



## **BOARD CHARTER**

### **Composition**

- The board of directors ('Board') of Sims Metal Management Limited ('Sims MM' or the 'Company') shall comprise at least six directors, with a majority, including the Chairperson of the Board, being independent. The Chairperson must not also be the Group Chief Executive Officer or other officer or employee of Sims MM or of any of its consolidated subsidiaries.
- The Chairperson shall be elected by the full Board.
- The Board shall comprise directors with a broad range of skills, knowledge, experience and diversity.

### **Role of the Board**

The duty of directors is to Sims MM and the role of the Board is to protect and enhance the rights and interests of shareholders of the Company and other key stakeholders by monitoring and reviewing the proper management of Sims MM through the implementation of sound strategies and action plans and the development of an integrated framework of controls over Sims MM's resources, functions and assets including compliance with legislative and regulatory regimes.

### **Responsibilities of the Board**

In performing its role, the Board's specific responsibilities include:

- overall corporate governance of Sims MM including monitoring the effectiveness of the Company's governance practices and oversight of its control and accountability systems;
- appointing the Chairperson and, if the Company has one, the Deputy Chairperson;
- appointing (following the nomination by the Nomination/Governance Committee), removing and appraising the performance of the Group Chief Executive Officer;
- approving the appointment, and where appropriate the removal, of the Group Chief Financial Officer (or equivalent), the Group Company Secretary, the Chief Risk and Compliance Officer, and other senior executives as deemed appropriate;

- maintaining Group Chief Executive Officer and other senior executive succession plans;
- demonstrating leadership;
- setting the strategic objectives of the Company;
- overseeing management's implementation of the Company's strategic objectives, and the Company's performance generally, and ensuring appropriate resources are available;
- ensuring that the Company has in place an appropriate risk management framework, and setting the risk appetite within which the Board expects management to operate;
- enhancing and protecting the reputation of Sims MM by overseeing systems of internal compliance and control and legal compliance and periodically reviewing and ratifying Sims MM's Code of Conduct;
- approving and monitoring operating budgets, major capital expenditure, capital management, acquisitions and divestitures, and financial and other reporting;
- approving any dividend guidelines and declaring or determining dividends;
- overseeing and approving strategies for the Company to maintain a strong balance sheet and sound credit rating over time;
- overseeing the Company's commitment to environmental and social standards;
- establishing and reviewing key performance benchmarks;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- reviewing the Company's accounts and certifying that they comply with Australian accounting standards and represent a true and fair view of the affairs of the Company;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- determining appropriate remuneration arrangements for the Group Chief Executive Officer and relevant executives and approving the Company's remuneration framework.

## **The Chairperson**

The Company recognises that it is important that the Chairperson has a defined role in the organisation and operates in accordance with clear functional lines.

The Board of the day appoints the Chairperson on the basis of the principle that the "most appropriate person" gets the job.

In the event that the Chairperson is unable to act as Chairperson for any reason, the Board will nominate an independent non-executive director to act as Chairperson

The Chairperson will:

- lead the Board;
- facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management;
- chair Board meetings;
- establish the agenda for Board meetings, in consultation with the executive directors and the Group Company Secretary, ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- be available to liaise with other directors between Board meetings;
- chair meetings of shareholders, including the Annual General Meeting of the Company;
- be the primary spokesperson for the Company at the Annual General Meeting of the Company;
- represent the views of the Board to shareholders of the Company, the general public, governmental authorities, regulators and other stakeholders;
- develop and maintain key strategic relationships; and
- exercise such specific and express powers as are delegated to the Chairperson by the Board from time to time.

## **Authority delegated to senior management**

The Board has delegated general authority to manage the businesses of Sims MM to the Group Chief Executive Officer (who remains answerable to the Board and must comply with any limits on his authority established by the Board from time to time), who in turn may delegate functions to other senior management.

This delegation of authority includes responsibility for:

- managing and administering the day-to-day operations of the Company and its businesses in accordance with the strategy, business plans and policies approved by the Board;
- developing strategies for the Company, its businesses and management, and make recommendations to the Board on such strategies;
- developing the Company's annual budget and conducting the Company's activities within the approved annual budget;
- developing strategies for the Company to maintain a strong balance sheet and sound credit rating over time;
- developing and maintaining the Company's risk management systems, including internal compliance and control mechanisms;
- ensuring compliance with the Company's continuous disclosure obligations, in accordance with the roles and responsibilities delegated under the Company's Market Disclosure Policy;
- recommending to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond delegated thresholds;
- reporting regularly to the Board with accurate, timely and clear information on the Company's operations and performance, such that the Board is fully informed to discharge its responsibilities effectively; and
- supporting a culture within Sims MM that promotes ethical and responsible behaviour.

### **Company Secretary**

- The Board must appoint at least one secretary in accordance with the Constitution.
- Appointment and removal of the Company Secretary is subject to Board approval.
- The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
- Each director has a right of access to the Company Secretary at all times.
- The role of the Company Secretary includes:
  - assisting the Board and Board committees on governance matters;
  - monitoring Board and committee policy and procedures;
  - co-ordinating the timely completion and dispatch of Board and committee papers;

- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

### **Committees of the Board**

The Board has established five committees ('Committees') to assist in the execution of Board functions, namely a:

- Remuneration Committee,
- Risk Committee,
- Audit Committee,
- Safety, Health, Environment, Community & Sustainability Committee, and
- Nomination/Governance Committee.

Although the Board may delegate powers and responsibilities to the Committees, the Board retains ultimate accountability for discharging its duties. Descriptions of the current roles and responsibilities of the Committees are set out in their respective charters. All non-executive directors shall be entitled to attend meetings of the Committees where there is no conflict of interest.

### **Responsibilities of Individual Directors**

Each director is bound by all of the Company's charters, policies and codes of conduct, including the Code of Conduct, the Anti-Corruption & Anti-Bribery Policy, the Market Disclosure Policy and the Securities Trading Policy. The directors are expected to lead by example, setting standards of fairness, integrity and diligence which others within the Company can follow. In particular, the directors must:

- conduct their duties with the highest degree of honesty and integrity;
- observe both the rule and spirit of the law, and comply with any relevant ethical and technical standards;
- maintain the confidentiality of all information acquired in the course of conducting their role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the Listing Rules of the Australian Securities Exchange Limited ('ASX');
- observe the principles of independence, accuracy and integrity in dealings with the Board, its committees, internal and external auditors and senior management within the Company;

- disclose to the Board (by standing notice or otherwise) any material personal interest that he or she or any associate may have in a matter that relates to the affairs of the Company; and
- disclose to the Board (by standing notice or otherwise) any other interest or relationship that may affect the director's independence.

### **Independence of Directors**

- An independent director is a non-executive director who is not a member of management and who is free of any interest, position, association, affiliation or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party.
- The Board will assess the independence of each director annually. As part of this process, the Board will take into account each of the factors relevant to assessing the independence of a director set out in the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations*, and any other facts, information and circumstances that the Board considers relevant.

### **Operations of the Board**

- The Board shall meet at least four times per year, and otherwise as it considers necessary.
- A quorum for a Board meeting is five directors, unless determined otherwise by the directors.
- An Agenda for a Board meeting shall, where practicable, be prepared and circulated to Board members and other relevant individuals five business days prior to the time of the meeting and, if not practicable, at least 48 hours prior to the time of the meeting.
- A Board meeting may be held by directors communicating with each other by any technological means by which they are able to simultaneously hear each other and participate in discussion. The minutes of the meeting shall record the method of communication by which the meeting was conducted.
- Minutes of a Board meeting shall be taken and tabled at the next Board meeting.
- The Board, through its Chairperson, may request the attendance at Board meetings of management and/or staff of Sims MM on a regular or irregular basis, as it deems necessary, to provide appropriate information or explanations.
- The Board will review and recommend any update to this Charter as deemed necessary.

- The Board will perform an evaluation of the Board's performance, utilising external consultants where necessary, at least annually to determine whether the Board is functioning effectively by reference to current best practice.

### **Authority of the Board**

- The Board has direct and unlimited access to Sims MM's senior managers, including the right to seek additional information and explanation, during its meetings.
- Each director shall have the right to procure, at Sims MM's expense, and with the prior approval of the Chairperson, independent professional advice with respect to his or her duties and obligations as a director.

*This Charter was reviewed and amended by the Board on 14 December, 2018.*