



STREAMLINE. OPTIMISE. GROW.



**SIMS METAL MANAGEMENT LIMITED
SUSTAINABILITY REPORT 2014**

Sustainability

HIGHLIGHTS

ENVIRONMENT

Energy use and CO₂ emissions reduced by 6% and 4% respectively over the prior year. The 11.8 million tonnes of material recycled by the Company in FY14 saved 13.5 million Mwh of energy and 12.8 million tonnes of CO₂ by replacing virgin materials. That is equivalent to the energy used by 7.3 million average homes, the carbon footprint of around 700,000 people living in Australia or the USA, or the carbon mitigated by the planting of 12.8 million trees over a 100 year lifespan

HEALTH AND SAFETY

Lost time injury and medically treated injury frequency rates declined by 25% and 13% respectively through a focus on pre-emptive awareness training

PEOPLE AND DIVERSITY

The percentage of females employed in middle, senior and executive management increased to 20%

COMMUNITY

As one of the world's leading metals and electronics recycler, we take a proactive approach to working with governments, industry, educational facilities and environmental advocacy groups on matters of sustainability and resource efficiency

| KEY PARAMETERS / REGION | FY14 | FY13 | CHANGE% | TREND |
|--|------------------|-----------|---------|-------|
| Energy Use (GJ) | | | | |
| North America | 1,453,531 | 1,597,189 | -9 | ↓ |
| Europe | 439,702 | 520,407 | -16 | ↓ |
| Australasia | 594,666 | 520,538 | 14 | ↑ |
| Group Total | 2,487,899 | 2,638,134 | -6 | ↓ |
| CO₂ Emissions (tCO₂e) | | | | |
| North America | 129,310 | 142,162 | -9 | ↓ |
| Europe | 40,595 | 48,307 | -16 | ↓ |
| Australasia | 73,116 | 63,188 | 16 | ↑ |
| Group Total | 243,021 | 253,657 | -4 | ↓ |
| Scope 1 | 106,935 | 111,131 | -4 | ↓ |
| Scope 2 | 136,086 | 142,526 | -5 | ↓ |
| Water Consumption (Mega Litres) | | | | |
| North America | 400.9 | 527.8 | -24 | ↓ |
| Europe | 238.3 | 141.6 | 68 | ↑ |
| Australasia | 94.2 | 82.5 | 14 | ↑ |
| Group Total | 733.4 | 751.9 | -2 | ↓ |
| Waste Generation (Tonnes) | | | | |
| North America | 746,587 | 757,593 | (1) | ↓ |
| Europe | 373,905 | 368,760 | 1 | ↑ |
| Australasia | 285,196 | 251,090 | 14 | ↑ |
| Group Total | 1,405,688 | 1,377,443 | 2 | ↑ |
| Key OH&S Indicators | | | | |
| Group LTIFR (LTix1,000,000/exposed hours) | 2.7 | 3.6 | -25 | ↓ |
| Group MTIFR (MTIx1,000,000/exposed hours) | 11.0 | 12.7 | -13 | ↓ |
| Number of employees | | | | |
| Male | 4,903 | 5,243 | -6 | ↓ |
| Female | 1,108 | 1,150 | -4 | ↓ |
| Group Total | 6,011 | 6,393 | -6 | ↓ |
| Training | | | | |
| Group Total Hours (Corporate training only) | 150,850 | 277,142 | -46 | ↓ |

ENVIRONMENT

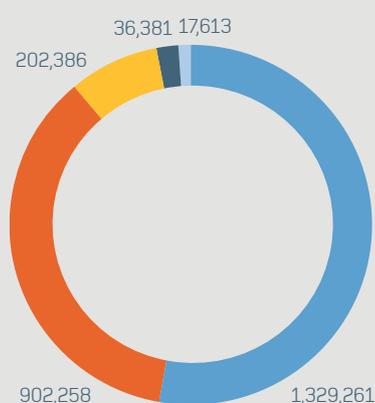
ENERGY, FUEL AND ELECTRICITY

Total energy use for the Group in FY14 was 2,487,899 GJ, a decrease of 6% from FY13. This trend was the result of energy efficiency measures as well as reduced production in our North American operations. Diesel usage remained the highest energy component at 53%, followed by electricity at 36%, gas at 8%, LPG at 2%, and petrol at 1%.

North America: Solar arrays at the Brooklyn and Claremont facilities were completed and commissioned, generating more than 500Mwh and 200Mwh respectively since start-up. The region also continued with its mobile equipment upgrade to tier 4 diesel engines. At the SRS plant in Roseville, upgrading the shredder line has introduced significant energy savings along with the upgrading of lighting at SRS West Chicago, which will provide estimated energy savings of more than 360,000Kwh per year.

Europe: The "Energy Forum", comprising all major operational stakeholders, was established and tasked with identifying opportunities for continued and sustainable reductions in energy consumption. The "Switch Off" campaign was launched to further assist in the reduction of unnecessary energy consumed in lighting, heating and other areas. A comprehensive survey of equipment run-down times and idling was conducted to eliminate non-beneficial running of equipment.

Australasia: During the year, the remaining secondary aluminium smelter at Laverton, Victoria was closed, with significant reductions in gas and associated energy consumption.



GROUP ENERGY USE BY TYPE (GJ)

- DIESEL 53%
- ELECTRICITY 36%
- GAS 8%
- LPG 2%
- PETROL 1%

CARBON EMISSIONS PROFILE

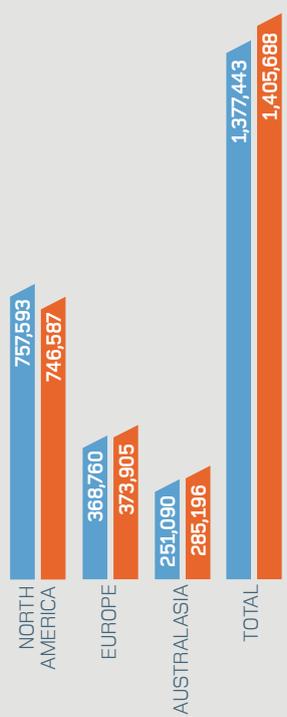
The energy consumed by the Company gives rise to carbon emissions, either directly from fuel consumed by its equipment, or indirectly from externally provided power. The Company's approach to managing energy and carbon emissions is detailed in its Corporate Environmental and Energy Policies (available at simsmm.com), and executed by dedicated regional energy teams, ensuring integration into daily operational considerations and activities. As a participant in the Carbon Disclosure Project (CDP) since 2006, the Company is committed to detailed public reporting of its carbon emissions.

Total Group CO₂ emissions for FY14 were 243,021 tonnes, a reduction of 4% compared to FY13. The decrease was spread evenly between Scope 1 down 4% (trucks, mobile plant etc), and Scope 2 down 5% (electricity), and reflected an overall reduction in operating activity across the Group. Due to regional factors in energy to carbon conversion under the international Greenhouse Gas Protocol (GGP), the carbon profile is different to that of energy, with electricity accounting for 56% of emissions, followed by diesel at 38%, gas at under 5%, and petrol and LPG under 1% each.

While carbon policy remains the subject of considerable debate in Australia, the Company is not likely to be captured under any immediate policy arrangements, or in the US and Continental Europe. The Company is subject to the CRC Energy Efficiency Scheme in the UK, with the current cost being fixed by the Government at £12/tonne of CO₂ emitted. This is forecast to rise next year to £15.60/ tonne of CO₂e. The intended UK policy goal is to move to a free market trading scheme after that, at which point the Company will need to engage in carbon off-set trading.

GREEN ENERGY

The Company has a 50% interest in renewable energy company LMS Energy Pty Ltd, which achieved continued excellent performance in FY14. LMS generated in excess of 369,000 megawatt hours of renewable energy, resulting in the creation of over 369,000 Large-Scale Generation Certificates (LGCs) under the Large-Scale Renewable Energy Target (LRET). LMS Energy's power generation projects now comprise a total installed capacity in excess of 50 megawatts and its operational activities during FY14 resulted in an estimated carbon abatement of 2,200,000 tonnes of CO₂.



TOTAL WASTE GENERATION (METRIC TONNES)

- FY13
- FY14

WATER USE

The Company is not a large consumer of water compared to industrial peers. Where water is used for operational purposes, it is recycled extensively and used alongside grey water and harvested rainfall. Group water consumption was 733Ml, down by 2% over FY13. Regionally, water consumption rose in Europe as a result of increased water use in shredders and the new materials recovery facilities in SRS. Similarly, water use increased in Australasia in line with higher production.

WASTE MANAGEMENT

Waste generation is very strictly controlled and is a fundamental part of the Company's purchasing and pricing policies for incoming materials. Due to the nature of the business however, some waste is unavoidable. In FY14, the Company generated 1,405,688 tonnes of waste. This was a small increase over FY13, largely caused by a 14% increase in Australasia due to significantly higher production. The vast majority of waste (97.3%) is non-hazardous residue which finds beneficial use in landfills as day cover, drainage or methane recovery media. The remaining waste (2.7%) is classified as hazardous. The increase in that component in FY14 was due to a re-classification by various statutory authorities, as well as the disposal of excess leaded glass from the CRT recovery operations within the SRS division.

Sustainability

HEALTH AND SAFETY

Safety is the first and most important priority in every task and operational activity that we undertake. An enormous amount of training and resources is dedicated to this most crucial aspect of our operations. As an executive rule, operational activity will be shut down if a near miss or unsafe situation is identified, and will not recommence until the issue is fully understood and rectified. At an individual level, working safely is a non-negotiable condition of being present on the Company's sites. It is integral to every task performed, be it by an employee, a contractor or a visitor. Not only are the traditional lagging indicators, such as LTI's, MTI's, as well as minor incidents, recorded in the Company's global data base but, equally, leading indicators raised within safety conversations (known as Observational Behaviour Audits – OBA's) of any unsafe act and near miss are recorded and analysed with the objective of eliminating any repeat. A considerable amount of the more than 150,000 training hours delivered during FY14 were specifically dedicated to safety.

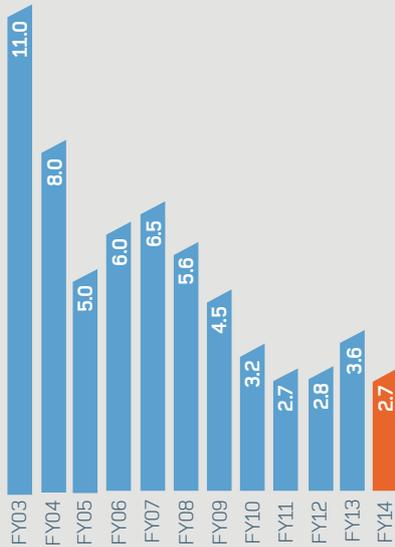
It is pleasing to report, through the Company's unwavering focus on safety, incidents declined being meaningful over the prior year. The lost time injury frequency rate (LTIFR) for the Group in FY14 was 2.7, a decrease of 25% on FY13. Similarly, the medically treated injury frequency rate (MTIFR) for FY14 was 11.0, a decrease of 13% over the prior year. The Company also tracks, on par with its full time employees, the incident statistics for contractors and temporary workers, although the nature of individual contracts does not allow the Company to calculate the associated frequency rates.

Under this Company wide safety framework, each region pursues and implements specific safety initiatives of immediate and individual relevance to its operations. During FY14, these included:

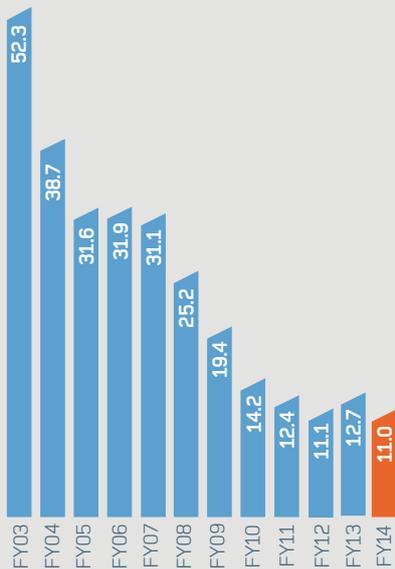
North America Metals: The quality of safety observations and their allocated corrective actions was targeted across all divisions, and training delivered improved performance in this area. Supervisors and managers were also retrained with the aim of delivering improved information value on incident investigations. A specific safety campaign "A Hundred Days of Summer" highlighted issues relating to employees standing in for others on leave.

UK Metals and SRS Global: Each facility was tasked with providing specific site action plans to maintain and implement the deliverables of the SimsMMway safety platform. These included site managers receiving formal training on behavioural science to better understand and influence behaviour. A "Stop the Yard" initiative was introduced, where all operational activities are stopped for ten minutes each day to discuss yard activities and their interaction, in a safety context. Specific to SRS, training targeted pedestrian and vehicle interaction and the expected standards of safety performance as it relates to manual de-manufacturing and dismantling of components.

Australia and New Zealand Metals: The shared values of "Think Safe – Work Safe – Home Safe" were strongly promoted and supported by a range of targeted training and workshops. "Simsafe" – an individual risk assessment process incorporating responsibility, accountability and authority was also implemented, combined with specific presentations to management and delivery of training to all workers. Initiatives relating to the most common injuries, improvements, and what SHEC Managers will do differently in the future, were target issues during FY14.



LOST TIME INJURY FREQUENCY RATE (LTIFR)¹



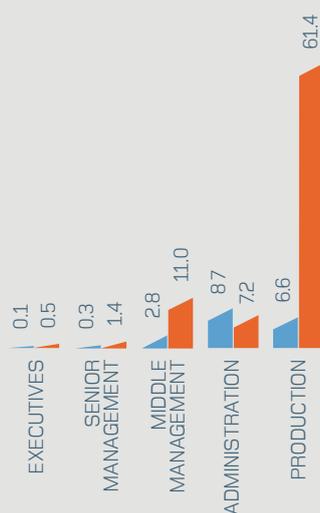
MEDICALLY TREATED INJURY FREQUENCY RATE (MTIFR)¹

¹ Calculated as the number of lost time or medically treated injuries multiplied by 1 million and divided by the hours worked.



FULL TIME EMPLOYEE COMPARISON (excluding JV's)

■ FY13
■ FY14



WORKFORCE AND GENDER DISTRIBUTION (% of Total Workforce)

■ FEMALES
■ MALES

PEOPLE AND DIVERSITY

DIVERSITY AND RETENTION

As a result of restructuring activities during FY14, the total employees within the Group reduced by 6% to 6,011 from 6,393 employees in FY13. Throughout however, the Company remained focused on its ongoing commitment to gender balance in the workforce. During FY14, the percentage of females employed in Middle, Senior and Executive management increased from 16% to 20%. At the Executive level, female employment increased from 11% to 17%. The number of staff leaving voluntarily remained largely unchanged from FY13 at 17%, as did redundancies at 5%.

TRAINING AND DEVELOPMENT

Training and development is a significant driver of the Company's ability to innovate, improve, and sustain its operations. Notwithstanding this, total training reduced to roughly 151,000 hours in FY14, due to a combination of headcount decline and the maturing of many training programs to a maintenance phase. The Company's strong commitment to safety and wellness accounted for a significant component of training; other issues such as Leadership and Management, Customer Service, and Trainee development were also core deliverables. In addition to this time thousands of hours of training was received related to on-the-job skills improvement.

COMMUNITY ENGAGEMENT

As the world's largest listed recycler of metals and electronics, the Company's insight on matters related to waste and energy reduction is keenly sought by Government entities, NGO's and a wide range of institutions interested in sustainable practices. As a result, the Company works closely with a wide range of stakeholders, from Government think-tanks, to small local communities that have an interest in what the Company does. Notable relationships include; the UN, City of New York, the UK Ministry of Defence, and the Australian Government, on issues ranging from data security, illegal trans-boundary movements, to metal theft and resource efficiency. Equally, the Company works closely with environmental advocacy groups such as The Baykeeper, and has prominent involvement with industry groups including the International Recycling Organisation (BIR), the Institute of Scrap Recycling Industries (ISRI), the British Metal Recycling Organisation (BMRA) and the Australian Council of Recyclers (ACOR).

The Company remains closely connected to the communities in which it operates reflected in the thousands of projects and activities in which it is involved. The following is a small selection of the wide span of these activities:

North America: Programs were conducted with a number of local law enforcement agencies to prevent and report metal theft, as well as the shredding of guns in support of anti-violent behaviour. Across the region, a large number of educational and environmental activities were supported. The SRS division organised the take-back of more than 250,000 pounds of e-waste as part of Earth Day, breaking the Guinness World Record for most consumer electronics recycled within 24 hours.

Australasia: New Zealand staff took an active role in the support of cancer research as part of the 24 hour "Relay for Life". In Australia, employees at the Company's facilities continued work with the fire and rescue services, opening yards out of hours and providing practice vehicles for life saving drills with "the jaws of life" – simulating the cutting free of people trapped in wrecked vehicles.

Europe: The Company's "Community Ambassadors" program almost doubled its target for local community engagement, with program activities including school education and high school career programs, and the provision of obsolete vehicles to fire and rescue services. In addition, employees were encouraged to volunteer in a range of charity events, which included the Air Ambulance service and the "Soldiers, Sailors, Airmen and Families" Association.

