



# Risk Management Policy

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## Summary

The Policy sets out the principles and objectives of risk management at Sims, and articulates our commitment to effectively managing risk across the organisation.

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# 1. Introduction

Sims Limited ('Sims') recognizes that risk management is a critical activity to achieving our strategic objectives. Risk is the effect of uncertainty on our objectives, as such risk is present in everything we do, and it is important that we identify, assess and manage the key areas of risk and opportunity on a proactive basis.

The Sims Risk Management Policy (the 'Policy') sets out the principles and objectives of risk management at Sims and articulates our commitment to effectively managing risk across the organisation.

Our approach to risk management is aligned to the *'ASX Corporate Governance Principles and Recommendations'* and applies to all levels of management and our workforce.

## 1.1 Objectives

The objective of the Policy are to ensure that:

- the Board of Directors (the "Board"), in consultation with senior management, determine the level of risk acceptable to Sims;
- risks arising from Sims' strategic objectives and key activities are identified and prioritised;
- appropriate risk response strategies to treat, transfer, tolerate or eliminate risks are in place;
- risks, controls and treatment actions are regularly reviewed to determine whether Sims' risk profile has changed; and
- the effectiveness of the risk management framework is formally reviewed on an annual basis.

# 2. Risk Governance

## 2.1 Roles and responsibilities

We are committed to providing effective risk management across our organisation, and all employees are responsible for managing risk in line with the principles and objectives articulated in this Policy

The Board of Directors are ultimately responsible for defining risk appetite, ensuring compliance with applicable legal and regulatory requirements, maintaining oversight of strategic and key operational risks, and ensuring that there are adequate policies in place with respect to risk management. The Risk Committee are responsible for assisting the Board in discharging their risk governance and oversight responsibilities, allowing for in depth scrutiny and focus on risk management practices throughout the organisation.

## 2.2 Risk culture and appetite

### *Risk culture*

Risk management practices are most effective when supported by a positive organisational risk culture. Risk culture is the set of values, perceptions, attitudes, and behaviours that characterize how our people think about and manage risk every day.

At Sims, we pursue a positive risk culture by encouraging thorough understanding of, and positive attitudes towards, risk that enable balanced decision-making and behaviours in line with our risk appetite.

### *Risk appetite*

Risk appetite is the amount and type of risk we are willing to accept, retain or avoid to achieve our strategic objectives. Sims' risk appetite guides our people on what risks are acceptable to pursue, and under what conditions – to deliver our objectives effectively and in a commercially responsible way. It helps us to meet our obligations, and to deliver for our shareholders, community, customers and other stakeholders.

### **Sims' overarching risk appetite statement**

*"At Sims, we manage risk to balance value protection and value creation. We take risk by design – seizing opportunities in pursuit of our purpose and strategy, while avoiding activities that may damage our reputation or jeopardise the safety of our people, environment and wider community."*

## 3. Processes

### 3.1 Risk assessment methodology

The risk methodology used by Sims to identify, assess, treat, monitor and report on risks is based on the approaches outlined in the 'AS/NZS ISO 31000:2018 Risk Management – Guidelines'.

To validate risks relevant to Sims, a systematic and consistent approach to risk identification is followed. Measures of impact and likelihood to assess the risk and determine the appropriate course of action have been defined and are used on a consistent basis.

Further details of risks that we believe are material to our business operations are referred to in our Annual Report filed with the ASX, a copy of which is available on the Company's website at [www.simsltd.com](http://www.simsltd.com).

### 3.2 Risk assessment process

The management of risk is an ongoing activity at Sims and formal processes are in place to review and refresh strategic and key operational risks frequently.

At least annually, the Board and Executive Leadership Team will conduct a holistic review and refresh of Sims' strategic risk profile, including emerging risks. This is coordinated with the strategic planning cycle to ensure risks associated with strategic business objectives and activities are considered.

In support of Sims' commitment to ongoing risk management, a quarterly review of our strategic risks occurs as part of our formal cadence of risk governance activities, in addition to the annual refresh.

### 3.3 Risk management framework and guidelines

Sims has developed a Risk Management Framework and Guide to support this Policy.

It documents in detail the principles, methodology and processes referred to in this Policy, as well as outline key risk management concepts and definitions, to assist the business in managing its risks effectively and consistently throughout the organisation.

## 4. Annual Review

The Board is responsible for ensuring that there are adequate policies in place with respect to risk management. At least annually, the effectiveness of the risk management framework is formally reviewed to ensure that it continues to be sound and that the organisation is operating with due regard to the risk appetite set by the Board.

## Version History

Version	Authoring Function	Approving Body	Date	Reviewed/ Revised
1	Global Risk + Compliance	Board of Directors	16 February 2011	n/a
2	Global Risk + Compliance	Board of Directors	24 March 2022	Revised