



2023

# Corporate Governance Statement

The directors and management of Sims Limited (the “Company”) are committed to operating the Company’s business ethically and in a manner consistent with high standards of corporate governance. This also applies to the Company and the entities it controlled throughout the 2023 financial year (the “Group”). The directors consider the establishment and implementation of sound corporate governance practices to be a fundamental part of promoting investor confidence and creating value for shareholders, through prudent risk management and a culture which encourages ethical conduct, accountability and sound business practices.

The Corporate Governance Statement of the Company for the 2023 financial year has been prepared with reference to the Corporate Governance Principles and Recommendations (4th edition) published by the Australian Securities Exchange Limited (“ASX”) Corporate Governance Council (the “Recommendations”). The 2023 Corporate Governance Statement is dated as at 28 September 2023 and reflects the corporate governance practices in place throughout the 2023 financial year (“FY2023”). The 2023 Corporate Governance Statement has been approved by the board.

The Company has complied with all of the Recommendations.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

*Recommendation 1.1 – A listed entity should have and disclose a board charter setting out the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.*

### **Board of directors**

The board is responsible for the overall corporate governance of the Company and the Group and providing strategic guidance. The responsibilities of the board encompass approving the Group’s purpose, statement of values and code of conduct, setting key objectives, monitoring performance and Company culture, and ensuring the Group’s internal control, risk management and reporting procedures are adequate and effective.

### **The role and responsibilities of the board and senior executives**

The role and responsibilities of the board are formally set out in its charter. The board charter identifies the functions reserved for the board and those delegated to senior executives.

The board’s key responsibilities include:

- overall corporate governance of the Group, including oversight of its control and accountability systems;
- appointing, removing and appraising the performance of the Group Chief Executive Officer (CEO);
- monitoring performance of senior management and the implementation of strategy, and ensuring appropriate resources are available;

- approving the purpose and values of the Group and monitoring culture;
- enhancing and protecting the reputation of the Group by reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; and
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures, and financial and other reporting.

The board has delegated general authority to manage the businesses of the Company to the CEO, who in turn may delegate functions to other senior management. However, the CEO remains answerable to the board and must comply with any limits on his authority established by the board from time to time.

A copy of the board charter and the biographies of the Company's executives are available from the corporate governance section on the Company's website.

The board has established five committees. They are:

- Nomination/Governance Committee (see Principle 2);
- Audit Committee (see Principle 4);
- Risk Committee (see Principle 7);
- Safety, Health, Environment, Community & Sustainability Committee (see Principle 7); and
- People and Culture Committee (see Principle 8).

The board charter provides that the board shall meet at least four times per year, and otherwise as it considers necessary. The board met eight times during the 2023 financial year, including four times for meetings which extended over two days and involved strategy review and extensive interaction with various members of the Executive Leadership Team ("ELT"), as well as the regular oversight exercised by the board through its meetings. Details of directors' attendance at board meetings in the 2023 financial year are reported on page 44 of the Company's 2023 Annual Report ("Annual Report").

*Recommendation 1.2 – A listed entity should undertake appropriate checks of board candidates or senior executives and provide information to shareholders material to a director's candidacy.*

The Nomination/Governance ("Nom/Gov") Committee's responsibilities include considering and nominating to the board candidates for election as directors. When considering the appointment of a new director, the Committee may engage the services of independent search consultants to assist in identifying suitable candidates to be shortlisted for consideration for appointment to the board. Appropriate background and reference checks are carried out before the board makes an offer to a preferred director candidate or senior executive.

The Company's constitution requires that non-executive directors appointed by the board during the year must offer themselves for election by shareholders at the next Annual General Meeting ("AGM") of the Company. The Notice of Meeting for the AGM provides shareholders with information about each director standing for election or re-election including details of relevant skills and experience.

*Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

Letters of appointment have been provided to all non-executive directors, covering responsibilities, time commitments, performance evaluation, indemnity and insurance arrangements, and induction and development.

The responsibilities and terms of employment of the members of the Company's ELT and certain other senior executives of the Group are set out in formal contracts of employment.

*Recommendation 1.4 – The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The Group Company Secretary fulfils a broad range of company secretarial duties and is accountable directly to the Chair of the board on all matters to do with the proper functioning of the board.

*Recommendation 1.5 – A listed entity should have a policy concerning diversity and disclose that policy, together with measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally, and its progress towards achieving those objectives.*

The Company recognises the value and advantages of having a diversified workforce that reflects the diversity of the communities in which it operates. Accordingly, the Company has adopted a policy titled 'Workplace Diversity Policy', a copy of which can be found on the corporate governance section of the Company's website. This policy is designed to support the Company's organisational core values of respect, integrity and teamwork. The board has responsibility for establishing and monitoring the Company's overall diversity strategy and policy. The Nom/Gov Committee has responsibility for monitoring the effectiveness of this policy to the extent it relates to board diversity and for reviewing and recommending any updates to this policy as deemed necessary.

The following shows the efforts made towards achieving gender diversity during the 2023 financial year.

### **Gender Pay Gap**

In FY22, Sims adopted a global methodology for calculating the gender pay equity metric to unify what had previously been a disparate set of country-level metrics, driven by local regulatory requirements. This helps us provide to stakeholders a more consistent view of our efforts to combat the inconsistencies in gender pay practices as a global organisation.

During FY23, each of our regions devoted a portion of the annual pay increase budget to address gender pay equity. As a result of these focused actions, the gender pay equity gap improved from an 8.2% gap to 2.9% by fiscal year-end. As an extension of the gender pay equity review, we also conducted an ethnicity pay equity gap review in our North American business. This analysis shows the difference in the average pay between all Hispanic, Black, and other minority ethnic staff in Sims Limited compared to white staff. The gap was minimal; however, some corrective actions were taken during FY23 to address the identified gap, which we will continue to monitor.

### **Women in Senior Leadership Positions**

It has been our focus for many years to increase the representation of women in our businesses. We are proud to maintain the early achievement of our target to have 25% women in senior leadership roles in FY22. Of the external new hires appointed to director level or above during FY23, 35% were female.

Externally, we have worked to make the content of our marketing and recruitment materials more inclusive. This has included ensuring we use gender-neutral language in advertising, ensuring diversity in imagery, and increasing the focus on our purpose and sustainable businesses. We are monitoring the number of women applicants in response to these changes.

Our organisation is committed to the 40:40 Vision, an investor-led initiative seeking to achieve gender balance in executive leadership across all ASX300 companies by 2030.

### **Celebrations Workgroup**

The Company has started a Celebrations Workgroup that helps employees feel connected, fosters inclusivity and community, and supports learning opportunities about the diversity of its workforce and the wider communities in which we operate. The Company established an annual calendar of educational speakers, celebrations and events that recognises and supports Diversity, Community, Employee Recognition, Health and Wellbeing, and the Company's Vision Values and Purpose.

Throughout the year we facilitated guest speakers, book clubs, movie clubs and study series to increase awareness of challenges faced by underrepresented groups in our communities. Our aim is to promote understanding and action to create a more inclusive environment. We welcomed speakers to discuss the history of Juneteenth, the historical and social context of Pride Month, and understand the Voice to Parliament from a First Nations perspective as part of marking NAIDOC Week. Favourable feedback from our employees indicated these engagements have been impactful and thought-provoking.

## Recruiting

The Company continues to be focused on expanding its candidate pool to include more women and other diverse candidates by partnering with external resources dedicated to placing more women and other underrepresented groups in the workplace. These partnerships include Women in Trucking, the Pacific Islander Community Council and military placement agencies. This resulted in placing more women in operational roles that have traditionally been held by men.

This year, Sims Limited participated in the production of a docuseries, “Jobs of Tomorrow” with the Institute of Scrap Recycling Industries (ISRI) in the United States. The series is available on ISRI Studios and is currently streaming on Prime Video and Apple TV+.

The series features interviews from industry leaders, academics and college students sharing their perspectives on recycling careers, technology, innovation and challenges faced by the industry. In addition to educating viewers, the series also aims to inspire people to join the recycling industry.

Topics highlighted included designing for circularity, technology, electronics recycling and the essential contribution of recycling to sustainable development.

## Sims Early Career Programs: Building Diverse Pipelines of Talent

Historically, our early career talent programs have focused on bringing a broad diversity of candidates to the metal recycling industry. In FY23, the program expanded its focus and offered placements in Sims Lifecycle Services for the first time. The program targets those completing an undergraduate program at university or technical colleges. We also accept internal applications from employees already working at Sims Limited.

In FY23, 50 trainees globally began their circular economy career with Sims Limited. Of the 50 participants, 40% are women. In the United States, 7 of the 15 participants are from underrepresented cultural backgrounds, a deliberate strategy to build the pipeline of leaders of colour in our industry.

## Sims Reflect Reconciliation Action Plan

Sims Limited's purpose calls us to value and celebrate the deep sustainability knowledge and practices of Aboriginal and Torres Strait Islander Peoples. In May 2023, we formalized the next step in our Reconciliation journey, receiving accreditation for our Innovate Reconciliation Action Plan (RAP), which builds upon the lessons from our first RAP (2021-22 Reflect RAP). The Innovate RAP extends our commitments over the next two years.

During FY23, we continued to undertake cultural awareness training, with 80% of Sims frontline leaders completing the program. The training has improved awareness among Sims Limited's leaders of Australia's history with First Nations people and deepened understanding of how we as individuals, and as an organisation, can play a role to progress Reconciliation.

During FY23, we maintained Supply Nation membership and actively sought opportunities to include more Indigenous-owned businesses in our supply chain.

Within our Innovate RAP, we have committed to engaging with First Nations voices, to provide opportunities for our people to learn about the Uluru Statement from the Heart. Sims Limited also signed the RAP Partner statement of support for the Voice to Parliament. During National Reconciliation Week 2023, we celebrated the launch of our Innovate RAP with guest speaker Nyoongar Elder, Uncle Barry Winmar. Uncle Winmar provided insight on the Uluru Statement from the Heart, and what it means in the context of the Voice to Parliament.

Objective	Progress / New Objectives Reported for FY23
<p>Based on the Company's current demographics and benchmarks available for the industry in which it participates, it has adopted the following targets:</p> <ul style="list-style-type: none"> <li>• Target 25% of total new hires being female.</li> <li>• Increase in the proportion of female employees in Executive and Senior Leadership positions to 20%.</li> <li>• Increase the number of females in Management positions to 25%.</li> <li>• Increase in the proportion of female employees across the entire organisation to 25%.</li> </ul>	<p><b>Progress – Ongoing and Improving</b></p> <p>The Company continues to track, monitor, and measure gender diversity statistics for applicants to provide additional information for improving our targeted efforts in recruiting females.</p> <p>During FY23, the Company improved its female hiring rate to 27% of total new hires resulting in a female hiring rate above the Company's overall female representation.</p> <p>In FY23, the Company increased the proportion of its female employees in Executive and Senior Leader positions to 26%, up from 13% in FY21.</p> <p>The Company's female representation in Management levels increased to 22%, up from 17% in FY20.</p> <p>In FY23, the overall female representation across the organisation remained at 22%.</p> <p>The Company remains committed to its targets, and is confident that additional measures currently being implemented, as outlined throughout this section, along with the improved hiring trends, will greatly assist in reaching its goals.</p>

Objective	Progress / New Objectives Reported for FY23
The Board of Directors reaches and maintains a percentage of women directors greater than 40%.	<p><b>Progress – Ongoing and Improving</b></p> <p>During FY23 female members represented 38% of our Board.*</p> <p>*As of 28 September 2023, female members represent 44% of our Board.</p>
Increase the percentage of women recruited into the Company's management trainee, graduate and cadet programs to 25%.	<p><b>Progress – Completed</b></p> <p>All entry-level management trainee programs are mandated to include a minimum of 30% - 50% of females in their annual cohorts of recruits. In FY23, the total female representation in selected trainee programs was 40%</p>

As at the end of the 2023 financial year, the proportion of women employees in the following categories, and in the whole organisation, was as follows:

	% females
Board	38
Senior Executive <sup>1</sup> and above	26
Management <sup>2</sup>	22
Whole organisation	22

1) Senior Executives generally sit at "CEO-1 and CEO-2" in the Group's reporting structure. "CEO-1" refers to the layer of senior executives reporting directly to the CEO, "CEO-2" to the next layer of management reporting to those senior executives, and so on.

2) Managers generally sit at "CEO-3 and CEO-4" (although in some instances "CEO-2") in the Group's reporting structure.

**Recommendation 1.6** – *A listed entity should disclose the process for evaluating the performance of the board, its committees and individual directors and disclose for each reporting period whether a performance evaluation has been undertaken.*

The Nom/Gov Committee is responsible for establishing procedures and overseeing the evaluation of the board and that of its committees. In the 2023 financial year, each of the directors evaluated the board and committee performance and discussed his or her findings with an external advisor. The external advisor prepared a summary of the findings, which the Chairman discussed with the directors. The results of the evaluation, including individual committee assessments, inform the board's focus, structure and plan.

The Charters for each of the board committees require that each committee annually review its own performance.



*Recommendation 1.7 – A listed entity should disclose the process for evaluating the performance of its senior executives and disclose for each reporting period whether a performance evaluation has been undertaken.*

Annual performance objectives are set each financial year for all senior executives of the Group. These performance objectives include both financial and non-financial measures. A year-end appraisal is conducted to assess performance against the executive's personal priorities and the responsibilities and demands of their role. The outcome of the performance review process is reflected in training and development/executive coaching programs, as needed, and succession planning for each executive, as well as an annual remuneration review. For the 2023 financial year, annual performance reviews were completed in accordance with the process disclosed.

The Remuneration Report on pages 52-81 of the Annual Report contains further information regarding the process for evaluating the performance of senior executives for the purpose of determining their fixed and variable remuneration.

## **PRINCIPLE 2:**

### **STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE**

*Recommendation 2.1 – The board of a listed entity should establish an appropriately structured nomination committee.*

The board has established a Nom/Gov Committee, which is responsible for recommending nominees for membership of the board in accordance with the procedures contained within its charter. The Nom/Gov Committee also assesses necessary and desirable competencies of board members.

The Nom/Gov Committee is also responsible for reviewing the corporate governance procedures of the Company and recommending changes to the board as appropriate; developing a plan for board succession, including the succession of the Chairperson of the board and the CEO of the Company, and monitoring succession plans for the Company's management levels and key resources; and establishing procedures for and overseeing the evaluation of the board.

The Nom/Gov Committee has a formal charter, approved by the board, a copy of which is available from the corporate governance section on the Company's website.

#### **Composition**

The Nom/Gov Committee shall comprise at least three directors of the Company, with a majority being independent. The current members of the Nom/Gov Committee are Mr Brunsdon (Chairperson), Mr Bainbridge and Ms Nelson, all being independent non-executive directors. The board may appoint additional directors to the Nom/Gov Committee or remove and replace members of the Nom/Gov Committee by resolution.

**Meetings of the Nom/Gov Committee**

The committee charter provides that the Nom/Gov Committee shall meet at least twice each year on a formal basis and additionally as circumstances may require. The Nom/Gov Committee met four times during the 2023 financial year. Details of attendance at meetings of the Nom/Gov Committee are set out on page 44 of the Annual Report.

*Recommendation 2.2 – A listed entity should establish and disclose a board skills matrix on the mix of skills and diversity for board membership.*

The Company seeks to ensure that the board has a range of attributes necessary for the governance of a global organisation. The board regularly reviews its skills and performance against the expectation that it will:

- provide outstanding governance;
- have appropriate input to and development of strategy;
- establish and oversee a clear enterprise risk management framework;
- set challenging performance targets in all aspects of the Company's activities; and
- understand the operations of the Company.

The board has developed a matrix, which is described below, to consider the mix of appropriate skills, experience, expertise and diversity for board membership and the extent to which they are represented on the board.

As well as general skills expected for board membership, the matrix includes items such as relevant experience within metal recycling or related industries, governance and regulatory experience, and strategy and business improvement skills. Diversity of the board, including gender diversity, is a consideration included in the matrix.

The board has an established plan for renewal and it looks at the evolving requirement for skills around the board table as well as other criteria.

**Sims Limited Board Matrix****Skills and experience of directors**

Composition of skills and experience of the Board (out of 8 directors based on directorship at fiscal year-end)

*Management and leadership*

1. Senior management positions held outside the Group (past and present): (8)
2. Directorships held outside the Group (past and present): (8)
3. Sustainable success in business at a very senior executive level in a successful career: (8)

*Financial/business qualifications*

4. Tertiary business qualification including post-graduate business studies and CA or CPA or equivalent: (8)

5. Senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls: (8)

*Enterprise risk management*

6. Background in risk-focused positions e.g. CFO or auditor (past or present): (3)

*International experience*

7. Global: (8)

8. North America: (7)

9. Australasia: (8)

10. United Kingdom/Europe: (7)

11. China: (2)

*Health, safety, environmental and sustainability*

12. Experience related to workplace health and safety, environmental and social responsibility, and community: (8)

*Industrial experience and education*

13. Metal recycling experience: (4)

14. Steel, mining or manufacturing experience: (8)

15. Positions held on industry-related bodies (past or present) or membership of professional industry-related bodies: (7)

*Governance and regulatory*

16. Government relations experience: (7)

17. Commitment to the highest standards of governance, including experience with a major organisation that is subject to rigorous governance standards, and an ability to assess the effectiveness of senior management: (8)

*Strategy and business improvement*

18. Mergers and acquisitions, banking, treasury and capital markets experience: (8)

19. Experience in growing a business: (8)

20. Track record of developing and implementing a successful strategy, including appropriately probing and challenging management on the delivery of an agreed strategic plan: (8)

*Capital projects*

21. Experience in implementing capital projects: (8)

*People*

22. Human resources management: (7)

23. Remuneration experience including incentive programs and the legislation and contractual framework governing remuneration: (7)

*Technology*

24. Experience in IT systems implementation: (7)

*Gender diversity*

No of female directors: (3)

No of male directors: (4)

*Tenure*

0-3 years: (2)

4-7 years: (2)

8+ years: (4)

*Recommendation 2.3 – A listed entity should disclose whether its directors are independent.*

**Composition of the board**

The board charter sets out the composition of the board and relevant criteria for assessing the independence of directors.

The board currently comprises seven non-executive directors and one executive director.

Details of board members, including their skills, experience, qualifications and terms in office, are set out on pages 42- 44 of the Annual Report.

**Independence of directors**

The board charter states that a board member shall be considered independent if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company and its security holders generally.

Having regard to these criteria, the board has determined that Philip Bainbridge, Victoria Binns, Geoffrey Brunsdon, Thomas Gorman, Georgia Nelson, Deborah O'Toole and Heather Ridout (who retired in March 2023) were independent non-executive directors of the Company during the 2023 financial year. Hiro Kato, who joined the Board in November 2018 as a non-executive director, was not considered to be an independent director of the Company as a result of his association with Mitsui & Co., Ltd, which owns a 17% shareholding in the Company. Alistair Field, the Company's CEO during the 2023 financial year, was an executive director.

The independence of the directors is regularly reviewed. In accordance with the board charter, all directors must disclose to the board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the director becomes aware and which the director reasonably believes may compromise the reputation or performance of the Company.

**Board access to information and independent advice**

A director may, at the Company's expense and subject to prior approval of the Chairperson, obtain independent professional advice relating to his or her duties and obligations as a board member. Board committees may also seek such independent professional advice. To the extent required to enable them to carry out their duties, all directors and board committees may have access to Company information and records and may consult senior management as required.

*Recommendation 2.4 – The majority of the board of a listed entity should be comprised of independent directors.*

The board has a majority of directors who are independent.

*Recommendation 2.5 – The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

Geoffrey Brunsdon, an independent non-executive director, has held the position of Chairperson of the board since 1 March 2012.

The roles of CEO of the Company and Chairperson of the board are separate, and the Chairperson must not also be the CEO. The Chairperson is responsible for the leadership of the board, establishing the agenda for board meetings, ensuring the board is effective, and chairing board and shareholders' meetings.

*Recommendation 2.6 – A listed entity should establish a program for inducting new directors and provide appropriate professional development opportunities for directors.*

**Board induction program**

A board member orientation process has been established to provide new directors with an understanding of, and insight into, the industry, Company, management and control environment of the Group. As part of this process, directors receive orientation materials, meet with key senior executives and are given the opportunity to conduct site visits at significant operational facilities.

**Board processes**

To assist directors in enhancing their understanding of the Company's business, directors are briefed from time to time by members of the Company's ELT on divisional performance and key operational and strategic issues, financial matters, risk management, market conditions, compliance and governance. The directors are also provided with an explanation of those proposed activities of the Group which require board approval.

As part of on-going director education, board meetings are held at various Group locations from time to time during the year which provides directors the opportunity to undertake site visits, observe activities and interact with management.

Directors may, from time to time, depending on their particular needs, experience and interests, undertake external education seminars and programs at the expense, and with the approval, of the Company.

The Group Company Secretary is responsible for ensuring that board procedures and policies are followed, and provides advice to the board on corporate governance and regulatory matters. All directors have unrestricted access to the advice and services of the Group Company Secretary.

### **PRINCIPLE 3: INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

*Recommendation 3.1 – A listed entity should articulate and disclose its values.*

The Company discloses its Core Values in its Code of Conduct, including

- **Safety:** Safety will always be our first priority. We believe that all injury incidents are preventable and we are committed to a goal of zero injuries.
- **Integrity:** We conduct all business with integrity and adhere to the highest standard of ethical business conduct.
- **Respect:** We will treat each other, our customers, visitors and community members with respect and dignity.
- **Transparency:** We ensure a sense of appropriate transparency in everything we do.
- **Excellence:** We commit to excellence in everything we do and champion continuous improvement and sharing of best practices across the Company.
- **Social Responsibility:** We aim to be the world's safest and most sustainable recycling company.

Management is responsible for instilling these values across the Group.

*Recommendation 3.2 – A listed entity should establish a code of conduct and ensure that the board or a committee of the board is informed of any material breaches of the code.*

#### **Code of Conduct**

The Company has a Code of Conduct that applies to all directors, officers and employees of the Group. It underpins the Company's commitment to integrity, fair dealing and compliance with the law in its business affairs, and sets out expected standards of conduct with respect to all stakeholders, including fellow employees, customers, suppliers, shareholders, and the community. Among other matters, the Code of Conduct sets out the Company's policy in relation to conflicts of interests, gifts and hospitality, relationships with governments, and political contributions.

The Code of Conduct is designed to encourage ethical and appropriate behaviour by all Group personnel, and addresses a wide range of responsibilities to stakeholders, including conflicts of interest, security of information, use of Company assets and resources, discrimination and harassment, and occupational health and safety.

The Code of Conduct encourages employees to raise any matters of concern without fear of retribution. The Company has implemented the Sims Hotline to enable employees, customers, contractors and the like to report misconduct or unethical behaviour within the Group to an external third party. The Company also conducts employee education and compliance programs on a regular basis to help ensure compliance with various laws around the world.

A Copy of the Company's Code of Conduct is available from the corporate governance section on the Company's website.

### **Dealing in Company securities**

In addition to the Code of Conduct, Directors and employees of the Group are bound by the Company's policy on dealing in the securities of the Company. Under the policy, directors and all Company employees may not buy or sell Company securities during certain 'black-out' periods being the periods prior to release of the Company's half and full-year financial results (namely, approximately 20 June – 26 August and 20 December – 18 February); and, additionally, during the two week period prior to the Company's Annual General Meeting.

A copy of the Company's policy titled 'Dealing in Sims Limited Securities' is available from the corporate governance section on the Company's website.

*Recommendation 3.3 – A listed entity should have and disclose a whistleblower policy and ensure that the board or a committee of the board is informed of any material incidents reported under the policy.*

The Company seeks to identify and assess any wrongdoing as early as possible, and encourages employees to speak up on matters or conduct that concerns them. The Whistleblower policy provides information to assist employees to make disclosures and sets out how the Company will protect them from any form of retaliation or victimisation when they make a legitimate whistleblowing disclosure.

The Company's Whistleblower Policy is available from the corporate governance section on the Company's website.

*Recommendation 3.4 – A listed entity should have and disclose an anti-bribery and corruption policy and ensure that the board or a committee of the board is informed of any material breaches of the policy.*

The Company has adopted an Anti-Corruption & Anti-Bribery Policy, which has been developed to aid employees, agents, contractors, consultants and partners in ensuring that they are made aware of the prohibition of corrupt conduct and the consequences in the event thereof and that they comply at all times with applicable anti-corruption and anti-bribery laws and policies.

A copy of the Company's Anti-Corruption and Anti-Bribery Policy is available from the corporate governance section on the Company's website.

#### **Reporting Breaches or Incidents to the Board**

The Company has a framework to report material breaches of the Code of Conduct or the Anti-Corruption and Anti-Bribery Policy, or material incidents reported under the Whistleblower Protection Policy to the Audit Committee and/or Board. Periodic employee training is conducted on the Code of Conduct and these Policies.

### **PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

*Recommendation 4.1 – The board of a listed entity should establish an appropriately structured audit committee.*

#### **Audit Committee**

The Board has established an Audit Committee, which assists the board in fulfilling its responsibility to oversee the quality and integrity of accounting, auditing and reporting practices of the Company. In particular, the primary role of the Audit Committee is to assist the board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's accounting and financial reporting, internal control structure, internal and external audit functions, and compliance with legal and regulatory requirements.

The Audit Committee has a formal charter approved by the board. The Audit Committee reports to the board on all matters relevant to the Audit Committee's role and responsibilities. The specific functions of the Audit Committee are set out in its charter and include:

- reviewing and assessing the internal and external reporting of financial information;
- assessing management processes supporting the integrity and reliability of the Company's financial and management reporting systems and its external reporting;
- overseeing the relationship with and performance of the external auditor and assessing the independence of the external auditor; and
- overseeing the performance of the internal audit function.

The Audit Committee charter establishes a framework for the Audit Committee's relationship with the internal auditors and external auditor, and the Committee has adopted a policy for the selection and appointment of the external auditor and for rotation of external audit engagement partners.

A copy of the Audit Committee charter is available from the corporate governance section on the Company's website.



**Composition**

The Audit Committee charter provides for the Audit Committee to have at least three members, all of whom must be non-executive independent directors. The current members of the Audit Committee are Mses O'Toole (Chairperson), Nelson, Binns and Katherine Hirschfeld, who joined the board in September 2023, and Mr Brunsdon, all being independent non-executive directors. Further, all members must be financially literate, and at least one member must have accounting or related financial management expertise. These requirements are satisfied. Under the Audit Committee charter, a director may not be both the Chairperson of the Audit Committee and the Chairperson of the board.

**Meetings of the Audit Committee**

In accordance with its charter, the Audit Committee is required to meet at least four times each year on a formal basis, and hold additional meetings as necessary. Meetings are attended by invitation by the other directors, the CEO, the CFO, other members of management, internal auditors and the external auditor, Deloitte Touche Tohmatsu (Deloitte). The Audit Committee met six times during the 2023 financial year. Details of attendance at meetings of the Audit Committee are set out on page 44 of the Annual Report.

**External auditor**

The external auditor is responsible for planning and carrying out the audit of the Group's annual financial reports and reviewing the Group's half-yearly financial reports. The external auditor provides a written confirmation to the Company of its independence in connection with the Company's financial reports for each half-year and financial year.

The external auditor, Deloitte, was appointed in November 2014. Pursuant to the Company's policy on engagement partner rotation, a new engagement partner started at the beginning of the 2023 financial year. The Audit Committee may meet with the external auditor without management being present at any time during each financial year. The external auditor is also provided with the opportunity, on request, to meet with the board without management being present.

The Company has adopted a policy titled 'Procedures for the Selection and Appointment of the External Auditors and for the Rotation of External Audit Engagement Partners', a copy of which is available from the corporate governance section on the Company's website.

**Internal auditors**

The Audit Committee has the responsibility for overseeing the development and execution of the internal audit plan. The Head of Global Internal Audit has dual reporting lines to both the Chair of the Audit Committee and the Group Chief Financial Officer. The Audit Committee can appoint, hire, and reassign the Internal Audit Director with a recommendation to the board. The Audit Committee reviews the reports from the internal audit function on a regular basis, monitors its scope and resources, and approves the annual internal audit plan.

The Audit Committee may meet with the Internal Audit Director without management being present at any time during the financial year. The Internal Audit Director is also provided with the opportunity to meet with the board without management being present.

*Recommendation 4.2 – The board of a listed entity should receive CEO and CFO certification of financial statements.*

The board is responsible, on the recommendations of the Audit Committee, for ensuring that there are adequate policies in place in relation to internal control systems over financial reporting. The board places considerable importance on maintaining a strong internal control environment. The internal control system is based upon written procedures, policies, guidelines and organisational structures that provide an appropriate division of responsibility. It also relies upon the careful selection and training of key personnel.

The Audit Committee reviews the effectiveness and adequacy of internal control processes relating to financial reporting on a regular basis and reports its findings to the board. Internal Audit carries out regular systematic monitoring of control activities and reports to the Audit Committee and senior management.

Management assumes the primary responsibility for implementing internal controls and for the internal control environment. In accordance with the Company's policy, each regional President and regional Chief Financial Officer reports every six months to the CEO and the CFO and, if any exceptions, to the Audit Committee, on the operation and effectiveness of key internal controls. Any identified deficiencies in internal controls are followed up and addressed by division management.

The CEO and the CFO have stated in writing to the board in respect of the 2023 financial year:

- that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Due to the geographic spread of the Group's operations and the extensive delegation of authority and responsibility granted to senior business unit management, the CEO and the CFO, when attesting to the adequacy of the Company's risk management and internal compliance and control system, rely significantly upon internal audit and the control certification reports received from each regional President and regional Chief Financial Officer regarding compliance with the various risk management, compliance and internal control policies and procedures in the region for which each is responsible.

*Recommendation 4.3 – A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.*

The Company has processes in place to verify the integrity of its periodic corporate reports released to the market and not audited or reviewed by the external auditor. It has adopted a policy titled 'Market Disclosure Policy' which sets out how market announcements are prepared and released. In addition, the Company has established a Continuous Disclosure Committee which makes disclosure decisions, oversees the drafting of announcements, and approves announcements.

A copy of the policy is available from the corporate governance section on the Company's website.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

*Recommendation 5.1 – A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations.*

The Company is committed to providing the market and its shareholders with equal access to material information about its activities in a complete and timely manner. The Company has adopted a policy titled 'Market Disclosure Policy' and arranges appropriate training for employees who handle market sensitive information or who interact with external parties to ensure that it complies with the continuous disclosure obligations imposed by the ASX.

The Company has formed a Disclosure Committee which, during the 2023 financial year, comprised the CEO (as Chairperson), the CFO, the Director of Investor Relations and the Group Company Secretary. The committee has a formal charter approved by the board. The primary role of the Disclosure Committee is to manage the Company's compliance with its continuous disclosure obligations by implementing reporting processes and controls and determining guidelines for the release of disclosable information.

The Group Company Secretary has been appointed as the person responsible for communications with the ASX, which includes overseeing and coordinating information disclosure to the ASX.

All announcements provided to the ASX are posted on the Company's website as soon as practicable after release to the market.

*Recommendation 5.2 – A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.*

The Company provides copies of all material market announcements to directors promptly after they have been released to the market.

**Recommendation 5.3** – A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Company will not disclose market sensitive information (or provide new and substantive investor or analyst presentations) to any analyst or investor unless it has first provided that information to the market and received an acknowledgement that the information has been released.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

**Recommendation 6.1** – A listed entity should provide information about itself and its governance to investors via its website.

### **Company website – [simsltd.com](https://www.simsltd.com)**

The Company's website at [www.simsltd.com](https://www.simsltd.com) provides detailed information about the Group's business and operations. The Company strives to provide investors with sufficient information to make an informed assessment of the Company's activities and results. Results announcements and media/analyst presentations are released on the ASX Market Announcements Platform and made available on the Company's website.

The Company also publishes an annual sustainability report setting out details of its sustainable business practices and strategy and an annual climate report describing its approach to meeting its climate action goals. The Company's current sustainability report and climate report can be also accessed from the website at [www.simsltd.com/Investors/Reports](https://www.simsltd.com/Investors/Reports).

Shareholders can find information about the Company's corporate governance practices on its website at [www.simsltd.com/Investors/Governance](https://www.simsltd.com/Investors/Governance). This includes the Company's constitution, board and board committee charters, and an extensive list of the Company's other codes and policies that support corporate governance. This section also provides information about the qualifications, skills and backgrounds of the Company's board members and management team.

Where practical, the Company uses technology to facilitate communication with shareholders. The Company's website includes links to announcements to the ASX and copies of the annual and half-yearly reports, notices of meetings, presentations and other information released to the market.

The Company continues to review and enhance its website and to consider other ways to utilise technology to improve shareholder communication. Webcasts of results briefings allow access by all interested parties.

*Recommendation 6.2 – A listed entity should have an investor relations program to facilitate two-way communication with investors.*

The Company has adopted a policy titled 'Shareholder Communications Policy' which is designed to promote effective communication with shareholders and to encourage informed shareholder participation at the AGM. A copy of the policy is available from the corporate governance section on the Company's website.

The Company has an investor relations program which focuses on both retail and institutional shareholders. The program is tailored each year to target domestic and international investors as well as focusing on specific industry issues. In addition to members of Company management attending broker-sponsored conferences, the Company participates at several industry conferences throughout each year, with key presentations lodged on the ASX Market Announcements Platform.

Fundamental to the Company's investor relations program is the management of its continuous disclosure obligations which facilitates all shareholders having access to important Company information. In addition to lodging this information on the ASX Market Announcements Platform, the Company uses its website to make available to shareholders information about the Company and its activities.

The Company's monthly board papers include an investor relations summary. The Company also regularly engages with corporate governance advisory firms to understand market expectations on topics including governance, board performance, and remuneration.

The Company's Annual Report currently remains one of the principal means of communicating with shareholders. The Annual Report contains an operating and financial review to assist shareholders in evaluating the Company's operating results, business strategies, prospects and financial position.

*Recommendation 6.3 – A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.*

Details about the Company's 2023 AGM are provided in the Notice of Meeting, which is published on the Company's website. The 2023 AGM will be held as a hybrid meeting giving shareholders the option to attend in person or virtually.

The AGM is an opportunity for shareholders to hear from and to put questions to the Board and external auditor. Detailed information about how shareholders can participate in the 2023 AGM and submit written questions prior to the meeting is set out in the Notice of Annual General Meeting.

The Chairperson of the board encourages shareholders at the meeting to ask questions and make comments about the Company's operations and the performance of the board and senior management, and about the specific resolutions that are being put to the meeting. The Chairperson of the board may respond directly to questions or, at his discretion, may refer a question to another director, the CEO or a member of the Company's ELT who is present.

The external audit firm lead partner in charge of the Group also attends the AGM and is available to answer questions from shareholders on audit-related matters.

New directors, or directors seeking re-election, are given the opportunity to address the meeting and to answer questions from shareholders.

*Recommendation 6.4 – A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.*

All resolutions put to the AGM are decided by way of a poll. This is to support the principle of 'one share, one vote'.

*Recommendation 6.5 – A listed entity should give security holders the option to receive communications from, and send communications to, the company and its share registry electronically.*

The Company encourages shareholders to receive communications electronically, which enables the Company to communicate with shareholders quickly and reduce paper usage. By registering with the Company's Share Registry, shareholders can receive email notifications when the Company makes an announcement on the ASX Market Announcements Platform, including the release of financial reports, dividend statements, notice of meetings, voting forms and Annual Reports.

The Company provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Company's website.

Analyst/media briefings in relation to half-year and full year financial results and other significant events can be heard by teleconference.

The Company's Share Register is managed and maintained by Link Market Services Limited. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by selecting the Issuer Name - SGM Sims Limited, quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode via the Link investor centre.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

*Recommendation 7.1 – The board of a listed entity should establish an appropriately structured risk management committee for the oversight of risks.*

The Board has established a Risk Committee with oversight of the effectiveness of the Company's system of risk management. The Risk Committee receives regular presentations about the Company's material business risks and the controls in place to mitigate the consequences of those risks.

**Composition and Meetings of the Risk Committee**

The Risk Committee charter provides for the Risk Committee to have at least three members, the majority of whom are independent. The current members of the Risk Committee are Mses Nelson (Chairperson) and O'Toole, and Messrs Brunsdon and Bainbridge, all being independent non-executive directors, Mr Kato, a non-executive director, and Mr Field.

In accordance with its charter, the Risk Committee is required to meet at least four times each year on a formal basis and additionally as circumstances may require. The Risk Committee met five times during the 2023 financial year. Details of attendance at meetings of the Risk Committee are set out on page 44 of the Annual Report.

*Recommendation 7.2 – The board or a committee of the board should review the company's risk framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board.*

The board recognises that the effective management of risk is essential to achieving the Group's objectives of maximising Group performance and creating long-term shareholder value while meeting its commitments to other stakeholders, including its employees, customers and the wider community.

The Company has adopted a 'Risk Management Policy'. A copy of the policy is available from the corporate governance section on the Company's website.

The board is responsible for ensuring that there are adequate policies in place with respect to risk management. The board and senior management are responsible for determining the level of risks acceptable to the Company.

To help ensure all risks relevant to the Company are considered, a systematic approach to risk identification is followed. Identifiable risk areas which are considered include:

- maintaining a safe work environment for the Company's employees;
- the safeguarding and efficient use of assets;
- management of human resources;
- ensuring the Company complies with its environmental obligations;
- achieving established objectives and goals;
- the reliability and integrity of financial and operational information;
- compliance with internal policies and procedures;
- compliance with laws and regulations; and
- changes in the Company's internal and external environments.



Measures of vulnerability, consequence and likelihood have been determined and are used on a consistent basis.

The Company's primary risk assessment process comprises a comprehensive annual risk review. Such a review was undertaken during the 2023 financial year.

*Recommendation 7.3 – A listed entity should disclose the structure and role of its internal audit function.*

The Company's internal audit function, Group Internal Audit, provides assurance to the Audit Committee on the effectiveness of the Company's risk management framework and on the adequacy and effectiveness of the system of internal controls.

The mission, scope, responsibility, and authority of the Internal Audit function is defined in its Internal Audit Charter, which is reviewed annually by the Audit Committee Chair and its members.

The Internal Audit Director has dual reporting lines to both the Chair of the Audit Committee and the Chief Financial Officer. Group Internal Audit delivers its objectives through accessing the professional skills and capabilities of:

- trained audit professionals who are part of the Group Internal Audit function;
- other professionals within the Company's business with specific skills and experience; and
- services provided by external consultants in respect of specialist technical or operational areas.

*Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to environmental or social risks and, if so, how those risks are managed.*

### **Safety, Health, Environment, Community & Sustainability Committee**

The board has established a Safety, Health, Environment, Community & Sustainability ("SHECS") Committee. The primary role of the SHECS Committee is to provide additional focus and advice to the board on key SHECS issues and to assist the board to fulfil and discharge its SHECS obligations.

The SHECS Committee shall comprise at least three directors of the Company, of whom at least one shall be independent. The SHECS Committee is currently composed of Messrs Gorman (Chairperson), Field, and Kato and Mses Binns and Hirschfeld.

The SHECS Committee charter provides that the SHECS Committee shall meet at least four times each year and as required. The SHECS Committee met four times during the 2023 financial year. Details of attendance at meetings of the SHECS Committee are set out on page 44 of the Annual Report.

A detailed report about the Company's economic, environmental and social sustainability risks is included in the Company's Sustainability Report which can be found on the Company's website at [www.simsltd.com/Investors/Reports](http://www.simsltd.com/Investors/Reports).



## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

*Recommendation 8.1 – The board of a listed entity should establish an appropriately structured remuneration committee.*

### **People & Culture Committee**

The board has established a People & Culture (“P&C”) Committee. The primary role of the P&C Committee is to support and advise the board on the well-being of employees and the implementation and maintenance of coherent, fair and responsible remuneration policies at the Company which are observed and which enable it to attract and retain executives and directors who will create value for shareholders of the Company.

The P&C Committee has responsibility for, among other things, reviewing and making recommendations to the board on the:

- well-being of employees;
- remuneration and incentive performance packages of the CEO and direct reports to the CEO;
- Company’s recruitment, retention and termination policies and procedures;
- introduction and application of equity-based schemes, including allocations; and
- level of annual fees paid to the non-executive directors.

The P&C Committee shall comprise at least three directors of the Company, with a majority being independent. The P&C Committee Chairperson is appointed by the board, and must be independent. The P&C Committee is currently composed of six independent non-executive directors, Messrs Bainbridge (Chairperson) and Brunsdon, and Mses O’Toole, Binns, Nelson and Hirschfeld. The board may appoint additional directors to the P&C Committee or remove and replace members of the P&C Committee by resolution.

The P&C Committee has a charter, which provides for the P&C Committee to meet at least twice each year on a formal basis and additionally as circumstances may require. The P&C Committee met five times during the 2023 financial year. Details of attendance at meetings of the P&C Committee are set out on page 44 of the Annual Report.

A copy of the P&C Committee charter is available from the corporate governance section on the Company’s website.

*Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The Company's remuneration structure distinguishes between non-executive directors and that of the CEO and other senior executives.

A Remuneration Report required under Section 300A(1) of the *Corporations Act* is provided in the Directors' Report on pages 52-81 of the Annual Report. The Remuneration Report sets out the total remuneration of non-executive and executive directors of the Company. Each of the non-executive directors is entitled to a fee for serving as a director of the Company and an additional fee for serving as Chairperson or member of a board committee. These fees are inclusive of any compulsory superannuation contributions (where applicable). In general, no additional fees are payable to non-executive directors for other services performed outside the scope of their ordinary duties as a director or committee member.

The maximum aggregate remuneration of non-executive directors is determined by a resolution of shareholders and is then divided between the directors as agreed by the board. The amount of aggregate remuneration sought to be approved by shareholders, and the manner in which it is apportioned among non-executive directors, is reviewed annually by the P&C Committee and recommendations are then made to the board. The board considers advice as to the fees paid to non-executive directors of comparable companies when undertaking the annual review process. When considered appropriate to do so, the board will also obtain advice from external consultants.

The Company's remuneration policy and procedures in respect of senior executives of the Company and Group are discussed in its Remuneration Report.

*Recommendation 8.3 – A listed entity should establish a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes.*

The Company's statement prohibiting designated persons from entering into transactions in products associated with Company securities which operate to limit the economic risk of their security holding in the Company over unvested entitlements under any Company equity incentive plans may be found in the Company's policy titled 'Dealing in Sims Limited Securities', a copy of which available from the corporate governance section on the Company's website.

