Appendix 4E

Sims Limited
ABN 69 114 838 630
Preliminary Final Report

Results for announcement to the market

Current period: Year ended 30 June 2022
Prior corresponding period: Year ended 30 June 2021

Results (A$m)				Year ended 30 June		
				2022		2021
Sales Revenue	Up	56.6%	to	9,264.4	from	5,916.3
Net profit for the period attributable to members	Up	161.2%	to	599.3	from	229.4

Dividends (A¢)	Cents per Security	% Franked per Security
2022 Interim Dividend (paid 23 March 2022)	41.0	44%
2022 Final Dividend	50.0	50%
Record date for final dividend	5 October 2022	
Payment date for final dividend	19 October 2022	

The Board has determined that the dividend reinvestment plan will not operate in relation to this dividend.

Net tangible assets (A$)	30 June 2022	30 June 2021
Net tangible asset per security	12.39	10.08

Annual General Meeting

Pursuant to Listing Rule 3.13.1, notice is hereby given that the Annual General Meeting of Sims Limited will be held on Tuesday, 8 November 2022, commencing at 9am.

In accordance with Listing Rule 3.13.1, the closing date for receipt of director nominations is Monday, 19 September 2022.

For further explanation of the above figures, please refer to the Directors' Report and the consolidated financial statements, press release and market presentations filed with the Australian Securities Exchange Limited ("ASX").

The remainder of the information required by Listing Rule 4.2A is contained in the attached additional information.

The accompanying full year financial report has been audited by Deloitte Touche Tohmatsu. A signed copy of their audit report is included in the financial report.

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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 2022 ("FY22").

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 electronic equipment. The Group's principal activities remain unchanged from the previous financial year.

OPERATING AND FINANCIAL REVIEW

Disclosing Non-IFRS Financial Information (unaudited)

(A$m unless otherwise defined)	FY22	FY21	Change
Financial Performance metrics			
Sales revenue	**9,264.4**	5,916.3	56.6%
Trading Margin[1]	**1,903.9**	1,488.4	27.9%
Statutory earnings before interest, tax, depreciation and amortisation ("EBITDA")	**976.4**	507.3	92.5%
Underlying EBITDA[2]	**958.9**	579.9	65.4%
Depreciation expense	**(200.2)**	(192.9)	203.8%
Amortisation expense	**(2.6)**	(0.4)	750.0%
Statutory earnings/(loss) before interest and tax ("EBIT")	**773.6**	314.0	146.4%
Underlying EBIT[2]	**756.1**	386.6	95.6%
Net interest expense	**(16.0)**	(11.5)	39.1%
Statutory income tax (expense)/benefit	**(158.3)**	(73.1)	116.6%
Underlying income tax (expense)/benefit	**(161.2)**	(90.8)	77.5%
Statutory net profit after tax ("NPAT")	**599.3**	229.4	161.2%
Underlying NPAT[2]	**578.9**	284.1	103.8%
Statutory diluted earnings per share ("EPS") (cents)	**295.6**	112.8	162.1%
Underlying diluted EPS (cents)[2]	**285.5**	139.6	104.5%
Full year dividends per share (cents)	**91.0**	42.0	116.7%
Financial Position metrics			
Net assets	**2,537.5**	2,119.1	19.7%
Net cash	**(102.7)**	8.3	NMF
Total capital[3]	**2,640.2**	2,110.9	25.1%
Underlying return on capital (%)[4]	**22.8**	13.3	9.5 ppts
Non-current assets excluding lease-related assets and deferred tax assets	**1,939.9**	1,680.9	15.4%
Return on productive assets (%)[5]	**39.0%**	23.0%	16.0 ppts
Net tangible assets	**2,404.2**	2,026.1	18.7%
Net tangible assets per share	**12.4**	10.1	22.8%
Other Key metrics			
Net cash inflow/(outflow) from operating activities	**547.8**	129.4	323.3%
Capital expenditures	**274.7**	128.6	113.6%
Free cash flow after capital expenditures[6]	**273.1**	0.8	34,037.5%
Employees	**4,071**	3,881	4.9%
Sales tonnes ('000)	**9,707**	8,593	13.0%

1 Trading margin = sales revenue – raw materials used and changes in inventory – freight expense

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

3 Total capital = net assets – net cash.

4 Underlying return on capital = (underlying EBIT net of tax at effective tax rate of [xx]%) / 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 and deferred tax assets.

6 Free cash flow after capital expenditures = operating cash flow – capital expenditures.

OPERATING AND FINANCIAL REVIEW (continued)

Sensitivity to movements in foreign exchange rates

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

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

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

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

	Average rate - year ended 30 June			Closing rate - as at 30 June		
	2022	2021	Change	2022	2021	Change
US dollar	**0.7256**	0.7471	(2.9)%	**0.6902**	0.7500	(8.0)%
Euro	**0.6443**	0.6261	2.9%	**0.6584**	0.6325	4.1%
Pound sterling	**0.5456**	0.5545	(1.6)%	**0.5668**	0.5423	4.5%

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

All balances are stated in Australian dollars unless otherwise stated.

External operating environment

Ferrous prices ("HMS") peaked at around US$700 per tonne in March FY22, but have subsequently fallen to trade between US$320 to US$400 per tonne at the start of FY23.

The volatility was most noticeable in the second half of the year when prices fluctuated greatly. With the intermittent COVID lockdowns in China, increase of interest rates in many jurisdictions and fears of a global recession, price levels at the end of FY22 were more consistent with FY19 levels.

Overall, prices traded at historically high prices with the average copper price[1] at US$9,616 per tonne in FY22 or US$1,616 above the prior corresponding period and aluminium[1] traded at an average price of US$2,895 per tonne in FY22 or US$854 above the prior corresponding period. Zorba average price was 26.2%[1] above the prior corresponding period. Despite the strong fundamentals from the global transition to clean energy and increased demand for electric vehicles, aluminium and copper prices deteriorated towards the end of the year, driven by recession fears.

Broader metal market sentiment also deteriorated towards the end of FY22 as spikes in inflation and subsequent interest rates increase by central banks to address this issue eroded consumer confidence. Higher costs were experienced across the sector. Tight labour markets and logistical challenges compounded this. Most notably, container availability and shipping delays resulted in higher inventories as sold materials were held for longer in the yards. Also, average freight rates[2] increased by 91.3% compared to the prior year.

Extreme weather events in two of our largest metal markets compounded operating difficulties in the second half of FY22. The weather conditions were hot and dry on the west coast of the USA. A fire at our largest production site in the region led to site closures and extended production outages. In Australia, excessive rainfall on the east coast of Australia resulted in floods in Queensland which in turn led to closures and extended production outages in several sites.

While these conditions posed significant challenges, trading margins were protected through disciplined buying.

1 Platts

2 Bloomberg Finance

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

External operating environment (continued)

Despite the short-term volatility in ferrous and non-ferrous markets, decarbonisation continued to impact various sectors and regions and is expected to remain a tailwind for the recycling metal industry.

Proprietary intake volumes in North America were up on both the prior corresponding period and the FY19 levels. Steel industry profitability was robust, particularly in the United States. Gross Domestic Product (GDP) in the United States was strong in the first half of the financial year, growing at 2.3%[1] in the first quarter and 6.9% in the second quarter. However, in the third quarter, the GDP measure saw the first decline (-1.6%) since the second quarter of 2020, reflecting the resurgence of COVID-19 cases from the Omicron variant and decreases in government pandemic assistance payments. The negative trend continued into the fourth quarter with an annual rate decline of 0.9%[1].

The pace of scrap market consolidation in the US accelerated, particularly in the first half, driven by the increased demand for scrap from steel mills. Sims participated in the market consolidation with NAM acquiring Atlantic Recycling Group located in Baltimore, Maryland (transaction completed in January 2022). SA Recycling acquiring six metal recycling businesses, including PSC Metals (transaction completed in December 2021) for US$290.0 million.

The Australian economy contracted 1.9%[2] in the September quarter of 2021 due to reduced activity due to extended lockdowns across NSW, Victoria, and ACT. GDP improved in the subsequent quarters with increases of 3.6%[2] in the December 2021 quarter and 0.8%[2] in the March quarter of 2022. In contrast to previous COVID-19 strains, there was continued growth in economic activity through the peak of the Omicron variant outbreak. Severe flooding in areas of south-east Queensland and northern New South Wales had adverse effects on economic activity in coal mining and construction industries. Unlike the other metal regions, Australia & New Zealand's proprietary intake and sales volumes were subdued, reflecting these market conditions.

The UK GDP is estimated to have increased by 0.4%[3] in the three months to May 2022 and 3.5%[3] in the 12 months to May 2022.

In FY22, Sims Lifecycle Services ("SLS") grew repurposed units and market share against challenging market conditions. Supply chain constraints limited the release of cloud material. Additionally, market prices of units resold were lower in FY22, as COVID lockdowns in China reduced manufacturing activity.

Business activity levels

Intake Volumes	Year ended 30 June		
Tonnes ,000	2022	2021	Change
North America Metal	**5,071**	4,432	14.4%
Australia / New Zealand Metal	**1,586**	1,527	3.9%
UK Metal	**1,614**	1,412	14.3%
Total Proprietary Volumes	**8,271**	7,371	12.2%
Global Trading and other	**1,603**	1,371	16.9%
Total Intake Volume	**9,874**	8,742	12.9%

Shrunk intake volumes excluding brokerage tonnes ("proprietary intake volumes") increased by 12.2% to 8.3 million tonnes in FY22 in comparison to FY21 levels. Improved market prices during FY22 allowed scrap processors to increase buy prices, resulting in higher quantities of scrap being brought to market. In addition, acquisitions and feeder yard openings in the United Stated and Australia supplemented organic volume growth.

Ferrous intake grew by 12%, and non-ferrous intake by 20% in comparison to FY21 levels, with non-ferrous intake benefitting from strong trading conditions and the continued growth of the Alumisource business in its first full year of Sims' ownership.

1 Bureau of Economic Analysis – US Department of Commerce

2 Australia Bureau of Statistics

3 Office for National Statistics

OPERATING AND FINANCIAL REVIEW (continued)

Business activity levels (continued)

Sales Volumes	Year ended 30 June		
Tonnes ,000	2022	2021	Change
North America Metal	**5,081**	4,318	17.7%
Australia / New Zealand Metal	**1,532**	1,537	(0.3)%
UK Metal	**1,493**	1,370	9.0%
Total Proprietary Volumes	**8,106**	7,225	12.2%
Global Trading and other	**1,601**	1,368	17.0%
Total Sales Volume	**9,707**	8,593	13.0%

Proprietary sales volumes were 8.1 million tonnes in FY22 compared to 7.2 million tonnes in FY21, an increase of 12.2%. The North American business benefitted from strong post-COVID economic recovery and good domestic demand. The United Kingdom business also benefitted from a strong recovery. The Australian business experienced a more modest recovery and was heavily impacted by international shipping delays. It was also impacted by the Queensland floods which resulted in equipment damage and site shutdown at Queensland's primary processing facility at Rocklea, Brisbane. The inability to process ferrous material resulted in stockpiling across the FY22 year-end period of approximately 50,000 tonnes.

Financial Performance

FY22 was a record-breaking year for the Group.

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

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

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

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

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

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

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

OPERATING AND FINANCIAL REVIEW (continued)

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

Operating Segment Results

North America Metal

	Year ended 30 June		
A$m	2022	2021	Change
Sales revenue	**4,453.4**	2,669.9	66.8%
Trading margin	**881.4**	568.6	55.0%
Operating costs (excluding D&A)	**(485.9)**	(342.2)	42.0%
Underlying EBITDA	**395.5**	226.4	74.7%
Underlying EBIT	**293.4**	137.0	114.2%
Proprietary Sales tonnes (thousands)	**5,081**	4,318	17.7%
Trading margin (%)	**19.8%**	21.3%	(1.5) ppts
Underlying EBIT margin (%)	**6.6%**	5.1%	1.5 ppts

North America Metal ("NAM") FY22 sales revenue was $4,453.4 million. At constant currency, sales revenue was up 62.0% to $4,324.8 million compared to FY21. During the year, NAM experienced strong demand for its products from both domestic steel mills and export markets. Following recent operational technology investments, improved metal recovery rates translated to higher zorba sales.

Organic growth was supplemented with acquisition volumes, revenues, and earnings from Atlantic Recycling Group based in Baltimore, Maryland. Additionally, the FY22 result included the first full year contribution from Alumisource. Both businesses performed ahead of expectations in FY22. NAM also expanded intake volumes at source through various strategic sourcing arrangements. The competitive advantages provided by having dedicated deep-water ports with access to bulk trade, combined with disciplined buying practices, drove a 55% increase in total trading margin.

Operating costs, excluding depreciation and amortisation increased by 42.0% to $485.9 million or 37.9% on constant currency in FY22 compared to FY21. Costs increased as a result of organic volume growth and higher activity levels. The acquisition of Atlantic Recycling Group added additional costs, as did the first full year of activity of Alumisource. In addition, the business was impacted by a significant increase in labour costs due current tight labour market.

In FY22, underlying EBIT increased by 114.2% to $293.4 million or $285.0 million on constant currency, largely due to the higher volumes and trading margin.

Investment in SA Recycling

	Year ended 30 June		
A$m	2022	2021	Change
Underlying EBIT (50% share)	**298.5**	157.8	89.2%
Proprietary Sales tonnes (thousands)	**4,941**	3,706	33.3%

During FY22, SA Recycling ("SAR") contributed $298.5 million to the Group's underlying EBIT compared to $157.8 million in FY21. At constant currency, the contribution from SA Recycling improved by 83.3% to $289.9 million. The significantly improved result from SAR was driven by higher trading margins and sales volumes. Trading margins benefited from meaningful price increases in zorba, as well as ferrous and non-ferrous commodities. Proprietary SAR sales volumes increased 33.3% compared to FY21 due to improved economic activity, higher metal prices stimulating more inflow, and incremental volume from bolt-on acquisitions completed during FY22, including PSC Metals, Southern Recycling, Pirkle, Star Metal and Metro Metal. In addition, it was the first full year contribution from the FY21 acquisitions of Capital Scrap and Metals USA.

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results (continued)

Australia & New Zealand Metal

	Year ended 30 June		
A$m	**2022**	**2021**	**Change**
Sales revenue	**1,694.4**	1,098.9	54.2%
Trading margin	**423.1**	313.6	34.9%
Operating costs (excluding D&A)	**(182.9)**	(157.0)	16.5%
Underlying EBITDA	**240.2**	156.6	53.4%
Underlying EBIT	**186.9**	103.6	80.4%
Proprietary Sales tonnes (thousands)	**1,532**	1,537	(0.3)%
Trading margin (%)	**25.0%**	28.5%	(3.5)ppts
Underlying EBIT margin (%)	**11.0%**	9.4%	1.6ppts

Australia and New Zealand ("ANZ") sales revenue of $1,694.4 million in FY22 was 54.2% higher compared to FY21. The increase was largely attributed to higher average selling prices. While volumes in the ANZ region benefitted from the acquisition of Recyclers Australia, which had completed on 7 December 2021, proprietary sales volumes were slightly below the prior year due to flow-on impacts from COVID, including intermittent lockdowns across the region and supply chain constraints. Additionally, the closure of several Queensland sites in February and June 2022 due to floods resulted in 50,000 tonnes of intake being unprocessed at year-end. This inventory was sold in FY22 and is anticipated to be processed and shipped in early 1H FY23.

Total trading margin for FY22 improved by 34.9% compared to FY21 due to higher prices and disciplined buying.

Costs increased by 16.5% compared to FY21, being impacted by inflationary pressures, higher repairs and maintenance costs. and labour costs increases.

The business achieved Underlying EBIT of $186.9 million in FY22, representing an 80.4% increase on the prior year, driven by higher trading margins.

UK Metal

	Year ended 30 June		
A$m	**2022**	**2021**	**Change**
Sales revenue	**1,594.9**	993.3	60.6%
Trading margin	**234.6**	189.3	23.9%
Operating costs (excluding D&A)	**(139.2)**	(118.0)	18.0%
Underlying EBITDA	**95.4**	71.3	33.8%
Underlying EBIT	**69.8**	45.7	52.7%
Proprietary Sales tonnes (thousands)	**1,493**	1,370	9.0%
Trading margin (%)	**14.7%**	19.1%	(4.4) ppts
Underlying EBIT margin (%)	**4.4%**	4.6%	(0.2) ppts

FY22 sales revenue of $1,594.9 million was 60.6% higher compared to FY21. At constant currency, sales revenue was up 58.0% to $1,569.3 million compared to FY21. This increase was attributed to higher proprietary ferrous sales volumes and higher average selling prices. Favourable market conditions and disciplined management of the buy/sell spread resulted in a 23.9% improvement in trading margin in FY22 compared to FY21.

Net operating costs increased by 18.0% to $139.2 million in FY22 compared to FY21 driven by timing of workforce mobilisation, exchange rates and inflationary pressures.

Underlying EBIT was $69.8 million in FY22 compared to $45.7 million in FY21. At constant currency, underlying EBIT improved by 50.3% in FY22 compared to FY21. The improvement in earnings was due to higher volume and margin improvement.

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results (continued)

Sims Lifecycle Services ("SLS")

	Year ended 30 June		
A$m	2022	2021	Change
Sales revenue	**327.0**	318.9	2.5%
Underlying EBITDA	**25.9**	31.1	(16.7)%
Underlying EBIT	**16.3**	21.8	(25.2)%
Underlying EBIT margin (%)	**5.0%**	6.8%	(1.8) ppts
Repurposed Units (million)	**2.7**	2.1	28.6%

Sims Lifecycle Services ("SLS") FY22 sales revenue was $327.0 million, representing an increase of 2.5% compared to FY21. Pleasingly, SLS's market share grew in the period as the volume of repurposed units processed grew faster than the market, notwithstanding supply chain constraints limiting the release of cloud material.

Underlying EBIT in FY22 was $16.3 million compared to $21.8 million in FY21. The fall was primarily due to a 30% decline in the prices of units resold, as COVID lockdowns in China reduced manufacturing activity. A further contributing factor was the investment in engineering and technology to support the medium and long-term growth strategy, whose pillars are innovation and client service offerings. This came at a time when the business increased its cost base to expand capacity. New sites were commissioned in the U.S., Mexico and Ireland driven by the needs of current and newly won clients as well as future opportunities within those markets. Newly designed circular centres with manufacturing quality facilities of the highest standard were built in Chicago and Nashville.

Corporate and Other (Underlying EBIT)

	Year ended 30 June		
A$m	2022	2021	Change
Global Trading	**(20.3)**	(17.4)	16.7%
Corporate	**(100.1)**	(66.8)	49.9%
Sims Municipal Recycling	**14.6**	(3.1)	NMF
Energy	**4.0**	4.8	(16.7)%
Resource Renewal	**(7.0)**	(3.0)	(133.3)%

Global Trading underlying EBIT loss of $20.3 million during FY22 was 16.7% higher than FY21 underlying EBIT loss of $17.4 million. Brokerage volumes improved on FY21 levels, in line with the North American market. Costs increased largely due to higher incentive payments resulting from a strong FY22 financial performance.

On a constant currency basis, corporate EBIT were $109.2 million during FY22. The 63.5% increase at constant currency relative to FY21 was attributed to additional capability brought into the Group in line with the strategic business transformation, commencement of expensing SAP licence costs during the project implementation phase without the offset of legacy system costs rolling off, and higher incentive provisions commensurate with the strong FY22 financial performance.

Sims Municipal Recycling ("SMR") achieved Underlying EBIT of $14.6 million in FY22, representing a $17.7 million improvement compared to FY21, driven by market price increases in plastic and paper. SMR incurred higher costs from high residential recycling volumes associated with COVID-19 lockdowns. The above profit included a 49% equity accounted interest, in place from 1 February 2022 when 51% of SMR was sold.

The Company's 50% investment in the LMS Energy Pty Ltd joint venture ("LMS") contributed $4.0 million of equity accounted profits during FY21, down 16.7% over the prior corresponding period. The decline in performance was due to start-up costs in the new energy business.

Costs relating to the Resource Renewal increased during the year as we grew the team to support a new milestone in the project – the pre-construction phase of the Queensland demonstration plant.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Reconciliation of Statutory Results to Underlying Results

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

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

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

Reconciliation of Statutory NPAT to EBITDA

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

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

OPERATING AND FINANCIAL REVIEW (continued)

Cash flow and borrowings

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

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

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

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

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

A$m	As at 30 June	
	2022	2021
Total cash	**252.8**	240.3
Less: total borrowings	**(355.5)**	(232.0)
Net cash	**(102.7)**	8.3

OPERATING AND FINANCIAL REVIEW (continued)

Strategic Developments

Good progress was made on the Group's strategic growth initiatives during FY22:

Initiative	Progress
Metal – Expand ferrous volumes in favourable geographies	- Acquired Atlantic Recycling Group in Baltimore, Maryland. Provides feeder yards and processing capacity between existing New York / New Jersey footprint and Virginia footprint. - Acquired Recyclers Australia in Queensland, with exposure to the fast-growing Gold Coast residential corridor.
Metal - Double-US non-ferrous volumes	- First full year of Alumisource operation as part of Group. - Volume growth exceeded the business case
SLS – expand recycling of repurposed units	- Established new facilities in the U.S. (Nashville, Atlanta), Ireland, and, Mexico.
Sims Energy – grow generation	- Acquired energy generator in Orlando, Florida
Sims Municipal Recycling – grow contract base	- Partnered with Closed Loop to rapidly progress expansion opportunities

Capital Structure

The Company maintained a strong balance sheet with a net debt position of $102.7 million as at 30 June 2022, despite an increase in working capital, higher than anticipated capital expenditure and an expansion of the share buyback program.

The Company announced a capital strategy in April 2019 that balances distributions to shareholders with the need for investment to support the Company's growth strategy. The Company introduced key principles to capital management.

Target $100 million average net cash	Inventory quantities and holding costs were higher in a rising commodity price environment. With recent reductions in purchase price, working capital is expected to be released by the business in the first half of FY23. Any reduction will also require the freeing up of shipping availability.
Fund growth assets within $100 million	Growth capex of $116.7 million expended during FY22, including the Pinkenba acquisition of $93.5 million.
Funds working capital movements with stand-by facilities	Debt of $355.5 million used to partially fund working capital of $536.5 million as at 30 June 2022.
Remove the dilution effect of employee performance rights	Dilution offset through share buy-back program. Number of shares on issue reduced by 7.7 million during FY22.

The approach to capital management is staged and disciplined as:
- projects must pass all feasibility, design stage gates and approval processes prior to capital commitment; and
- there is a rigorous post-implementation review where expected returns need to be achieved prior to further investment.

Sustaining and environmental capital expenditure for FY23 is expected to be $220 million. While planning around the development of the Pinkenba site will occur in FY23, cashflows to fund this development are not expected until FY24 and beyond.

The Company will also consider external growth opportunities that fit the growth strategy, complement core competencies, and enhance returns, without elevating the Group's operating risk profile.

OPERATING AND FINANCIAL REVIEW (continued)

Outlook and Market Drivers

The short-term outlook remains uncertain due to significant volatility. Aggressive interest rate rises to combat rapidly increasing inflation have reduced the demand for steel, copper, and aluminium, and therefore the demand for recycled metal. Ferrous prices peaked at around US$700 per tonne in March FY22 but have subsequently fallen to trade between US$320 to US$400 per tonne at the start of FY23.

China's manufacturing activity deteriorated in the second half of FY22 after COVID lockdowns were implemented across several cities. Although we saw an improvement in May when the economy partially opened, activity continued to be below FY21 levels, and uncertainty remains as new lockdowns continue to be imposed.

As a result, FY23 has commenced with soft market conditions. Full year results will depend on how quickly, and to what magnitude, global markets recover from the interest rate hike-induced slowdown.

We are actively seeking medium term efficiency gains to partially offset Inflationary cost pressures, which are likely to remain throughout FY23.

We remain very confident in the medium and long-term fundamentals of the business, with the energy transition, growth of EAFs and the decarbonisation of the steel industry expected to continue to drive demand for recycled metal. We see the softer economic conditions impacting our markets in the short term as temporary headwinds.

Additionally, our strong market position and strong balance sheet will enable us to weather the challenging short-term environment and progress according to our FY19 business strategy.

Macro-trends

Increased demand for metal intensive infrastructure spending and the production of post consumption scrap is positive for metal recycling (both ferrous and non-ferrous).

The global decarbonisation of steel-making, growth of EAFs and electricity generation industries will drive the demand for recycled metal.

The fundamental drivers of cloud infrastructure recycling remain positive over the medium term. The cloud material shortage is expected to ease in 2023.

It is worth noting that there are risks to the materialisation of these positive drivers, particularly as it relates to global uncertainty from geopolitical risks, macro-economic factors, and the unpredictability of how COVID may evolve.

NAMES AND PARTICULARS OF DIRECTORS

The following persons, together with their qualifications and experience, were Directors of the Company during the financial year and up to the date of this report:

Geoffrey N Brunsdon AM B Comm
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 People & Culture Committee. Until June 2009, Mr Brunsdon was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He is Chairman of MetLife Insurance Limited (since April 2011) and 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
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
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.

Hiroyuki Kato, BA
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.

NAMES AND PARTICULARS OF DIRECTORS (continued)

Georgia Nelson BS, MBA
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 People & Culture 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 U.S. 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
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 People & Culture 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), Alumina Limited and Sydney Airport Corporation 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. Ms O'Toole holds a law degree and is a Member of the Australian Institute of Company Directors.

Heather Ridout AO BEc (Hons)
Independent non-executive director

Ms Ridout was appointed as a director in September 2011. She is also a Director of ASX Ltd, and she is Chair of the Remuneration Committee for both ASX Ltd and Sims Limited. Ms Ridout's other appointments include being a member of the Boards of Australian Chamber Orchestra; RAND Corporation Australia Advisory Board; Kroll Advisory Board as well as a Senior Advisor at EQT Partners Australia Pty Ltd. She is also an Alternate Director of the AustralianSuper Trustee Board and member of the AustralianSuper Investment Committee. Ms Ridout's previous appointments include member of the Australian Cyber Security Growth Network Board until April 2022 as well as Chair of the AustralianSuper Trustee Board from May 2013 to September 2019, having joined that Board as a director in 2007. She was a member of the Board of the Reserve Bank of Australia from February 2012 until February 2017. Ms Ridout was also a member of the L.E.K. Advisory Board; Infrastructure Australia; the Advance Australia Advisory Board; the Australian Workforce and Productivity Agency and a member of the Henry Tax Review panel and the Climate Change Authority. In addition, Ms Ridout has had previous appointments as a member of ASIC's External Advisory Panel, member of the Business Roundtable on Climate Change; member of the National Workplace Relations Consultative Committee; member of the Prime Minister's Taskforce on Manufacturing; co-Chair of the Australian-Canada Economic Leadership Dialogue and a delegate to the B20 - the key business advisory body to the G20. In June 2013, Ms Ridout was awarded the rank of Officer of the Order of Australia (AO) in the general division for distinguished service to business and industry through significant contributions to the development of economic and public policy. Ms Ridout holds a BEc (hons) from the University of Sydney, an honorary Doctor of Business (honoris causa) from both Macquarie University and The University of Ballarat.

DIRECTORS' REPORT (continued)

NAMES AND PARTICULARS OF DIRECTORS (continued)

Victoria Binns – appointed 8 October 2021
Independent non-executive director

Ms Binns was appointed as a director in October 2021. She is a member of the People & Culture Committee and the Safety, Health, Environment, Community & Sustainability ("SHECS") Committee. Ms Binns has more than 35 years of experience in the global resources and financial services sectors, including 10 years in executive leadership roles at BHP in Asia and 15 years in financial services with Merrill Lynch Australia and Macquarie Equities. During her career at BHP, Ms Binns' roles included Vice President Minerals Marketing, leadership positions in the metals and coal marketing business, and Vice President of Market Analysis and Economics. She was also co-Founder and Chair of Women in Mining and Resources Sg (WIMAR Sg). Prior to joining BHP, Ms Binns held a number of Board and senior management roles at Merrill Lynch Australia, including Managing Director and Head of Australian Research, Head of Global Mining, Metals and Steel, and Head of Australian Mining Research. Ms Binns is a Non-Executive Director of two other ASX-listed companies, Evolution Mining and Cooper Energy. She is also a Non-Executive Director for the NFP Carbon Market Institute (CMI), and a member of the Advisory Council for JP Morgan, Australia & New Zealand.

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 U.S. 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 2022 and the number of meetings attended by each Director:

	Board of Directors	Audit Committee	Risk Committee	SHECS Committee	People & Culture Committee	Nomination/ Governance Committee
Meetings held	9	6	5	4	5	4
G Brunsdon	9	6	5	-	5	4
A Field	8	-	5	4	-	4
T Gorman	9	-	-	4	-	-
H Kato	9	-	5	4	-	-
G Nelson	8	6	5	-	5	-
D O'Toole	9	6	5	-	5	-
H Ridout	9	-	5	4	5	4
J Thompson[2]	4	-	-	3	4	3
V Binns[1]	6	-	-	2	2	-

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

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

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

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

	Shares
G Brunsdon	39,057
A Field*	261,998
T Gorman	4,000
H Kato	-
G Nelson	6,700
D O'Toole	17,500
H Ridout	5,000
J Thompson	26,000
V Binns	-

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

DIVIDENDS

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

LIKELY DEVELOPMENTS

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

DIRECTORS' REPORT (continued)

ENVIRONMENTAL REGULATION

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

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

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

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

CLIMATE CHANGE RISKS

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

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

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

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

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

CLIMATE CHANGE RISKS (continued)

Physical Risks

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

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

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

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

HEALTH & SAFETY RISKS

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

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

INSURANCE AND INDEMNIFICATION OF OFFICERS

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

DIRECTORS' REPORT (continued)

SHARE OPTIONS AND RIGHTS

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

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

NON-AUDIT SERVICES

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

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

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

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

G N Brunsdon
Chairperson
New South Wales
16 August 2022

A Field
Managing Director and Group CEO
New South Wales
16 August 2022

REMUNERATION REPORT

INTRODUCTION FROM THE CHAIR OF THE PEOPLE & CULTURE COMMITTEE

Dear Shareholders,

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

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

Overview of FY22

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

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

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

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

FY22 remuneration framework and outcomes

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

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

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

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

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

REMUNERATION REPORT (continued)

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

KMP changes

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

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

Looking ahead to FY23

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

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

- A portion of the STI opportunity achieved above a certain threshold will be deferred into Sims shares with a holding period of 2 years.
- The Strategic Share Incentive (SSI) component (currently 33% of grant value) of the LTI will be removed for FY23 LTI grants. LTI grants will be composed of TSR Rights (22% of grant value), Return on Productive Assets Rights (33% of grant value) and Strategic Rights (45% of grant value).
- All LTI grant values will be determined using the face value of the underlying Sims ordinary shares.
- All executive KMP will be subject to Minimum Shareholding Guidelines to continue to further reinforce an ownership mindset.

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

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

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

Yours sincerely,

Heather Ridout
People & Culture Committee Chairperson
RemCoChair@simsmm.com

REMUNERATION REPORT (continued)

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

CONTENTS

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

Directors and Executives who were KMP during FY22

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

Changes to KMP since the end of the reporting period

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

SECTION 1: FY22 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

1.1 EXECUTIVE REMUNERATION FRAMEWORK SNAPSHOT AND GUIDING PRINCIPLES

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

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

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

	Executive Remuneration Framework		
	Fixed remuneration	**At-Risk Incentive**	
		Short-Term Incentive	Long-Term Incentive
Purpose	**Attract and retain top global talent**	**Rewards for meeting or exceeding challenging annual financial, strategic and individual performance goals**	**Drives a focus on creating sustainable long-term shareholder value and reinforcing an ownership mindset**
Instrument	Base salary, statutory superannuation / pension contributions where applicable and other non-monetary benefits	Cash	• TSR Performance Rights (22%) • Strategic Performance Rights (45%) • Strategic Share Incentive (SSI) Rights (33%)
Measurement / Considerations	Reviewed periodically considering various factors including (but not limited to) role size and complexity, skills and experience, talent scarcity and relevant external remuneration benchmarks	**Financial performance (80%)** Underlying EBIT **Non-financial performance (20%)** Individual performance goals under several key focus areas: • Safety, Health, Environment, Community & Sustainability (SHECS) • Business Transformation • Culture, Leadership and People • Optimisation	**TSR Performance Rights** Relative TSR against companies in the ASX 200 materials and energy sectors, over a three-year performance period. **Strategic Performance Rights** Achievement of strategic goals over a three-year performance period, subject to a Return on Capital (ROC) modifier. **SSI Rights** Objectives aligned to the strategic goals presented to shareholders in April 2019, measured over a one-year performance period. Vested rights are awarded in cash to purchase deferred shares, which are subject to a further holding period of 3-4 years.

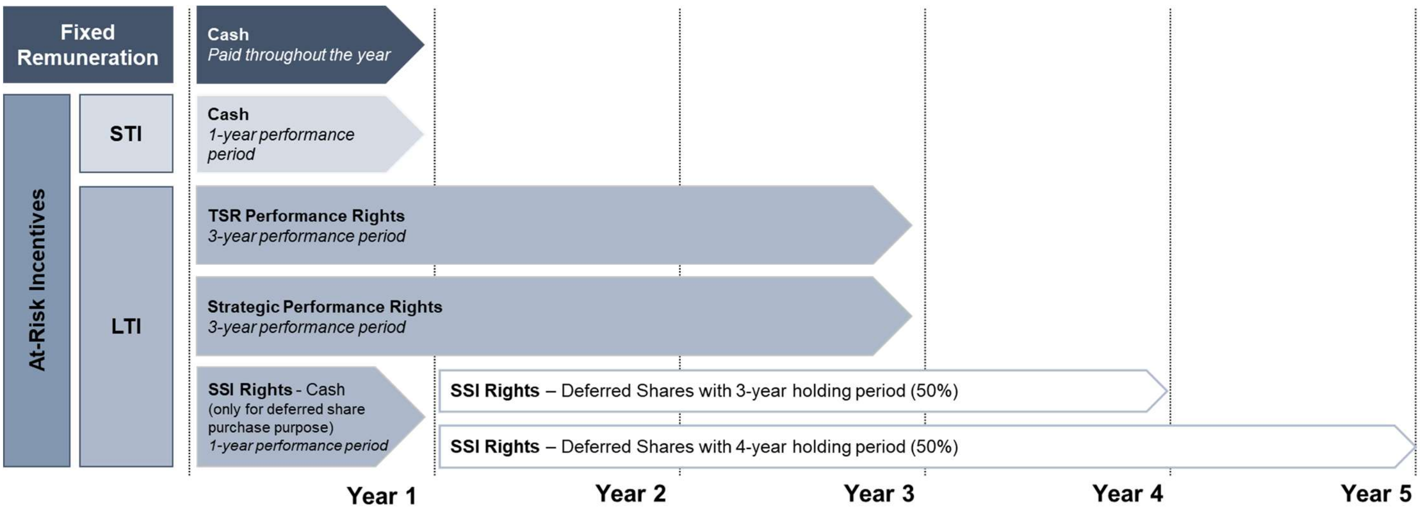
REMUNERATION REPORT (continued)

SECTION 1: FY22 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK (continued)

1.1 EXECUTIVE REMUNERATION FRAMEWORK SNAPSHOT AND GUIDING PRINCIPLES (continued)

	Executive Remuneration Framework		
	Fixed remuneration	At-Risk Incentive	
		Short-Term Incentive	Long-Term Incentive
Quantum		**Group CEO, Group CFO, Group CDO** 100% of base salary at-target (184% of base maximum) **CCO, Metal and COO, Metal** 75% of base salary at-target (138% of base maximum)	**Group CEO** LTI grant value of 200% of base salary **Group CFO, Group CDO, CCO, Metal and COO, Metal** LTI grant value of 100% of base salary

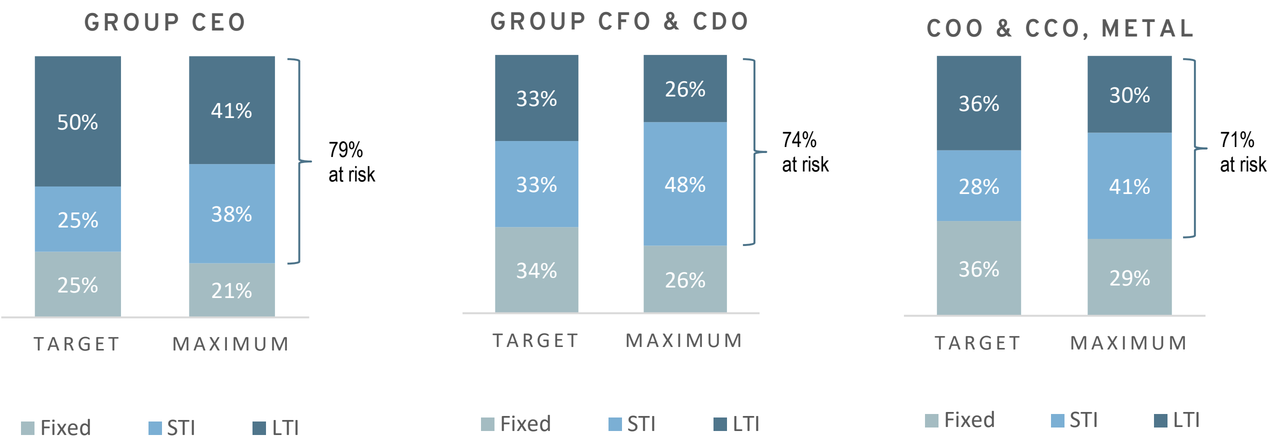
Delivery of FY22 remuneration components



1.2 EXECUTIVE REMUNERATION MIX

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

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



[1] Fixed Remuneration excludes accrued benefits.

REMUNERATION REPORT (continued)

1.3 EXECUTIVE REMUNERATION BENCHMARKING

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

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.

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

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

1.3 EXECUTIVE REMUNERATION BENCHMARKING (CONTINUED)

Executive Benchmarking Peer Group

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

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

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

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

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

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

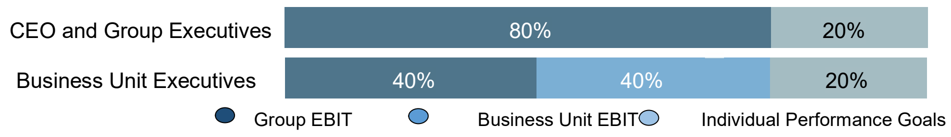
REMUNERATION REPORT (continued)

1.4 SHORT-TERM INCENTIVE PLAN OVERVIEW FOR FY22

Who participates in the STI Plan?	The Group CEO and other KMP Executives
What is the objective of the STI Plan?	To recognise KMP Executives for the achievement of financial, strategic and individual performance goals over one year.
How is it paid?	Cash
When is it paid?	STI is delivered in September following finalisation of the Company's audited financial results.
What is the performance period?	STI awards are assessed over a 12-month performance period aligned with the Company's financial year (1 July 2021 to 30 June 2022).
How much can the Executive earn?	**Positions** / **Target Opportunity** / **Maximum Opportunity** Group CEO, Group CFO, Group CDO: 100% of Base Salary / 184% of Base Salary CCO, Metal and COO, Metal: 75% of Base Salary / 138% of Base Salary The maximum opportunity represents 200% achievement on the financial component and 120% achievement on the non-financial component (see below).
How is performance assessed and what are the performance measures?	**Financial Performance Measure** The financial measure under the STI is underlying EBIT, representing 80% of the total target STI opportunity. Underlying EBIT is established as part of the Company's budget process which includes consideration of the current economic environment. The Board assesses the underlying EBIT achievement and Executives can earn a maximum of 200% achievement of the financial component of the STI, being approximately 87% of the total maximum STI opportunity. Sims' Board may reassess the effectiveness of the performance measures under the STI annually and may determine to make adjustments to ensure continued alignment to strategy and delivery of appropriate returns to shareholders. The Board believes the utilisation of underlying EBIT as a reporting metric provided a consistent and comparable year-over-year measure. This improves transparency, line of sight, communication and simplicity. EBIT associated with the disposal of businesses, impact of impairments, restructuring charges, timing of non-qualified hedges and other non-recurring items that are subject to significant variability from one period to the next are excluded from the calculation. Refer to the Reconciliation of Statutory Results to Underlying Results within the Operating and Financial Review section of the Directors' Report for a reconciliation of underlying EBIT to statutory EBIT. Details of the KMPs' FY22 remuneration outcomes and accomplishments are provided under Section 3. **Non-Financial Performance Measure** An Executive's individual performance is also a component of the STI awards, representing 20% of the total target STI opportunity. Individual performance goals (IPGs) are set in a number of key areas which focus on safety and business initiatives critical to the overall success of the Company and execution of its strategic initiatives and operating objectives. The Board assesses the IPG achievement and Executives can earn a maximum of 120% achievement for the IPG component of the STI, being approximately 13% of the total maximum STI opportunity. The People & Culture Committee established specific criteria for FY22 individual performance goals pertaining to the Group CEO and other Executives of Sims. IPGs for Executives included objectives in the areas of: safety; business transformation; culture, leadership and people; and optimisation. Additional details regarding achievement against goals are provided for each Executive in Section 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.

REMUNERATION REPORT (continued)

1.4 SHORT-TERM INCENTIVE PLAN OVERVIEW FOR FY22 (CONTINUED)

<table>
<tr>
<td>What are the performance weightings for each Executive?</td>
<td>The table below outlines financial and non-financial weightings for each Executive, of which 80% is represented by EBIT.


The Board believes these weightings align to the principle of balancing objectives for which Executives are directly accountable and responsible, while retaining a link to Group performance.</td>
</tr>
<tr>
<td>What is the range of achievement and payout levels for the financial component?</td>
<td>The STI is determined by reference to a range of threshold, target and maximum levels of performance hurdles. For FY22, the Remuneration Committee established goals for the fiscal year with the range of financial achievement and potential STI payout opportunities as outlined below. Results between the values are determined on a linear basis.
<table>
<tr><th>Group and Business Unit EBIT Achievement</th><th>STI Funding Percentage</th></tr>
<tr><td>Below Threshold</td><td>0%</td></tr>
<tr><td>At Threshold</td><td>50%</td></tr>
<tr><td>At Target (100% of Budget)</td><td>100%</td></tr>
<tr><td>At or Above Maximum</td><td>200%</td></tr>
</table></td>
</tr>
<tr>
<td>What happens to STI awards when an Executive ceases employment?</td>
<td>STI performance for the relevant period will be assessed and paid on a pro rata basis for a qualifying employment cessation event (i.e. generally termination due to death, permanent disability, redundancy, or in other circumstances determined at the discretion of the Board). See Section 4.2 for further information on the treatment of an Executive's STI upon termination. A voluntary termination prior to the date of any earned payout will result in no STI award being paid for the year, unless the Committee determines otherwise. STI awards are not payable in the case of termination for cause.</td>
</tr>
<tr>
<td>Is there a malus/clawback provision?</td>
<td>Yes. Sims' Board may exercise clawback provisions related to STI payments in the event of fraud or serious misconduct by Executives, or any other eligible plan participant.</td>
</tr>
<tr>
<td>Why does the Board consider Board discretion to be appropriate?</td>
<td>At all times, the Board may exercise discretion on STI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect the true performance and overall contributions of the executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted.
Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders. Any discretion applied is disclosed and explained in the Remuneration Report as below:

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

REMUNERATION REPORT (continued)

1.5 LONG-TERM INCENTIVE PLAN OVERVIEW FOR FY22

<table>
<tr><td>Who participates in the LTI Plan?</td><td>The Group CEO and other KMP Executives</td></tr>
<tr><td>What is the objective of the LTI Plan?</td><td>To align executive and shareholder interests through share ownership, focusing on Group results through awards of long-term, at-risk, deferred equity while also motivating and retaining its key Executives.
To reward executives for accomplishment of strategic objectives that position the Company for future success and improve operational capabilities as well as for achievement of multi-year financial objectives.
The Company's FY22 LTI design encourages strong alignment of Executives' interest with those of the Company's shareholders, as the ultimate reward is dependent upon the Company's financial and share price performance.</td></tr>
<tr><td>How is the award delivered and what is the performance period?</td><td>Executives are offered grants in the form of Performance Rights and Strategic Share Incentive (SSI) Rights under the LTI plan.
Performance Rights
A performance right is a contractual right to acquire an ordinary share for nil consideration if specified performance conditions are met. Performance rights include TSR Rights and Strategic Rights. Details regarding the performance rights are below:
<u>TSR Rights:</u> reward achievement of higher shareholder returns relative to peer companies in the ASX 200 materials and energy sectors, over the three-year performance period of 1 July 2021 through 30 June 2024. Rights vest after three years, with the quantum subject to attainment of the performance conditions.
<u>Strategic Rights:</u> incentivise achievement of the Company's strategic goals over the three-year performance period of 1 July 2021 through 30 June 2024. Rights vest after three years, with the quantum subject to attainment of the performance conditions, and potentially further modified for the Company's Return on Capital (ROC) performance.
SSI Rights
SSI Rights incentivise achievement of the Company's strategic goals over a one-year performance period of 1 July 2021 through 30 June 2022, and the subsequent share price performance over the next three to four years after vesting.
Earned SSI Rights vest (subject to holding requirements) after one year, with the quantum subject to the attainment of the performance conditions, in the form of a cash award. The SSI cash award is used to purchase deferred shares at on-market price (after withholding of any required taxes). 50% of the resulting deferred shares are subject to a three-year required holding period, and the remaining 50% are subject to a required four-year holding period.</td></tr>
<tr><td>How often are awards made?</td><td>LTI awards are granted on an annual basis to eligible participants.
The Board has absolute discretion to determine the frequency and timing of grants under the LTI Plan.</td></tr>
<tr><td>What is the mix of awards?</td><td>All Executives were granted LTI for FY22 in values proportionate as follows:<table><tr><th>Positions</th><th>TSR Rights</th><th>Strategic Rights</th><th>SSI Rights</th></tr><tr><td>Group CEO
& other KMP Executives</td><td>22%</td><td>45%</td><td>33%</td></tr></table></td></tr>
<tr><td>What is the quantum of the award and what allocation methodology is used?</td><td>Performance Rights
For Strategic Rights, the valuation per Right was based on the face value of the underlying shares on the date of issue.
For TSR Rights, the value per Right was based on a fair value methodology (Rights will be based on a face value methodology from FY23).
SSI Rights
For SSI Rights, the value per Right is the full cash value associated with each Right (1 Right = US$100 for executives based in the U.S. at time of grant, or A$100 for Australia-based executives) and any vesting cash value will be used to buy on-market deferred shares at the date of vesting, after withholding of taxes.
Further details and the Company's rationale for the grants offered under the LTI plan are highlighted throughout the remainder of this section.</td></tr>
</table>

1.5 LONG-TERM INCENTIVE PLAN OVERVIEW FOR FY22 (CONTINUED)

How are the TSR Rights measured?	TSR measures the growth over a particular period in the Company's share price plus the value of reinvested dividends. The TSR performance hurdle was chosen as it directly aligns with shareholder's interest as executives are rewarded only when the Company's TSR equals or exceeds the median of the comparator companies. **Comparator group** The comparator group used to measure TSR performance is the constituent companies as of 1 July 2021 in the ASX 200 materials and energy sectors. This comparator group is made up of companies in related sectors and of similar size to Sims, that are subject to many of the same economic trends as Sims. **Vesting schedule** TSR-based grants vest according to relative positioning of the Company's TSR at the end of a three-year performance period.

Sims' TSR relative to TSR of Comparator group	Proportion of TSR Rights Vesting
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	Straight line between 50% and 100%
At or Above 75th Percentile	100%

How are the Strategic Rights measured?	Strategic Rights vest following a three-year performance period subject to: • Attainment of specific goals; and • Achievement of a ROC performance metric. Strategic Rights will vest in a percentage equal to the Strategic Rights Goal Achievement Percentage multiplied by the ROC Achievement Percentage. Sims' Board has full discretion to make adjustments on either the calculation or testing results of the Strategic Rights and ROC measures. Details of the performance goals and conditions are shown in section 2.6 of the remuneration report. **ROC metric** ROC is defined as underlying EBIT divided by Non-Current Assets. The ROC performance hurdle was chosen as it measures the success of the business in generating a meaningful level of return on capital investments that are consistent with the Company's business strategy and positive return levels to shareholders.

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

How are the SSI Rights measured?	SSI Rights are measured over a one-year performance period. In 2019, the Company outlined to shareholders a number of long-term global strategies for its businesses to support its purpose of creating a world without waste to preserve our planet. The metrics under the SSI Rights represent key near-term objectives directly aligned to the strategic goals presented to shareholders in April 2019, which are designed to deliver sustainable growth and value over the long-term. Achievement of the SSI Rights goals is subject to the discretion of the Board and final outcomes may be adjusted, or items included or excluded where appropriate to reflect management performance and shareholder expectations. Details of the performance goals and conditions are shown in section 2.6 of the remuneration report.

REMUNERATION REPORT (continued)

1.5 LONG-TERM INCENTIVE PLAN OVERVIEW FOR FY22 (CONTINUED)

What is the holding period of the SSI Rights?	Deferred Shares acquired from SSI Rights are subject to a further holding period, outlined below. During the holding period, shares may not be sold or transferred. **Deferred Shares** / **Holding Period Starts** / **Holding Period Ends** 50% of Deferred Shares acquired from SSI Rights / 31 August 2022 / 29 August 2025 Remaining 50% of Deferred Shares acquired from SSI Rights / 31 August 2022 / 31 August 2026
What happens to LTI awards when an Executive ceases employment?	When a participant voluntarily resigns or is terminated for cause, all unvested awards are forfeited, as all rights are subject to a continuous service provision. Where termination of employment is the result of a qualifying cessation (i.e., generally death, permanent disablement, redundancy, retirement, or in other circumstances at the discretion of the Board), a participant will be entitled to his or her unvested awards subject to any performance conditions, in accordance with the original vesting schedule. Any unvested awards that did not meet the required performance conditions will lapse at the end of the relevant performance period.
How are dividends treated during the vesting period?	Holders of rights and options are not entitled to dividends over the term of the relevant vesting period (and in the case of options, until exercised). Deferred shares do earn dividends during the holding period, as these shares are fully vested.
Is there a malus/clawback provision?	Yes. Sims' Board may exercise clawback provisions related to LTI payments and future vesting in the event of fraud or serious misconduct by Executives, or any other eligible plan participant.
What happens in the event of a change of control?	The Board has the discretion to immediately vest the rights and options prior to their vesting date if there is a change of control event or in the event that a takeover bid of the Company is recommended by the Board, or a scheme of arrangement concerning the Company, which would have a similar effect to a full takeover bid, is approved by the Company's shareholders.
Why does the Board consider Board discretion to be appropriate?	At all times, the Board may exercise discretion on LTI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect the true performance and overall contributions of the executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted. Any discretion applied is disclosed and explained in the Remuneration Report.

SECTION 2: FY22 COMPANY PERFORMANCE / EXECUTIVE REMUNERATION OUTCOMES

2.1 SIMS' FINANCIAL PERFORMANCE RESULTS

Year-on-Year Performance

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

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

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

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

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

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

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

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

REMUNERATION REPORT (continued)

2.1 SIMS' FINANCIAL PERFORMANCE RESULTS (CONTINUED)

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

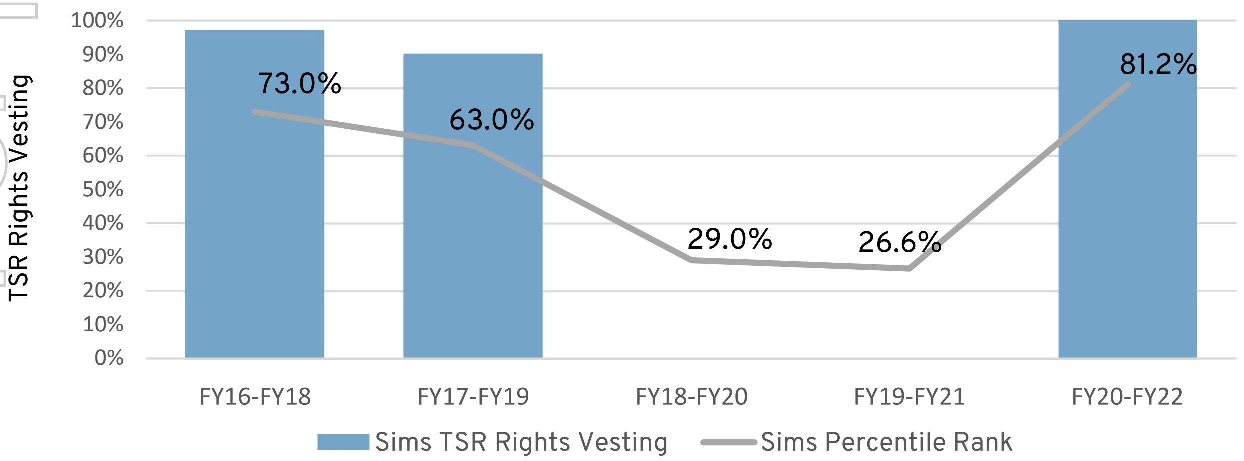
	Financial Year				
	2022	2021	2020	2019	2018
Statutory profit/(loss) before interest and tax (A$m)[1]	773.6	314.0	(239.1)	225	278.6
Statutory diluted earnings/(loss) per share (A¢)	295.6	112.8	(131.2)	74.2	98.7
Statutory return/(loss) on shareholders' equity	23.6%	10.8%	(13.4)%	6.6%	9.3%
Net cash (A$m)	(102.7)	8.3	110.4	347.5	298.1
Return on productive assets[2]	39.0%	23.0%	(3.4)%	13.4%	18.4%
Underlying profit/(loss) before interest and tax (A$m)[3]	756.1	386.6	(57.9)	230.3	275.1
Total dividends paid (A$m)[4]	140.2	24.2	50.6	107.9	106.8
Share Buyback (A$m)	123.9	-	16.5	19.3	-
Share price at 30 June (A$)[5]	13.71	16.6	7.93	10.86	16.08
CEO STI outcome (% of maximum)[6]	100%	78%	0%	28%	65%
CEO Performance Rights vesting %[6]	82%	0%	36%	95%	95%
CEO SSI Rights vesting %[6]	80%	90%	70%	N/A	N/A

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

2.2 TOTAL RETURN TO SHAREHOLDERS

Sims Total Shareholder Return – Sims TSR Rights Vesting

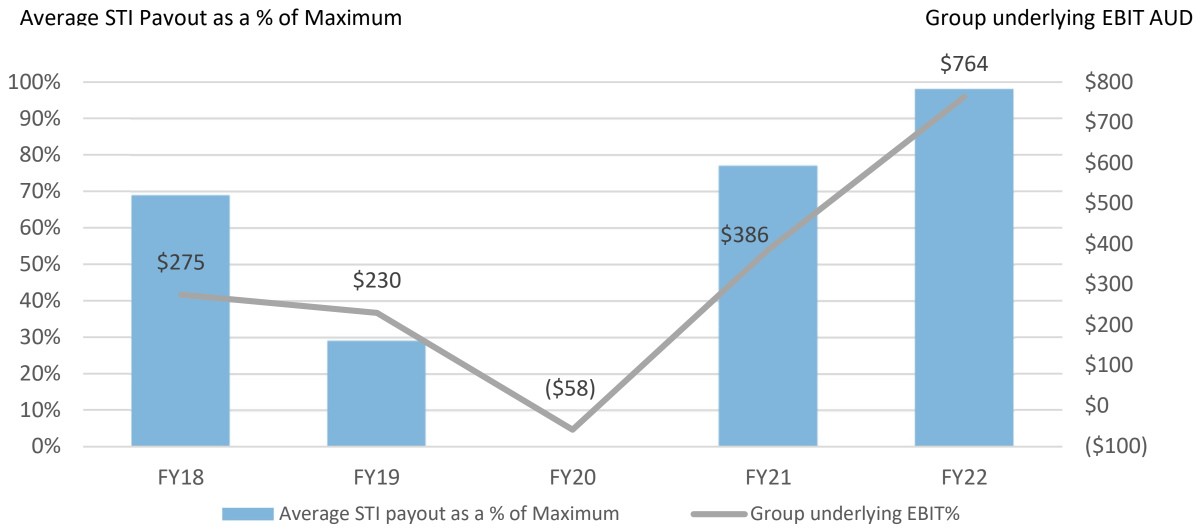
The chart below compares Sims relative TSR percentile rank to the vesting of Sims TSR Rights over the previous five performance periods:



2.3 HISTORICAL AVERAGE STI PAYOUT AS % OF MAXIMUM

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

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



REMUNERATION REPORT (continued)

2.4 EXECUTIVE STATUTORY REMUNERATION TABLE

Executive Statutory Remuneration

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

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

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

2 Cash bonus amounts reflect the amounts provided for all Executives under the FY22 and FY21 STI plan.

3 Other short-term benefits include employer contributions to health and life insurance plans, relocation expense and associated tax gross-ups, and amounts accrued for annual leave during the period.

4 Other long-term benefits include Australian accrued long-term leave (for Messrs Field, Mikkelsen and Glyde) and amount for deferred compensation plans (for Mr Skurnac).

5 Share-based payments represent the accounting expense (as computed pursuant to AASB 2 *Share-based Payments*) recognised by the Company for share-based awards and for long-term incentive SSI cash awards.

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

7 FY22 LTI remuneration includes $1,179,647 of accelerated share-based payments following retirement of Mr Movsas effective from 1 July 2022.

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

REMUNERATION REPORT (continued)

2.5 SUPPLEMENTAL REMUNERATION TABLE

Total Realised Remuneration received by Executives in FY22[1]

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

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

1. The figures in the table are different from those shown in the Executive Statutory Remuneration table in Section 2.4. The table in Section 2.4 is consistent with financial statement recognition and measurement and includes an apportioned accounting value for all unvested STI and LTI grants during or after FY19 (some of which remain subject to satisfaction of performance and service conditions and may not ultimately vest).
2. Australian-based Executives (Messrs Field, Mikkelsen and Glyde) received their cash payments in Australian dollars, except for certain relocation expenses for Mr Glyde, which were paid in U.S. dollars. Messrs Movsas and Skurnac were paid in U.S. dollars.
3. Other Benefits include employer contributions to defined contribution retirement plans, health and life insurance plans and relocation expenses and associated tax gross-ups, if applicable.
4. Actual STI refers to the Executive's total STI provided for in FY22 to be paid in FY23 (and similar for the comparative period)
5. For the definition of Target STI, refer to Section 1.4.
6. Actual vested LTI refers to equity grants from prior years that vested during FY22. These include share options and share rights that vested on 31 August 2021. The value is calculated using the Company's closing share price on the day of vesting after deducting any exercise price.
7. FY22 remuneration for Messrs Movsas and Skurnac has been translated on a constant currency basis for a relative performance comparison to FY21 before the translation impact of currency fluctuations. The current period amounts paid in U.S. dollars are translated into Australian dollars using the prior year U.S. dollar exchange rate.

2.6 REMUNERATION OUTCOME FOR SIMS EXECUTIVES

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

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

FY22 Short Term Incentive Performance Outcomes

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

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

Category	KPIs	Rationale for selection	Target Weighting	Performance			Weighted Outcomes
				Min	Target	Max	
Financials[1]	Underlying EBIT	Ensure a focus on growing and managing the profitability of the business as a key driver of sustainable shareholder returns	80%				160%
Non-Financial[2] (IPGs)	SHECS	Reflects key areas that drive outperformance on safety and business initiatives critical to the overall success of the Company and execution of its strategic initiatives and operating objectives.	20%				24%
	Business Transformation						
	ERP						
	Culture & Leadership						
	Optimisation						
Scorecard Outcome			100%				184% of target

[1] FY22 underlying EBIT of $756.1 was significantly above the maximum of the performance goal

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

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

Executives	STI Maximum Opportunity (A$)	STI Achievement (% of Maximum)	STI Forfeited (% of Maximum)	STI Actual Amount (A$)
A Field	3,158,352	100%	0%	3,158,352
S Mikkelsen	2,138,087	98%	2%	2,091,607
J Glyde	1,170,601	100%	0%	1,170,601
M Movsas	1,572,022	98%	2%	1,537,847
S Skurnac	1,711,687	98%	2%	1,674,476

2.6 REMUNERATION OUTCOME FOR SIMS EXECUTIVES (CONTINUED)

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

FY20 Strategic Performance Rights

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

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

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

2.6 REMUNERATION OUTCOME FOR SIMS EXECUTIVES (CONTINUED)

FY20 TSR Performance Rights

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

Sims' TSR relative to TSR of Comparator group	Proportion of TSR Rights Vesting
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	Straight line between 50% and 100%
At or Above 75th Percentile	100%

FY22 Strategic Share Incentives Outcomes

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

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

REMUNERATION REPORT (continued)

2.6 REMUNERATION OUTCOME FOR SIMS EXECUTIVES (CONTINUED)

SSI Incentive Measure & Weighting	Target	Achievement / Commentary	Achievement
Recycle the cloud Weighting = 15%	2.7 million Repurposed Units (resold and redeployed units, excluding recycled and shredded)	Achieved repurposed unit targets Secured large strategic customer receiving full approval to proceed following several process, quality and facility audits providing significant future volume opportunity	**Full Achievement**
One Sims – ERP Weighting = 15%	Achievement of certain success indicators as approved by the Board of Directors	Most programme milestones for FY22 were achieved including: • Re-baseline of the global trade implementation plan • Successful go-live of HCM phase 2 in April • Go-live of global non-ferrous at fiscal year-end • Terminating contract of underperforming vendor Partial go-live of SLS business system resulted in partial completion	**Partial Achievement**
One Sims - Business Transformation Weighting = 15%	Combine Business Transformation organisational design and ERP into a single overall business readiness plan Extend commercial buying excellence tools through North America Metal and progress into UK and ANZ commercial buying teams	Completed significant restructuring of the organisational design with improved clarity on accountabilities and change framework capabilities. All planned commercial excellence tools were implemented, piloted and successfully deployed throughout the NAM commercial team contributing to identifiable margin improvements. Implementation teams have been initiated to drive through rest of global commercial organisation	**Full Achievement**
Sims Energy Weighting = 5%	Achieve run rate of 70 percent of installed production capacity at the JED facility	Production and equipment challenges hampered electricity production to warrant no achievement of this goal.	**Not Achieved**
Total Target 100%		**Overall Performance**	**80% Achievement**

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

SECTION 3: FY23 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

3.1 CHANGES TO SIMS' REMUNERATION FRAMEWORK FOR FY23

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

STI

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

LTI

From FY23, the SSI component will be eliminated. LTI grants will be composed of:
- TSR Rights (22% of grant value);
- Return on Productive Assets Rights (33% of grant value); and
- Strategic Rights (45% of grant value).

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

Minimum Shareholding Guidelines

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

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

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

REMUNERATION REPORT (continued)

SECTION 4: EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURE TABLES

4.1 REMUNERATION GOVERNANCE

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

BOARD

The Sims' Board has responsibility for the Company's executive remuneration programs which include:
- Establishing remuneration philosophy and guiding principles
- Oversight of remuneration practices and policies
- Reviewing and approving recommendations from the People & Culture Committee

PEOPLE & CULTURE COMMITTEE

The Committee includes 5 independent NEDs and advises the Board on:
- Remuneration strategy, framework, performance goals, recruitment, retention, termination and NED fees and framework
- Considers recommendations from Sims' management in making remuneration decisions based on the Company's remuneration guiding principles

MANAGEMENT

Sims' management provides information relevant to remuneration decisions and makes recommendations to the Committee on:
- Remuneration structure, policies and market trends
- Remuneration recommendations

REMUNERATION CONSULTANT

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

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

4.2 EXECUTIVE CONTRACTS

Termination Entitlements under Executive Contracts

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

Termination Entitlements if Terminated by the Company or by the Executive for good reason	Group CEO and Other Executives
Notice Period	- 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

REMUNERATION REPORT (continued)

4.3 SHARE BASED PAYMENT AND EQUITY HOLDINGS

Options provided as remuneration

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

Options provided as remuneration[1]

Name	Grant date	Number granted	Exercise price (A$)	Fair value at grant date	Date Options are eligible for exercise	Expiry date	% of options that have vested	Maximum total value of unvested grant (A$)[1]
Ordinary Shares (A$)								
A Field	9-Nov-18	294,673	12.34	$3.47	31-Aug-21	9-Nov-25	100%	-
S Mikkelsen	9-Nov-18	99,933	12.34	$3.47	31-Aug-21	9-Nov-25	100%	-
J Glyde	9-Nov-18	52,135	12.34	$3.47	31-Aug-21	9-Nov-25	100%	-
M Movsas	9-Nov-18	63,419	12.34	$3.47	31-Aug-21	9-Nov-25	100%	-
S Skurnac	9-Nov-18	86,480	12.34	$3.47	31-Aug-21	9-Nov-25	100%	-

[1] All granted options vested during FY22.

Movement in options during the year ended 30 June 2022

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

Name	Balance at 1-Jul-21	Number Granted	Number Exercised	Number Forfeited/ Expired	Balance at 30 June 2022	Vested	Unvested	Number of options that vested during FY22
Ordinary shares (A$)								
A Field	746,395	-	-	-	746,395	746,395	-	98,224
S Mikkelsen	155,101	-	-	-	155,101	155,101	-	33,311
J Glyde	160,367	-	(78,232)	-	82,135	82,135	-	17,378
M Movsas	21,140	-	(21,140)	-	-	-	-	21,140
S Skurnac	372,713	-	(108,063)	-	264,650	264,650	-	28,827

REMUNERATION REPORT (continued)

4.3 SHARE BASED PAYMENT AND EQUITY HOLDINGS(CONTINUED)

Performance Rights and Restricted Share Units provided as remuneration

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

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

REMUNERATION REPORT (continued)

4.3 SHARE BASED PAYMENT AND EQUITY HOLDINGS(CONTINUED)

Name	Grant date		Number granted	Value at grant date (A$)	Date next tranche vests	Maximum total value of unvested grant (A$)[1]
S Skurnac	15-Nov-19	TSR	29,162	$6.64	31-Aug-22	10,209
	15-Nov-19	Strategic	38,638	$10.14	31-Aug-22	14,459[3]
	11-Nov-20	TSR	39,286	$8.18	31-Aug-23	118,425
	11-Nov-20	Strategic	54,639	$10.10	31-Aug-23	203,365[3]
	11-Nov-21	SSI	2,228	$137.82	31-Aug-22	31,903[2]
	11-Nov-21	Strategic	27,214	$13.68	31-Aug-24	254,740[3]
	11-Nov-21	TSR	23,330	$8.18	31-Aug-24	130,583

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

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

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

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

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

Name	Instrument that performance rights and RSUs are over	Balance at 1-Jul-21	Number Granted	Number Vested/Exercised	Number Forfeited	Balance at 30-Jun-22
A Field	Ordinary shares	839,944	203,427	(10,199)	(270,991)	762,181
S Mikkelsen	Ordinary shares	284,970	68,840	(3,452)	(91,900)	258,458
J Glyde	Ordinary shares	262,892	50,584	(34,328)	(48,015)	231,133
M Movsas	Ordinary shares	318,680	65,045	(2,376)	(58,342)	323,007
S Skurnac	Ordinary shares	243,151	52,772	(2,005)	(79,421)	214,497

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

REMUNERATION REPORT (continued)

4.3 SHARE BASED PAYMENT AND EQUITY HOLDINGS(CONTINUED)

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

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

Name	Balance at 1-Jul-21	Received on exercise of options, performance rights and RSUs	Purchases / (sales)	Balance at 30-Jun-22
NEDs				
G Brunsdon	39,057	-	-	39,057
T Gorman	4,000	-	-	4,000
G Nelson	6,700	-	-	6,700
H Kato	-	-	-	-
D O'Toole	17,500	-	-	17,500
H Ridout	5,000	-	-	5,000
J Thompson	26,000	-	-	26,000
V Binns	-	-	-	-
Executives				
A Field	226,342	35,656	-	261,998
S Mikkelsen	26,404	12,067	-	38,471
J Glyde	123,620	86,755	(136,392)	73,983
M Movsas	14,391	35,151	(21,140)	28,402
S Skurnac	166,405	119,883	(108,063)	178,225

REMUNERATION REPORT (continued)

4.4 NON-EXECUTIVE DIRECTOR FEES

NED Fees

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

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

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

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

(A$) / (US$)	2022		2021	
	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 U.S. resident Directors who joined the Board prior to FY19.

Column B: U.S. resident Directors who joined the Board prior to FY19.

[1] The NEDs received pro-rated fees based on the time served on each Committee.

[2] Chairperson of the Nomination/Governance Committee does not receive any fee for the role.

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

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

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

REMUNERATION REPORT (continued)

4.5 NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director Remuneration

For NEDs who receive payments in U.S. 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 U.S. 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		
Non-Executive Directors Name	Location	Financial Year	Cash fees	Superannuation[1]	Total A$	Total US$
G Brunsdon	Australia	**2022**	**496,165**	**23,443**	**519,608**	**377,686**
		2021	497,914	21,694	519,608	388,277
T Gorman[2]	USA	**2022**	**250,125**	-	**250,125**	**181,720**
		2021	240,818	-	240,818	179,275
H Kato	Japan	**2022**	**240,270**	-	**240,270**	**174,828**
		2021	240,270	-	240,270	180,070
G Nelson[2]	USA	**2022**	**332,443**	-	**332,443**	**244,424**
		2021	333,656	-	333,656	244,424
D O'Toole	Australia	**2022**	**244,201**	**23,443**	**267,644**	**194,506**
		2021	245,950	21,694	267,644	199,999
H Ridout	Australia	**2022**	**252,961**	**23,443**	**276,404**	**200,874**
		2021	254,710	21,694	276,404	206,544
J Thompson[2, 4]	USA	**2022**	**154,459**	-	**154,459**	**113,712**
		2021	322,499	-	322,499	235,924
V Binns[3]	Australia	**2022**	**158,227**	**17,208**	**175,435**	**126,552**
		2021	-	-	-	-
Total		**2022**	**2,128,851**	**87,537**	**2,216,388**	**1,614,302**
		2021	2,135,817	65,082	2,200,899	1,634,513

1 Superannuation contributions are made on behalf of Australian resident NEDs to satisfy the Company's obligations under Australian Superannuation Guarantee legislation.
2 Mr Gorman is a resident of the USA and receives his payment in Australian dollars. Ms Nelson and Mr Thompson are residents of the USA and receive their payments in US dollars.
3 Ms Binns was appointed to the Board on 8 October 2021.
4 Mr Thompson resigned as an Independent Non-executive director on 10 November 2021.

4.6 OTHER TRANSACTIONS WITH KMP

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

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

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

G N Brunsdon
Chairperson
New South Wales
16 August 2022

A Field
Managing Director and Group CEO
New South Wales
16 August 2022

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16 August 2022

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

Dear Board Members

Auditor's Independence Declaration to Sims Limited

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

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

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants

Sims Limited
Consolidated Income Statement
For the year ended 30 June 2022

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

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

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

Sims Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2022

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

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

Sims Limited
Consolidated Statement of Financial Position
As at 30 June 2022

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

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

Sims Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

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

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

Sims Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2022

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

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

Sims Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

OVERVIEW

1 – Basis of preparation

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

Basis of preparation
This general-purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- adopts all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2021, all of which did not have a material impact on the financial statements;
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.
- has been prepared on the basis of historical cost, except for certain derivative financial assets and liabilities which have been measured at fair value (note 17);
- is presented in Australian Dollars;
- 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; and

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)

1 – Basis of preparation (continued)

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

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

Translation
The financial statements of overseas subsidiaries are maintained in their functional currencies and are converted to the Group's presentation currency as follows:
- assets and liabilities are translated at the rate of exchange as at balance date;
- income statements are translated at average exchange rates for the reporting period which approximate the rates ruling at the dates of the transactions; and
- all resultant exchange differences are recorded in the foreign currency translation reserve.

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

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

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

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

FINANCIAL PERFORMANCE

2 – Segment information

Description of segments

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

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

Details of the segments are as follows:

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

2 – Segment information (continued)

Information about reportable segments

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

Sims Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022 (continued)

2 – Segment information (continued)

Information about reportable segments

	NAM A$m	ANZ A$m	UK A$m	Global Trading A$m	SAR A$m	SLS A$m	Unallo-cated A$m	Total A$m
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)
Loss before Tax								302.5
Assets	1,446.0	772.2	425.6	70.8	345.8	145.8	541.6	3,747.8
Liabilities	454.8	279.1	204.0	105.3	0.3	103.9	481.3	1,628.7
Net assets	991.2	493.1	221.6	(34.5)	345.5	41.9	60.3	2,119.1
Other items:								
Depreciation and amortisation	(89.4)	(53.0)	(25.6)	(1.0)	-	(9.3)	(15.0)	(193.3)
Share of results of joint ventures	3.7	-	-	-	158.2	-	6.0	167.9
Investments in joint ventures	39.9	-	-	-	305.9	-	71.3	417.1
Property, plant and equipment additions	58.6	34.4	10.5	-	-	4.7	14.7	122.9

3 – Revenue and other income

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

Sales to external customers[1]

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

[1] Amounts reflect the customer geographic location.

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

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

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

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

3 – Revenue and other income (continued)

Recognition and measurement (continued)

Recycling services

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

Secondary processing and other services

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

Interest income

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

Rental income

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

Dividend income

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

Critical accounting estimate and judgement

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

Other income

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

3 – Revenue and other income (continued)

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

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

4 – Significant items

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

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

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

5 – Expenses

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

Recognition and measurement

Depreciation and amortisation

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

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

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

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

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

6 – Dividends

	Cents per share	Amount A$m
2022:		
Interim 2022 (44% franked)	**41.0**	**80.3**
Final 2021 (50% franked)	**30.0**	**59.9**
2021:		
Interim 2021 (100% franked)	12.0	24.2

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

Dividend franking account

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

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

7 – Earnings/(loss) per share

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

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

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

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

ASSETS AND LIABILITIES

8 – Trade and other receivables

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

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

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

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

9 – Inventories

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

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

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

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

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

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

Critical accounting estimate and judgement
Valuation and existence of inventories
Quantities of inventories are determined using various estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification.

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

10 – Property, plant and equipment

	Land A$m	Buildings A$m	Leasehold improvements A$m	Plant & equipment A$m	Capital work in progress A$m	Total A$m
At 30 June 2022						
Cost	**449.8**	**438.8**	**110.5**	**1,304.5**	**205.3**	**2,508.9**
Accumulated depreciation	**-**	**(213.0)**	**(74.0)**	**(904.6)**	**-**	**(1,191.6)**
Net book amount	**449.8**	**225.8**	**36.5**	**399.9**	**205.3**	**1,317.3**
Movement						
Balance at 1 July	**334.1**	**258.6**	**38.9**	**416.0**	**76.1**	**1,123.7**
Additions	**101.3**	**1.6**	**2.1**	**14.4**	**194.8**	**314.2**
Disposals	**(1.6)**	**(0.5)**	**(0.1)**	**(1.0)**	**-**	**(3.2)**
Acquisitions (note 23)	**-**	**0.2**	**-**	**20.7**	**5.8**	**26.7**
Dispositions (note 23)	**-**	**(35.7)**	**-**	**(26.0)**	**(3.2)**	**(64.9)**
Reclass to Asset held for Sale	**0.2**	**-**	**-**	**-**	**-**	**0.2**
Transfers	**(5.0)**	**14.1**	**2.5**	**68.5**	**(80.1)**	**-**
Impairment charges[1]	**-**	**-**	**-**	**(19.6)**	**(2.2)**	**(21.8)**
Depreciation expense	**-**	**(25.4)**	**(6.4)**	**(90.9)**	**-**	**(122.7)**
Foreign exchange differences	**20.8**	**12.9**	**(0.5)**	**17.8**	**14.1**	**65.1**
Balance at 30 June	**449.8**	**225.8**	**36.5**	**399.9**	**205.3**	**1,317.3**

	Land A$m	Buildings A$m	Leasehold improvements A$m	Plant & equipment A$m	Capital work in progress A$m	Total A$m
At 30 June 2021						
Cost	334.1	455.2	107.3	1,349.1	76.1	2,321.8
Accumulated depreciation	-	(196.6)	(68.4)	(932.9)	-	(1,197.9)
Net book amount	334.1	258.6	38.9	416.2	76.1	1,123.9
Movement						
Balance at 1 July	335.6	276.5	28.1	424.3	128.3	1,192.8
Additions	-	0.7	1.7	9.3	111.2	122.9
Disposals	(0.6)	(0.2)	(0.1)	(2.1)	(1.8)	(4.8)
Acquisitions (note 23)	1.3	3.1	-	10.1	0.9	15.4
Dispositions (note 23)	-	-	-	(0.2)	-	(0.2)
Transfers	18.8	18.3	15.1	89.0	(141.2)	-
Global ERP software implementation costs	-	-	-	-	(14.5)	(14.5)
Reclass to intangible assets (note 12)	-	-	-	-	(1.2)	(1.2)
Impairment charges	-	-	(0.1)	(6.3)	-	(6.4)
Depreciation expense	-	(24.2)	(5.7)	(89.6)	-	(119.5)
Foreign exchange differences	(21.0)	(15.6)	(0.1)	(18.3)	(5.6)	(60.6)
Balance at 30 June	334.1	258.6	38.9	416.2	76.1	1,123.9

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

10 – Property, plant and equipment (continued)

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 – 1 to 20 years
- Leasehold improvements – lesser of life of asset or term of the lease

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

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

Sims Limited
Notes to the Consolidated Financial Statements
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11 – Leases

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

Consolidated income statements

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

Consolidated statement of cash flows

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

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.

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

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

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

12 – Intangible assets

	Goodwill A$m	Supplier relationships A$m	Permits A$m	Licenses/ Contracts A$m	Software & Other A$m	Total A$m
At 30 June 2022						
Cost	**1518.3**[1]	**296.1**	**12.0**	**50.9**	**50.5**	**1,928.5**
Accumulated impairment	**(1,415.8)**	**(24.9)**	**(12.0)**	**(0.8)**	**(17.2)**	**(1,471.4)**
Accumulated amortisation	**-**	**(247.8)**	**-**	**(49.5)**	**(26.6)**	**(323.9)**
Net book amount	**102.5**	**23.4**	**-**	**0.6**	**6.7**	**133.2**
Movement						
Balance at 1 July	**79.9**	**11.9**	**-**	**-**	**1.2**	**93.0**
Acquisitions (note 23)	**20.5**	**12.2**	**-**	**0.6**	**4.1**	**37.4**
Additions	**-**	**-**	**-**	**-**	**1.5**	**1.5**
Amortisation expense	**-**	**(2.1)**	**-**	**-**	**(0.4)**	**(2.5)**
Foreign exchange differences	**2.1**	**1.4**	**-**	**-**	**0.3**	**3.8**
Balance at 30 June	**102.5**	**23.4**	**-**	**0.6**	**6.7**	**133.2**

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

12 – Intangible assets (continued)

	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

Recognition and measurement

Goodwill

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

Other intangible assets

Other intangible assets, comprising supplier relationships, permits, trade names, software and contracts, are acquired individually or through business combinations and are stated at cost less accumulated amortisation and impairment losses. Permits have an indefinite life. Software and other intangible assets include acquired 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. Supplier relationships are amortised over a period of one to ten 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.

12 – Intangible assets (continued)

Recognition and measurement (continued)
Impairment (continued)

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

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

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

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

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

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

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

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

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

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

	Discount rate (pre-tax)		Growth rate	
CGU	**2022 %**	2021 %	**2022 %**	2021 %
North America Metal	**13.3**	11.0	**1.9**	1.7
ANZ Metal	**14.7**	13.6	**1.9**	1.9

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

13 – Income taxes

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

13 – Income taxes (continued)

Deferred tax assets and liabilities (continued)

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

13 - Income taxes (continued)

Recognition and measurement

Current tax

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

Deferred tax

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

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

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

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

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

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

Tax consolidation legislation

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

Critical accounting estimate and judgement

Deferred tax

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

14 – Trade and other payables

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

Recognition and measurement

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

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

15 – Provisions

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

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

	Self insurance risks A$m	Onerous Provisions A$m	Legal A$m	Property make-good A$m	Other provisions[1] A$m
Balance at 1 July	**33.6**	**9.2**	**2.3**	**28.6**	**31.1**
Provisions recognised/(reversed)	**(3.2)**	**0.6**	**31.5**	**4.2**	**8.0**
Payments	**-**	**(4.4)**	**(0.1)**	**(6.0)**	**(2.5)**
Foreign exchange differences	**2.7**	**(0.2)**	**0.2**	**0.4**	**2.6**
Balance at 30 June	**33.1**	**5.2**	**33.9**	**27.2**	**39.2**

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

15 – Provisions (continued)

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

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

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

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

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

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

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

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

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

16 – Retirement benefit obligations

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

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

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

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

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

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

	2022			2021		
	Fair value of plan assets A$m	Present value of obligation A$m	Net plan asset A$m	Fair value of plan assets A$m	Present value of obligation A$m	Net plan asset A$m
Balance at 1 July	**92.7**	**(87.3)**	**5.4**	94.7	(91.9)	2.8
Actuarial gains/(losses) recorded in comprehensive income	**(16.3)**	**16.6**	**0.3**	1.4	1.3	2.7
Current service cost	**(0.1)**	**(0.5)**	**(0.6)**	(0.1)	(0.6)	(0.7)
Net interest income	**1.8**	**(1.8)**	**-**	1.6	(1.7)	(0.1)
Employer contributions	**0.3**	**0.1**	**0.4**	0.2	-	0.2
Benefit payments	**(4.1)**	**4.1**	**-**	(4.6)	4.6	-
Foreign exchange differences	**(1.2)**	**0.7**	**(0.5)**	(0.5)	1.0	0.5
Balance at 30 June	**73.1**	**(68.1)**	**5.0**	92.7	(87.3)	5.4

16 – Retirement benefit obligations (continued)

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

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

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

The major categories of plan assets are as follows:

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

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

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

17 – Other financial assets and liabilities

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

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

Recognition and measurement

Derivative financial instruments

Refer to note 22.

Investments in marketable securities

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

CAPITAL STRUCTURE AND RISK MANAGEMENT

18 – Cash and cash equivalents

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

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

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

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

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

18 - Cash and cash equivalents (continued)

Reconciliation of liabilities arising from financing activities

	Borrowings A$m	Leases liabilities A$m
Balance at 30 June 2021	**232.0**	**325.1**
Financing cash flows	**113.5**	**(78.4)**
Lease additions	**-**	**165.6**
Non-cash lease transactions	**-**	**(76.6)**
Non-cash foreign exchange movement	**10.0**	**10.5**
Balance at 30 June 2022	**355.5**	**346.2**

	Borrowings A$m	Leases liabilities A$m
Balance at 30 June 2020	116.9	363.5
Financing cash flows	125.3	(74.1)
Non-cash forgiveness of debt	(0.4)	-
Lease additions	-	50.9
Non-cash foreign exchange movement	(9.8)	(15.2)
Balance at 30 June 2021	232.0	325.1

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

19 - Borrowings

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

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

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

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

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

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

19 – Borrowings (continued)

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

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

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

20 – Contributed equity

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

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

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

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

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

21 – Reserves and accumulated deficit

Reserves

	Share based payments A$m	Cash flow hedging A$m	Foreign currency translation A$m	Total A$m
Balance at 1 July 2020	238.1	(1.1)	29.9	266.9
Equity-settled share-based payment expense	17.8	-	-	17.8
Share of joint venture's other comprehensive income	-	1.1	-	1.1
Gain reclassified to profit or loss on disposal of foreign operations	-	-	(0.2)	(0.2)
Foreign currency translation differences	-	-	(91.5)	(91.5)
Deferred tax	5.0	-	13.8	18.8
Balance at 30 June 2021	260.9	0.0	(48.0)	212.9
Equity-settled share-based payment expense	**22.7**	**-**	**-**	**22.7**
Gain reclassified to profit or loss on disposal of foreign operations	**-**	**-**	**(16.7)**	**(16.7)**
Foreign currency translation differences	**-**	**-**	**122.0**	**122.0**
Deferred tax	**(1.6)**	**-**	**(13.6)**	**(15.2)**
Balance at 30 June 2022	**282.0**	**-**	**43.7**	**325.7**

Nature and purpose of reserves

Share-based payments reserve

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

Cash flow hedging reserve

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

Foreign currency translation reserve

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

Accumulated deficit

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

22 – Financial risk management

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

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

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

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

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

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

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

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

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

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

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

22 – Financial risk management (continued)

Market risk (continued)

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

Impact on post-tax profit – (lower)

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

Impact on equity – higher

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

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

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

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

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

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

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

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

22 – Financial risk management (continued)

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

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

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

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

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

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

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

	Less than 1 year A$m	Between 1 and 5 years A$m	Over 5 years A$m	Total A$m
2022				
Non-derivatives:				
Trade and other payables	**722.2**	**12.6**	**3.3**	**738.1**
Borrowings	-	**355.5**	-	**355.5**
Derivatives:				
Net settled (forward commodity contracts)	-	-	-	-
Gross settled (forward foreign exchange contracts):				
- (inflows)	**(470.4)**	-	-	**(470.4)**
- outflows	**480.3**	-	-	**480.3**
	732.1	**368.1**	**3.3**	**1,103.5**
Interest on financial commitments	**10.0**	**10.0**	**3.4**	**23.4**
Financial guarantees[1]	**51.4**	-	-	**51.4**
	793.5	**378.1**	**6.7**	**1,178.3**

22 – Financial risk management (continued)

Liquidity risk (continued)

2021	Less than 1 year A$m	Between 1 and 5 years A$m	Over 5 years A$m	Total A$m
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

Put option

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

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

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

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

There were no transfers between levels during the year.

Valuation of financial assets and liabilities
Financial instruments carried at fair value are classified by valuation method using the following hierarchy:

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

[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.

22 – Financial risk management (continued)

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.

GROUP STRUCTURE

23 – Business acquisitions and disposals

Acquisitions

(a) Recyclers Australia

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

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

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

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

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

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

(b) Atlantic Recycling Group

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

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

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

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

23 – Business acquisitions and disposals (continued)

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

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

(c) Alumisource Corporation

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

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

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

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

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

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

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

23 – Business acquisitions and disposals (continued)

Disposals and Sale of Interest

(a) Sims Municipal Recycling

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

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

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

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

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

(b) Other disposals

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

24 – Subsidiaries

Name of entity	Country of Incorporation	Equity holding % 2022	2021
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%**	90%
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%
Sims Group Canada Holdings Limited	Canada	**100%**	100%
Sims Group Recycling Solutions Canada Ltd	Canada	**100%**	100%
Sims Recycling Solutions s.r.o.(ii)	Czech Republic	**-**	100%
Sims Group German Holdings GmbH	Germany	**100%**	100%
Sims Lifecycle Services GmbH	Germany	**100%**	100%
Sims Metal Management Asia Limited	Hong Kong	**100%**	100%
Sims Recycling Solutions India Private Limited	India	**100%**	100%
Trishyiraya Recycling India Private Limited	India	**100%**	100%
Sims Recycling Solutions Ireland Limited	Ireland	**100%**	100%
Sims Lifecycle Services BV	Netherlands	**100%**	100%
Sims Recycling Solutions Coöperatief B.A.	Netherlands	**100%**	100%
Sims E - Recycling (NZ) Limited	New Zealand	**90%**	90%
Sims Pacific Metals Limited	New Zealand	**100%**	100%
Simsmetal Industries Limited	New Zealand	**100%**	100%
Gaukara Company No. 2 Limited (iii)	Papua New Guinea	**-**	100%
PNG Recycling Limited (iii)	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 (ii)	UK	**-**	100%
Deane Wood Export Limited (ii)	UK	**-**	100%
Dunn Brothers (1995) Limited (ii)	UK	**-**	100%
Kaystan Holdings Limited	UK	**100%**	100%
Lord & Midgley Limited	UK	**100%**	100%
Morley Waste Traders Limited	UK	**100%**	100%
Sims Foundry Limited	UK	**100%**	100%
Sims Renewable Energy Limited	UK	**100%**	100%
Sims Group UK Holdings Limited	UK	**100%**	100%
Sims Group UK Intermediate Holdings Limited	UK	**100%**	100%
Sims Group UK Limited	UK	**100%**	100%
Sims Group UK Pension Trustees Limited	UK	**100%**	100%

24 – Subsidiaries (continued)

Name of entity	Country of Incorporation	Equity holding % 2022	2021
Sims Metal Management Finance Limited	UK	**100%**	100%
Sims Metal Management U.K. Limited (ii)	UK	-	100%
Sims Recycling Solutions Limited (ii)	UK	-	100%
United Castings Limited (ii)	UK	-	100%
CIM Trucking, Inc.	US	**100%**	100%
Converge Engineering LLC (iv)	US	-	100%
Dover Barge Company	US	**100%**	100%
Global Sustainability Insurance Corporation	US	**100%**	100%
Metal Dynamics Detroit LLC (v)	US	-	100%
Metal Management Indiana, Inc.	US	**100%**	100%
Metal Management Memphis, L.L.C. (vi)	US	**100%**	100%
Metal Management Midwest, Inc.	US	**100%**	100%
Metal Management Northeast, Inc.	US	**100%**	100%
Metal Management Ohio, Inc.	US	**100%**	100%
Metal Management, Inc.	US	**100%**	100%
Sims ARG, Inc (previously 'Naporano Iron & Metal, Inc.')	US	**100%**	100%
New York Recycling Ventures, Inc.	US	**100%**	100%
Sims Aluminum Inc.	US	**100%**	100%
Sims Southwest Corporation	US	**100%**	100%
Schiabo Larovo Corporation	US	**100%**	100%
Sims Energy USA Holdings Corporation	US	**100%**	100%
Sims Energy USA LLC	US	**100%**	100%
Sims Group Global Trade Corporation	US	**100%**	100%
Sims Group USA Corporation	US	**100%**	100%
Sims Group USA Holdings Corporation	US	**100%**	100%
Sims Metal Management USA GP	US	**100%**	100%
Sims Recycling Solutions Holdings Inc.	US	**100%**	100%
Sims Recycling Solutions Inc.	US	**100%**	100%
Simsmetal East LLC	US	**100%**	100%
Simsmetal West LLC	US	**100%**	100%
SMM – North America Trade Corporation	US	**100%**	100%
SMM Gulf Coast LLC	US	**100%**	100%
SMM New England Corporation	US	**100%**	100%
SMM South Corporation	US	**100%**	100%
SMM Southeast LLC	US	**100%**	100%
Sims Lifecycle Services S.A. de C.V. (vii)	Mexico	**100%**	-
Sims Lifecycle Services Ltda. (vii)	Brazil	**100%**	-
Sims Lifecycle Services Limited (vii)	UK	**100%**	-
Sims Metal Limited (vii)	UK	**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) These subsidiaries were dissolved in the current year.
(iii) Gaukara Company No.2 Limited was merged into PNG Recycling Limited. Effective from 1 July 2021.
(iv) Converge Engineering LLC was merged into Sims Recycling Solutions Inc. Effective 30 June 2022.
(v) Metal Dynamics Detroit LLC was merged into Metal Management Ohio Inc. Effective 30 June 2022.
(vi) Metal Management Memphis LLC was merged into Metal Management Midwest Inc. Effective 30 June 2022.
(vii) These subsidiaries were formed in the current year.

24 – Subsidiaries (continued)

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.

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

24 – Subsidiaries (continued)

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

25 – Interests in other entities

Joint ventures

Name	Principal Activity	Country of incorporation	Ownership interest % 2022	Ownership interest % 2021
SA Recycling, LLC ("SAR")	Recycling	US	**50**	50
LMS Energy Pty Ltd ("LMS")	Renewable energy	Australia	**50**	50
Richmond Steel Recycling Limited	Recycling	Canada	**50**	50
Rondout Iron & Metal Company LLC	Recycling	US	**50**	50
Sims Municipal Recycling of New York, LLC[1]	Recycling	US	**49.5**	100
Simstar Alloys Pty Limited[2]	Recycling	Australia	**0**	0

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

Movements in carrying amounts of joint ventures

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

2021	SAR A$m	SMR A$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

Summarised financial information of joint ventures

2022	SAR	SMR	Other	Total
Statement of financial position				
Current assets	**806.2**	**28.0**	**89.2**	**923.4**
Non-current assets	**1,123.5**	**65.8**	**258**	**1,447.3**
Current liabilities	**310.1**	**-**	**30.7**	**340.8**
Non-current liabilities	**671.3**	**-**	**74.3**	**745.6**
Income statement				
Revenue	**5,200.3**	**122.1**	**271.3**	**5,593.7**
Share of net profit for the year	**604.6**	**5.4**	**19.5**	**629.5**

25 – Interests in other entities (continued)

Summarised financial information of joint ventures (continued)

2021	SAR A$m	SMR A$m	Other A$m	Total A$m
Statement of financial position				
Current assets	546.8	-	92.2	639.0
Non-current assets	602.6	-	164.0	766.6
Current liabilities	171.8	-	31.0	202.8
Non-current liabilities	357.7	-	14.2	371.9
Income statement				
Revenue	2857.0	-	216.1	3073.1
Share of net profit for the year	318.0	-	19.8	337.8

Balances and transactions with joint ventures

2022	SAR A$m	SMR A$m	Other A$m	Total A$m
Purchases of goods and services	**941.7**	**-**	**-**	**941.7**
Management and other fees and commissions	**9.4**	**-**	**1.2**	**10.6**
Current receivables	**7.1**	**(0.4)**	**(1.7)**	**5.0**
Current payables	**22.9**	**-**	**0.1**	**23.0**
2021				
Purchases of goods and services	569.8	-	3.1	572.9
Management and other fees and commissions	5.4	-	1.1	6.5
Current receivables	3.2	-	0.2	3.4
Current payables	19.2	-	0.2	19.4

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

Recognition and measurement

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

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

26 – Parent entity information

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

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

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

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

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

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

OTHER DISCLOSURES

27 – Share-based payments

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

Share-based payment expense

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

Equity-settled options

Equity-settled options outstanding	2022 Number of options	2022 Weighted average exercise price	2021 Number of options	2021 Weighted average exercise price
Ordinary shares:				
Balance at 1 July	**5,113,022**	**A$11.71**	8,047,884	A$11.35
Granted	**-**	**-**	-	-
Forfeited/expired	**(53,998)**	**A$10.85**	(293,502)	A$10.10
Exercised	**(2,410,453)**	**A$11.46**	(2,641,360)	A$10.79
Balance at 30 June	**2,648,571**	**A$11.96**	5,113,022	A$11.71
Exercisable at 30 June	**2,648,571**	**A$11.96**	4,445,757	A$11.62

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

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

	Outstanding			Exercisable		
Exercise price range	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)
Ordinary shares:						
A$9.38 – A$10.19	242,360	A$9.40	0.44	242,360	A$9.40	0.44
A$10.51	699,179	A$10.51	1.36	699,179	A$10.51	1.36
A$12.34 - A$13.43	1,707,032	A$12.92	2.94	1,707,032	A$12.92	2.94
	2,648,571	**A$11.96**	2.30	**2,648,571**	**A$11.96**	2.30

27 – Share-based payments (continued)

Cash-settled options

	2022		2021	
Cash-settled options outstanding	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 July	**178,139**	**A$10.85**	312,785	A$10.54
Forfeited/Expired	-		(73,533)	A$9.98
Exercised	**(178,139)**	**A$10.85**	(61,113)	A$10.30
Balance at 30 June	-		178,139	A$10.85
Exercisable at 30 June	-		178,139	A$10.85

Performance rights

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

	2022		2021	
Performance rights outstanding	Number of shares	Weighted average fair value at grant date	Number of shares	Weighted average fair value at grant date
Ordinary shares:				
Non-vested balance at 1 July	**4,585,937**	**A$8.65**	4,072,310	A$9.22
Granted	**995,458**	**A$14.80**	1,562,462	A$10.80
Forfeited/cancelled	**(1,836,169)**	**A$12.87**	(1,029,639)	A$14.08
Vested	**(26,499)**	**A$10.77**	(19,196)	A$10.81
Non-vested balance at 30 June	**3,718,727**	**A$8.21**	4,585,937	A$8.65

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

Restricted share units

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

	2022		2021	
Restricted share units outstanding	Number of shares	Weighted average fair value at grant date	Number of shares	Weighted average fair value at grant date
Ordinary shares:				
Non-vested balance at 1 July	**1,935,187**	**A$9.33**	1,456,437	A$9.77
Granted	**564,204**	**A$14.87**	1,015,680	A$9.59
Forfeited/cancelled	**(39,907)**	**A$8.15**	(15,927)	A$10.81
Vested	**(31,680)**	**A$10.58**	(521,003)	A$11.01
Non-vested balance at 30 June	**2,427,804**	**A$10.62**	1,935,187	A$9.33

27 – Share-based payments (continued)

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

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

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

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

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

28 – Key management personnel

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

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

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

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

29 – Commitments and contingencies

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

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

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

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

30 – Remuneration of auditors

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

The auditor of Sims Limited is Deloitte Touche Tohmatsu.

31 – Subsequent events

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

In the Directors' opinion:

a) The financial statements and notes set out on pages 51 to 106 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 2022 and of its performance for the financial year ended on that date, and

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

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

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

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

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

G N Brunsdon
Chairperson

New South Wales
16 August 2022

A Field
Managing Director and Group CEO

New South Wales
16 August 2022

Deloitte.

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Independent Auditor's Report to the Members of Sims Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Deloitte.

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 49 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sims Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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Samuel Vorwerg
Partner
Chartered Accountants
Sydney, 16 August 2022