



**PREPARED FOR TODAY.  
POSITIONED FOR TOMORROW.**

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**SIMS METAL MANAGEMENT LIMITED  
SUSTAINABILITY OVERVIEW 2013**

# Sustainability

## HIGHLIGHTS

### ENVIRONMENT

Waste generation reduced by 13% over FY12 to 1.38 million tonnes, related to significant waste reductions in Australasia and North America.

### HEALTH AND SAFETY

Group LTIFR increased from 2.8 in FY12 to 3.6 in FY13 and MTIFR from 11.1 in FY12 to 12.7 in FY13.

### PEOPLE AND DIVERSITY

Encouraging diversity among its workforce saw the percentage number of females employed by the Group lift from 17% to 18%.

### COMMUNITY ENGAGEMENT

The Company has a particular focus on engaging with people in the localities of its operations, and sponsors hundreds of projects each year.

**The sustainability agenda is crucial to how we measure and manage all the non-financial components of our activities. Our workforce has a strong affinity with these issues, realising the importance they play in how we conduct ourselves as a public company.**

KEY PARAMETERS / REGION	FY13	FY12	CHANGE%	TREND
<b>Energy Use (GJ)</b>				
North America Total	<b>1,597,189</b>	1,746,250	-9	↓
Europe and UK Total	<b>520,407</b>	465,577	12	↑
Asia Pacific Total	<b>520,538</b>	517,318	1	↑
Group Total	<b>2,638,134</b>	2,729,145	-3	↓
<b>CO2 Emissions (tCO<sub>2</sub>e)</b>				
North America Total	<b>142,162</b>	153,681	-7	↓
Europe and UK Total	<b>48,307</b>	42,108	15	↑
Asia Pacific Total	<b>63,188</b>	60,426	5	↑
Group Total	<b>253,657</b>	256,215	-1	↓
Scope 1	<b>111,131</b>	117,886	-6	↓
Scope 2	<b>142,526</b>	138,329	3	↑
<b>Water Consumption (Mega Litres)</b>				
North America Total	<b>527.8</b>	652.6	-19	↓
Europe and UK Total	<b>141.6</b>	101.3	40	↑
Asia Pacific Total	<b>82.5</b>	105.0	-21	↓
Group Total	<b>751.9</b>	858.9	-12	↓
<b>Waste Generation (Tonnes)</b>				
North America Total	<b>757,593</b>	980,569	-23	↓
Europe and UK Total	<b>368,760</b>	316,360	17	↑
Asia Pacific Total	<b>251,090</b>	279,548	-10	↓
Group Total	<b>1,377,443</b>	1,576,477	-13	↓
<b>Key OH&amp;S Indicators</b>				
Group LTIFR (LTix1,000,000/exposed hours)	<b>3.6</b>	2.8	29	↑
Group MTIFR (MTix1,000,000/exposed hours)	<b>12.7</b>	11.1	14	↑
<b>Number of employees</b>				
Male	<b>5,243</b>	5,518	-5	↓
Female	<b>1,150</b>	1,160	-1	↓
Group Total	<b>6,393</b>	6,678	-4	↓
<b>Training</b>				
Group Total Hours (Corporate training only)	<b>277,142</b>	259,519	7	↑

## ENVIRONMENT

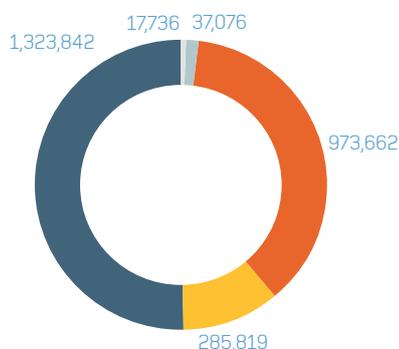
### ENERGY, FUEL AND ELECTRICITY

The total energy use of the Group for FY13 was 2,638,134 GJ, a 3% decrease compared to FY12. This was in part due a decrease in total annual production, as well as continued energy efficiency measures. Overall energy usage profile remained unchanged from FY12, with diesel fuel as the highest component at 53% followed by electricity at 35%. Gas accounted for a total of 9%, with LPG and petrol at 2% and 1% respectively. The Company continually seeks to reduce energy use and find alternative energy sources where operationally and financially viable. Notable projects in FY13 include:

North America: A significant upgrade of mobile equipment to new units, comprising Tier 4 diesel engines combined with other initiatives resulted in a greater than 20% reduction in weighted average hourly diesel consumption in the replaced equipment.

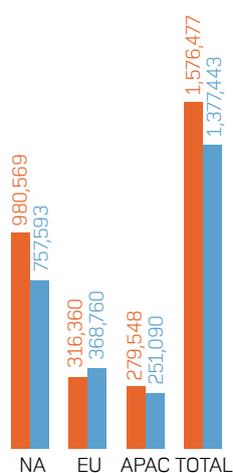
Europe: The UK continued its program of replacing its forklift fleet with highly efficient hybrid units, promising fuel efficiencies of between 30% to 38%. Newly installed management systems also provide real-time data, improving idle time and better fuel use management.

Australasia: With shredders accounting for the majority of electricity usage, work continued to improve efficiency in these units, including improved magnetic and air separation systems.



### GROUP ENERGY USE BY TYPE (GJ)

- ELECTRICITY 35%
- GAS 9%
- DIESEL 53%
- PETROL 1%
- LPG 2%



### TOTAL WASTE GENERATION (METRIC TONNES)

- FY12
- FY13

### CARBON FOOTPRINT

The Company's Environmental and Carbon Emissions Policies set the global framework and expectations for energy and carbon reduction efforts, which apply to all activities. Energy consumed by our operations results in the emission of carbon, either directly from the conversion of fuel in our equipment, such as mobile plant, trucks and smelting (Scope 1) or indirectly through the use of externally produced electricity (Scope 2).

Total Group CO<sub>2</sub> emissions for FY13 were 253,657 tonnes, down 1% compared to FY12. A small increase in Scope 2 (3%) was offset by a larger decrease in Scope 1 (6%). Electricity was the largest contributor at 54%, followed by diesel at 39%, gas at 5%, with minor contributions from petrol and LPG at 1% each.

Currently, the Company is not subject to the Australian carbon tax and an impost on carbon remains off the federal US policy agenda. The UK operations are affected by the CRC Energy Efficiency Scheme, under which carbon offsets must be purchased annually to offset our energy profile. At the present time, these credits are issued at a fixed cost by the UK government at £12/tonne of CO<sub>2</sub>e emitted. The stated policy intention is to move to a free carbon market, at which point the Company would need to engage in trading of carbon offsets.

### GREEN ENERGY

Our affiliated renewable energy company LMS generated in excess of 340,000MWh of renewable energy during FY13, or close to half of what was consumed by the entire Sims Metal Management Group. This resulted in the creation of a similar amount of Large-Scale Generation Certificates, also known previously as Renewable Energy Certificates. Combined, the renewable energy projects of LMS abated an estimated 2,000,000 tonnes of CO<sub>2</sub>e during FY13 as LMS continued its expansion of renewable energy facilities.

### WATER USE

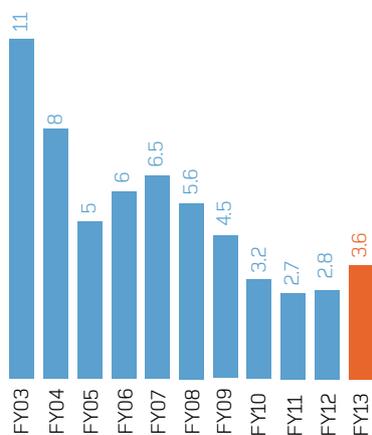
The Company's total water consumption profile is relatively small, particularly when compared to industry peers. The majority of our operations are collection yards, where a relatively minor supply of potable water is required for human consumption and ablution. Where water is used for processing purposes, storm water is harvested, where possible, within the facility's boundaries. Global consumption continued to decrease with 752 Mega litres used, down 12% from 859 Mega litres in FY12.

### WASTE GENERATION AND MANAGEMENT

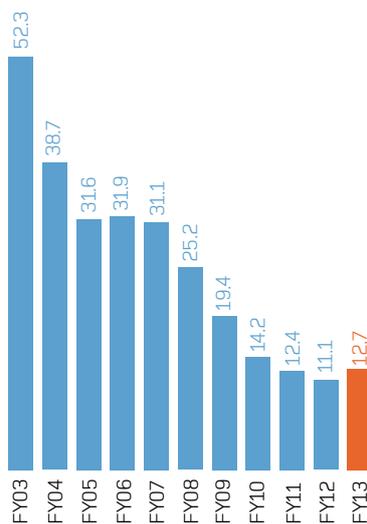
During FY13, the Company generated 1.38 million tonnes of non-usable waste, down 13% on FY12. This was mainly related to significant waste reductions in Australasia and North America, partially offset by increases in Europe from residual waste generated through new plastics and glass recovery processes. Of total waste, 99.4% was non-hazardous, primarily from metal shredding and mostly used for beneficial landfill applications. A small proportion of waste (0.6%) is classified as hazardous, a slight increase on FY12 due to statutory reclassifications of some waste materials.

The Company continues to invest in sophisticated separation technologies. These recover miniscule metallic elements from our processing lines, separating re-usable waste for use in the construction industry, and further refining the extraction of pure and valuable plastics polymers for re-use. Our recently commissioned CRT glass recovery process, in which the hitherto problematic leaded and optical glass component in televisions and monitors is mechanically processed, cleaned and separated in a high volume environment, produces decontaminated high specification glass.

# Sustainability



**LOST TIME INJURY FREQUENCY RATE (LTIFR)<sup>1</sup>**



**MEDICALLY TREATED INJURY FREQUENCY RATE (MTIFR)<sup>1</sup>**

<sup>1</sup> Calculated as the medically treated injuries multiplied by 1 million and divided by the hours worked

## HEALTH AND SAFETY

Safety remains the Company’s first priority from which all other operational activities must take their lead. Undertaking all tasks in a safe manner is a non-negotiable work condition and an integral responsibility of every employee, contractor and visitor. During FY13, a total of 104,146 safety conversations were undertaken, recorded and analysed across all regions, the vast majority reflecting positive safety behaviour. These, as well as observed unsafe acts and near misses, provide a valuable insight into where potential issues can arise, allowing us to focus our training and safety delivery accordingly. Every employee can access this information, benefiting from safety experiences across the Group. Considerable training is provided to support these efforts, accounting for a substantial part of the nearly 280,000 hours of corporate training delivered in FY13.

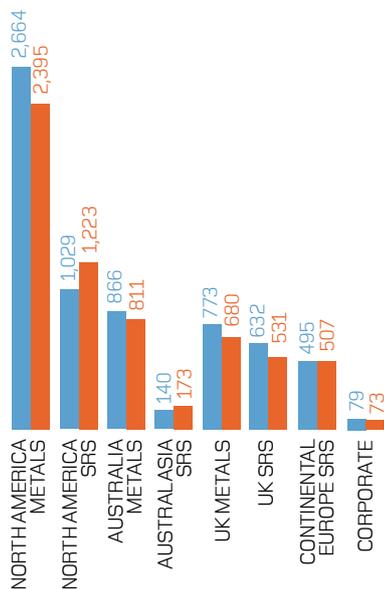
Despite all these efforts, we experienced an unfortunate reversal of our consistent historical decrease in safety statistics in FY13. Group LTIFR increased from 2.8 in FY12 to 3.6 in FY13 and MTIFR from 11.1 in FY12 to 12.7 in FY13. While the overall severity of injuries decreased, this trend is not acceptable. Hence, we will continue to build on our leadership, training and systems to achieve the crucial transformation of where a culture of looking after yourself and your work colleagues is second nature, and any incident is an unacceptable occurrence.

Further enhancing the Company-wide safety framework, each region continues to implement and pursue initiatives of specific relevance to its safety journey. Specific regional safety initiatives included:

**North America Metals:** SAAFE – “Safe Acts Are For Everyone”, continues to be the main safety platform for strong integration of safety measures into all aspects of operational activities. Several areas were targeted for improvement in FY13, including expanding the use of Operational Behavioural Audits (OBA’s) and specifically targeting higher risk operational activities. The use of “Controlled Access” in shredder stockpile areas was introduced, with all non-essential worker access being restricted and requiring escort. Of particular focus was the use of behavioural tools, OBA’s, Incident Investigation, Hazard Identification and reporting, as well as improving the quality of root cause analysis and associated corrective actions.

**UK Metals and SRS Global:** The SimsMMway, the core safety platform, was expanded to include all aspects of SHEC as well as including our previously introduced “Take Five”, a simple reminder to all employees of taking 5 SHEC issues on board and doing something about them. Documentation was also significantly shortened to make it more accessible and with an increased focus on outcomes. In line with these revisions, all Annual Site Safety Plans were also revised to include all aspects of SHEC. In respect of SRS Global, the 5S program was successfully introduced, showing immediate benefits to housekeeping and an associated drop in slips, trips and fall injuries.

**Australia and New Zealand Metals:** The development and implementation of a National Injury Management Manual was undertaken, with associated training of supervisors and yard managers. There was also a specific focus to improve the quality of OBA’s and FY13 saw the introduction of a National Safety Observational Behavioural competency training package for supervisors and managers. The Rapid Induct Management system used for safety induction of contractors was further enhanced to enable a more thorough and automated process to manage all contractors that enter our yards.



**FULL TIME EMPLOYEE COMPARISON (excluding JV's)**

■ FY12  
■ FY13

**PEOPLE AND DIVERSITY**

**DIVERSITY AND RETENTION**

During FY13, the Company undertook significant restructuring efforts reducing its overall workforce from 6,678 to 6,393 employees, excluding JV operations. Despite these changes, we remained focused on encouraging diversity among our workforce. In FY13, the percentage number of females employed increased to 18.0% from 17.4% the prior year. While the Company overall remains predominately male, because of our industrial nature, females account for more than 55% of our administration sector. Staff leaving voluntarily fell slightly to 16.4% from 18.1% in FY12, while redundancies increased to 8.3% from 5.3% due to our business restructuring activities.

**TRAINING AND DEVELOPMENT**

Training and development is a significant contributor to the Company's ability to attract new talent, while at the same improving the skills and knowledge of our dedicated workforce. During FY13, 277,142 hours of specialist training were delivered, in addition to on-the-job training and general skills improvement. Management training covered subjects such as leadership and strategy, time management, and innovation to name a few. At a technical level, training centred on enhancement skills, such as commodities trading, metal theft and finance. Additionally, mandatory training on anti-corruption and information security, and Code of Conduct training was undertaken.

**COMMUNITY ENGAGEMENT**

As the world's largest listed metals and electronics recycler, the Company's knowledge of how to preserve and re-use materials is sought by governments, environmental groups and NGO's alike. We work closely with governments on a range of issues from how levels of recycling in the community can be increased, to what is technically and economically feasible for the conservation of rare compounds used in high tech applications.

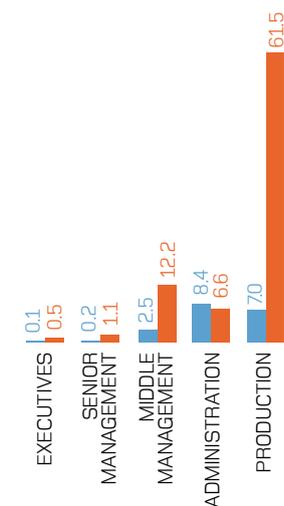
At the NGO level, the Company works with a range of environmental advocacy groups, including the Baykeeper, Clean up the World and the Total Environment Centre. The Company is also a prominent member of the Bureau of International Recycling (BIR), Institute of Scrap Recycling Industries (ISRI), British Metal Recycling Association (BMRA) and the Australian Council of Recycling (ACOR), as well as many other organisations that seek to engage government, the press and community on issues related to the importance of recycling and waste reduction.

The Company has a particular focus on engaging with people in the localities of our operations. There are hundreds of projects each year, ranging from sponsoring local events, to allowing the emergency services to practice fire and car rescue scenarios as well as helping people in distress or need. The following examples are a small selection of such local engagement:

North America: Sims Metal Management was approached by Mayor Corey Booker in Newark, New Jersey, to support "Jewellery for a Cause". Guns used in crimes are shredded and melted down, made into jewellery and sold to fund anti-crime charities in the City of Newark.

Europe: Sims Metal Management UK was instrumental in getting the UK government to introduce new legislation banning all cash transactions for scrap to combat metal theft and was also the first UK company to introduce cashless transactions.

Australasia: In Queensland, the Company supports the Oxley Creek Catchment Association, participating in a range of community events, including native species tree planting, rubbish removal, weed clearing and water sampling with the help of Watson Road Primary School children.



**WORKFORCE AND GENDER DISTRIBUTION (% of Total Workforce)**

■ FEMALES  
■ MALES