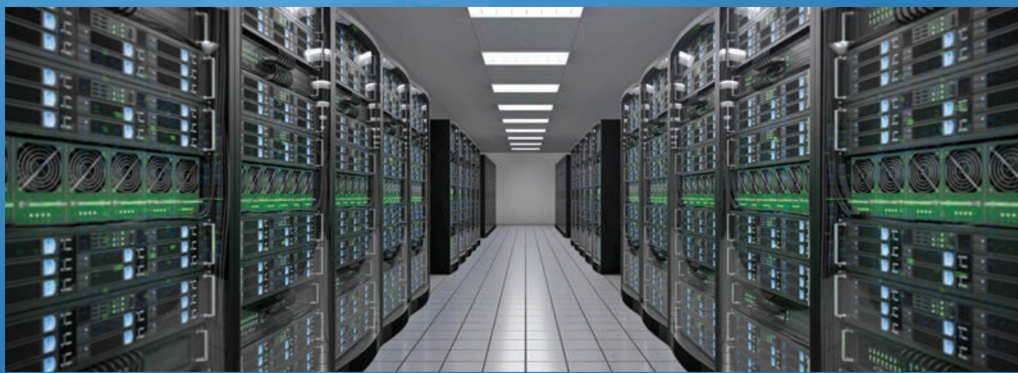
Sales revenue for SLS was A$318.9 million in FY21. At constant currency, and normalising FY20 to exclude the FY20 sold SLS operations, sales revenue of A$347.2 million was 15 percent higher year-over-year. The revenue increase was most pronounced in the U.S. business, which experienced increased repurposed unit volumes due to reduced COVID-19 restrictions and market share gains.

Underlying EBIT was A$21.8 million during FY21 compared to A$2.9 million in FY20, excluding profits from the FY20 sold SLS operations.

GOING FORWARD

Leveraging off its secure and reliable global footprint and integrated circular services, SLS offers significant growth opportunities, particularly in the "recycling the cloud" initiative. Large global businesses are keen to work with service providers, such as SLS, that are capable of delivering secure asset destruction for large-scale data centre storage servers.

REPURPOSED UNITS ARE EXPECTED TO INCREASE TO **2.6 MILLION** IN FY22 VS. FY21, **UP 24%**.



SALES REVENUE
318.9
21.8%

UNDERLYING EBITDA
31.1
10.3%

UNDERLYING EBIT
21.8
29.0%

Sims Lifecycle Services (SLS) plays a critical role in helping businesses and data centres manage the profound shift in how and where technology is managed. As a global leader in IT asset and cloud infrastructure reuse, redeployment and recycling, SLS offers IT asset disposition (ITAD) and e-waste recycling solutions for businesses.

SPOTLIGHT ON THE BUSINESS

LMS ENERGY

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

Joint venture partner LMS Energy entered its 25th year of business in FY21. Today, LMS is the largest carbon abatement company in Australia. LMS once more achieved strong results in FY21, despite the negative impact of the COVID-19 pandemic on the electricity market.

Through its innovative biogas activities, LMS focuses on being a world-leading bioenergy company, powering the circular economy.

In FY21, LMS commissioned a new bioenergy project in Caloundra, Queensland, while also expanding capacity at existing sites in Victoria and securing new long-term landfill biogas rights at regional sites.

With these additions, LMS had a total of 28 landfill biogas-to-energy projects and 18 flaring projects in operation across Australia and New Zealand as at the financial year ended 30 June 2021. These projects generate in excess of 500,000 megawatt hours of baseload renewable electricity annually, which powers 90,000 homes per day. Additionally, LMS has six solar projects across Australia.

In FY21, LMS constructed a 600kw solar farm on landfill project in Seaford Heights, South Australia, where an LMS designed and prototyped mounting system was successfully deployed for the first time. In FY21, LMS manufactured the 100th LMS proprietary landfill biogas flare, marking a significant milestone for the business.

With 44 carbon abatement projects accredited under the Emission Reduction Fund, LMS was issued more than 50 percent of all Australian Carbon Credit Units (ACCUs) under the landfill gas methodologies. Throughout its history, LMS has achieved over 40 million tonnes of carbon emission reductions through its operations – a significant contribution to Australia's decarbonisation efforts.

ACHIEVED

>40 million

tonnes of carbon emission reductions to date

SIMS MUNICIPAL RECYCLING

In 2002, 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.

From its inception, Sims Municipal Recycling (SMR) built on the history and resources of Sims Limited: to excel in a segment of the recycling industry typically controlled by waste management companies. SMR's expertise in materials processing, marketing, logistics, technology and the management of industrial operations has provided a solid foundation for reliable and efficient recycling of bottles, cans, plastics and paper. SMR developed and operates five facilities in New York and New Jersey. These facilities 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's first MRF facility was built in 2003 at the Claremont Terminal, a facility in Jersey City. The Claremont MRF is now one of the largest in the New York/New Jersey region. In 2013, the newest MRF was opened in Sunset Park, Brooklyn. Situated on an 11-acre pier, the Sunset Park MRF is the largest and most sophisticated plant for commingled residential recyclables in North America. In addition to serving the 8.5 million residents of New York City, SMR now processes curbside recyclables for several New Jersey and Long Island municipalities. SMR continues to evolve and find new opportunities within the ever-changing recycling landscape. In October 2019, SMR took over operation of the Palm Beach County, Florida MRF, which serves the 1.2 million residents in the county. In 2020, SMR commenced additional processing and refinement of some of its mixed nonferrous products, and is now proceeding with the deployment of robotics to perform certain manual sorting tasks.

ACHIEVED

>660,000

tonnes of municipal curbside material recycled annually

SUSTAINABILITY

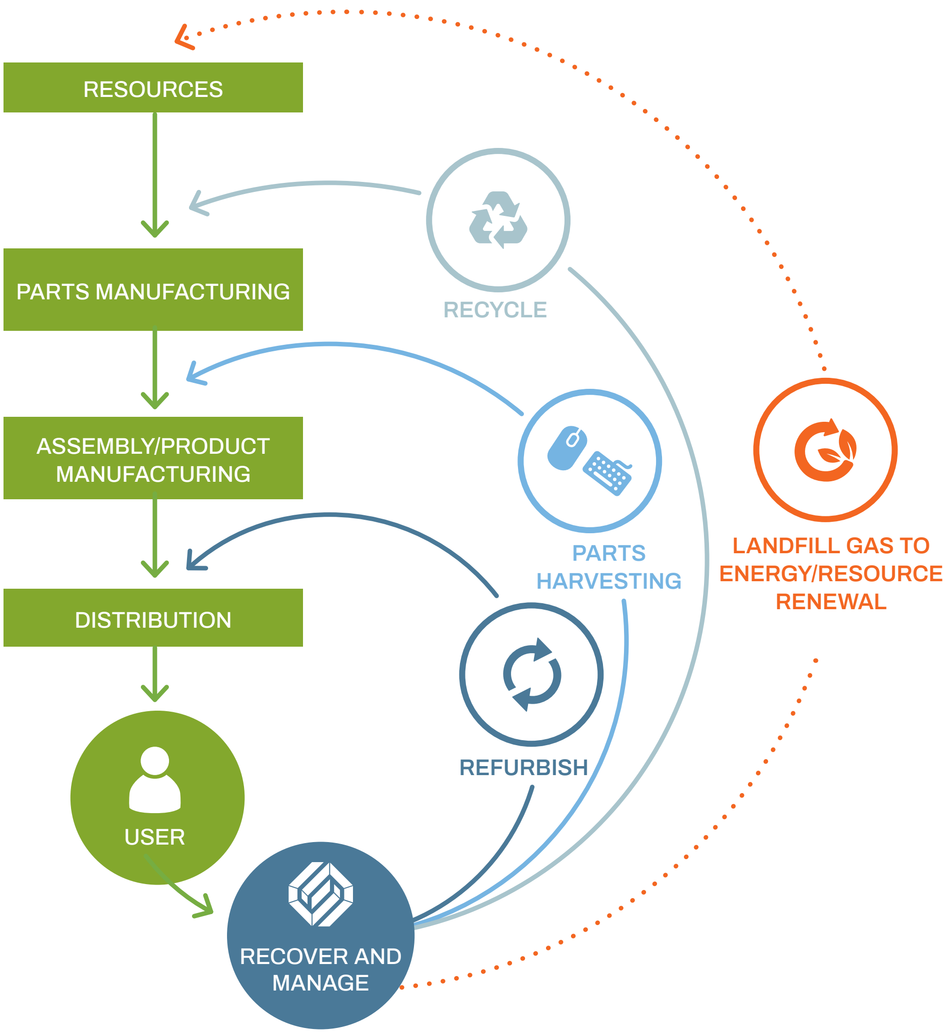
A circular economy is good for the planet; it is also good for business.
For more than a century, Sims Limited has enabled the circular economy. Today, our strategic goals are structured to drive business growth and divert millions of tonnes of secondary materials from landfill and keep resources in use for as long as possible. We think this is the path to a more sustainable business and world.

The current linear economy relies too heavily on the use of the natural environment and resources. Every year, more than 100 billion tons of raw materials are transformed into products, according to the Circularity Gap Report 2021.[1] Less than 10 percent of these materials cycle back into the economy. The planet's increasing amount of waste and product consumption is straining our land, creating pollution and contributing to global greenhouse gas emissions.

Adopting a circular economy can help organisations transition away from linear production toward business models that keep resources and materials in use as long as possible. This, in turn, can help businesses reduce operational costs, increase efficiencies and open up opportunities to create new, innovative business models that grow competitive advantage. At the same time, making economies more resource-efficient can contribute to climate change mitigation, conserve natural resources, and reduce the amount of waste going to landfills.

By taking an ecosystems approach and defining our purpose around the circular economy, our portfolio of businesses is unlocking new value and positioned to capture long-term growth opportunities. See examples to the right.

Sims Limited Enables the Circular Economy



We help customers recover, recycle and keep materials in use for as long as possible.

We enable our customers to cut down on material-related emissions and transition to a low-carbon economy. Decarbonisation is generating demand for more sustainable products and services, and we see evidence of this within the global Sims Metal business. According to the World Bank, a ramp-up of lower carbon-based technologies, such as renewable, batteries and electric vehicles, energy-efficient buildings and smart grids, is expected[2] to fuel strong demand for a wide range of base and precious metals. In order to meet aggressive emissions targets, automakers have started to use green steel or aluminium, and battery manufacturers have used carbon-neutral nickel.

As a global leader in metal recycling, Sims Metal is well-positioned to help meet this growing demand while supporting a more sustainable system of metal production. Compared to virgin metal production, processing scrap metal prevents the environmental impact of resource extraction and mining while saving energy and emissions over product life cycles. According to the Bureau of International Recycling, using recycled aluminium saves up to 95 percent of the energy needed to use virgin materials and saves up to 74 percent of energy for steel. Our goal is to recycle an additional 1.8 million tonnes of metal by FY25.

We create new business models that further the circular economy.

Sims Lifecycle Services (SLS) is expanding into new, higher-value services, promoting a circular approach to managing data centre hardware. As an increasing amount of information is stored in the cloud and will continue to be for years to come, SLS is working closely with major brand owners and digital data storage providers, helping our clients reduce e-waste through refurbishments and redistributions of equipment. Once data centre material is decommissioned, SLS helps securely manage hardware and provides guidance on how best to process equipment. In many cases, servers can be dismantled to recover components that can be re-used. These refurbished parts might be placed into inventory and find new life in remanufactured servers. In addition to reducing e-waste, SLS helps clients advance their zero-waste targets and greenhouse gas emissions reductions while saving costs. As part of our five-year strategic plan, we aim to redeploy or repurpose 8.5 million cloud units by the end of FY25.

By closing the loop on our own waste, we will create useful products for society.

Sims Resource Renewal plans to build several facilities worldwide by 2030 to transform more than one million tonnes of the material left over following metal recycling into new, useful products for society. Currently, automotive shredder residue (ASR) is sent to landfill. ASR holds commercial value, and it can be transformed into raw materials, electricity or hydrogen. At our first proposed commercial scale facility in Campbellfield, Victoria, we plan to produce hydrogen for industrial use as well as materials for construction, which can help increase the use of recycled materials in critical infrastructure, such as roads. Our pilot facility in Rocklea, Queensland, will focus on research and development to advance technology and investigate potential output products used in this program. The Rocklea and Campbellfield facilities are expected to be operational in 2022 and 2023, respectively.

Putting sustainability at the heart of what we do unlocks value across our business divisions.

1 https://www.circularity-gap.world/2021

2 https://www.carbonbrief.org/explainer-these-six-metals-are-key-to-a-low-carbon-future

ENVIRONMENT, HEALTH AND SAFETY (EHS) PERFORMANCE

Building on our streamlined EHS Management System and systematic focus on process risks and critical injuries faced by our field employees, we reached new safety milestones in FY21. We experienced the lowest recordable injury frequency rate (TRIFR) in the Company's history of 1.2 per 200,000 hours. In addition to reaching the lowest numbers of recordable injuries, we also experienced the lowest number of lost time incidents and Critical Risk Incidents.

EHS Focus

There were many reasons for Sims continued EHS performance successes, including:

- Implementation of the Critical Risk Management strategy
- Steadfast focus on the Sims safety and environmental policy requirements
- New awareness training utilising training videos

By implementing our Critical Risk Management program, we reduced the number of critical risk incidents by 52 percent in FY21 compared to FY20. Furthermore, we continuously improved our safety performance by standardising global approaches and capturing and reporting systematic data.

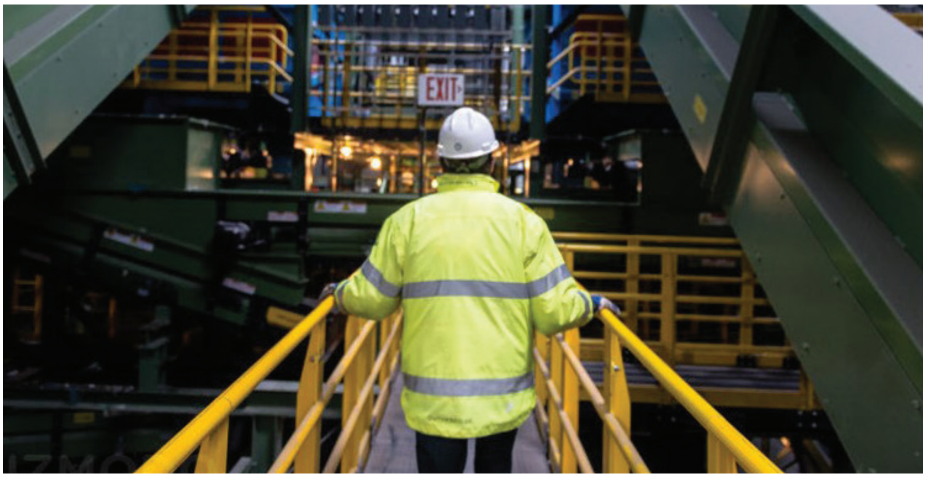
Overall, over 15,000 improvement actions were generated from safety activities, including general inspections and incident learnings. Additionally, we undertook more than 8,900 Critical Control Verifications (CCVs), which proved to be critical to driving continuous improvement as it challenged the effectiveness of our existing controls and supported the identification of hazards and associated risks in our operations.

Targeting Risk

As part of our risk management approach, we first prioritise the high-severity and high-frequency risks identified as Sims' business-related critical risks. In FY21, we identified these risks to be traffic management and tasks processing. Pleasingly, we saw significant improvement in both risks in FY21.

We engaged an external traffic specialist to assist in reducing traffic management-related risks. As a result, we identified over 300 improvement actions with the potential to mitigate traffic-related critical risks across 80 sites. Key focus areas included site traffic flow reconfigurations, pedestrian segregation, speed control and locally consistent signage.

We carried out a Physical Demand Analysis globally across Sims Metal, Sims Lifecycle Services and Sims Municipal Recycling business divisions. Through the analysis of the data gathered, we prioritised actions and provided employees with engineering solutions to prevent recordable injuries.



ACHIEVED
1.2
PER 200,000 HOURS

Lowest TRIFR in the Company's history

EHS Management System FY21 Accomplishments

Standards and Guidance	Delivery Systems	Training	Tools	Communication
> Implemented revised EHS management system guide > Simplified 10 EHS standards with critical risk focus > Created eight new EHS standards with critical risk focus > Revised and enhanced COVID-19 protocols on an ongoing basis – updated occupational health standard to include new illness controls	> Enhanced use of mobile app for CCV management and general inspections > Simplified dashboard for easy access to real-time safety information and data (PowerBI) > Continued use of Sims University Learning Centre to deliver EHS training > Use of intranet to facilitate access to COVID-19 BCP and related information	> Developed and administered 18 EHS training modules covering 18 standards > Launched onboarding EHS training for new hires covering various EHS standards training modules > Launched global webinars to review critical risk incidents	> Added five CCVs, bringing total to 17 > Piloted job task analysis and use of sensors to reduce task-related injuries > Rolled out a traffic management self-assessment and guide to support identification of risks/hazards and preferred practices	> Enhanced communication with translations in four languages and focused messaging via: – Monthly CEO Safety Thought – Quarterly EHS newsletter – Safety alerts – Safety shares – Daily incident reports
16 standards outline Sims critical risks	Over 15,000 improvement actions generated through CCV, general inspection and incident reviews	Over 17,500 EHS training courses completed by employees in FY21	300+ improvement actions generated in FY21 to address traffic management risks	Monthly CEO Safety Thoughts cover at-home safety in response to employees' feedback

Sims Limited Employees

BOARD OF DIRECTORS

Geoffrey N Brunsdon, AM
B Comm – (age 63)

Chairman and Independent non-executive director

Mr Brunsdon was appointed as a Director in November 2009, appointed Deputy Chairperson in September 2011 and appointed Chairperson of the Company on 1 March 2012. He is Chairperson of the Nomination/Governance Committee, and is a member of the Risk Committee, the Audit Committee and the Remuneration Committee. Until June 2009, Mr Brunsdon was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He is Chairman of APN Funds Management Limited (since November 2009) and MetLife Insurance Limited (since April 2011) and is a director of PayPal Australia Pty Limited (June 2021). 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 Group 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 a director of the Wentworth Group of Concerned Scientists and Purves Environmental Custodians and, in 2019, was awarded the rank of Member of the Order of Australia ("AM").

Alistair Field
(NHD) Mech Eng, MBA (age 57)

Group Chief Executive Officer and Managing Director

Mr Field was appointed Group Chief Executive Officer and Managing Director of the Company in August 2017. He is a member of the Safety, Health, Environment, Community & Sustainability ("SHECS") Committee, the Nomination/ Governance Committee and the Risk Committee. Mr Field joined the Company on 1 October 2015 as the Managing Director of ANZ Metal. He has more than 25 years of experience in the mining and manufacturing industries. He has held a number of senior leadership positions, including most recently as Director of Patrick Terminals & Logistics Division for Asciano Limited, and previously as Chief Operating Officer for Rio Tinto Alcan's Bauxite and Alumina Division. Mr Field is a Mechanical Engineer with an MBA from the Henley Business School.

Tom Gorman
BA, MS, MBA (age 61)

Independent non-executive director

Mr Gorman was appointed as a director in June 2020. He is the Chair of the Safety, Health, Environment, Community & Sustainability Committee. 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 is a director of Worley Ltd, a global provider of professional project and asset services, Orora Ltd, a packaging solutions specialist, and Alcoa Corporation, a global leader in the production of bauxite, alumina and aluminium products. 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 and Affairs from Tufts University. He serves as a trustee of the Maine Chapter of The Nature Conservancy and is a director of High Resolves, an Australian-based non-profit focused on global citizenship education.

Hiroyuki Kato
BA (age 65)

Non-independent non-executive director

Mr Kato was appointed as a director in November 2018 and is Mitsui & Co, Ltd's nominated non-independent director. He is a member of the Risk Committee and the Safety, Health, Environment, Community & Sustainability Committee. Mr Kato 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. He is a director of Obayashi Corporation, a leading global construction company.

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.

Georgia Nelson
BS, MBA (age 71)

Independent non-executive director

Ms Nelson was appointed as a director in November 2014. She is Chairperson of the Risk Committee, and is a member of the Audit Committee and the Remuneration Committee. Ms Nelson is an experienced director, having served as a board director of ten 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. Ms Nelson serves as a director of three publicly traded US corporations: Cummins Inc, a global engine and equipment manufacturer, Ball Corporation, a global metals container manufacturing 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. Ms Nelson received a Bachelor of Science from Pepperdine University and a Master of Business Administration from the University of Southern California.

Deborah O'Toole
LLB, MAICD (age 64)

Independent non-executive director

Ms O'Toole was appointed as a director in November 2014. She is Chairperson of the Audit Committee, and is a member of the Risk Committee and the Remuneration Committee. 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, MIM Holdings Limited, Queensland Cotton Holdings Limited, and Aurizon Holdings Limited. Ms O'Toole currently serves as Chair of Transurban Queensland, and as an independent director of Pacific National Rail Group, Great Southern Bank (formerly Credit Union Australia) and Alumina Limited. Ms O'Toole serves as the Chair of the Audit Committee or Audit and Risk Committee of each of Pacific National Rail Group, Great Southern Bank and Alumina Limited. She also serves as an independent director of Boral Limited and is retiring effective 27 October 2021. Ms O'Toole holds a law degree and is a Member of the Australian Institute of Company Directors.

Heather Ridout, AO
DBEc (Hons) (age 67)

Independent non-executive director

Mrs Ridout was appointed as a director in September 2011. She is Chairperson of the Remuneration Committee, and is a member of the Safety, Health, Environment, Community & Sustainability Committee, the Risk Committee and the Nomination/Governance Committee. Mrs Ridout is an Alternate Director and member of the Investment Committee of AustralianSuper, the largest pension fund in Australia, and she formerly served as its Chair from March 2013 to September 2019, having joined the Board as a director in 2007. Mrs Ridout also serves as a director of Australian Securities Exchange Limited (since August 2012), and she is a director of AustCyber, the Australian Cyber Security Growth Network (since July 2017), a member of the RAND Corporation Australia Advisory Board and on the board of the Australian Chamber Orchestra. Mrs Ridout was formerly Chief Executive of the Australian Industry Group from 2004 until her retirement in April 2012. Her previous appointments include being a Board member of the Reserve Bank of Australia between 2011 and 2017, a member of the Henry Tax Review panel, board member of Infrastructure Australia and the Australian Workforce and Productivity Agency and a member of the Climate Change Authority and the Prime Minister's Taskforce on Manufacturing. She has an economics degree, with honours, from the University of Sydney and in 2013 was awarded the rank of Officer of the Order of Australia ("AO").

James T Thompson
BS (age 71)

Independent non-executive director

Mr Thompson was appointed as a director in November 2009. He is a member of the Safety, Health, Environment, Community & Sustainability Committee, the Remuneration Committee and the Nomination/Governance Committee. Mr Thompson was, from 2004 until his retirement in 2007, Executive Vice President Commercial for The Mosaic Company, one of the world's largest fertiliser companies, which is publicly traded on the New York Stock Exchange. Prior to that, Mr Thompson had a 30 year career in the steel industry from 1974 to 2004, serving in various roles at Cargill, Inc, leading to the position of President of Cargill Steel Group from 1996 – 2004. During that period, Mr Thompson also served for a time as Co-Chairman of the North Star BlueScope Steel joint venture, and was a member of various industry boards including: American Iron and Steel Institute ("AISI"), Steel Manufacturers Institute ("SMI") and Metals Service Center Institute ("MSCI"). He is currently the Chairman of Hawkins, Inc, a formulator, manufacturer, blender, distributor, and sales agent of industrial chemicals and reagent grade laboratory chemicals, and he serves as a member of the Board of Directors of the University of Wisconsin Foundation and Alumni Association. Mr Thompson has a BS from the University of Wisconsin Madison.

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		
	2021	2020	% Change	**2021**	2020	% Change
US dollar	**0.7471**	0.6714	11.3	**0.7500**	0.6903	8.6
Euro	**0.6261**	0.6070	3.1	**0.6325**	0.6145	2.9
Pound sterling	**0.5545**	0.5329	4.1	**0.5423**	0.5566	-2.6

As at 30 June 2021, the cumulative effect of the retranslation of net assets of foreign controlled entities, recognised through the foreign currency translation reserve, was A$48.0 million compared to A$(29.9) million as at 30 June 2020.

REVENUE

Sales revenue of A$5,916.3 million in FY21 was up 20.5% compared to sales revenue of A$4,908.5 million during FY20. At constant currency, sales revenue was up 30.1% to A$6,384.3 million. The increase was due to both higher sales volumes and higher average selling price driven by increased demand in many industrial sectors. The average selling price for ferrous and downstream products during FY21 increased 21.4% compared to FY20. Similarly, the non-ferrous average selling price increased 21.3% year over year. Prior year sales revenue benefited from A$104.6 million of revenue contributed by businesses which were sold during FY20 as part of the sale of European compliance scheme operations ("FY20 sold SLS operations"). Excluding the FY20 sold SLS operations, sales revenue during FY21 was 32.9% higher than FY20 at constant currency.

Sales volumes were 8.593 million tonnes in FY21 versus 8.154 million tonnes during FY20. While volumes were somewhat compressed by lower scrap availability due to COVID-19 impacts during the half year ended 31 December 2020 ("1H21"), higher commodity market prices beginning in November persisted throughout the second half of the fiscal year. Shrunk intake volumes excluding brokerage tonnes ("proprietary intake volumes") increased from 3.458 million tonnes during 1H21 to 3.913 million tonnes during the half year ended 30 June 2021 ("2H21"). Compared to average monthly proprietary intake volumes during the fiscal year ended 30 June 2019 ("FY19"), 2H21 volumes were 96% versus 85% during 1H21. See further discussion within the Chairman's and Chief Executive Officer's Reviews and the Operational and Financial Review.

EARNINGS

Statutory EBIT during FY21 was A$314.0 million compared to a loss of A$239.1 million in FY20. At constant currency, statutory EBIT during FY21 was A$341.1 million. FY21 underlying EBIT of A$386.6 million was A$443.7 million higher than FY20. Strong earnings growth across all operating segments was due largely to active margin management as well as lower predominantly fixed operating costs, which delivered cost savings of A$75 million during FY21, compared to FY19. The FY21 share of results from the Group's investment in SA Recycling ("SAR") increased A$145. 7 million compared to FY20 due to higher volumes and higher margins, including strong margins on zorba by-products.

Statutory NPAT in FY21 was A$229.4 million. Underlying NPAT was A$284.1 million in FY21 compared to a loss of A$58.1 million in FY20. Underlying results were impacted by the cost recognition of previously capitalised Global Enterprise Resource Planning ("ERP") software, which was A$45.8 million net of tax impacts through the end of FY21. Refer to the *Cash Flow and Borrowings* section for further information regarding the impact of ERP cost recognition. Income tax expense of A$73.1 million during FY21 resulted in a statutory effective tax rate of 24.2%, lower than the traditional 27.5% effective tax rate, as the earnings composition favoured lower tax jurisdictions. Net interest expense of A$11.5 million was A$2.3 million lower than FY20 due in part from interest income related to the loan to a related party of SAR. Statutory EBITDA was A$507.3 million during FY21 compared to A$35.7 million in FY20. See the *Reconciliation of Statutory Results to Underlying Results* included herein for more information.

Statutory diluted EPS was 112.8 cents in FY21 compared to a loss of 131.2 cents in FY20. Underlying diluted EPS was 139.6 cents in FY21 compared to a loss of 28.7 cents in FY20. The weighted average number of basic shares during FY21 decreased by 1.094 million shares compared to FY20. The Company leveraged its employee share ownership program 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	
A$m	**FY21**	FY20	**FY21**	FY20	**FY21**	FY20
Reported earnings	**507.3**	35.7	**314.0**	(239.1)	**229.4**	(265.3)
Significant items:						
Legacy brand write offs	**N/A[2]**	N/A[2]	**–**	27.3	**–**	20.6
Other intangible asset impairments	**N/A[2]**	N/A[2]	**–**	44.7	**–**	34.7
ERP software implementation costs	**60.8**	–	**60.8**	–	**45.8**	–
JobKeeper grant income, net of amount voluntarily returned	**(4.4)**	–	**(4.4)**	–	**(3.1)**	–
Non-recurring gain on property sale	**(6.6)**	(20.4)	**(6.6)**	(20.4)	**(4.7)**	(15.4)
Environmental and legal provisions	**10.4**	25.0	**10.4**	25.0	**8.0**	18.8
Restructuring and redundancies	**4.8**	35.2	**4.8**	35.2	**3.7**	27.8
Loss on sale of businesses, net of related transactional expenses	**0.5**	9.9	**0.5**	9.9	**0.5**	8.3
Impact of fires, net of insurance recoveries	**(1.1)**	(5.0)	**(1.1)**	(5.0)	**(0.9)**	(3.7)
Asset write offs	**6.4**	50.2	**6.4**	50.2	**4.9**	38.8
Non-qualified hedges	**(4.3)**	8.0	**(4.3)**	8.0	**(4.3)**	6.2
Other non-recurring items	**6.1**	6.3	**6.1**	6.3	**4.8**	5.0
Impact of tax remeasurements	**–**	–	**–**	–	**–**	66.1
Underlying results[3]	**579.9**	144.9	**386.6**	(57.9)	**284.1**	(58.1)

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

2 N/A indicates that statutory EBITDA is calculated to exclude impairment of goodwill and other identified intangible assets in the presentation of both the statutory and underlying results.

3 Underlying result 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, expenses relating to previously capitalised ERP implementation work as well as items that are subject to significant variability from one period to the next. The reconciling items above (before tax) have been extracted from the audited financial statements.

RECONCILIATION OF STATUTORY NPAT TO EBITDA

	Year ended 30 June	
A$m	**2021**	2020
Statutory net profit/(loss) after tax	**229.4**	(265.3)
Impairment of goodwill and other intangible assets	**–**	72.0
Depreciation and amortisation, net of right of use asset depreciation	**119.9**	135.7
Right of use asset depreciation	**73.4**	67.1
Interest expense from external borrowings, net of interest income	**4.1**	7.0
Lease liability interest expense	**7.4**	6.8
Income tax expense	**73.1**	12.4
Statutory EBITDA	**507.3**	35.7

CASH FLOW AND BORROWINGS

Cash inflow from operating activities was A$129.4 million during FY21 compared to cash outflow of A$65.3 million during FY20. The A$194.7 million increase was largely attributed to EBITDA excluding non-cash equity income from joint ventures, partially offset by net working capital outflow. Equity accounted investments contributed A$167.9 million of non-cash earnings during FY21; however joint ventures, primarily SAR, funded A$57.1 million of cash dividends during FY21 compared to A$7.7 million in FY20. Subsequent to 30 June 2021, the SAR Board of Directors have declared an aggregated cash and tax distribution of A$42.4 million to a subsidiary of the Company in accordance with the methodology defined in the joint venture operating agreement. The distribution will be payable August 2021. Working capital movements represented a cash outflow of A$199.0 million, predominantly attributed to inventory. The increase in inventory was driven by a 23.0% increase in proprietary metal tonnage on hand and also by average price per tonne of the inventory relative to FY20. The Group returned A$7.5 million of grant proceeds relating to the JobKeeper scheme in Australia during FY21.

Financial Review continued

Operating cash also included A$50.9 million of FY21 cash spend relating to the ERP implementation, consisting broadly of internal labour, third party consultants and software licenses related to the software implementation. Through FY21, the Group incurred A$65.4 million of cash spend relating to the ERP program. During April 2021, the IFRS Interpretations Committee ("IFRIC") published an agenda decision summarising IFRIC considerations and decisions relating to the configuration and customisation costs in a software as a service ("SaaS") arrangement. The addendum clarified that, in most instances, configuration and customisation costs are to be recorded in profit or loss as an operating expense as they are incurred. The Group reassessed the accounting treatment of the costs incurred to date relating to the Global ERP implementation in accordance with the IFRIC agenda decision and expensed A$60.8 million of ERP-related costs incurred to date, with a residual A$4.6 million of prepaid software licenses to expense during FY22, over the contract term of the licenses.

Capital expenditures for property, plant and equipment and intangible assets, excluding the ERP program, were A$128.6 million during FY21 compared to A$128.2 million in FY20, excluding ERP spend. Capital expenditures in FY21 related predominantly to spend advancing the Sims Resource Renewal facilities in Australia, as well as feeder yard growth initiatives in NAM and the Minto facility in ANZ Metal. The NAM business acquired assets from Alumisource during FY21 for A$32.8 million net cash. During FY20, the Group received A$149.9 million from the sale of European compliance scheme operations, less A$28.7 million of cash settlements for disposed businesses. An A$13.4 million partial repayment of loan was made from a related party of SAR.

During FY21, the Group paid cash dividends of A$24.2 million compared to A$50.6 million in FY20. The Group loaned A$61.4 million to Adams Steel of Nevada, a related party, during FY20, of which an aforementioned portion was repaid during FY21. Cash payments for the Company's employee share purchase plans was A$16.6 million in FY21 compared to A$34.0 million for share buy-backs and trust purchases in FY20. Financing cash outflows from repayment of lease liabilities increased to A$74.1 million from A$68.2 million in FY20.

At 30 June 2021, the Group had a net cash position of A$8.3 million compared to a net cash position of A$110.4 million at 30 June 2020. 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:

	As at 30 June	
A$m	**2021**	2020
Total cash	**240.3**	227.3
Less: total borrowings	**(232.0)**	(116.9)
Net cash	**8.3**	110.4

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 2021 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.

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Sims Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2021 ("FY21").

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year comprised (1) the buying, processing, and selling of ferrous and non-ferrous recycled metals and (2) the provision of environmentally responsible solutions for the disposal of post-consumer electronic products, including IT assets repurposed or recycled for commercial customers. The Group offers fee-for-service business opportunities in the environmentally responsible recycling of negative value materials including electrical and electronic equipment. The Group's principal activities remain unchanged from the previous financial year.

OPERATING AND FINANCIAL REVIEW

A review of the operations of the Group during the financial year and the results of those operations are set out in the Chairman's and Chief Executive Officer's Reviews on pages 4 to 7 and the Operational and Financial Review on pages 8 to 25.

NAMES AND PARTICULARS OF DIRECTORS

The names of the Directors of the Company during the financial year and up to the date of this report together with their qualifications and experience are provided on pages 26 and 27.

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.

DIRECTORS' MEETINGS

The following table shows the number of board and committee meetings held during the financial year ended 30 June 2021 and the number of meetings attended by each Director:

	Board of Directors	Audit Committee	Risk Committee	SHECS Committee	Remuneration Committee	Nomination/ Governance Committee
Meetings held	12	5	5	3	4	2
G Brunsdon	12	5	5		4	2
A Field	12		5	3		2
T Gorman	12			3		
H Kato	12		5	3		
G Nelson	12	5	5		4	
D O'Toole	12	5	5		4	
H Ridout	12		5	3	4	2
J Thompson	12			3	4	2

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

Directors' Report continued

DIRECTORS' INTERESTS

As at 17 August 2021, 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*	226,342
T Gorman	4,000
H Kato	–
G Nelson	6,700
D O'Toole	17,500
H Ridout	5,000
J Thompson	26,000

* Refer to the Remuneration Report for information on options and performance rights held by Mr Field.

DIVIDENDS

Since the end of the FY21, the Directors have declared a final dividend of 30.0 cents per share (50% franked) for the year ended 30 June 2021. The dividend will be payable on 20 October 2021 to shareholders on the Company's register at the record date of 6 October 2021.

While the full year dividend per share represents a 600% increase over FY20, it is a lower payout ratio than recent prior years. This lower payout ratio is due to the Company's franking position. Franking credits are generated from taxes paid on Australian-derived profits. The improved proportional size of foreign-sourced profit during FY21 resulted in a lower relative profit contribution from Australia and therefore insufficient franking credits for a dividend payout ratio similar to recent prior years. The Company has sought to find an appropriate balance between returning profits as dividends and ensuring those dividends are fully franked. Accordingly, the FY21 final dividend will be 50% franked which is based on utilisation of the Company's A$0.5 million franking surplus at 30 June 2021 combined with estimated payments through to 30 June 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

Effective 1 July 2020, Mr John Glyde, former managing director of Australia & New Zealand Metal, was appointed chief operating officer – Global Metal and is now responsible for Sims Metal processing facilities globally, transportation and logistics (excluding chartering) and engineering services. Mr Michael Movsas, former president North America Metal, was appointed chief commercial officer – Global Metal and is now responsible for both ferrous and non-ferrous buying and sales for the metal business division globally. During FY21, Messrs Glyde and Movsas have begun establishing their functional organisations as the business transforms to a One Sims model across the global Metal business.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 1 July 2021, the Company entered into a joint venture with 50% ownership interest to acquire the assets of the JED renewable landfill-gas-to-energy facility near Orlando, Florida. The facility currently produces 9.6 MW of electricity and the cost of the 50% equity contribution was A$4.8 million.

Other than the formation of the joint venture, 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 that 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 2 November 2020, the Group lodged its 2020 Sustainability report on the ASX. A copy of the report can be viewed at **https://www.simsltd.com/investors/reports**. An announcement of the Group's sustainability goals was lodged with the ASX on 11 November 2020.

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 their 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.

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 are committing to adopt the Task Force on Climate-related Financial Disclosures recommendations ("TCFD") and will be issuing our first TCFD report this year.

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 supports the development of new transition indicators for the circular economy via the Factor10 project of 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 lessen 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 to achieve net-zero greenhouse gas emissions by no later than 2050, in line with the Paris Agreement. Sims is committed to be carbon-neutral by 2042 and reach 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).

Sims has in the recent past been affected by extreme weather. During the six months ended 30 June 2019, Sims experienced a multi-million dollar negative profit impact through its supply chain due to heavy flooding in some southern states in the US, which made it difficult to move material and lowered intake volumes. While not all floods are due to climate change, this cost is a clear indicator of the increasing financial exposure to extreme weather patterns that Sims is exposed to.

Directors' Report continued

In FY21, the Company developed and published its climate change-related targets to support greenhouse gas (GHG) emissions mitigation across our own operations. The Group is committed to reducing carbon emissions by 23% in our operations in absolute by FY25, become carbon-neutral by 2042 and achieve 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 on site. 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 a Critical Risk Management program, which was introduced in FY20. A key component of the Group's Critical Risk Management program 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. FY21 saw a 52% 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 at 17 August 2021, there are 5,006,293 share options outstanding and 6,521,124 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 2021. 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 311,801 ordinary shares issued upon the exercise of share options and 1,568,529 ordinary shares issued through the employee share ownership program 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 17,125 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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Act is set out on page 122 and forms part of the Directors' Report for the year ended 30 June 2021.

AUDITOR ROTATION

In accordance with section 324DAA of the Act, and the recommendation of the Audit Committee, the Board approved Mr Don Pasquariello to continue as lead audit partner for an additional two successive financial years, being the financial years ending 30 June 2020 and 30 June 2021. In its recommendation to the Board of Directors, the Audit Committee considered several factors that will significantly increase the complexity of the accounting and the financial control environment over the next two years, and the benefit of retaining knowledge to maintaining audit quality during this period.

- In granting the approval, the Board noted that the Audit Committee was satisfied that the approval:
- is consistent with maintaining the quality of the audit provided to Sims; and
- would not give risk to a conflict of interest situation (as defined in section 324CD of the Act).

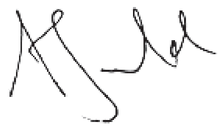
ROUNDING OF AMOUNTS

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
17 August 2021



A Field
Managing Director and Group CEO

New South Wales
17 August 2021

Remuneration Report

The Committee presents the Remuneration Report (Report) for the Company and the Group for the performance period from 1 July 2020 to 30 June 2021 (FY21). 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).

CONTENTS

Listed below are KMPs for FY21 including Executives and Non-Executive Directors (NEDs). "Executives" in this report refers to executive KMP.

Directors and Executives who were KMP during FY21

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	Appointed (1 July 2020)
Michael Movsas	Chief Commercial Officer – Global Metal (CCO, Metal)	USA	Appointed (1 July 2020)
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	–
James T Thompson	Independent NED	USA	–

Changes to KMP since the end of the reporting period
There have been no changes to KMP since the end of the reporting period and prior to the signing of this Report.

SECTION 1: REMUNERATION COMMITTEE CHAIRPERSON'S LETTER TO SHAREHOLDERS

INTRODUCTION FROM THE CHAIR OF THE REMUNERATION 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 2021.

First and foremost, I would like to recognise the efforts of all Sims employees and the leadership team in navigating an extraordinarily difficult landscape of changing pandemic regulations and rapidly changing business conditions, while safeguarding the health of our employees, contractors and customers. The Board has always been impressed with the ingenuity, dedication and resilience of Sims employees, and the efforts demonstrated these past eighteen months have only reinforced the appreciation we have for our outstanding workforce.

As the Chair of the Remuneration Committee (Committee), I have a leading role to work with our Directors in designing and implementing a remuneration framework for the Company's executives and employees. The Committee strives to provide a framework that is market competitive and aligned to shareholder and other stakeholder interests. The Committee equally ensures the design and structure supports our purpose, values and culture and motivates delivery of the financial and strategic objectives of the business.

We regularly engage with shareholders and advisors to discuss the philosophy and mechanics behind the remuneration framework and incorporate that feedback to improve the design and disclosures. Last year we received shareholder support on both the Remuneration Report and CEO equity award of 96.0% and 95.2%, respectively. Given this level of shareholder support and our continued commitment to the business strategy upon which this framework was based, we believe the current remuneration framework remains highly relevant as we look forward to the fiscal year ending 30 June 2022 (FY22), and therefore propose only minor changes described later in this Report.

FY21 Review

FY21 was a year of both adversity and prosperity, which through the diligent efforts of Sims employees and management team resulted in one of the best years on record for the Company. The COVID-19 pandemic brought about complex business difficulties, marked by initial depressed demand and restrictions on our ability to transact business in a normal manner in many of our locations, followed by a steep rise in demand that significantly challenged our reduced operating and support infrastructure. Still, the goal was always to emerge stronger as a company once business returned to more stable conditions. The focus on cost controls, continued margin improvement and the ability to rapidly scale back up paid off in the second half of the fiscal year. Our focus at the start of the pandemic on creating an environment where our employees and customers could transact business safely allowed us to take advantage of improving business conditions in the second half.

Impacts to Remuneration Program

Shareholders may recall from last year's Report that the Company disclosed it was planning to measure the FY21 financial component of the Short-Term Incentive Plan (STI) on a set of financial metrics aligned to managing through the highly uncertain business conditions. Although these metrics remained focal points for management, to keep the STI for FY21 simple, focused and measurable, the Company determined to keep Earnings Before Interest and Taxes (EBIT) as the financial metric for the plan year. The EBIT goal was set independently for the first half and second half of the plan year; and the first half had a cap on the maximum achievement potential of 100% of first half target bonus, while the second half had a 200% maximum (typically the standard STI plan structure). Because the Company far surpassed these goals in each half of the plan year, Executives were awarded bonuses above target for FY21, as described in fuller detail in this Report.

Although the results for FY21 were exceptional, the lower financial results created by the global pandemic for the prior fiscal year ending June 30, 2020 (FY20) negatively impacted the LTI awards eligible for vesting contingent upon the three-year performance periods measured through 30 June 2021. As a result, there was no vesting of either the return on invested capital (ROIC) or total shareholder return (TSR) performance rights. Strategic Share Incentive (SSI) rights that were contingent on achieving FY21 strategic initiatives aligned to the long-term strategy vested at 90%. This strong performance and measurable progress during FY21 demonstrates a continued focus on critical strategy execution that provides longer-term benefits to enable our growth objectives and create sustainable shareholder value.

1 Throughout this Report, unless otherwise stated, all dollar values are expressed in Australian dollars.

INTRODUCTION FROM THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

Changes to Management Structure

As discussed in last year's Remuneration Report, our longer-term plan to return the global headquarters to Sydney was effectively accelerated at the beginning of the pandemic as both Alistair Field, our Managing Director and Group CEO, and Stephen Mikkelsen, our Group CFO, were in Australia in advance of Board and shareholder meetings. As the events of the COVID-19 crisis unfolded and countries were closing their borders, it was evident that returning to their homes in the United States was problematic. In discussion with the Board, and in recognition of the risks and restrictions associated with travelling during this pandemic, these Executives made the decision to remain permanently in Australia. As part of our business transformation strategy of moving to a globally aligned functional structure, we announced the appointments of John Glyde as Chief Operating Officer, Global Metal, and Michael Movsas as Chief Commercial Officer, Global Metal, both to be located in Los Angeles, California, USA, and the closing of our Rye, New York, USA, head office. John and Michael are recognised as KMP for FY21.

The Company's senior management team continues to focus on highly disciplined capital project initiatives, internal business capabilities and continuous improvement across all aspects of the business. Given this outlook, the Committee believes it is important to maintain sound remuneration policies that are fit-for-purpose to support Sims' business strategies, drive executives' engagement and reward shareholders with positive returns.

The Board places a high priority on listening and responding to our shareholders while continuously considering local and global market practices, as well as the alignment of our remuneration programs with the Company's execution of its strategies.

We are committed to serving your interests and adding sustainable value to you – our shareholders.

We hope we can continue to rely on your support at our 2021 Annual General Meeting.

Yours sincerely,

Heather Ridout
Remuneration Committee Chairperson
RemCoChair@simsmm.com

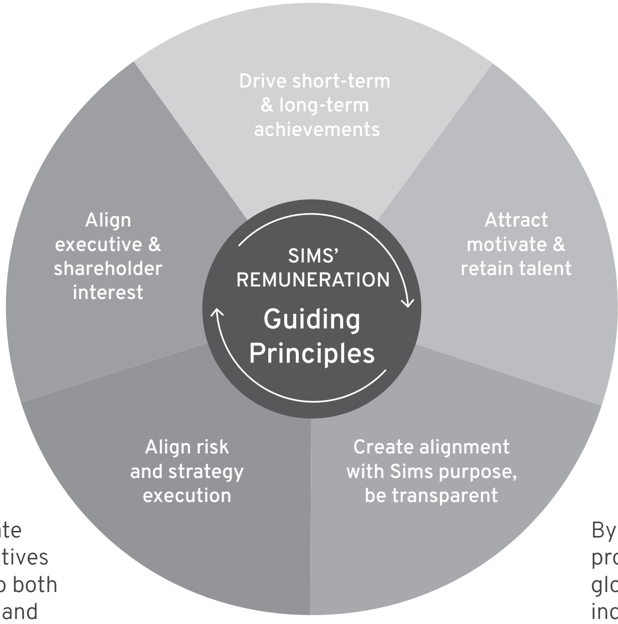
SECTION 2: FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

2.1 EXECUTIVE REMUNERATION PHILOSOPHY 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.

Through balanced objectives linked to Group, business unit and individual performance.

Through an emphasis on achieving long-term results through at-risk incentives, and share ownership through deferred equity and holding requirements.



Through competitive remuneration reflective of the market, scope of role, geographic location and performance.

Through an appropriate balanced mix of incentives and metrics aligned to both short-term execution and long-term strategy.

By designing fit-for-purpose programs accounting for our global operations, cyclical industry and market dynamics.

2.2 EXECUTIVE REMUNERATION STRUCTURE AND MIX

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 meeting one-year goals to drive improved operations and Company performance, and long-term incentives for achievement of long-term goals and strategic execution.

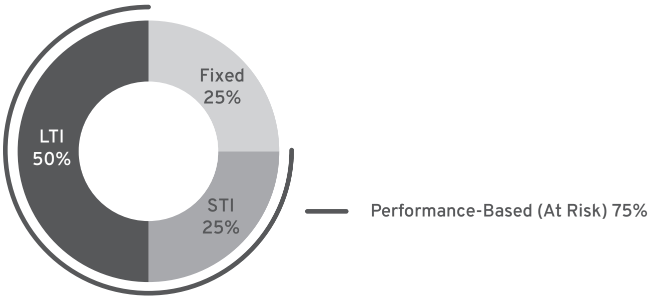
FIXED REMUNERATION	SHORT-TERM AT-RISK INCENTIVE	LONG-TERM AT-RISK INCENTIVE
Base Salary	STI Plan	LTI Plan
Retirement & Welfare Benefits	Financial Metrics	Strategic Execution
	Strategic Executive Metrics	Shareholder Alignment
	Personal Business Metrics	Equity Ownership

FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK CONTINUED

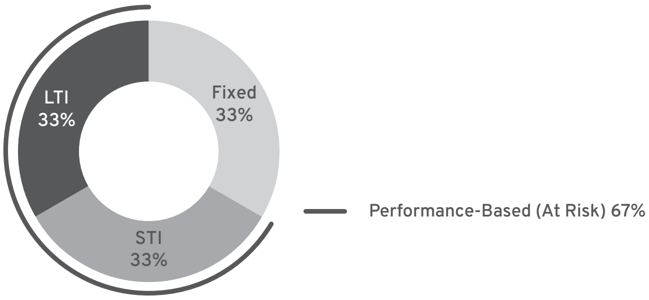
The charts below show the mix of the aggregate remuneration components at target for each of our Executives for FY21. References to actual remuneration outcomes received by the Sims' Executives for FY21 are provided in Section 3.

Remuneration structure and mix for Sims' Executives[1]

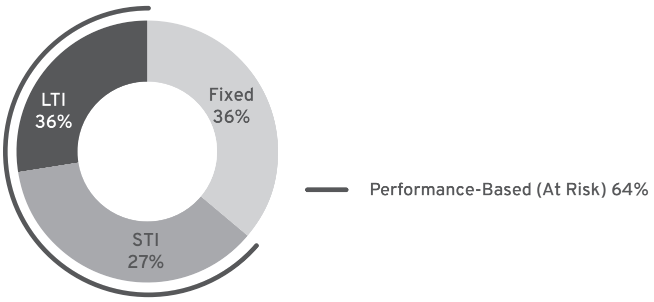
Managing Director & Group CEO – 2021 Total Target Remuneration Mix



Group CFO and Group CDO– 2021 Total Target Remuneration Mix



CCO, Metal and COO, Metal – 2021 Total Target Remuneration Mix



1 Excluding other cash-based and accrued benefits.

2.3 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.

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; and
- Market dynamics and cyclicality affecting the industry in which the Company operates.

Executive Benchmarking Peer Group

The Remuneration 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 within our industry or comparable lines of business, complexity of global operations, of a similar revenue size, country listing and industry dynamics. This peer group is used exclusively for benchmarking of executive remuneration, and is not linked to any incentive program.

The Committee determined that the 17 companies listed below closely reflect comparable attributes to Sims. Aside from the removal of AK Steel due to its acquisition by Cleveland-Cliffs, no changes were made to this peer group from FY20.

Australian listed companies		
Ansell Limited	BlueScope Steel Limited	Boral Limited
Graincorp Limited	Incitec Pivot Limited	Nufarm Limited
Orica Limited	Orora Limited	Worley Limited

U.S. listed companies		
Worthington Industries, Inc.	Allegheny Technologies Inc.	Cleveland-Cliffs, Inc.
Commercial Metals Company	Reliance Steel & Aluminum Co.	Schnitzer Steel Industries Inc.
Steel Dynamics Inc.	The Timken Company	

FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK CONTINUED

2.4 SHORT-TERM INCENTIVE PLAN OVERVIEW FOR FY21

Sims' short-term incentive (STI) provides Executives an opportunity to earn an annual cash incentive based on achievement of financial, strategic and individual performance goals over one year. Sims' performance at fiscal year-end is measured against goals established at the beginning of each fiscal year. STI is delivered in September following finalisation of the Company's audited financial results.

Financial Performance Measure

Financial hurdles, representing 80% of the total target STI opportunity, are established as part of the Company's budget process, which includes consideration of the current economic environment. 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.

As discussed in the Chairperson's letter to shareholders under Section 1, the forward-looking disclosure in last year's Report noted that some changes to the financial metric were under consideration. However, the Company ultimately determined to continue to utilise underlying EBIT as the financial metric for STI awards in FY21. 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.

Details of the KMPs' FY21 remuneration outcomes and accomplishments are provided under Section 3.

Non-Financial Performance Measures

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 that 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 Remuneration Committee established specific criteria for FY21 individual performance goals pertaining to the Group CEO and other Executives of Sims. Individual performance goals 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 3.6.

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.

Range of Financial Component Achievement and Payout Levels

The STI is determined by reference to a range of threshold, target and maximum levels of performance hurdles. For FY21, the Remuneration Committee established goals for the first half and second half of the fiscal year with the range of financial achievement and potential STI payout opportunity as outlined below. Results between the values are determined on a linear basis.

Group and Business Unit EBIT Achievement	STI Funding Percentage – First Half	STI Funding Percentage – Second Half
Below Threshold	0%	0%
At Threshold	50%	50%
At Target (100% of Budget)	100%	100%
At or Above Maximum	100%	200%

FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK CONTINUED

FY21 Actual Achievement Levels

For the first half of FY21, the Group achieved 176% of budget and Metal achieved 123% of budget, resulting in the maximum of 100% funding for the first half financial results for both. For the second half of FY21, the Group achieved 471% of budget and Metal achieved 291% of budget, resulting in the maximum of 200% funding for the second half financial results for both. The final STI calculation incorporates the target bonus opportunity and the weighted factors for Group and business units' financial achievements, plus weighting for the achievement level of the individual performance component.

Total Target Incentive Opportunity

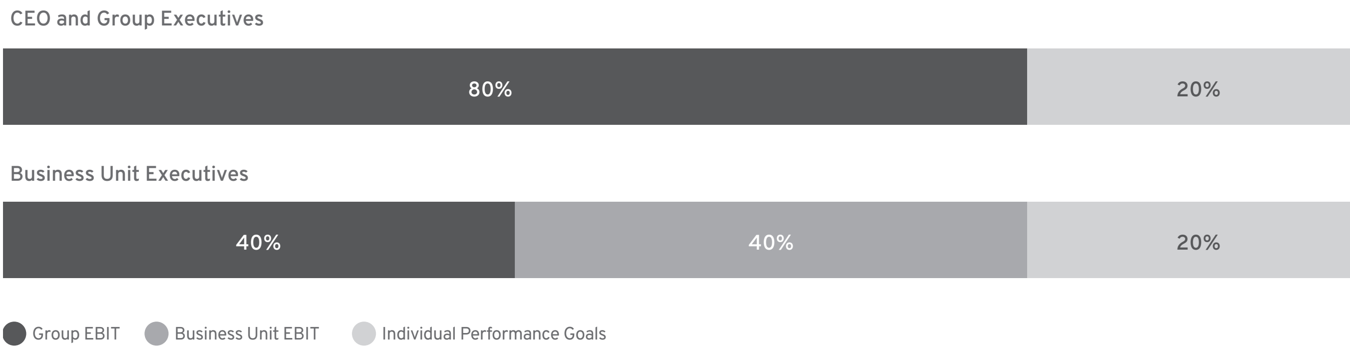
The Group CEO and other KMP Executives are eligible to participate in the STI at the following target levels:

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.

Performance Weightings

The table below outlines financial and non-financial weightings for each Executive, of which 80% is represented by EBIT. For FY21, the EBIT weightings are equally split between first half and second half goals.



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.

Additional STI Plan Rules

Termination: 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 5.2 for further information on the treatment of an Executive's STI upon termination. A voluntary termination prior to the last calendar day of the financial year 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.

Clawback policy: 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.

Board discretion: The STI rules provide the Sims' Board with discretion over the level of final payouts of any STI awards to Executives. This may include adjustments to the formulaic outcomes for any performance period with such adjustments disclosed in the relevant Remuneration Report.

Target disclosure: The Company understands the desire for detailed transparency of specific targets. However, given the Company's size and position in the industry, the Board believes disclosing detailed financial and/or individual strategic goals would put it at a competitive disadvantage due to commercial sensitivities.

FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK CONTINUED

2.5 LONG-TERM INCENTIVE PLAN OVERVIEW FOR FY21

Consistent with the guiding principles, Sims’ Board believes the Company’s long-term incentive (LTI) program should serve to align executive and stakeholder 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. The Company’s FY21 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.

Sims’ Executives are offered grants in the form of performance rights and SSI Rights under the LTI plan.

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 incentivise 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 2020 through 30 June 2023. 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 2020 through 30 June 2023. 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 incentivise achievement of the Company’s strategic goals over a one-year performance period of 1 July 2020 through 30 June 2021, and the subsequent share price performance over the next three to four years after vesting. Earned SSI Rights vest (subject to escrow requirements) after one year, with the quantum subject to 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.

Sims’ long-term incentive awards are approved by the Board and annual grants are made to KMP Executives each year in November. The CEO’s awards are approved by shareholders at the Company’s Annual General Meeting (AGM).

All Executives were granted LTI for FY21 in values proportionate as follows:

Positions	TSR Rights	Strategic Rights	SSI Rights
Group CEO & other KMP Executives	22%	45%	33%

For Strategic Rights, the value per Right is based on the face value of the underlying shares. 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. The number of TSR Rights granted is determined based on the fair value of the Rights at the time of approval by the Committee. The fair value of Rights is calculated using a Monte Carlo simulation option pricing model. The Board believes fair value most appropriately reflects the economic value of TSR-based LTI awards to the Executives and is directly aligned to the associated accounting expense.

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

FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK CONTINUED

TSR Performance Rights (TSR Rights) for FY21 Grants

Relative TSR metric: *(22% of total LTI based on value). TSR performance is measured over a three-year period.*
- TSR-based grants vest according to relative positioning of the Company's TSR at the end of the performance period.
- TSR ranking must fall at the 50th percentile or higher when compared against the Company's comparator group.

Rationale for TSR metric:
The TSR performance hurdle 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.

Comparators for TSR:
The comparator group used to measure TSR performance is the constituent companies as of 1 July 2020 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.

TSR Rights vesting schedule:

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%

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

Strategic Performance Rights (Strategic Rights) for FY21 Grants

Strategic Rights goals: *(45% of total LTI based on value). Strategic Rights goal performance is measured over a three-year performance period.*
- Strategic Rights are subject to both: a) attainment of specific goals and, b) 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.

Goal	Measure
Expand metal volumes in favourable geographies	Global ferrous volumes of 8.0 million tonnes
Grow non-ferrous business	Sales of US non-ferrous volumes of 200,000 tonnes
Enter Resource Renewal	Commissioned Campbellfield Resource Renewal Facility Fully operational pilot plant in Rocklea, QLD Gain regulatory approval of the commercial use of Sims Plasma technology in Australia
Grow Municipal Recycling	Secure addition city municipal recycling contracts
Recycle the cloud	Recycle, re-use or re-deploy 100,000 tonnes of cloud material
Business transformation	Functional operating model fully operational across global business. Note: the above language is different from the language presented in the FY20 AGM materials in order to correct a drafting error. The following language from the AGM materials referenced the goal from the FY20 award and is not related to the Business Transformation initiative for FY21: "Progress toward the Company's announced goal of acquiring or building 50 megawatts of landfill energy by fiscal year 2025 outside Australia".

FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK CONTINUED

Rationale for ROC metric:
- ROC is an acronym for return on capital and defined for this purpose as underlying EBIT divided by Non-Current Assets.
- The ROC performance hurdle measures 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.

Achievement for ROC metric:

FY23 ROC	Proportion of Earned Strategic Rights Vesting
7% or Below	70%
Between 7% and 10%	Straight line interpolation
10% or Above	100%

Strategic Share Incentive Rights (SSI Rights) for FY21 Grants

SSI Rights goals: *(33% of total LTI based on value). SSI Rights are measured over a one-year performance period.*
- Achievement of the SSI Rights goals are 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.

Weight	Goal	Measure
10%	– Expand metal volumes in favourable geographies	– Global ferrous volumes of 7 million tonnes (including NFSR) – Expansion of operations in order to advance the Company's growth strategy and FY2025 goals
10%	– Grow non-ferrous business	– Sales of US non-ferrous volumes of 160 thousand tonnes – Expansion of operations in order to advance the Company's growth strategy and FY2025 goals
15%	– Enter Resource Renewal	– Complete lodgment of EPA works approval and Council Planning Approval submissions for Campbellfield – Commence planned production trials in Oregon, USA – Approval by the Sims Board for the capital to construct the Rocklea Pilot Plant
5%	– Grow Municipal Recycling	– Complete review of strategic alternatives. – Secure a new city municipal recycling contract for Sims Municipal Recycling (SMR)
20%	– Recycle the cloud	– Recycle, re-use or re-deploy 33,000 tonnes of cloud material
20%	– One Sims – Enterprise Resource Planning (ERP)	– Achievement of certain success indicators, including: – Release global Human Resources (HR) solution – Release sales and outbound logistics for Global Trade, the US and the UK
20%	– One-Sims Business Transformation	– Successfully launch and embed new operating model in North America commercial and operations, and global support functions.

- Deferred Shares acquired from SSI Rights are subject to a further holding period. During the holding period, shares may not be sold or transferred.

SSI Rights deferred holding schedule:

Deferred Shares	Holding Period Starts	Holding Period Ends
50% of Deferred Shares acquired from SSI Rights	31 August 2021	30 August 2024
Remaining 50% of Deferred Shares acquired from SSI Rights	31 August 2021	29 August 2025

FY21 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK CONTINUED

Additional LTI Plan Rules

Dividends: 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.

Termination of Employment: When a participant voluntarily resigns or is terminated for cause, all unvested awards are forfeited, as all rights and options 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.

Clawback policy: 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.

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. The rights and options will immediately vest 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.

SECTION 3: FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES

3.1 SIMS' FINANCIAL PERFORMANCE RESULTS

Year-on-Year Performance

FY21 demonstrated a significant recovery following a very difficult 2020 financial year. Market prices for both ferrous and non-ferrous improved substantially. Ferrous prices, based on Turkey HMS 80:20 prices, rose from near US$250 per metric tonne in early FY21 to above US$500 per metric tonne during the latter portion of the fiscal year. The higher scrap prices, along with good margin management contributed to general improvement in gross margin per tonne.

Intake volumes progressively improved throughout FY21, returning closer to FY19 levels, which was the last full year not impacted by COVID. FY21 proprietary intake volumes in the second half of the year increased to 96% of FY19 average levels compared to 85% during the first half of FY21. Earning contributions from the Company's 50% interest in SA Recycling were significant as SA Recycling benefited from margins attributed to zorba-linked products, strong intake volumes and good margin management.

Further, the Group reduced its cost structure, delivering fixed cost savings of $75 million, ahead of its target relative to the FY19 base. These factors contributed to the strongest underlying EBIT result since FY08. Furthermore, the Group's Return on Productive Assets was significantly higher than previous years, exceeding 20%.

From a strategic perspective, the Company continued progress on a number of its strategic initiatives across the Group. Development work for the Sims Resource Renewal facilities advanced, culminating in approval for its pilot Resource Renewal facility at Rocklea in Queensland in early July 2021 and announcement of the production of hydrogen at the Campbelfield facility in Victoria, Australia. This is planned to enable the group to transform more than one million tonnes of the material left over following metal recycling into new, useful products for society each year. Further, the North America Metal (NAM) business acquired and integrated a leading aluminium processor into its asset portfolio. The business delivered profits in line with forecasts and contributed to NAM non-ferrous retail volumes growth. Commercial interest in Sims Lifecycle Services growing cloud recycling business remained robust, as the business more than doubled its underlying EBIT from the first halt to second half of FY21.

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

	Financial Year				
	2021	2020[1]	2019	2018	2017
Statutory profit/(loss) before interest and tax (A$m)	**314.0**	(239.1)	225.0	278.6	201.2
Statutory diluted earnings/(loss) per share (A¢)	**112.8**	(131.2)	74.2	98.7	101.6
Statutory return/(loss) on shareholders' equity	**10.8%**	(13.4%)	6.6%	9.3%	10.3%
Net cash (A$m)	**8.3**	110.4	347.5	298.1	373.0
Return on productive assets[2]	**20.4%**	(3.0)%	12.2%	16.5%	12.0%
Underlying profit/(loss) before interest and tax (A$m)[3]	**386.6**	(57.9)	230.3	275.1	180.1
Total dividends paid (A$m)[4]	**24.2**	50.6	107.9	106.8	63.2
Share price at 30 June (A$)[5]	**16.60**	7.93	10.86	16.08	15.18

1 FY20 reflects goodwill and other intangible impairment charges of A$72.0 million. There were no intangible impairment charges in FY21, FY19, FY18 or FY17.

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

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 for further detail.

4 FY21 final dividend of 30.0 cents per share was declared after 30 June 2021 and will be paid in FY22.

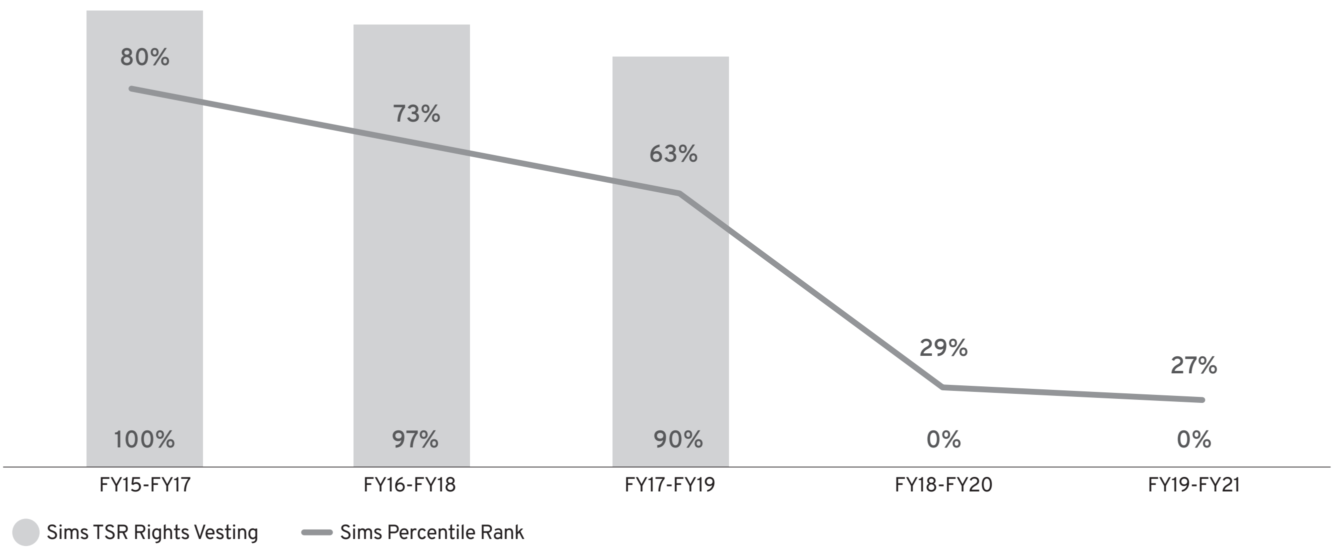
5 1 July 2016 share price was A$8.14.

3.2 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:

Sims TSR Percentile Ranking Compared to Sims TSR Rights Vesting



FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

3.3 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[9]
A Field[6]	Australia[7]	**2021**	**1,716,912**	**2,455,184**	**585,479**	**25,000**	**31,330**	**3,072,764**	**7,886,669**
		2020	1,755,668	–	500,980	–	14,392	1,944,832	4,215,872
S Mikkelsen[6]	Australia[7]	**2021**	**1,162,004**	**1,626,806**	**27,253**	**25,000**	**21,204**	**1,033,242**	**3,895,509**
		2020	1,191,945	–	269,159	–	1,684	621,435	2,084,223
J Glyde[6]	Australia	**2021**	**726,549**	**773,774**	**49,720**	**54,491**	**13,258**	**824,858**	**2,442,650**
M Movsas[6]	USA	**2021**	**1,070,812**	**1,156,472**	**252,000**	**–**	**–**	**1,123,469**	**3,602,753**
S Skurnac[6]	USA	**2021**	**903,494**	**1,264,891**	**25,507**	**17,166**	**23,792**	**874,123**	**3,108,973**
		2021[8]	1,005,362	1,407,507	28,383	19,101	26,475	972,680	3,459,508
		2020	1,005,362	–	62,925	17,222	26,475	623,021	1,735,005

1 Cash salary includes amounts sacrificed in lieu of other benefits at the discretion of the individual.

2 Cash bonus amounts for FY21 reflect the amounts provided for all Executives under the FY21 STI plan. No amounts were provided for Executives under the FY20 STI plan.

3 Other short-term benefits include employer contributions to health and life insurance plans, relocation expense and associated tax gross-ups, and increased movements in the 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 Messrs Field and Mikkelsen, which were paid in US dollars. Messrs Movsas and Skurnac were paid in US dollars.

7 Messrs Field and Mikkelsen each relocated to Australia effective 1 July 2020 and 1 June 2020, respectively.

8 FY21 remuneration for Mr Skurnac has been translated on a constant currency basis for a relative performance comparison to FY20 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.

9 Totals by category and year have been removed from the above table due to changes in composition of KMPs from FY20 to FY21, thus resulting lack of comparability. Refer to the Key Management Personnel disclosure in note 28 of the Appendix 4E for total remuneration paid or payable to KMPs during FY20 and FY21.

3.4 SUPPLEMENTAL REMUNERATION TABLE

Total Realised Remuneration received by Executives in FY21[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 FY21. The figures in this table include the market value of LTI grants that vested during FY21, while the section 3.3 table includes the accounting value for LTI grants recognised during FY21, regardless of the date on which they vest, or whether they vest at all.

		Cash salary	Other benefits		STI	LTI		Total remuneration		
Executives (A$) [2]	Year	Actual$	Actual$ [3]	Actual$ [4]	Target [5]	Act Vested [6]	Target	Actual $	Target	Actual total remuneration as % of target total remuneration
A Field	**FY21**	**1,716,912**	**329,570**	**2,455,184**	**1,716,912**	**1,045,350**	**3,433,824**	**5,547,016**	**7,197,218**	**77%**
	FY20	1,755,668	406,544	–	1,755,668	886,124	3,511,336	3,048,336	7,429,216	41%
S Mikkelsen	**FY21**	**1,162,004**	**52,253**	**1,626,806**	**1,162,004**	**252,647**	**1,162,004**	**3,093,710**	**3,538,265**	**87%**
	FY20	1,191,945	276,474	–	1,191,945	–	1,191,945	1,468,419	3,852,309	38%
J Glyde	**FY21**	**726,549**	**81,856**	**773,774**	**544,912**	**124,900**	**726,549**	**1,707,079**	**2,079,866**	**82%**
M Movsas	**FY21**	**1,070,812**	**108,282**	**1,156,472**	**803,105**	**176,609**	**1,070,812**	**2,512,175**	**3,053,011**	**82%**
S Skurnac	**FY21**	**903,494**	**66,466**	**1,264,891**	**903,494**	**439,101**	**903,494**	**2,673,952**	**2,776,948**	**96%**
	FY21[7]	1,005,362	73,960	1,407,507	1,005,362	488,609	1,005,362	2,975,438	3,090,046	96%
	FY20	1,005,362	70,211	–	1,005,362	772,551	1,005,362	1,848,124	3,086,297	60%

1 The figures in the table are different from those shown in the Executive Statutory Remuneration table in Section 3.3. The table in Section 3.3 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 Messrs Field and Mikkelsen, 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 FY21 to be paid in FY22. No STI was provided for in FY20 or paid in FY21.

5 For the definition of Target STI, refer to Section 2.4.

6 Actual vested LTI refers to equity grants from prior years that vested during FY21. These include share options and share rights that vested on 31 August 2020. The value is calculated using the Company's closing share price on the day of vesting after deducting any exercise price.

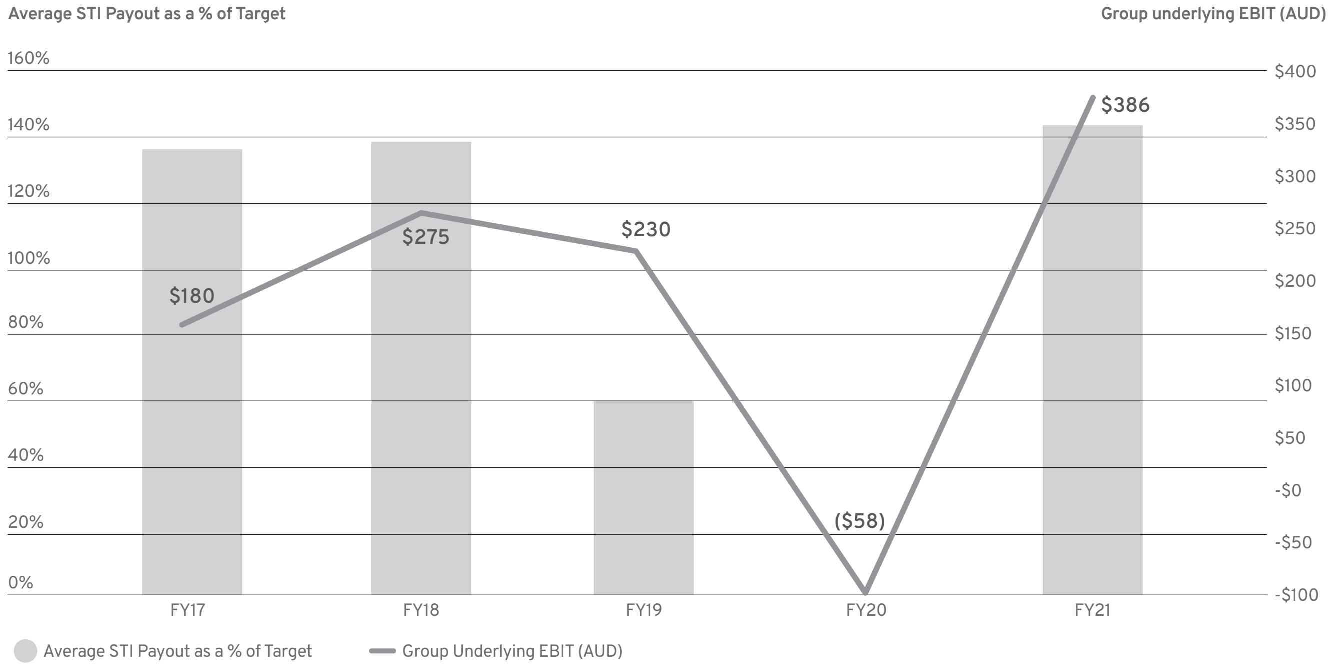
7 FY21 remuneration for Mr Skurnac has been translated on a constant currency basis for a relative performance comparison to FY20 before the translation impact of currency fluctuations. The current period amounts paid in US dollars are translated into Australian dollars using the prior year US dollar exchange rate.

FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

3.5 HISTORICAL AVERAGE STI PAYOUT AS % OF TARGET

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

Sims' statutory 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.



3.6 REMUNERATION OUTCOME FOR SIMS EXECUTIVES

At the beginning of FY21, 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. However, in light of the business, economic and financial conditions experienced during the COVID-19 pandemic no Executive received a merit-based salary adjustment in FY21.

On 1 July 2020, Mr Field relocated to Australia. At that time, his base salary was converted from US dollars to Australian dollars, using an average of recent exchange rates.

On 1 June 2020, Mr Mikkelsen relocated to Australia. At that time, his base salary was converted from US dollars to Australian dollars, using an average of recent exchange rates.

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. Details on the STI outcomes follow below.

FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

FY21 Short Term Incentive Outcomes

The Short Term Incentive individual performance goals for the Executives included specific initiatives and targets around the advancement of several key areas of focus for the Company. For FY21, each Executive could have one or more of the following goals with specified achievement expectations for their area of business unit responsibility, functional responsibility and/or leading a global initiative for Sims:

- Safety, Health, Environment, Community & Sustainability (SHECS)
  - Achieve leading indicator performance to 95% completion across 5 indicators and lagging indicator safety metrics of Total Recordable and Lost Time Incident Frequency Rates of at or below 1.14 and 0.20 respectively.
  - Develop and implement action plans based on DuPont safety culture assessment
  - Establish a plan to mitigate Sims' carbon emissions with identified projects and timelines

- Business Transformation
  - Identify and drive changes to operating model
  - Achieve targeted change management training objective
  - Complete commercial structure pilot program
  - Achieve ERP project plan milestone objectives of global Human Capital Management implementation and contract and order management system in Singapore and North America Metal.

- Culture, Leadership and People
  - Driving improved gender representation at management levels
  - Increased communication plan specific to driving awareness and understanding of business transformation initiatives

- Optimisation
  - Achieve A$70m reduction of fixed costs
  - Identifying and establishing plans for gross margin improvements through completion of commercial excellence pilot program.
  - Cash conversion metrics

The Board evaluates and approves the achievement level of the CEO against his individual goals. The CEO evaluates the other Executives and presents his assessments and recommendations to the Board for approval.

FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

LTI Performance Outcomes for Performance Periods ending 30 June 2021

FY19 ROIC Performance Rights
ROIC performance-based rights were tested for achievement at the end of the three-year performance period ending 30 June 2021, and did not meet the threshold vesting criteria and therefore nil rights will vest. Although FY19 and FY21 were very strong performance years, the negative affect of FY20 impacted the three-year metric resulting in below threshold performance.

FY19 TSR Performance Rights
TSR performance-based rights were tested for achievement at the end of the three-year performance period ending 30 June 2021, and did not meet the threshold vesting criteria and therefore nil rights will vest.

FY21 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 = 10%	Global ferrous volumes of 7 million tonnes (including NFSR) Expansion of operations in order to advance the Company's growth strategy and FY2025 goals	At 6.87 million tonnes the Global ferrous sales volumes narrowly missed targeted growth. Expansion strategy fully executed with five new feeder yards opened in FY21 and one scheduled for Sept 2021.	Partial Achievement
Grow non-ferrous business Weighting = 10%	Sales of US non-ferrous volumes of 160 thousand tonnes Expansion of operations in order to advance the Company's growth strategy and FY2025 goals	US non-ferrous sales volumes achieved a run rate exceeding the target when normalising for a full year of the Alumisource acquisition that was delayed several months strictly due to the COVID pandemic. Expansion strategy fully executed with four new US non-ferrous feeder yards opened and one significant acquisition in FY21.	Full Achievement
Enter resource renewal Weighting = 15%	Complete lodgment of EPA Works approval and Council Planning Approval submissions for Campbellfield Commence planned production trials in Oregon, USA Approval by the Sims Board for the capital to construct the Rocklea Pilot Plant	Proof of Concept process resulted in significant improvements identified by changing output production from energy to gas. This will result in a higher internal rate of return on the project. Oregon trials proved a critical step to demonstrating gas production capabilities and benefits over energy. Capital for construction reviewed and approved by Sims' Board and QLD Government and Brisbane City have also granted required approvals.	Full Achievement

Grow municipal recycling Weighting = 5%	Complete review of strategic alternatives. Secure a new city municipal recycling contract for Sims Municipal Recycling	The Board thoroughly reviewed the work completed on the evaluation of strategic alternatives and was satisfied that the expectations and progress as initially agreed have been met during FY21. SMR was selected as vendor for a Connecticut, USA municipality for a 5 year contract to be effective 1 July 2021. However the County Supervisory Board subsequently determined to temporarily end their municipal recycling program and rather landfill their materials. Sims remains the preferred provider should the county change its position.	Partial Achievement
Recycle the cloud Weighting = 20%	Recycle, re-use or re-deploy 33,000 tonnes of cloud material	Sales volumes for FY21 were 24,000 tonnes. However, the strategic shift in the SLS business model has demonstrated excellent progress in improving margins on lower processed volumes and increased revenue from services. Based on the outstanding results, the Board has used its discretion to encourage this strategy and is more than satisfied that the intent of this metric has been surpassed.	Full Achievement
One Sims - ERP Weighting = 20%	Achievement of certain success indicators, including: Release global HR solution Release sales and outbound logistics for Global Trade, the US and the UK	Global phase 1 HR solution delivered on plan on March 22 with hypercare-level support ending on time and phase 2 kicking off on schedule. Sales and outbound logistics delivered as per schedule for Global Trade and North America Metal. UK will be included with the acceleration of the global release in November 2021.	Partial Achievement
One Sims – Business Transformation Weighting = 20%	Successfully launch and embed new operating model in North America commercial and operations, and global support functions.	New functional structure designed and announced in late January, with key appointments finalised in May. All global support functions and North America commercial and operations have been effectively re-aligned. A pilot project focusing on commercial excellence initiatives was successfully completed. The project focused on strategic marketing, commercial support structures and new incentive schemes. The learnings and successes will now be broadly rolled out and embedded.	Full Achievement
Total Target 100%			Overall Performance 90% Achievement

FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

The earned portion of the SSI Rights remain subject to continued employment conditions and therefore will not vest until 31 August 2021. 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 3.3.

The Company maintains its commitment to reward Executives based on Sims' current remuneration structure and philosophy. The KMP's remuneration outlined in the snapshots on the following pages reflect the Committee's overall view of the Company's strategic direction and financial performance, as well as business challenges and opportunities that arose during FY21.

The FY21 LTI Earned reflects the value of the awards from prior years that vested and were paid during FY21. Grant values were calculated using the Company's closing share price on the day of vesting after deducting any exercise price. Other remuneration reflects cash benefits received by the KMP and does not include accrued benefits or other long-term benefits.

MANAGING DIRECTOR & GROUP CEO – REALISED REMUNERATION SNAPSHOT

Managing Director & Group CEO – Alistair Field

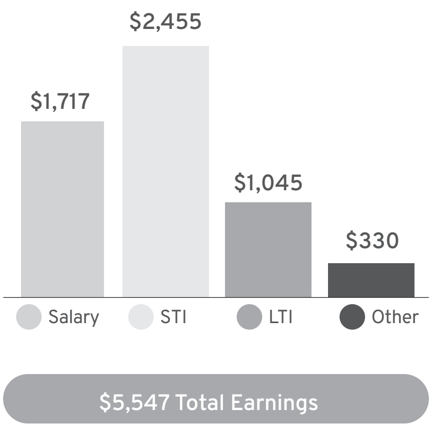
FY21 STI Earned
(AUD $000)

Actual	**$2,455**
% of Target/% of Maximum	**140%/78%**
Measures/Weights	**80% Group Target EBIT/20% IPG**

FY21 LTI Earned
(AUD $000)

	Vested %	Value $
Restricted Share Units	100%	$304
Share Options	100%	$0
TSR Performance Rights	0%	$0
ROIC Performance Rights	0%	$0
SSI Performance Rights	70%	$742
Total LTI Earned		$1,045

Realised FY21 Remuneration
(AUD $000)



FY21 vesting	Number Earned	Number Forfeited
FY17 Restricted Share Unit (RSU) granted 13 September 2016 (3rd tranche) vested on 31 August 2020.	37,474	–
Share options vested on 31 August 2020 (3rd tranche of FY18 grant and 2nd tranche of FY19) in accordance with the terms of each respective grant. The market value of the shares was below the exercise price of the options and, therefore, no value was realised on the date of vesting.	174,917	–
FY18 TSR-based Performance Share Unit (PSU) award did not meet performance expectations and no shares vested on 31 August 2020.	–	104,087
FY18 ROIC-based PSU award did not meet performance expectations and no shares vested on 31 August 2020.	–	73,691
FY20 SSI Rights award was 70% vested on 31 August 2020, as per the assessment of goal achievement by the Board. Each vested SSI Right has a value of USD100, and was converted to shares on 31 August 2020, at the market price.	5,473	2,345

Responsibilities:

Mr Field was appointed Group Chief Executive Officer and Managing Director of the Company on 3 August 2017 and has overall responsibility for implementing the Sims purpose and leading the development and execution of the organisation's long-term growth strategy with the goal of increasing shareholder value.

He is a member of the SHECS Committee, the Nomination/Governance Committee and the Risk Committee.
Mr Field was also invited to join the World Business Council for Sustainable Development, a global CEO-led organisation of more than 200 leading businesses working to accelerate the transition to a sustainable world.

Mr Field is a highly experienced executive with a proven track record of leading organisations through business transition and improvement. He has worked internationally and has been based in several different countries including Australia, Canada, South Africa, Saudi Arabia and the United States.

Directors' Report continued

Remuneration Report

FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

GROUP CFO – REALISED REMUNERATION SNAPSHOT

Group Chief Financial Officer – Stephen Mikkelsen

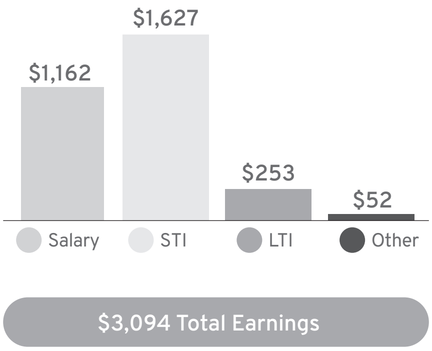
FY21 STI Earned (AUD $000)

Actual	**$1,627**
% of Target/% of Maximum	**140%/78%**
Measures/Weights	**80% Group Target EBIT/20% IPG**

FY21 LTI Earned (AUD $000)

	Vested %	Value $
Restricted Share Units	N/A	$0
Share Options	100%	$0
TSR Performance Rights	0%	$0
ROIC Performance Rights	0%	$0
SSI Performance Rights	70%	$253
Total LTI Earned		$253

Realised FY21 Remuneration (AUD $000)



FY21 vesting	Number Earned	Number Forfeited
Share options vested on 31 August 2020 (3rd tranche of FY18 grant and 2nd tranche of FY19) in accordance with the terms of each respective grant. The market value of the shares was below the exercise price of the options and, therefore, no value was realised on the date of vesting.	51,701	–
FY18 TSR-based Performance Share Unit (PSU) award did not meet performance expectations and no shares vested on 31 August 2020.	–	25,602
FY18 ROIC-based PSU award did not meet performance expectations and no shares vested on 31 August 2020.	–	17,041
FY20 SSI Rights award was 70% vested on 31 August 2020, as per the assessment of goal achievement by the Board. Each vested SSI Right has a value of USD100, and was converted to shares on 31 August 2020, at the market price.	1,864	799

Responsibilities:

Mr Mikkelsen has been serving in the role of Group Chief Financial Officer since January 2018. He works closely with the executive leadership team to drive the development of the Company's operating and strategic agenda. Mr Mikkelsen plays an integral role in Sims' continuous improvement, integration, business transformation and capital reinvestment growth initiatives.

With more than three decades of finance experience, Mr Mikkelsen has oversight of Sims' global corporate finance function, including treasury, accounting, financial planning, taxation, investor relations, as well as information technology.

Mr Mikkelsen has expansive experience in finance and executive management. He is a chartered accountant and a member of Chartered Accountants Australia & New Zealand.

COO - GLOBAL METAL – REALISED REMUNERATION SNAPSHOT

Chief Operating Officer, Global Metal – John Glyde

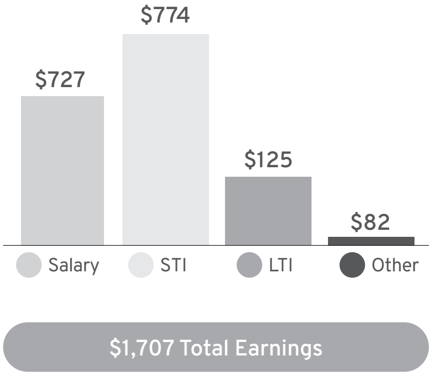
FY21 STI Earned (AUD $000)

Actual	**$774**
% of Target/% of Maximum	**140%/78%**
Measures/Weights	**80% Group Target EBIT/20% IPG**

FY21 LTI Earned (AUD $000)

	Vested %	Value $
Restricted Share Units	N/A	$0
Share Options	100%	$0
TSR Performance Rights	0%	$0
ROIC Performance Rights	0%	$0
SSI Performance Rights	70%	$125
Total LTI Earned		$125

Realised FY21 Remuneration (AUD $000)



FY21 vesting	Number Earned	Number Forfeited
Share options vested on 31 August 2020 (3rd tranche of FY18 grant and 2nd tranche of FY19) in accordance with the terms of each respective grant. The market value of the shares was below the exercise price of the options and, therefore, no value was realised on the date of vesting.	32,336	–
FY18 TSR-based Performance Share Unit (PSU) award did not meet performance expectations and no shares vested on 31 August 2020.	–	20,300
FY18 ROIC-based PSU award did not meet performance expectations and no shares vested on 31 August 2020.	–	14,372
FY20 SSI Rights award was 70% vested on 31 August 2020, as per the assessment of goal achievement by the Board. Each vested SSI Right has a value of AUD100, and was converted to shares on 31 August 2020, at the market price.	1,249	535

Responsibilities:

Mr Glyde was appointed Chief Operating Officer, Global Metal on 1 July 2020. He has responsibility for the global material processing facilities, domestic transportation and logistics, and engineering and operational excellence for Sims' Metal business. He is accountable for managing and optimising the production costs, quality and efficient delivery of processed materials. He works closely with the Chief Executive Officer to advance the Company's growth strategy through identifying opportunities to grow the operations footprint through strategic network expansion.

Mr Glyde has over three decades of experience with Sims, and prior to his current role, he held numerous leadership positions within the Company, and most recently was the Managing Director for Sims' Australia and New Zealand Metal business.

Directors' Report continued

Remuneration Report

FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

CCO – GLOBAL METAL – REALISED REMUNERATION SNAPSHOT

Chief Commercial Officer, Global Metal – Michael Movsas

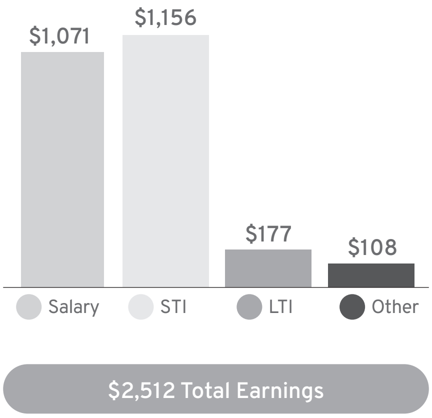
FY21 STI Earned
(AUD $000)

Actual	**$1,156**
% of Target/% of Maximum	**140%/78%**
Measures/Weights	**80% Group Target EBIT/20% IPG**

FY21 LTI Earned
(AUD $000)

	Vested %	Value $
Restricted Share Units	N/A	$0
Share Options	100%	$0
TSR Performance Rights	0%	$0
ROIC Performance Rights	0%	$0
SSI Performance Rights	70%	$177
Total LTI Earned		$177

Realised FY21 Remuneration
(AUD $000)



FY21 vesting	Number Earned	Number Forfeited
Share options vested on 31 August 2020 (3rd tranche of FY18 grant and 2nd tranche of FY19) in accordance with the terms of each respective grant. The market value of the shares was below the exercise price of the options and, therefore, no value was realised on the date of vesting.	36,144	–
FY18 TSR-based Performance Share Unit (PSU) award did not meet performance expectations and no shares vested on 31 August 2020.	–	20,365
FY18 ROIC-based PSU award did not meet performance expectations and no shares vested on 31 August 2020.	–	14,418
FY20 SSI Rights award was 70% vested on 31 August 2020, as per the assessment of goal achievement by the Board. Each vested SSI Right has a value of USD100, and was converted to shares on 31 August 2020, at the market price.	1,303	558

Responsibilities:

Mr Movsas was appointed Chief Commercial Officer, Global Metal, 1 July 2020. He has responsibility for the global ferrous and non-ferrous metal buying and sales, as well as chartering and shipping logistics. He is accountable for the business development with key customers, as well as refining the segmentation and market development of commercial supply channels. He works closely with the Chief Executive Officer to advance the Company's growth strategy through identifying opportunities to grow the commercial network strategic acquisitions, alliances and expansion.

Mr Movsas joined Sims in 2017 and prior to his current role served as the President of Sims' North America Metal business. Mr Movsas brings more than 25 years of global experience in the metal recycling and steel industries to this role. During his career he has been based in Australia, England, Hong Kong, Japan, South Africa and the United States.

FY21 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES CONTINUED

GROUP CDO – REALISED REMUNERATION SNAPSHOT

Group Chief Development Officer – Stephen Skurnac

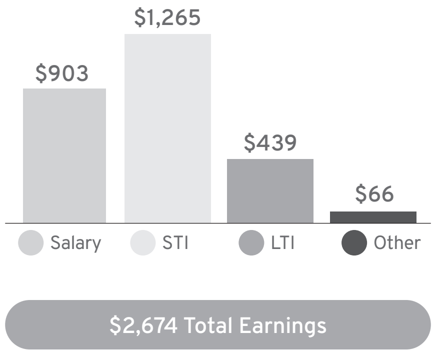
FY21 STI Earned (AUD $000)

Actual	**$1,265**
% of Target/% of Maximum	**140%/78%**
Measures/Weights	**80% Group Target EBIT/20% IPG**

FY21 LTI Earned (AUD $000)

	Vested %	Value $
Restricted Share Units	100%	$228
Share Options	100%	$0
TSR Performance Rights	0%	$0
ROIC Performance Rights	0%	$0
SSI Performance Rights	70%	$211
Total LTI Earned		$439

Realised FY21 Remuneration (AUD $000)



FY21 vesting	Number Earned	Number Forfeited
FY17 Restricted Share Unit (RSU) granted 13 September 2016 (3rd tranche) vested on 31 August 2020.	28,106	–
Share options vested on 31 August 2020 (3rd tranche of FY18 grant and 2nd tranche of FY19) in accordance with the terms of each respective grant. The market value of the shares was below the exercise price of the options and, therefore, no value was realised on the date of vesting.	51,333	–
FY18 TSR-based Performance Share Unit (PSU) award did not meet performance expectations and no shares vested on 31 August 2020.	–	30,547
FY18 ROIC-based PSU award did not meet performance expectations and no shares vested on 31 August 2020.	–	21,627
FY20 SSI Rights award was 70% vested on 31 August 2020, as per the assessment of goal achievement by the Board. Each vested SSI Right has a value of USD100, and was converted to shares on 31 August 2020, at the market price.	1,560	668

Responsibilities:

As Group Chief Development Officer, Mr Skurnac is responsible for identifying and developing new growth opportunities for Sims through new lines of business, expanding and transforming our current business units, our Australia-based joint venture energy recovery business LMS Energy, and our US-based Sims Municipal Recycling. He works closely with the Chief Executive Officer to achieve the Company's revenue goals by growing and gaining market share.

Mr Skurnac serves on the board of numerous industry associations. He is also a key contributor to major cooperative e-scrap policy groups, including the Environmental Protection Agency's Common Sense initiative, the National Product Stewardship Initiative (NEPSI), and UN Basel Workgroup standards development.

SECTION 4: FY22 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

4.1 REMUNERATION FRAMEWORK LINK TO CORPORATE STRATEGY

In 2019, the Company outlined to shareholders a number of global strategies for its businesses to support its purpose of creating a world without waste to preserve our planet. As disclosed last year, a number of incentive structures were changed to ensure alignment with the Company's purpose and sustainability objectives, support the long-term strategy, and to reflect feedback from key stakeholders. The Company intends to continue with the execution of the previously announced strategy.

Therefore, for FY22, there will be only minor changes to the remuneration framework, with the emphasis remaining on a balanced delivery of the Company's business strategy by aligning overall incentive outcomes based on:

- achieving multi-year goals tied to the Company's business strategy
- growing the business and delivering on earnings targets
- linking a significant portion of executives' remuneration to "at risk" incentives
- maintaining a portion of long-term incentives tied to relative total shareholder return performance
- increasing executive and shareholder alignment by requiring certain earned incentives to be delivered in shares and held for up to four years

4.2 CHANGES TO SIMS' REMUNERATION FRAMEWORK FOR FY22

The financial metrics for the STI incentive will include targets for underlying EBIT. With the expectation of more stable global economic and business conditions, the EBIT targets will be set for the full fiscal year. This is a change from FY21, where targets were set for the first half and second half separately to accommodate the highly uncertain forecasting challenges.

All other aspects of the incentives framework will be consistent with the FY21 design.

SECTION 5: EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURE TABLES

5.1 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 Remuneration Committee

REMUNERATION 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
- Considering 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 Remuneration 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 FY21.

5.2 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 FY21, there were no changes to the terms of the contracts 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	– 3 months; provided by either the Executive or the Company – For Mr Glyde, 6 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

EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURES TABLES CONTINUED

5.3 SHARE-BASED PAYMENT AND EQUITY HOLDINGS

Options provided as remuneration

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

Name	Grant date	Number granted	Exercise price	Fair value at grant date	Date next tranche can be exercised	Expiry date	% of options that have vested	Maximum total value of unvested grant[1]
Ordinary Shares (A$)								
A Field	9 Nov 18	294,673	$12.34	$3.47	31 Aug 21	9 Nov 25	66.7%	$20,848
S Mikkelsen	9 Nov 18	99,933	$12.34	$3.47	31 Aug 21	9 Nov 25	66.7%	$7,070
J Glyde	9 Nov 18	52,135	$12.34	$3.47	31 Aug 21	9 Nov 25	66.7%	$3,689
M Movsas	9 Nov 18	63,419	$12.34	$3.47	31 Aug 21	9 Nov 25	66.7%	$4,487
S Skurnac	9 Nov 18	86,480	$12.34	$3.47	31 Aug 21	9 Nov 25	66.7%	$6,119

1 No options will vest if the vesting conditions are not satisfied, hence the minimum value of unvested awards is nil. The maximum value of the unvested awards has been determined as the amount of the grant date fair value that is yet to be expensed. Options are granted for nil consideration.

Movement in options during the year ended 30 June 2021

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 FY21.

Name	Balance at 1 July 2020	Number granted	Number exercised	Number forfeited/ expired	Balance at 30 June 2021	Vested	Unvested	Number of options that vested during FY21
Ordinary Shares (A$)								
A Field	746,395	–	–	–	746,395	648,171	98,224	174,917
S Mikkelsen	155,101	–	–	–	155,101	121,790	33,311	51,701
J Glyde	180,367	–	(20,000)	–	160,367	142,989	17,378	32,336
M Movsas	108,434	–	(87,294)	–	21,140	–	21,140	36,144
S Skurnac	427,481	–	–	(54,768)	372,713	343,886	28,827	51,333

EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURES TABLES 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 2021 is included in the footnotes below the table:

Name	Grant date	Grant type	Number granted	Value at grant date	Date next tranche vests	Maximum total value of unvested grant[1]
Ordinary Shares (A$)						
A Field	09 Nov 18	TSR	184,882	$6.30	31 Aug 21	$61,409
	09 Nov 18	ROIC	84,976	$11.55	31 Aug 21	$981,473[2]
	15 Nov 19	TSR	102,348	$6.64	31 Aug 22	$250,221
	15 Nov 19	Strategic	135,604	$10.14	31 Aug 22	$615,017[4]
	11 Nov 20	SSI	11,332	$100.00	31 Aug 21	$259,017[3]
	11 Nov 20	TSR	134,181	$8.18	31 Aug 23	$751,040
	11 Nov 20	Strategic	186,621	$10.10	31 Aug 23	$1,289,735[4]
S Mikkelsen	09 Nov 18	TSR	62,699	$6.30	31 Aug 21	$20,826
	09 Nov 18	ROIC	28,818	$11.55	31 Aug 21	$332,848[2]
	15 Nov 19	TSR	34,865	$6.64	31 Aug 22	$85,238
	15 Nov 19	Strategic	46,194	$10.14	31 Aug 22	$209,508[4]
	11 Nov 20	SSI	3,835	$100.00	31 Aug 21	$87,657[3]
	11 Nov 20	TSR	45,407	$8.18	31 Aug 23	$254,153
	11 Nov 20	Strategic	63,152	$10.10	31 Aug 23	$436,443[4]
J Glyde	09 Nov 18	TSR	32,710	$6.30	31 Aug 21	$10,865
	09 Nov 18	ROIC	15,034	$11.55	31 Aug 21	$173,643[2]
	15 Nov 19	TSR	16,709	$6.64	31 Aug 22	$40,850
	15 Nov 19	Strategic	22,138	$10.14	31 Aug 22	$97,125[4]
	01 June 20	RSU	65,000	$7.21	01 Jun 23	$320,382
	11 Nov 20	SSI	2,709	$100.00	31 Aug 21	$61,920[3]
	11 Nov 20	TSR	32,082	$8.18	31 Aug 23	$179,570
	11 Nov 20	Strategic	44,620	$10.10	31 Aug 23	$308,368[4]
M Movsas	09 Nov 18	TSR	39,790	$6.30	31 Aug 21	$13,216
	09 Nov 18	ROIC	18,288	$11.55	31 Aug 21	$211,226[2]
	15 Nov 19	TSR	24,363	$6.64	31 Aug 22	$59,563
	15 Nov 19	Strategic	32,280	$10.14	31 Aug 22	$141,620[4]
	01 June 20	RSU	90,000	$7.21	01 Jun 23	$443,607
	11 Nov 20	SSI	2,640	$133.33	31 Aug 21	$80,457[3]
	11 Nov 20	TSR	46,561	$8.18	31 Aug 23	$260,612
	11 Nov 20	Strategic	64,758	$10.10	31 Aug 23	$447,542[4]
S Skurnac	09 Nov 18	TSR	54,259	$6.30	31 Aug 21	$18,022
	09 Nov 18	ROIC	24,939	$11.55	31 Aug 21	$288,045[2]
	15 Nov 19	TSR	29,162	$6.64	31 Aug 22	$71,295
	15 Nov 19	Strategic	38,638	$10.14	31 Aug 22	$175,239[4]
	11 Nov 20	SSI	2,228	$133.33	31 Aug 21	$67,901[3]
	11 Nov 20	TSR	39,286	$8.18	31 Aug 23	$219,892
	11 Nov 20	Strategic	54,639	$10.10	31 Aug 23	$377,609[4]

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 FY19 subject to a three-year average ROIC performance hurdle achievement from 1 July 2018 to 30 June 2021. As these performance rights did not achieve threshold average return of 8.0% across the performance period and therefore will be forfeited, no expense has been recognised to date.

3 These grants relate to performance rights issued in FY21 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 2020 to 31 August 2021. 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.

4 These grants relate to performance rights issued in FY20 and FY21 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, and 1 July 2020 and ending 30 June 2023 for FY21 rights.

EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURES TABLES CONTINUED

Movement in Performance Rights and RSUs during the year ended 30 June 2021

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 July 2020	Number granted	Number vested	Number forfeited	**Balance at 30 June 2021**
A Field	Ordinary shares	730,880	332,134	(42,947)	(180,123)	**839,944**
S Mikkelsen	Ordinary shares	217,882	112,394	(1,864)	(43,442)	**284,970**
J Glyde	Ordinary shares	219,937	79,411	(1,249)	(35,207)	**262,892**
M Movsas	Ordinary shares	241,365	113,959	(1,303)	(35,341)	**318,680**
S Skurnac	Ordinary shares	229,506	96,153	(29,666)	(52,842)	**243,151**

KMP share holdings as at the end of the financial year ended 30 June 2021

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 July 2020	Received on exercise of options, performance rights and RSUs	Purchases/(sales)	**Balance at 30 June 2021**
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**
Executives				
A Field	150,160	93,748	(17,566)	**226,342**
S Mikkelsen	4,600	21,804	–	**26,404**
J Glyde	108,200	35,420	(20,000)	**123,620**
M Movsas	–	101,685	(87,294)	**14,391**
S Skurnac	131,151	45,174	(9,720)	**166,405**

5.4 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.

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 FY21 were A$2,200,899/US$1,634,513 (FY20: A$2,226,114/US$1,497,002).

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 FY21 and FY20:

	2021		2020	
(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 pays superannuation at 9.5% of the maximum contribution (A$21,694) for each Australian resident NED. Superannuation is not paid in respect of overseas NEDs. NEDs do not receive any retirement benefits.

EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURES TABLES CONTINUED

5.5 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			Short-term benefits	Post-employment benefits		
Name	Location	Financial year	Cash fees	Superannuation[1]	Total A$	Total US$
Non-Executive Directors						
G Brunsdon	Australia	**2021**	**497,914**	**21,694**	**519,608**	**388,277**
		2020	498,605	21,003	519,608	349,323
T Gorman[2, 3]	USA	**2021**	**240,818**	**–**	**240,818**	**179,275**
		2020	9,646	–	9,646	6,607
H Kato	Japan	**2021**	**240,270**	**–**	**240,270**	**180,070**
		2020	240,270	–	240,270	161,154
G Nelson[2]	USA	**2021**	**333,656**	**–**	**333,656**	**244,424**
		2020	365,420	–	365,420	244,424
D O'Toole	Australia	**2021**	**245,950**	**21,694**	**267,644**	**199,999**
		2020	246,642	21,003	267,645	179,937
H Ridout	Australia	**2021**	**254,710**	**21,694**	**276,404**	**206,544**
		2020	255,401	21,003	276,404	185,807
J Thompson[2]	USA	**2021**	**322,499**	**–**	**322,499**	**235,924**
		2020	365,420	–	365,420	244,424
Total[4]		**2021**	**2,135,817**	**65,082**	**2,200,899**	**1,634,513**
		2020[4]	2,163,105	63,009	2,226,114	1,497,002

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 US dollars.

3 Mr Gorman was appointed to the Board on 15 June 2020.

4 FY20 total above included Messrs Dilacqua and Kane, who retired from the Board in FY20.

5.6 OTHER TRANSACTIONS WITH KMP

Transactions entered into with any KMP of the Group, including their personally related parties, are at 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
17 August 2021

A Field
Managing Director and Group CEO

New South Wales
17 August 2021

Financial Report

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statements

For the year ended 30 June 2021

	Note	2021 A$m	2020 A$m
Revenue	3	**5,925.9**	4,917.5
Other income	3	**42.9**	57.4
Raw materials used and changes in inventories		**(3,932.8)**	(3,248.4)
Freight expense		**(495.1)**	(431.5)
Employee benefits expense		**(567.5)**	(614.2)
Depreciation and amortisation expense	5	**(193.3)**	(202.8)
Repairs and maintenance expense		**(79.5)**	(93.8)
Other expenses		**(551.9)**	(566.5)
Impairment of goodwill and other intangibles		**–**	(72.0)
Finance costs	19	**(14.1)**	(15.4)
Share of results of joint ventures	25	**167.9**	16.8
Profit/(loss) before income tax		**302.5**	(252.9)
Income tax expense	13	**(73.1)**	(12.4)
Profit/(loss) for the year		**229.4**	(265.3)

		A¢	A¢
Earnings/(loss) per share			
Basic	7	**114.1**	(131.2)
Diluted	7	**112.8**	(131.2)

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	**2021 A$m**	2020 A$m
Profit/(loss) for the year		**229.4**	(265.3)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Changes in the fair value of cash flow hedges, net of tax	21	**–**	0.4
Changes in the fair value of cash flow hedges of an equity method investment, net of tax	25	**1.1**	(1.1)
Foreign exchange translation differences arising during the period, net of tax	21	**(77.8)**	20.7
Gain reclassified to profit or loss on disposal of foreign operations, net of tax		**(0.2)**	(3.8)
Item that will not be reclassified to profit or loss:			
Re-measurements of defined benefit plans, net of tax		**2.1**	1.0
Other comprehensive (loss)/income for the year, net of tax		**(74.8)**	17.2
Total comprehensive income/(loss) for the year		**154.6**	(248.1)

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

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 A$m	2020 A$m
Current assets			
Cash and cash equivalents	18	**240.3**	227.3
Trade and other receivables	8	**606.3**	392.3
Inventories	9	**639.5**	334.3
Other financial assets	17	**46.9**	20.5
Assets classified as held for sale		**0.3**	0.4
Total current assets		**1,533.3**	974.8
Non-current assets			
Investments in joint ventures	25	**417.1**	322.8
Other financial assets	17	**97.0**	115.1
Right of use assets	11	**276.3**	311.4
Property, plant and equipment	10	**1,123.9**	1,192.8
Retirement benefit assets	16	**7.8**	7.3
Deferred tax assets	13	**199.4**	221.9
Other intangible assets	12	**93.0**	60.0
Total non-current assets		**2,214.5**	2,231.3
Total assets		**3,747.8**	3,206.1
Current liabilities			
Trade and other payables	14	**628.0**	369.3
Lease liabilities	11	**68.5**	70.5
Other financial liabilities	17	**7.6**	12.1
Current tax liabilities		**16.2**	4.6
Provisions	15	**130.4**	79.1
Total current liabilities		**850.7**	535.6
Non-current liabilities			
Payables	14	**18.6**	13.1
Borrowings	19	**232.0**	116.9
Lease liabilities	11	**256.6**	293.0
Deferred tax liabilities	13	**183.3**	199.5
Provisions	15	**85.1**	59.4
Other financial liabilities	17	**–**	1.8
Retirement benefit obligations	16	**2.4**	4.5
Total non-current liabilities		**778.0**	688.2
Total liabilities		**1,628.7**	1,223.8
Net assets		**2,119.1**	1,982.3
Equity			
Contributed equity	20	**2,727.8**	2,734.4
Reserves	21	**212.9**	266.9
Accumulated deficit	21	**(821.6)**	(1,019.0)
Total equity		**2,119.1**	1,982.3

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Note	Contributed equity A$m	Reserves A$m	Accumulated deficit A$m	Total equity A$m
Balance at 1 July 2019		2,750.2	236.3	(687.8)	2,298.7
Loss for the year		–	–	(265.3)	(265.3)
Other comprehensive income		–	16.2	1.0	17.2
Total comprehensive loss for the year		–	16.2	(264.3)	(248.1)
Transactions with owners in their capacity as owners:					
Purchase of shares by trusts	20, 21	(1.2)	–	(16.3)	(17.5)
Dividends paid	6	–	–	(50.6)	(50.6)
Share options exercised	20	1.9	–	–	1.9
Buy-back of ordinary shares	20	(16.5)	–	–	(16.5)
Share-based payments expense, net of tax		–	14.4	–	14.4
		(15.8)	14.4	(66.9)	(68.3)
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	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**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	**2021 A$m**	2020 A$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**5,631.0**	4,818.7
Payments to suppliers and employees (inclusive of goods and services tax)[1]		**(5,534.1)**	(4,867.6)
		96.9	(48.9)
Interest received		**2.6**	1.3
Interest paid		**(13.7)**	(14.9)
Dividends received from joint ventures		**57.1**	7.7
Grant income received		**9.7**	5.7
Repayment of grant income	3	**(7.5)**	-
Insurance recoveries		**2.4**	10.3
Income taxes received		**25.1**	2.5
Income taxes paid		**(43.2)**	(29.0)
Net cash inflows/(outflows) from operating activities	18	**129.4**	(65.3)
Cash flows from investing activities			
Payments for property, plant and equipment		**(128.6)**	(140.5)
Payments for businesses, net of cash acquired		**(32.8)**	-
Payments for intangible assets		**(1.1)**	-
Payments for other financial assets		**(0.5)**	(2.2)
Proceeds from sale of businesses, net of cash sold	23	**-**	121.2
Grant income received for purchase of equipment		**-**	1.9
Proceeds from sale of property, plant and equipment		**10.7**	48.3
Proceeds from sale of other financial assets		**2.3**	4.2
Loan to related party		**-**	(61.4)
Proceeds from loan to related party		**9.7**	-
Repayment of loan by related party		**13.4**	-
Net cash outflows from investing activities		**(126.9)**	(28.5)
Cash flows from financing activities			
Proceeds from borrowings		**985.2**	1,608.0
Repayment of borrowings		**(860.0)**	(1,524.0)
Fees paid for renewal of loan facilities		**-**	(0.8)
Repayment of lease liabilities		**(74.1)**	(68.2)
Payments for ordinary shares bought back	20	**-**	(16.5)
Payments for shares under employee share plan	20, 21	**(16.5)**	(17.5)
Proceeds from issue of ordinary shares		**-**	1.7
Dividends paid	6	**(24.2)**	(50.6)
Net cash inflows/(outflows) from financing activities		**10.4**	(67.9)
Net increase/(decrease) in cash and cash equivalents		**12.9**	(161.7)
Cash and cash equivalents at the beginning of the financial year		**227.3**	382.9
Effects of exchange rate changes on cash and cash equivalents		**0.1**	6.1
Cash and cash equivalents at the end of the financial year	18	**240.3**	227.3

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

1 Payments to suppliers and employees (inclusive of goods and services tax) above include A$50.9 million of cash outflows during the year ended 30 June 2021 related to the Global Enterprise Resource Planning ("ERP") implementation. Refer to note 5 regarding payments to suppliers and employees relating to Global ERP implementation in prior year financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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 2021 ("FY21") 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*;
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (note 22);
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian Dollars;
- 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;
- 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 2020, all of which did not have a material impact on the financial statements; and
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

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)

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 2020 that are relevant to the Group include:

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business;*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material;*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework;*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform;*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New International Financial Reporting Standards ("IFRS") Standards Not Yet Issued in Australia;* and
- AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions.*

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

Notes to the Consolidated Financial Statements continued

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 electronic recycling solutions in the following countries: Australia, Germany, India, Ireland, Netherlands, New Zealand, Poland, Singapore, the United Kingdom and the United States of America. During FY21, a subsidiary in Dubai was sold.
- **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 was incorporated during FY21.

Information about reportable segments

	NAM A$m	ANZ A$m	UK A$m	Global trading A$m	SAR A$m	SLS A$m	Unallocated A$m	Total A$m
2021								
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)**
Profit 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**
2020								
Total sales revenue	2,061.7	924.8	869.8	550.8	–	408.0	93.4	4,908.5
Other revenue	6.1	0.9	–	–	–	1.0	1.0	9.0
Total segment revenue	2,067.8	925.7	869.8	550.8	–	409.0	94.4	4,917.5
Segment EBIT	(145.8)	39.3	(110.0)	6.9	12.1	(14.8)	(26.8)	(239.1)
Interest income								1.6
Finance costs								(15.4)
Loss before Tax								(252.9)
Assets	1,116.7	694.9	322.5	54.1	277.5	139.4	601.0	3,206.1
Liabilities	307.3	250.2	179.0	70.1	0.2	87.0	330.0	1,223.8
Net assets	809.4	444.7	143.5	(16.0)	277.3	52.4	271.0	1,982.3
Other items:								
Depreciation and amortisation	(94.0)	(53.0)	(27.6)	(1.3)	–	(11.3)	(15.6)	(202.8)
Share of results of joint ventures	(2.5)	–	–	–	12.1	–	7.2	16.8
Investments in joint ventures	35.9	0.1	–	–	219.6	–	67.2	322.8
Impairments of intangibles	(35.6)	–	(23.0)	–	–	(13.4)	–	(72.0)
Impairments of fixed assets	(32.1)	–	(9.7)	–	–	(0.3)	–	(42.1)
Property, plant and equipment additions	74.2	13.3	27.6	0.4	–	2.8	22.2	140.5

Notes to the Consolidated Financial Statements continued

3 REVENUE AND OTHER INCOME

	2021 A$m	2020 A$m
Sales revenue		
Ferrous secondary recycling	**4,288.9**	3,286.2
Non-ferrous secondary recycling	**1,199.5**	1,095.5
Recycling services	**319.0**	408.0
Secondary processing and other services	**108.9**	118.8
	5,916.3	4,908.5
Other revenue		
Interest income	**2.6**	1.6
Rental and dividend income	**7.0**	7.4
	9.6	9.0
Total revenue	**5,925.9**	4,917.5

Sales to external customers[1]

	2021 A$m	2020 A$m
Australia	**468.7**	426.5
Bangladesh	**351.9**	186.2
China	**399.2**	479.2
Turkey	**976.1**	837.7
United States	**1,227.7**	958.3
Other	**2,492.7**	2,020.6
Total sales revenue	**5,916.3**	4,908.5

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. 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.

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 comprises 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 and dividend 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.

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

	2021 A$m	2020 A$m
Net gain on commodity derivatives	**–**	2.7
Net gain on currency derivatives	**7.9**	3.6
Net foreign exchange gain	**–**	–
Net gain on disposal of property, plant and equipment	**1.6**	6.4
Net gain on revaluation of financial assets at fair value through profit or loss	**2.5**	0.1
Non-recurring gain on asset disposition	**6.6**	20.4
Government grants	**13.4**	4.3
Insurance recoveries	**3.1**	11.6
Third party commissions	**3.2**	3.0
Management fees	**1.2**	1.0
Other	**3.4**	4.3
Total other income	**42.9**	57.4

Grant income
Grant income is accounted for in profit or loss as other income or deduction in reporting the related expense. 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 A$14.0 million cumulatively during six months ending 30 June 2020 ("FY20") and during FY21. During FY21, the Company voluntary returned A$7.5 million of JobKeeper funds, which related to eligible amounts received during FY21. This amount has been presented as an "other" expense.

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 on period to the next are relevant in explaining the financial performance of the Group and as such are disclosed separately.

	2021 A$m	2020 A$m
Impairments:		
– Goodwill (note 12)	**–**	30.6
– Other intangible assets (note 12)	**–**	41.4
– Fixed assets	**6.4**	50.2
Global ERP software implementation costs (note 5)	**60.8**	–
Restructuring and redundancies[1]	**4.8**	35.2
Environmental and legal provisions	**10.4**	25.0
Gain on sale of property	**(6.6)**	(20.4)
Net loss on sale of businesses (note 23)	**0.5**	9.9
Non-qualified hedges[2]	**(4.3)**	8.0
Impact of fires, net of insurance recoveries	**(1.1)**	(5.0)

1 FY20 restructuring and redundancy amounts primarily related to the restructure of UK operations.

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

5 EXPENSES

	2021 A$m	2020 A$m
Depreciation and amortisation:		
Depreciation expense, net of right of use asset depreciation	**119.5**	130.9
Right of use asset depreciation expense	**73.4**	67.1
Amortisation expense	**0.4**	4.8
	193.3	202.8
Net loss on commodity derivatives	**60.1**	–
Net foreign exchange loss	**8.3**	4.9

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 FY21, the Group continued to progress its ongoing global ERP implementation. On 27 April 2021, the IFRS Interpretations Committee ("IFRIC") published an agenda decision summarising IFRIC considerations and decisions relating to the configuration and customisation costs in a software as a service ("SaaS") arrangement. The addendum clarified that configuration and customisation costs will be an operating expense or a prepayment, recognised, generally, 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.

The Group has reassessed the accounting treatment of the costs incurred to date of the Global ERP implementation in accordance with the IFRIC agenda decision regarding configuration or customisation costs in a cloud computing arrangement. The impact on the Group's FY21 financial statements are as follows:

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

- Included in the A$60.8 million of costs incurred to date charged to the profit or loss in the current year were A$13.0 million of implementation costs relating to prior periods that were capitalised and recognised in property, plant and equipment to 30 June 2020. The Group has considered that the amounts charged to the profit or loss in FY21 relating to prior periods 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.

- The consolidated statement of cash flows includes payments to suppliers and employees relating to the Global ERP implementation within cash flows from operating activities. Amounts recognised in prior periods were previously recognised as investing activities. Cumulative cash spend of A$65.4 million includes A$4.6 million of prepaid software licenses, which will amortise over the remaining contract term of the license subsequent to 30 June 2021.

- 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 program are recognised as a corporate expense.

6 DIVIDENDS

	Cents per share	Amount A$m
2021:		
Interim 2021 (100% franked)	**12.0**	**24.2**
2020:		
Interim 2020 (100% franked)	6.0	12.0
Final 2019 (100% franked)	19.0	38.6
		50.6

Since the end of the fiscal year, the Directors have declared a final dividend of 30.0 cents per share (50% franked). The dividend will be payable on 20 October 2021 to shareholders on the Company's register at the record date of 6 October 2021. The estimated dividends to be paid, but not recognised as a liability at the end of the reporting period, is approximately A$60.4 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 2021, there was an A$0.5 million surplus (2020: A$4.1 million deficit) of estimated franking credits.

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.

	2021	2020
Basic earnings/(loss) per share (in A¢)	**114.1**	(131.2)
Diluted earnings/(loss) per share (in A¢)	**112.8**	(131.2)
Weighted average number of shares used in the denominator ('000)		
Basic shares	**201,045**	202,139
Dilutive effect of share-based awards	**2,402**	–
Diluted shares	**203,447**	202,139

Due to the loss after tax in the year ended 30 June 2020, the dilutive effect of share-based awards, which was approximately 0.9 million, was not included as the result would have been anti-dilutive.

ASSETS AND LIABILITIES

8 TRADE AND OTHER RECEIVABLES

	2021 A$m	2020 A$m
Trade receivables	**469.3**	269.5
Loss allowance	**(2.1)**	(1.3)
Net trade receivables	**467.2**	268.2
Other receivables	**85.9**	57.2
Tax receivable	**20.7**	42.1
Prepayments	**32.5**	24.8
Total current receivables	**606.3**	392.3
Movement in loss allowance		
Balance at 1 July	**1.3**	1.5
Provision recognised/(written back) during the year	**0.9**	(0.2)
Foreign exchange differences	**(0.1)**	–
Balance at 30 June	**2.1**	1.3
Debtors overdue		
Days overdue		
1-30 days	**21.8**	8.9
31-60 days	**3.9**	3.8
Over 60 days	**5.7**	4.4
	31.4	17.1

Recognition and measurement

Trade and other receivables are recognised at fair value, 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 a 12-month 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.

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

	2021 A$m	2020 A$m
Raw materials	**107.0**	52.9
Finished goods	**508.1**	257.3
Stores and spare parts	**24.4**	24.1
	639.5	334.3

The cost of inventories recognised as expense during FY21 amounted to A$4,043.4 million (2020: A$3,360.7 million).

There were no lower of cost and market adjustments recorded during FY21 (2020: A$11.3 million).

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.

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 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**

10 PROPERTY, PLANT AND EQUIPMENT CONTINUED

	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 2020						
Cost	335.6	471.8	98.3	1,361.2	128.3	2,395.2
Accumulated depreciation	–	(195.3)	(70.2)	(936.9)	–	(1,202.4)
Net book amount	335.6	276.5	28.1	424.3	128.3	1,192.8
Movement						
Balance at 1 July	358.2	268.7	32.5	376.3	231.5	1,267.2
Additions	–	1.5	3.2	23.9	111.9	140.5
Disposals	(19.0)	(1.2)	(0.1)	(0.8)	–	(21.1)
Dispositions (note 23)	(8.5)	(8.0)	(0.1)	(15.3)	(1.6)	(33.5)
Transfers	–	42.4	2.8	173.3	(218.5)	–
Reclass to assets held for sale	(0.2)	–	–	–	–	(0.2)
Impairment charges[1]	–	(3.7)	(4.4)	(34.0)	–	(42.1)
Depreciation expense	–	(25.7)	(5.7)	(99.5)	–	(130.9)
Foreign exchange differences	5.1	2.5	(0.1)	0.4	5.0	12.9
Balance at 30 June	335.6	276.5	28.1	424.3	128.3	1,192.8

1 A$42.1 million of the FY20 impairment charges were the result of commercially-driven restructuring plans within the NAM and UK Metal segments. The impairment charges were recognised in profit or loss within the other expenses line item in FY20.

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.

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.

11 LEASES

Amounts recognised in the consolidated financial statements

Right-of-use assets presented within the consolidated balance sheet

	Real estate A$m	Plant & equipment A$m	Total A$m
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**
At 30 June 2020			
Cost	254.9	130.9	385.8
Accumulated impairment	(5.9)	-	(5.9)
Accumulated depreciation	(32.2)	(36.3)	(68.5)
Net book amount	216.8	94.6	311.4
Movement			
Balance at 1 July	217.8	70.2	288.0
Additions	43.6	61.0	104.6
Impairment expense	(6.2)	-	(6.2)
Depreciation expense	(32.3)	(34.8)	(67.1)
Foreign exchange differences	(6.1)	(1.8)	(7.9)
Balance at 30 June	216.8	94.6	311.4

Consolidated income statements

	2021 A$m	2020 A$m
Right-of-use asset depreciation	**73.4**	67.1
Interest expense (included in finance costs)	**7.4**	6.8
Expense related to short-term and low-value leases	**22.6**	36.4

Consolidated statement of cash flows

	2021 A$m	2020 A$m
Repayment of lease liabilities within 'financing activities'	**74.1**	68.2
Interest related to lease liabilities within 'operating activities'	**7.4**	6.8
Total lease cash outflows	**81.5**	75.0

Notes to the Consolidated Financial Statements continued

11 LEASES CONTINUED

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.

	2021 A$m	2020 A$m
Not later than one year	**74.9**	78.4
Later than one year, but not later than five years	**177.4**	188.9
Later than five years	**115.9**	137.4
	368.2	404.7
Less: unearned interest	**43.1**	41.2
	325.1	363.5

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.

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 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**
At 30 June 2020						
Cost	1,656.7	287.6	13.1	51.1	43.3	2,051.8
Accumulated impairment	(1,597.4)	(35.4)	(13.1)	(0.8)	(17.1)	(1,663.8)
Accumulated amortisation	–	(251.5)	–	(50.3)	(26.2)	(328.0)
Net book amount	59.3	0.7	–	–	–	60.0
Movement						
Balance at 1 July	147.2	24.1	3.3	0.9	18.3	193.8
Derecognised on disposal of subsidiaries (note 23)	(56.7)	–	(0.2)	–	–	(56.9)
Impairment charge	(30.6)	(20.9)	(3.2)	(0.4)	(16.9)	(72.0)
Amortisation expense	–	(2.7)	–	(0.4)	(1.7)	(4.8)
Foreign exchange differences	(0.6)	0.2	0.1	(0.1)	0.3	(0.1)
Balance at 30 June	59.3	0.7	–	–	–	60.0

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 includes acquired tradenames and software assets. The Company accounts for SaaS arrangements in which the Company controls the asset as an identified intangible asset within tradenames & 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. Customer relationships are amortised over a period of one to seven years, tradenames 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	**2021 A$m**	2020 A$m
Australia and New Zealand Metal	ANZ Metal	**57.7**	57.7
North America Metal[1]	North America Metal	**20.6**	–
All other CGUs		**1.6**	1.6
Total		**79.9**	59.3

1 During FY21, the Group acquired an aluminium processing business within the NAM segment, which resulted in goodwill of A$20.1 million and other intangible assets of A$11.3 million at the date of acquisition. Refer to note 23 for further information.

Impairment charges

There were no impairment charges recognised in FY21. In the year ended 30 June 2020, the following impairment charges were recognised:

CGU	Goodwill A$m	Other intangibles A$m
Continental Europe Recycling Solutions	13.0	–
North America Metal	1.6	34.0
United Kingdom Metal	15.6	7.4
Other SLS CGUs	0.4	–
Total	30.6	41.4

The Continental Europe Recycling Solutions CGU was impacted by the sale of certain European compliance scheme-oriented recycling assets. As a result, the future cash flows for the CGU were reassessed which indicated the carrying value of goodwill was not fully recoverable. Accordingly, an impairment of the entire goodwill balance for the CGU was required.

As a result of the loss of brand value from a specific legacy trade name of a subsidiary in the NAM CGU, the Group recognised an impairment charge of A$14.6 million related to other intangibles.

12 INTANGIBLE ASSETS CONTINUED

The remaining impairment to goodwill and other intangibles related to negative implications stemming from the COVID-19 pandemic, including a substantial decline in both supply and demand for our products and period of increased uncertainty.

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 2021 (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 2021.

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. Should management's estimate of the future not reflect actual events, further impairments may be identified.

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	**2021 %**	2020 %	**2021 %**	2020 %
North America Metal	**11.0**	11.0	**1.7**	1.8
ANZ Metal	**13.6**	13.2	**1.9**	2.0
United Kingdom Metal	**9.9**	9.9	**2.0**	2.2

Sensitivities

The Group believes that for all CGUs, any reasonably likely change in the key assumptions would not cause the carrying value of the CGUs to exceed their recoverable amount. Sufficient headroom was indicated for all CGUs following assessment of the impact of possible changes in key assumptions incorporated within evaluations as at 30 June 2021.

13 INCOME TAXES

	2021 A$m	2020 A$m
Income tax expense		
Current income tax charge	**44.5**	(1.5)
Adjustments for prior years	**2.8**	(7.1)
Deferred income tax	**25.8**	21.0
Income tax expense recognised in profit or loss	**73.1**	12.4
Reconciliation of income tax expense to prima facie income tax expense		
Profit/(loss) before income tax	**302.5**	(252.9)
Tax at the standard Australian rate of 30%	**90.8**	(75.9)
Effect of tax rates in other jurisdictions	**(6.5)**	9.7
Deferred tax assets not recognised	**1.0**	102.1
Non-deductible expenses	**6.0**	12.4
Remeasurement of net deferred balances	**–**	(7.3)
Recognition of tax effect of unrecognised deferred tax assets	**(10.8)**	(5.6)
Share of results of joint ventures	**(1.8)**	(2.2)
Non-assessable income	**–**	(11.0)
Share-based payments	**(11.8)**	(3.3)
State and local taxes	**3.4**	0.7
Adjustments for prior years	**2.8**	(7.1)
Other	**–**	(0.1)
Income tax expense recognised in profit or loss	**73.1**	12.4
Income tax (benefit)/charge directly to equity		
Share-based payments	**(5.0)**	0.5
Exchange gain on foreign-denominated intercompany loans	**(13.8)**	2.4
	(18.8)	2.9
Tax expense relating to items of other comprehensive income		
Cash flow hedges	**–**	0.2
Defined benefit plans	**0.6**	2.0
	0.6	2.2
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	**33.4**	18.3
Employee benefits	**26.5**	16.5
Property, plant and equipment	**4.3**	6.0
Intangible assets	**11.7**	15.8
Joint ventures	**17.7**	16.9
Tax loss carryforwards and tax credits	**18.5**	55.8
Leases	**73.5**	77.9
Share-based payments	**6.1**	–
Other	**2.0**	–
	193.7	207.2

13 INCOME TAXES CONTINUED

	2021 A$m	2020 A$m
Deferred tax assets and liabilities (continued)		
(Amounts recognised directly in equity)		
Defined benefit plans	**0.7**	1.3
Share-based payments	**5.0**	13.4
	5.7	14.7
Balance at 1 July	**221.9**	160.9
Charged to income statement	**(13.5)**	72.9
Charged directly to equity and other comprehensive income	**4.5**	(2.7)
Transfers to deferred tax liabilities	**–**	(9.1)
Foreign exchange differences	**(13.5)**	(0.1)
Balance at 30 June	**199.4**	221.9
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
(Amounts recognised in profit or loss)		
Intangible assets	**1.8**	1.6
Leases	**72.1**	78.0
Property, plant and equipment	**86.3**	79.6
Inventory and consumables	**2.7**	2.7
Joint ventures	**2.5**	3.1
Share-based payments	**–**	6.4
Employee benefits	**3.8**	1.6
Other	**1.4**	–
	170.6	173.0
(Amounts recognised directly in equity)		
Exchange gain on foreign-denominated intercompany loans	**12.7**	26.5
	12.7	26.5
Movements		
Balance at 1 July	**199.5**	115.2
Charged to income statement	**7.5**	90.7
Charged directly to equity and other comprehensive income	**(13.8)**	2.5
Transfers from deferred tax assets	**–**	(9.1)
Foreign exchange differences	**(9.9)**	0.2
Balance at 30 June	**183.3**	199.5

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 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.

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.

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.

On 27 March 2020, the US enacted the Coronavirus Aid, Relief and Economic Security ("CARES") Act. Among other things, the CARES Act removed certain limitations on utilisation of net operating losses ("NOLs") and allowed for the carryback of certain past and future NOLs. The Company has applied the NOL carryback provisions of the CARES Act to its NOL for the year ended 30 June 2019, which resulted in a cash refund of A$6.1 million and an additional A$6.0 million NOL from FY20 was carried back during the year and reclassified the deferred income tax asset to refundable income taxes in the fiscal year ended 30 June 2021.

Management reviewed the recoverability of the UK deferred tax asset during FY21. The UK had recognised A$64.2 million of deferred tax assets during and prior to FY20. Management considered the likely timing and level of future taxable profits, taking into account volatility of earnings in recent years, and exacerbated by COVID-19. Based on the uncertainty around the ability to recover the deferred tax assets, management derecognised the entire historical deferred tax asset during FY20 and did not capitalise subsequent net realisable losses and deductible temporary items. The UK generated profitability during the FY21, however, the net deferred tax asset has not been recognised as there is still uncertainty of consistent future profitability for utilisation in a reasonable period of time.

At 30 June 2021, the Group has not recognised deferred tax assets totalling A$96.9 million (2020: A$84.3 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 A$73.1 million (2020: A$61.7 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. Unrecognised tax losses include A$10.2 million (2020: A$13.1 million) of tax losses that will expire in five to 20 years. Other unused tax losses may be carried forward indefinitely.

Effective 10 June 2021, the Finance Bill received Royal Assent and became the Finance Act 2021, resulting in an increase to the UK Corporate Income Tax rate from 19% to 25% effective 1 April 2023 instead of the original enactment of a reduction in the Corporate Income Tax rate to 17% in 2020. The UK deferred tax balances were adjusted to the future tax rate and generated a tax benefit of A$12.7 million (GBP 7.1 million); however, a tax benefit was not taken as the UK net deferred tax asset is not being recognised due to uncertainty in future profitability.

UK Brexit

On 31 January 2020, the UK exited from the European Union. There was a one-year transition period that recently ended on 30 December 2020 with the signing of the EU-UK Trade and Cooperation Agreement. The agreement preserves the four areas of a single market: free movement of goods, services, capital and people. For customs purposes, the UK has exited the EU, resulting in a whole series of new customs and regulatory checks, including rules of origin and stringent local content requirements. The UK has updated the customs and indirect tax processes for the changes starting in January 2021 and have had no trading or regulatory compliance issues during FY21.

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.

14 TRADE AND OTHER PAYABLES

	2021 A$m	2020 A$m
Current:		
Trade payables	**392.4**	223.9
Other payables	**204.0**	126.5
Deferred income	**31.6**	18.9
	628.0	369.3
Non-current:		
Other payables	**18.6**	13.1

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 A$18.9 million at 30 June 2020 was earned during FY21 and A$31.6 million at 30 June 2021 relates to new performance obligations.

15 PROVISIONS

	2021 A$m	2020 A$m
Employee benefits	**110.7**	56.0
Self-insured risks	**33.6**	26.2
Onerous provisions	**9.2**	17.1
Legal provisions	**2.3**	2.4
Property make-good	**28.6**	31.7
Other provisions	**31.1**	5.1
	215.5	138.5
Current	**130.4**	79.1
Non-current	**85.1**	59.4
	215.5	138.5

Movements in each class of provision during the year ended 30 June 2021, 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	**26.2**	**17.1**	**2.4**	**31.7**	**5.1**
Provisions recognised/(reversed)	**9.4**	**(4.4)**	**0.7**	**6.6**	**0.5**
Payments	**–**	**(3.7)**	**(0.7)**	**(8.8)**	**(0.1)**
Acquisitions (note 23)	**–**	**–**	**–**	**–**	**25.0**
Foreign exchange differences	**(2.0)**	**0.2**	**(0.1)**	**(0.9)**	**0.6**
Balance at 30 June	**33.6**	**9.2**	**2.3**	**28.6**	**31.1**

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 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.

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 A$12.6 million in the year ended 30 June 2021 (2020: A$11.3 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.

Notes to the Consolidated Financial Statements continued

16 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

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

	2021 A$m	2020 A$m
Fair value of defined benefit plan assets	**92.7**	94.7
Present value of accumulated defined benefit obligations	**(87.3)**	(91.9)
Net amount	**5.4**	2.8

	2021	2020
Net amount comprised of:		
Retirement benefit assets	**7.8**	7.3
Retirement benefit obligations	**(2.4)**	(4.5)
Net defined benefit asset	**5.4**	2.8

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

	2021			2020		
	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$m	Net plan asset/ (liability) A$m
Balance at the beginning of the financial year	**94.7**	**(91.9)**	**2.8**	96.9	(97.1)	(0.2)
Actuarial gains/(losses) recorded in comprehensive income	**1.4**	**1.3**	**2.7**	3.9	(0.8)	3.1
Current service cost	**(0.1)**	**(0.6)**	**(0.7)**	–	(0.6)	(0.6)
Net interest income	**1.6**	**(1.7)**	**(0.1)**	2.5	(2.5)	–
Employer contributions	**0.2**	**–**	**0.2**	1.0	(0.1)	0.9
Benefit payments	**(4.6)**	**4.6**	**–**	(9.7)	9.7	–
Foreign exchange differences	**(0.5)**	**1.0**	**0.5**	0.1	(0.5)	(0.4)
Balance at the end of the financial year	**92.7**	**(87.3)**	**5.4**	94.7	(91.9)	2.8

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.

	2021	2020
Discount rate	**2.1%**	2.0%
Rate of increase in salaries	**3.0%**	3.1%
Rate of increase in Retail Price Index (UK defined benefit plan only)	**3.0%**	2.6%

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

The major categories of plan assets are as follows:

	2021 A$m	2020 A$m
Cash	**22.5**	9.7
Equity investments	**11.2**	29.0
Debt instruments	**54.0**	55.0
Property and other assets	**5.0**	1.0
Total plan assets	**92.7**	94.7

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

	2021 A$m	2020 A$m
Other financial assets – Current:		
Investments in marketable securities	**13.1**	12.8
Trust assets	**0.7**	3.0
Lease receivable	**0.7**	1.4
Restricted cash related to captive insurance financial asset	**20.1**	–
Derivative financial instruments:		
Forward commodity contracts	**11.5**	–
Forward foreign exchange contracts	**0.8**	3.3
	46.9	20.5
Other financial assets – Non-current:		
Loans to related parties carried at amortised cost	**40.0**	57.9
Long-term lease receivable	**35.0**	39.9
Other receivables	**22.0**	17.3
	97.0	115.1
Other financial liabilities – Current:		
Derivative financial instruments:		
Forward commodity contracts	**–**	9.6
Forward foreign exchange contracts	**7.6**	2.5
	7.6	12.1
Other financial liabilities – Non-current:		
Derivative financial instruments:		
Forward foreign exchange contracts	**–**	1.8
	–	1.8

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 plus transaction costs 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.

CAPITAL STRUCTURE AND RISK MANAGEMENT

18 CASH AND CASH EQUIVALENTS

	2021 A$m	2020 A$m
Cash at bank and on hand	**240.3**	227.3
Cash and cash equivalents	**240.3**	227.3

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

	2021 A$m	2020 A$m
Profit/(loss) for the year ended 30 June	**229.4**	(265.3)
Adjustments for non-cash items:		
Depreciation and amortisation	**193.3**	202.8
Non-cash interest expense	**0.5**	0.9
Equity accounted results net of dividends received	**(110.8)**	(8.4)
Non-cash share-based payments expense	**17.5**	15.2
Unrealised loss on held for trading derivatives	**(14.7)**	12.0
Non-cash retirement benefit expense	**0.7**	0.6
Non-cash forgiveness of debt	**(0.4)**	(0.4)
Net gain on disposal of property, plant and equipment	**(8.2)**	(26.8)
Loss on disposal of subsidiaries	**0.5**	8.9
Impairment of intangible assets	**–**	72.0
Impairment of property, plant and equipment	**6.4**	42.1
Non-cash write off of ERP implementation operating costs	**13.0**	–
Impairment of right of use assets	**1.2**	6.2
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(247.9)**	(18.0)
(Increase)/decrease in inventories	**(309.1)**	20.4
Increase/(decrease) in prepayments	**(9.9)**	3.9
Increase/(decrease) in provisions	**58.9**	(19.3)
Increase/(decrease) in income taxes	**33.1**	(33.0)
Increase in deferred taxes	**7.9**	17.9
Increase/(decrease) in trade and other payables	**268.0**	(97.0)
Net cash inflows/(outflows) from operating activities	**129.4**	(65.3)

Reconciliation of liabilities arising from financing activities

	Borrowings A$m	Lease liabilities A$m
Balance at 30 June 2020	**116.9**	**363.5**
Financing cash flows	**125.3**	**(74.1)**
Lease additions	**(0.4)**	**–**
Non-cash foreign exchange movement	**–**	**50.9**
Balance at 30 June 2021	**(9.8)**	**(15.2)**
	232.0	**325.1**
Balance at 30 June 2019	**35.4**	**0.0**
Financing cash flows	**84.1**	**(68.2)**
Non-cash forgiveness of debt	**(0.4)**	**–**
Adoption of AASB 16	**–**	**328.3**
Lease additions	**–**	**104.6**
Non-cash foreign exchange movement	**(2.2)**	**(7.8)**
Other movements	**–**	**6.6**
Balance at 30 June 2020	**116.9**	**363.5**

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 2021 consist of A$232.0 million, primarily related to bank loans (2020: A$116.9 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.

	2021 A$m	2020 A$m
Unsecured global multi-currency/multi-option loan facilities	613.9	636.3
Amount of credit unused, inclusive of financial guarantees on loan facilities	337.1	484.8

On 28 January 2020, the Group renewed its loan facilities, which extended the maturity date through 31 October 2022. The group incurred A$6.7 million of finance costs, excluding lease interest, during the year ended 30 June 2021, mainly comprised of interest on external borrowings and commitment fees on the Group's loan facilities (2020: A$8.6 million).

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

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

	2021		2020	
	Number of shares	**A$m**	Number of shares	A$m
On issue per share register at the beginning of the period	**201,217,486**	**2,735.6**	202,730,877	2,750.2
Share buy-back	**-**	**-**	(1,705,898)	(16.5)
Issued under long-term incentive plans	**261,126**	**-**	192,507	1.9
On issue per share register at the end of the period	**201,478,612**	**2,735.6**	201,217,486	2,735.6
Less: Treasury shares held at the end of the period	**(540,878)**	**(7.8)**	(110,850)	(1.2)
Total contributed equity	**200,937,734**	**2,727.8**	201,106,636	2,734.4

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 8 November 2019, the Company announced a share buy-back program for 12 months with a maximum number of shares that can be purchased of approximately 20.3 million. During the year ended 30 June 2020, the Company purchased 1,705,898 ordinary shares for total consideration of A$16.5 million under its current buy-back program. The Company did not buy-back any further ordinary shares in FY21.

Employee share ownership program trusts

During August 2019, the Company established two separate employee share ownership program 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. Of the outstanding shares as of 30 June 2021, the trusts held 540,878 shares (2020: 110,850 shares).

Excluding shares held in the employee share ownership program trusts, the number of shares held in equity as at 30 June 2021 was 200,937,734 with a value of A$2,727.8 million (30 June 2020 was 201,106,636 shares with a value of A$2,734.4 million). 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.

Recognition and measurement

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 and any reacquired shares are cancelled upon their purchase.

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 2019	223.7	(0.4)	13.0	236.3
Equity-settled share-based payment expense	14.9	–	–	14.9
Transfer to profit or loss – gross	–	0.6	–	0.6
Share of joint venture's other comprehensive income	–	(1.1)	–	(1.1)
Gain reclassified to profit or loss on disposal of foreign operations	–	–	(3.8)	(3.8)
Foreign currency translation differences	–	–	23.1	23.1
Deferred tax	(0.5)	(0.2)	(2.4)	(3.1)
Balance at 30 June 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**

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

	2021 A$m	2020 A$m
Balance at 1 July	**(1,019.0)**	(687.8)
Profit/(loss) after tax	**229.4**	(265.3)
Dividends paid	**(24.2)**	(50.6)
Treasury shares purchased	**(9.9)**	(16.3)
Actuarial gain on defined benefit plans, net of tax	**2.1**	1.0
Balance at 30 June	**(821.6)**	(1,019.0)

Notes to the Consolidated Financial Statements
continued

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 2021, the Group had a net cash position of A$8.3 million (2020: A$110.4 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:

Currency	2021 A$m	2020 A$m
US dollar	**99.8**	30.0
Euro	**21.9**	7.1
British pounds sterling	**21.3**	15.0

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)	
	2021 A$m	2020 A$m
Currency		
US dollar	**(22.2)**	(11.2)
Euro	**(2.4)**	(0.7)

	Impact on equity – higher	
	2021 A$m	2020 A$m
Currency		
US dollar	**38.5**	41.8

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 A$19.1 million during FY21 (2020: A$8.2 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.

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.

Notes to the Consolidated Financial Statements continued

22 FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk (continued)

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
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**
2020				
Non-derivatives:				
Trade and other payables	369.3	8.5	4.6	382.4
Borrowings	–	116.9	–	116.9
Derivatives:				
Net settled (forward commodity contracts)	9.6	–	–	9.6
Gross settled (forward foreign exchange contracts):				
– (inflows)	(118.1)	(25.9)	–	(144.0)
– outflows	120.6	27.7	–	148.3
	381.4	127.2	4.6	513.2
Interest on financial commitments	4.7	6.3	–	11.0
Financial guarantees[1]	57.0	–	–	57.0
	443.1	133.5	4.6	581.2

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.

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.

Notes to the Consolidated Financial Statements continued

GROUP STRUCTURE

23 BUSINESS ACQUISITIONS AND DISPOSALS

Acquisitions

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 A$32.8 million. The primary reason for the acquisition was to increase non-ferrous retail sales volumes, particularly to aluminium customers.

On a combined basis, had the acquisition occurred on 1 July 2020, there would not have been a significant change to the Group's revenue and net profit. Additionally, revenue and net profit contribution by the business acquired to the Group post-acquisition was not 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
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 has 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 A$24.9 million to A$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.

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

Disposals

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

During the year ended 30 June 2020, the Group sold its European compliance scheme operations to TSR Recycling. The sale was effective as of 30 September 2019 with a final closing date on 1 April 2020. The consideration and the carrying amount of the net assets at the date of disposal are as follows:

		A$m
Total cash consideration		**149.9**
Less: cash settlement of loans prior to closing		**(28.7)**
Net cash inflow on disposal of businesses		**121.2**
Net carrying value of disposed assets:		
Cash	**6.7**	
Receivables	**22.9**	
Inventories	**92.0**	
Other assets	**2.0**	
Property, plant and equipment, net	**33.1**	
Goodwill and other intangibles, net	**56.9**	
Payables	**(74.6)**	
Other liabilities	**(5.8)**	
Less: total net carrying value of disposed assets		**(133.2)**
Gain reclassified to profit or loss on disposal of foreign operations		**3.7**
Loss on business disposal		**(8.3)**
Transaction costs associated with disposal		**0.9**
Net loss on business disposal		**(9.2)**

Additionally, during the fiscal year ended 30 June 2020, the Group sold its South Africa operations. The sale was effective as of 30 June 2020 total consideration of A$0.2 million resulting in a loss on sale of A$0.7 million, included in other expenses.

Notes to the Consolidated Financial Statements continued

24 SUBSIDIARIES

Name of entity	Country of Incorporation	Equity holding % 2021	2020
Sims Limited (i)	Australia		
Electronic Product Stewardship Australasia Pty Limited	Australia	**90**	90
Sims Aluminium Pty Limited (i)	Australia	**100**	100
Sims E-Recycling Pty Limited	Australia	**90**	90
Sims Energy Pty Ltd	Australia	**90**	100
Sims Group Australia Holdings Limited (i)	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 (i)	Australia	**100**	100
Sims Resource Renewal Pty Limited	Australia	**100**	100
Universal Inspection and Testing Company 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.	Czech Republic	**100**	100
Sims Recycling Solutions FZE (ii)	Dubai	**0**	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	Papua New Guinea	**100**	100
PNG Recycling Limited	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	UK	**100**	100
Deane Wood Export Limited	UK	**100**	100
Dunn Brothers (1995) Limited	UK	**100**	100
Kaystan Holdings Limited	UK	**100**	100
Lord & Midgley Limited	UK	**100**	100
Morley Waste Traders Limited	UK	**100**	100
Sims Energy Limited (iii)	UK	**0**	90
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
Sims Metal Management Finance Limited	UK	**100**	100
Sims Metal Management U.K. Limited	UK	**100**	100
Sims Recycling Solutions Limited	UK	**100**	100
United Castings Limited	UK	**100**	100
CIM Trucking, Inc.	US	**100**	100
Converge Engineering LLC	US	**100**	100
Dover Barge Company	US	**100**	100
Global Sustainability Insurance Corporation (iv)	US	**100**	–
Metal Dynamics Detroit LLC	US	**100**	100
Metal Management Indiana, Inc.	US	**100**	100

Name of entity	Country of Incorporation	Equity holding % 2021	2020
Metal Management Memphis, L.L.C.	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 Pittsburgh, Inc. (v)	US	**0**	100
Metal Management, Inc.	US	**100**	100
Naporano Iron & Metal, Inc.	US	**100**	100
New York Recycling Ventures, Inc.	US	**100**	100
Sims Aluminum Inc. (iv, v)	US	**100**	–
Sims Southwest Corporation	US	**100**	100
Schiabo Larovo Corporation	US	**100**	100
Sims Energy USA Holdings Corporation (iv)	US	**100**	–
Sims Energy USA LLC (iv)	US	**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 Municipal Recycling of New York, LLC	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

(i) 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.

(ii) Shares of Sims Recycling Solution FZE were transferred to acquirer during FY21. Refer to note 23 for further information.

(iii) These subsidiaries were dissolved in the current year.

(iv) These subsidiaries were formed in the current year.

(v) Sims Aluminum Inc. was created during FY21 using the former Metal Management Pittsburgh, Inc. legacy legal entity.

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.

Notes to the Consolidated Financial Statements continued

24 SUBSIDIARIES CONTINUED

Deed of Cross Guarantee (continued)

	2021 A$m	2020 A$m
(i) Condensed consolidated income statement		
Profit before income tax	**45.1**	108.3
Income tax expense	**(3.8)**	(13.0)
Profit after tax	**41.3**	95.3
(ii) Consolidated statement of comprehensive income		
Profit after tax	**41.3**	95.3
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	**–**	0.4
Item that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plans, net of tax	**(0.2)**	(0.1)
Other comprehensive (loss)/income for the year, net of tax	**(0.2)**	0.3
Total comprehensive income for the year	**41.1**	95.6
(iii) Summary of movements in consolidated accumulated deficit		
Balance at 1 July	**(907.0)**	(935.3)
Profit for the year	**41.3**	95.3
Actuarial (loss) on defined benefit plans, net of tax	**(0.2)**	(0.1)
Trust reserves	**(9.9)**	(16.3)
Dividends provided for or paid	**(24.2)**	(50.6)
Balance at 30 June	**(900.0)**	(907.0)
(iv) Consolidated statement of financial position		
Current assets		
Cash and cash equivalents	**101.7**	95.1
Trade and other receivables	**220.4**	170.8
Inventories	**127.3**	87.2
Other financial assets	**0.7**	5.8
Assets classified as held for sale	**0.1**	0.1
Total current assets	**450.2**	359.0
Non-current assets		
Investments in joint ventures	**71.1**	67.1
Other financial assets	**1,618.9**	1,623.0
Right of use assets	**59.3**	30.0
Property, plant and equipment	**224.3**	258.6
Deferred tax assets	**64.2**	59.0
Other intangible assets	**42.3**	42.3
Total non-current assets	**2,080.1**	2,080.0
Total assets	**2,530.3**	2,439.0

	2021 A$m	2020 A$m
(iv) Consolidated statement of financial position (continued)		
Current liabilities		
Trade and other payables	**232.1**	164.4
Lease liabilities	**18.5**	18.1
Other financial liabilities	**3.8**	0.7
Current tax liabilities	**10.1**	2.6
Provisions	**33.4**	17.5
Total current liabilities	**297.9**	203.3
Non-current liabilities		
Lease liabilities	**75.4**	88.7
Retirement benefit obligations	**1.5**	1.0
Deferred tax liabilities	**63.0**	76.3
Provisions	**5.2**	5.6
Total non-current liabilities	**145.1**	171.6
Total liabilities	**443.0**	374.9
Net assets	**2,087.3**	2,064.1
Equity		
Contributed equity	**2,727.8**	2,734.4
Reserves	**259.5**	236.7
Accumulated deficit	**(900.0)**	(907.0)
Total equity	**2,087.3**	2,064.1

25 INTERESTS IN OTHER ENTITIES

Joint ventures

Name	Principal Activity	Country of incorporation	Ownership interest % 2021	2020
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
Simstar Alloys Pty Limited[1]	Recycling	Australia	**0**	50

1 Joint venture was deregistered during FY21.

Movements in carrying amounts of joint ventures

2021	**SAR A$m**	**Other A$m**	**Total A$m**
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**

2020			
Balance at 1 July	211.1	101.6	312.7
Share of results	12.1	4.7	16.8
Share of other comprehensive income	(1.1)	–	(1.1)
Dividends received	(5.9)	(2.5)	(8.4)
Foreign exchange differences	3.4	(0.6)	2.8
Balance at 30 June	219.6	103.2	322.8

25 INTERESTS IN OTHER ENTITIES CONTINUED

Summarised financial information of joint ventures

2021	SAR A$m	Other A$m	Total A$m
Statement of financial position			
Current assets	**273.4**	**46.1**	**319.5**
Non-current assets	**301.3**	**82.0**	**383.3**
Current liabilities	**85.9**	**15.5**	**101.4**
Non-current liabilities	**178.8**	**7.1**	**185.9**
Income statement			
Revenue	**1,428.5**	**108.0**	**1,536.5**
Share of net profit for the year	**158.2**	**9.7**	**167.9**
2020			
Statement of financial position			
Current assets	134.6	40.7	175.3
Non-current assets	276.2	74.3	350.5
Current liabilities	56.9	10.9	67.8
Non-current liabilities	130.2	6.7	136.9
Income statement			
Revenue	858.2	72.3	930.5
Share of net profit for the year	12.1	4.7	16.8

Balances and transactions with joint ventures

2021			
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**
2020			
Purchases of goods and services	427.7	2.5	430.2
Management and other fees and commissions	3.2	0.9	4.1
Current receivables	2.0	–	2.0
Current payables	26.5	0.1	26.6

Subsequent to 30 June 2021, the SAR Board of Directors have declared an aggregated cash and tax distribution of A$42.4 million to a subsidiary of the Company in accordance with the methodology defined in the joint venture operating agreement. The distribution will be payable August 2021.

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.

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:

	2021 A$m	2020 A$m
Statement of financial position:		
Current assets	**184.6**	191.9
Total assets	**2,429.7**	2,431.2
Current liabilities	**47.0**	32.5
Total liabilities	**88.4**	68.8
Shareholders' equity:		
Contributed equity	**4,056.3**	4,055.1
Reserves	**253.2**	238.1
Profits reserve	**122.5**	146.7
Accumulated deficit	**(2,090.7)**	(2,077.5)
Total equity	**2,341.3**	2,362.4
Statement of comprehensive income:		
(Loss)/profit for the year	**(3.3)**	99.3
Total comprehensive (loss)/income	**(3.3)**	99.3

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 2021 was A$61.6 million (2020: A$57.0 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 2021 was A$10.8 million (2020: A$15.3 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.

Notes to the Consolidated Financial Statements continued

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

	2021 A$m	2020 A$m
Equity-settled share-based payments expense	**17.5**	15.2
Cash-settled share-based payments expense	**0.9**	(0.1)
	18.4	15.1

Equity-settled options

Equity-settled options outstanding	**Number of options 2021**	**Weighted average exercise price 2021**	Number of options 2020	Weighted average exercise price 2020
Ordinary shares:				
Balance at 1 July	**8,047,884**	**A$11.35**	8,305,526	A$11.31
Granted	**–**	**–**	–	–
Forfeited/expired	**(293,502)**	**A$10.10**	(65,135)	A$9.84
Exercised	**(2,641,360)**	**A$10.79**	(192,507)	A$9.96
Balance at 30 June	**5,113,022**	**A$11.71**	8,047,884	A$11.35
Exercisable at 30 June	**4,445,757**	**A$11.62**	6,192,169	A$10.96

For equity-settled options exercised during the year ended 30 June 2021, the weighted average share price at the date of exercise was A$13.86 for ordinary shares (2020: A$11.84 for ordinary shares).

Historically, the Company issued share-based awards to US-based employees that were settled in American Depositary Shares ("ADSs"). However, beginning in November 2013, all new share-based awards are settled in ordinary shares. As of 30 June 2020, all outstanding ADSs have either been exercised, forfeited or expired.

Information about outstanding and exercisable equity-settled options as at 30 June 2021 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$10.35	693,111	A$9.38	1.40	688,178	A$9.38	1.38
A$10.36–A$11.60	1,488,999	A$10.55	2.11	1,488,999	A$10.55	2.11
A$11.61–A$17.10	2,930,912	A$12.85	3.96	2,268,580	A$13.00	3.85
	5,113,022	**A$11.71**	**3.07**	**4,445,757**	**A$11.62**	**2.88**

Cash-settled options

Cash-settled options outstanding	**Number of options 2021**	**Weighted average exercise price 2021**	Number of options 2020	Weighted average exercise price 2020
Balance at 1 July	**312,785**	**A$10.54**	422,591	A$10.30
Forfeited/Expired	**(73,533)**	**A$9.98**	(13,734)	A$9.29
Exercised	**(61,113)**	**A$10.30**	(96,072)	A$9.68
Balance at 30 June	**178,139**	**A$10.85**	312,785	A$10.54
Exercisable at 30 June	**178,139**	**A$10.85**	312,785	A$10.54

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	**Number of shares 2021**	**Weighted average fair value at grant date 2021**	Number of shares 2020	Weighted average fair value at grant date 2020
Ordinary shares:				
Non-vested balance at 1 July	**4,072,310**	**A$9.22**	4,319,889	A$9.18
Granted	**1,562,462**	**A$10.80**	1,229,966	A$10.06
Forfeited/cancelled	**(1,029,639)**	**A$14.08**	(658,860)	A$11.01
Vested	**(19,196)**	**A$10.81**	(818,685)	A$8.86
Non-vested balance at 30 June	**4,585,937**	**A$8.65**	4,072,310	A$9.22

In the year ended 30 June 2021, 992,313 share rights (2020: 646,391) were forfeited as the performance conditions were not satisfied and 37,236 share rights (2020: 12,469) 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	**Number of shares 2021**	**Weighted average fair value at grant date 2021**	Number of shares 2020	Weighted average fair value at grant date 2020
Ordinary shares:				
Non-vested balance at 1 July	**1,456,437**	**A$9.77**	1,214,209	A$9.91
Granted	**1,015,680**	**A$9.59**	883,178	A$9.54
Forfeited/cancelled	**(15,927)**	**A$10.81**	(2,324)	A$13.09
Vested	**(521,003)**	**A$11.01**	(638,626)	A$9.94
Non-vested balance at 30 June	**1,935,187**	**A$9.33**	1,456,437	A$9.77

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	
	2021	2020
Risk-free interest rate	**0.1%**	0.8%
Dividend yield	**2.3%**	2.3%
Volatility	**31.5%**	38.0%
Share price at grant date	**A$10.77**	A$10.81

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.

Notes to the Consolidated Financial Statements continued

28 KEY MANAGEMENT PERSONNEL

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

	2021 A$	2020 A$
Short-term benefits	**15,932,674**	8,428,455
Long-term benefits	**89,584**	89,699
Post-employment benefits	**186,739**	98,997
Termination benefits	**–**	1,540,475
Share-based payments	**6,928,456**	5,364,686
	23,137,453	15,522,312

During FY20, a KMP received A$1,540,475 of benefits upon retirement at 30 June 2020 and acceleration of share-based payments. Refer to the FY20 Remuneration Report for further detail.

Effective 1 July 2020, Mr John Glyde, former Managing Director of Australia & New Zealand Metal, was appointed Chief Operating Officer - Global Metal and is responsible for Sims Metal processing facilities globally, transportation and logistics (excluding chartering) and engineering services. In addition, Mr Michael Movsas, former President North America Metal, was appointed Chief Commercial Officer - Global Metal and is responsible for both ferrous and non-ferrous buying and sales for the metals business division globally. Both individuals were determined to be KMPs beginning in FY21.

29 COMMITMENTS AND CONTINGENCIES

Commitments

	2021 A$m	2020 A$m
Lease Commitments		
Not later than one year	**0.3**	3.1
Later than one year, but not later than five years	**0.2**	0.9
Later than five years	**–**	–
Total lease commitments not recognised as liabilities	**0.5**	4.0

The majority of operating leases within the Group do not involve commitments with future maturities and are typically month-to-month in nature.

	2021 A$m	2020 A$m
Capital expenditures		
Payable within one year	**35.9**	12.8
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	**37.9**	12.8

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 2021 was A$61.6 million (2020: A$57.0 million).

30 REMUNERATION OF AUDITORS

	2021 A$'000	2020 A$'000
Auditor of the Parent Entity		
Deloitte Touche Tohmatsu Australia:		
Audit or review of financial statements		
– Group	**1,281**	1,281
– Subsidiaries and joint operations	**490**	494
	1,771	1,775
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**55**	150
Other services:		
– Non-assurance services relating to enterprise risk and sustainability	**177**	–
– Taxation services	**14**	6
	2,017	1,931
Other auditors and their related network firms:		
Audit or review of financial statements		
Subsidiaries and joint operations	**1,662**	1,796
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**–**	362
Other services:		
– Taxation services	**243**	109
	1,905	2,267
	3,922	4,198

The auditor of Sims Limited is Deloitte Touche Tohmatsu.

31 SUBSEQUENT EVENTS

On 1 July 2021, the Company entered into a joint venture with 50% ownership interest to acquire the assets of the JED renewable landfill gas to energy facility near Orlando, Florida. The facility currently produces 9.6 MW of electricity and the cost of the 50% equity contribution was A$4.8 million.

Directors' Declaration

In the directors' opinion:

a) The financial statements and notes set out on pages 71 to 117 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

   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 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
17 August 2021

A Field
Managing Director and Group CEO

New South Wales
17 August 2021

Independent Auditor's Report

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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 2021, 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 2021 and of their 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.

Independent Auditor's Report continued

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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Valuation and Existence of Inventories As at 30 June 2021, the Group's consolidated statement of financial position includes inventories of A$639.5 million, which primarily consists of ferrous and non-ferrous scrap metals, as disclosed in Note 9 'Inventories'. Inventories are stated at the lower of cost and net realisable value. Cost is determined by either the first-in-first-out method or the weighted average method and comprises direct purchase costs, direct labour and an appropriate portion of fixed and variable overhead costs. The nature of ferrous and non-ferrous inventories means significant judgement is required when determining the net realisable value which considers current assessments of future demand and market conditions. Significant judgement is also required to estimate the ferrous inventories on hand due to the use of various estimation techniques.	**Our procedures included, but were not limited to:** **Valuation** • Evaluating management's processes for determining valuation and net realisable value of inventories, including testing key controls; • Testing on a sample basis, the specific inputs and allocation of costs in management's weighted average cost of inventories; • Testing on a sample basis, the recoverability of ferrous and non-ferrous inventories through the recalculation of projected net realisable values based on current and forecast commodity prices; **Existence** • Evaluating management's processes for determining existence of inventories, including testing controls; • 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 • Testing on a sample basis, inventories in transit with reference to contractual terms of sale and obtaining third party confirmations. • Assessing the appropriateness of disclosures in the Notes to the financial statements.
Revenue Recognition of Ferrous Secondary Recycling For the financial year ended 30 June 2021, the Group's consolidated income statement includes revenue of A$5,925.9 million, of which A$4,288.9 million relates to ferrous secondary recycling, as disclosed in Note 3 'Revenue and other income'. Revenue recognition for the sale of goods is determined with reference to the terms of the contract, the product sold and the point at which control is considered to be transferred and performance obligations are satisfied. Individual ferrous secondary recycling bulk cargo sales are often individually material and for sales, revenue recognition varies depending on the shipping terms used. Significant judgement is required to determine when control is transferred and performance obligations are satisfied under certain contractual arrangements, with specific focus on transactions occurring near the year end balance date.	Our procedures included, but were not limited to: • Evaluating management's processes in respect of the recognition of revenue for ferrous secondary recycling, including testing key controls; • Testing on a sample basis, the shipments occurring near to and after 30 June 2021 to supporting documentation. • Assessing if revenue was appropriately recognised with reference to the following: – The shipping and contractual terms for the transaction; – The resulting point in time that control is considered to be transferred and all performance obligations satisfied; and – Evaluating whether the recognition of revenue in accordance with Group policy complies with relevant accounting standards and that the revenue is recognised in accordance with those standards. • Assessing the appropriateness of disclosures in the Notes to the financial statement.

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.

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 36-69 of the Directors’ Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Sims Limited, for the year ended 30 June 2021, 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

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants
Sydney, 17 August 2021

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

17 August 2021

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 2021, 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

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants

Shareholder Information

As at 8 September 2021

EQUITY SECURITIES

Substantial Shareholders

	Number held	%
Mitsui & Co	33,450,338	16.6
Allan Gray Investment Mgt	25,773,875	12.8

ORDINARY SHARES

Distribution of ordinary share holdings

Range	Holders
1 to 1,000	5,733
1,001 to 5,000	3,885
5,001 to 10,000	496
10,001 to 100,000	236
100,001 and Over	33
Total	**10,383**

There were 4,830 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	29
5,001 to 10,000	26
10,001 to 100,000	62
100,001 and Over	11
Total	**128**

A total of 4,695,715 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 128 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	26
5,001 to 10,000	17
10,001 to 100,000	62
100,001 and Over	10
Total	**116**

A total of 4,685,620 options to take up ordinary shares are issued under the Sims Limited Long Term Incentive Plan, held by 116 holders.

The options do not have any voting rights.

ON-MARKET BUY-BACK

The Company has a current on-market buy-back.

TWENTY LARGEST SHAREHOLDERS

	Number of Shares	% held
HSBC Custody Nominees (Australia) Limited	63,087,692	31.31
Mitsui & Co Ltd	33,450,338	16.60
Citicorp Nominees Pty Limited	29,830,512	14.80
J P Morgan Nominees Australia Pty Limited	27,817,752	13.80
National Nominees Limited	13,749,952	6.82
BNP Paribas Nominees Pty Ltd	4,381,950	2.17
BNP Paribas Nominees Pty Ltd	2,545,782	1.26
Neweconomy Com Au Nominees Pty Limited	719,883	0.36
UBS Nominees Pty Limited	692,535	0.34
Citicorp Nominees Pty Limited	669,523	0.33
BNP Paribas Nominees Pty Ltd Six Sis Ltd	622,313	0.31
Solium Nominees (Australia) Pty Ltd	489,327	0.24
Buttonwood Nominees Pty Ltd	343,280	0.17
Elianaelysia Pty Ltd	249,610	0.12
CS Third Nominees Pty Limited	241,056	0.12
SGM Directors' Holdings	237,523	0.12
Pacific Custodians Pty Limited	236,450	0.12
BNP Paribas Nominees Pty Ltd Acf Clearstream	222,398	0.11
Mr Nazmi Ressas	220,000	0.11
Broadgate Investments Pty Ltd	220,000	0.11
Total	**180,027,876**	**89.33**

FIVE-YEAR TREND SUMMARY

		2021	2020	2019	2018	2017
Revenue	A$m	**5,925.9**	4,917.5	6,650.2	6,457.9	5,089.6
Profit/(loss) before interest and tax	A$m	**314.0**	(239.1)	225.0	278.6	201.2
Net finance costs	A$m	**(11.5)**	(13.8)	(6.7)	(8.9)	(10.2)
Tax (expense)/benefit	A$m	**(73.1)**	(12.4)	(65.7)	(66.2)	12.6
Profit/(loss) for the year	A$m	**229.4**	(265.3)	152.6	203.5	203.6
Net cash flows from operations	A$m	**129.4**	(65.3)	360.1	252.1	266.4
Earnings/(loss) per share – diluted	A¢	**112.8**	(131.2)	74.2	98.7	101.6
Dividends per share[1]	A¢	**42.0**	6.0	42.0	53.0	50.0
Return on shareholders' equity	%	**10.8**	-13.4	6.6	9.3	10.3
Current ratio (to 1)		**1.80**	1.82	1.87	1.75	2.07
Gearing ratio	%	**n/a**	n/a	n/a	n/a	n/a
Net tangible asset backing per share	A$	**10.08**	9.56	10.38	9.82	9.13

1 2017 includes a 10.0 cents per share Special Dividend.

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

COMPANY SECRETARIES

Gretchen Johanns
Ana Zita Cardoso Faria Metelo

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Telephone: +61 (2) 9322 7000
Website: www.deloitte.com.au

For more up-to-the-minute investor relations, visit simsltd.com

SIMS LIMITED ABN 69 114 838 630

This report is printed on 100%
post-consumer recycled paper

simsltd.com