



Creating a Bigger Why: The Business Case for Purpose

Sims Limited's Chief Executive Officer and Managing Director Alistair Field addresses how fully integrating sustainability into the company's business strategy is propelling the company's next wave of growth.

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Q: In 2019, Sims Limited unveiled a multi-year strategic growth plan. How did a focus on sustainability help shape that plan?

A focus on sustainability was absolutely essential to shaping our strategic growth plan, because our purpose, to create a world without waste to preserve our planet, is a long-term sustainability goal. Our company has four business divisions that play an important role in the circular economy. Each target of our growth strategy is embedded in our sustainability framework. From our metal and electronic recovery businesses to our municipal recycling and resource renewal businesses, we seek to divert waste from landfill and keep resources in use for as long as possible. The Sims purpose clearly articulates how we will generate long-term value for our employees, customers, communities and shareholders.

Q: There has been a lot of talk about how purpose-led companies are more competitive. What do you see as the value of a purpose-led company?

There is a quote by Friedrich Nietzsche that states, "He who has a why to live can bear almost any how." Essentially, if you have a reason to live or exist, you can do almost anything, and that is precisely how I would characterise Sims Limited and other purpose-driven companies. Leading with purpose does more than differentiate a company's brand; it's a guiding force for a company's strategy and investment opportunities. Guided by our purpose, we are entering into new adjacencies and creating new business opportunities that enable the circular economy by keeping resources in use at their highest possible value for as long as possible.

One example is our "recycle the cloud" or data center decommissioning and recycling initiative. To accelerate the transition to a more circular economy, we are advancing our service offerings to refurbish, harvest parts, redeploy and recycle data center equipment that is being decommissioned. Our Sims Lifecycle Services business division is working with clients to provide guidance on how to securely dismantle and recover components that still possess value outside of the data center environment. This is helping our clients eliminate e-waste and advance their zero-waste targets. As part of our strategic plan, our goal is to recover 200,000 tonnes of cloud material via refurbishing, harvesting parts, redeploying or recycling by the end of fiscal year 2025.

We also are taking action to close the loop within our own operations while saving costs and eliminating waste. Recently, we established a new business division, Sims Resource Renewal. This division will take material leftover from recycling old metal goods, such as cars and appliances and turn them into new, useful products, such as construction materials, recycled plastic and electricity. Our plans are to build seven resource renewal facilities globally by 2030 to divert more than one million tonnes of this material from landfill each year. This will help us achieve zero-waste disposal and lower energy costs over the long-term while making useful products for society with what was previously considered waste.

Q: How has your sustainability strategy continued to evolve in the past year?

In FY20, we took another important step forward and developed our sustainability strategy based on three pillars: **Operate Responsibly**, **Close the Loop**, and **Partner for Change**. We identified these pillars after conducting a thorough materiality assessment with our stakeholders in FY19. We also are rolling out performance indicators under each pillar, so that we can measure and track our progress.

Each of our sustainability pillars is intentionally aligned to one of the United Nations Sustainable Development Goals (SDG). These goals are Decent Work and Economic Growth, Climate Action and Responsible Consumption and Production. Connecting our strategies with the global priorities of the SDGs provides us with the ability to make a larger positive impact through our business actions.

We also are unique in that our growth strategies are tied to delivering strong Environmental, Social and Governance (ESG) outcomes along with profits. Each of the business growth areas that we've identified has key ESG measures that tie into the circular economy.

Q: When it comes to closing the loop, companies are being asked to take action on climate change. What has been Sims Limited's approach?

Climate change is more than an environmental problem. It has the potential to impact our way of life and pose a major risk to business performance. As part of our transformation, we are committed to developing a systematic approach to addressing climate change that moves us closer to carbon neutrality. For example, we are adopting the Task Force on Climate-Related Financial Disclosures recommendations. In FY20, we improved the quality and process of data collection to calculate our emissions, and we are currently working with third-party experts on science-based carbon-neutrality goals. We also recognise that managing our energy use and transitioning to renewable energies will be fundamental to meeting these targets.

Yet, beyond reducing our own carbon footprint, our business model provides several climate-related opportunities for us to expand and evolve our services to better support climate mitigation via a circular economy. For example, our joint venture partner LMS Energy is the owner of the largest landfill-to-renewable energy operation in Australia. The recovery of landfill gas by LMS has reduced carbon emissions by approximately 40 million tonnes to date and provides enough renewable energy to power 80,000 homes annually. We think this a blueprint for landfill management that can be leveraged across the globe.

Q: One of your sustainability pillars is Partner for Change. Why is this a focus?

As an enabler of the circular economy, we divert valuable resources from landfill, which brings benefits, such as greenhouse gas savings and reducing the demand for virgin raw materials. However, to achieve a bigger impact, we also need to collaborate with stakeholders to raise awareness about the benefits of a circular economy and to help create scalable solutions that improve how we collectively use and dispose of materials. It's more than recycling; it's also about shifting mindsets, so people and businesses are encouraged to rethink waste and find ways to unlock more value at every stage of the circular economy.

To help expand markets for recycling, we work with business associations like the World Business Council of Sustainable Development, and we are involved with its Factor 10 workstream. At our Sims Municipal Recycling material recovery facility in New York City, we also work with brand owners who want to test the recyclability of their packaging on our equipment. In addition, we promote reducing, reusing and recycling to thousands of community members and other stakeholders each year through our Recycling Education Center in New York.

Q: What excites you most about Sims Limited's approach to sustainability and how has it evolved?

Possibilities. When we first announced our strategic plan in 2019, I shared that Sims Limited is focused on investing and innovating in technologies that enable us to both achieve our purpose and generate financial returns. Our business model is built on the premise that purpose and profit go hand-in-hand. They are not an either/or proposition. I'm excited about how this approach has led our people to step up in new and creative ways. Our purpose is clearly driving our decision-making, and that is helping us think about our business models, technologies and processes in innovative ways that will continue to drive value – both in the immediate future, and over the long term.