Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity:

Sims Metal Management Limited

ABN / ARBN:	Financial year ended:
69 114 838 630	30 June 2015

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ These pages of our annual report:

☒ This URL on our website: http://www.simsmm.com/Investors/Corporate-Governance

The Corporate Governance Statement is accurate and up to date as at 9 October 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 12 October 2015

Name of Secretary authorising lodgement:
Frank Moratti

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[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ in our Corporate Governance Statement
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement
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 fact that we follow this recommendation: ☒ in our Corporate Governance
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement … and a copy of our diversity policy or a summary of it: ☒ at http://www.simsmm.com/Investors/Corporate-Governance … and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement … and a copy of the charter of the committee: ☒ at http://www.simsmm.com/Investors/Corporate-Governance … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☒ in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement … and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement … and the length of service of each director: ☒ in our Corporate Governance Statement ☒ and in our 2015 Annual Report
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement
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.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☒ in our Corporate Governance Statement

<table>
<tr><td colspan="2">Corporate Governance Council recommendation</td><td>We have followed the recommendation in full for the whole of the period above. We have disclosed …</td></tr>
<tr><td>4.1</td><td>The board of a listed entity should:
(a) have an audit committee which:
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(2) is chaired by an independent director, who is not the chair of the board,
and disclose:
(3) the charter of the committee;
(4) the relevant qualifications and experience of the members of the committee; and
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td><td>[If the entity complies with paragraph (a):]
… the fact that we have an audit committee that complies with paragraphs (1) and (2):
☒ in our Corporate Governance Statement
… and a copy of the charter of the committee:
☒ at http://www.simsmm.com/Investors/Corporate-Governance
… and the information referred to in paragraphs (4) and (5):
☒ in our Corporate Governance Statement
☒ and in our 2015 Annual Report</td></tr>
<tr><td>4.2</td><td>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</td><td>… the fact that we follow this recommendation:
☒ in our Corporate Governance Statement</td></tr>
<tr><td>4.3</td><td>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</td><td>… the fact that we follow this recommendation:
☒ in our Corporate Governance Statement</td></tr>
<tr><td>5.1</td><td>A listed entity should:
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
(b) disclose that policy or a summary of it.</td><td>… our continuous disclosure compliance policy or a summary of it:
☒ in our Corporate Governance Statement</td></tr>
<tr><td>6.1</td><td>A listed entity should provide information about itself and its governance to investors via its website.</td><td>… information about us and our governance on our website:
☒ at http://www.simsmm.com/Investors/Corporate-Governance</td></tr>
<tr><td>6.2</td><td>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</td><td>… the fact that we follow this recommendation:
☒ in our Corporate Governance Statement</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement … and a copy of the charter of the committee: ☒ at http://www.simsmm.com/Investors/Corporate-Governance … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement ☒ and in our 2015 Annual Report
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☒ in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement … and a copy of the charter of the committee: ☒ at http://www.simsmm.com/Investors/Corporate-Governance … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement ☒ and in our 2015 Annual Report
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.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement

SIMS METAL MANAGEMENT LIMITED

2015 CORPORATE GOVERNANCE STATEMENT

The directors and management of Sims Metal Management 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 2015 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 2015 financial year has been prepared with reference to the Corporate Governance Principles and Recommendations (3rd edition) published by the Australian Securities Exchange Limited ("ASX") Corporate Governance Council (the "Recommendations"). The 2015 Corporate Governance Statement is dated as at 9 October 2015 and reflects the corporate governance practices in place throughout the 2015 financial year. The 2015 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 establish the functions reserved to the board and those delegated to management.*

Board of directors

The board is responsible for the corporate governance and overall performance of the Company and the Group and for providing strategic guidance for the Group. The responsibilities of the board encompass the setting of key objectives, monitoring performance 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;

— enhancing and protecting the reputation of the Company 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 is 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);
— Risk Audit & Compliance Committee (see Principle 4);
— Finance & Investment Committee (see Principle 7);
— Safety, Health, Environment, Community & Sustainability Committee (see Principle 7); and
— Remuneration 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 nine times during the 2015 financial year, including three times for full briefing sessions. Details of directors' attendances at board meetings in the 2015 financial year are reported on page 35 of the Company's 2015 Annual Report ("Annual Report").

Recommendation 1.2 *– A listed entity should carry out appropriate checks of board candidates and provide information to shareholders material to their candidacy.*

The Nomination/Governance 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 identify 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 candidate.

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 Executive Leadership Team 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 Chair of the board for matters relevant to the board.*

The Group Company Secretary fulfils a broad range of responsibilities including acting as Group General Counsel, in addition to company secretarial duties. As a result, the formal reporting line of the Group Company Secretary is to the CEO. For any matter relevant to the company secretarial duties or conduct of the board, the Group Company Secretary has an indirect reporting line, and is accountable, to the Chair 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 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 Nomination/Governance 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 Remuneration Committee has an overarching role to establish measurable objectives for achieving diversity, and to assess annually, both the objectives and the Company's progress in achieving them. The following table shows the objectives in relation to gender diversity that were established for the *2014 financial year* and the progress made towards achieving them.

Objective	Progress/ New Objectives
1. In accordance with the Company’s Global Gender Diversity Plan (Diversity Plan), regularly/annually deliver leadership diversity training to global managers/supervisors and ensure policy acknowledgement of same.	Progress - Achieved and ongoing. During FY2015 the Company launched a revitalization of its culture and core values. The core values of Safety, Integrity, Respect, Transparency, Excellence and Social Responsibility have been broadly communicated, with letters from the Group CEO, posters and global Group CEO town hall presentations. In conjunction with the Company’s core values, as part of the core value of Respect, the Company will ensure that all leadership and relevant training modules, as well as employee training and education generally, focuses on the ethical behaviour of the Company’s diverse business and the value of respecting and including persons from diverse backgrounds. This includes gender, age, culture, race, religion and sexual orientation, as well as the acceptance and respect of diverse ideas and points of view. This work has already commenced, but embedding this globally will aid in the above and in sending a strong message to present and potential customers, suppliers and employees.
2. Increase female participation at the Senior Management and Executive levels.	With the Company’s streamlining initiatives over the past year, in accordance with its five-year strategic plan, and the resultant reduction in employee numbers, it was difficult to make significant progress in this area in FY2015. The Company did, however, create a new Global Diversity Center of Excellence (COE) to promote diversity as a strategic component in individual and organizational success through the global coordination of programs, partnerships and resources. During FY2015, the Company also acquired and implemented the Diversity module of the Company’s Global PeopleFluent management tool; the Company now has a more robust global common platform for diversity data management. This will enable consistent reporting which is required for further development and measurement of metrics required to support the Company’s established goals. This new software package will also provide a mechanism to better track gender and other diversity position applications.

	The Company has also created a Global Diversity and Inclusion (D&I) Committee and a D&I readiness assessment for use in FY2016. This D&I Committee will be responsible for developing global policies, programs and initiatives based on assessment results and the sharing of best practices. In addition, in FY2016, we plan to develop a reporting process to target and track female position applications. The newly established COE will also consider the current Australian *Workplace Gender Equality Act* (WGEA) and consider the benchmark criteria to measure the Company's progress with regard to gender diversity. The Company has also amended its succession planning process to include the targeting of high performing employees of diverse groups such as gender, race etc. In light of the above, the Company will target, by FY2018, that 25% of all applicants are female. The Company will also target, by FY2018, an increase in the proportion of female employees in senior executive positions to 20%. The Company will also target, by FY2018, an increase in the proportion of female employees across the entire organisation to 25%.
3. Following the appointment of a female director in calendar year 2011, consider, as retirements permit, appointing at least one further female director within the ensuing two calendar years.	The Company appointed two female directors to the board effective 1 November 2014. Consequently, one-third of the non-executive directors on the board are female.
4. Consider age, cultural and ethnicity issues within the context of the Diversity Plan.	As a result of the Company's streamlining initiatives, this objective continued to lag over the past financial year. As we move forward, and with the data obtained from our global readiness assessment, we will develop processes to effectively focus on all areas of diversity within the context of the Company's Diversity Plan.

	The Company will also issue a "Diversity Commitment Letter", which will be signed by the Group CEO and all members of the Executive Leadership Team, to promote the tone at the top with regard to this initiative.
5. Conduct a review of benefits and workplace practices to identify and remove diversity biases, including evaluating current diversity friendly benefits such as parental leave, and considering additional programs like mentoring and flexible working arrangements for appropriate roles.	In FY2015, the COE created an assessment tool to evaluate the importance of diversity workplace practices to the Company's female employees. The results of this assessment will be used to make appropriate changes in FY2016 and beyond. The Company plans to implement a consistent global process based on the results of the assessment of benefits and workplace practices. The Company will ensure the process facilitates the removal of diversity biases. Once again, in conjunction with the results of the assessment, the Company will consider WGEA Employer of Choice criteria globally.
6. Establish diversity objectives as part of an executive's short term incentive personal priorities.	For FY2016, diversity objectives have been implemented as part of the overall Talent Management objective for senior executives. The Company will consider the gender diversity objectives within the WGEA Employer of Choice for Gender Equality Initiative and audit against these benchmarks.
7. Increase the percentage of women recruited into the Company's management trainee, graduate and cadet programs to 25%.	Progress has been made in certain regions. However, progress in this area was hindered by the streamlining initiatives that were initiated over the last financial year. In Australian Metals, during FY2015, there were 12 participants in the Cadet and Graduate program, of which seven participants (or 58%) were female. This represented an increase of two female participants (or 40%) over the previous financial year. In UK Metals, the trainee programme currently has three participants. During FY2015, trainees were recruited internally both for cost control and to provide current employees an opportunity for future development. There are currently no female participants in the programme as it did not attract any female applicants. However, the UK Metals Trainee Non-Ferrous Trader Programme has successfully recruited and developed a female candidate who has been appointed to the position of Site Manager.

	In North America Metals (NAM), two female Corporate Management Trainees hired in FY2014 completed the training program in FY2015 and were promoted into critical line management positions. Given the significant restructuring of NAM that took place during FY2015, hiring into the Management Trainee Program was curtailed during the financial year. The Company has a number of other Trainee Programmes throughout its global business, and it intends to set diversity targets for each of these.

As at the end of the 2015 financial year, the proportion of women employees in the following categories and in the whole organisation was as follows:

	% females
CEO	0
CEO - 1	6
CEO - 2 (senior executives)	17
CEO - 3 (management roles)	14
Whole organisation	19

The percentage of women in senior executive positions, defined as those in categories CEO - 1 and CEO - 2 above, was 16% as at the end of the 2015 financial year. There are three female directors (out of a total of 10 directors) on the Company's board.

***Recommendation 1.6** – A listed entity should disclose the process for evaluating the performance of the board, its committees and individual directors.*

The Nomination/Governance Committee is responsible for establishing procedures and overseeing the evaluation of the board. A formal performance evaluation was conducted involving the directors answering a series of questions on topics such as challenges or issues facing the Company and how the board can assist management in dealing with them, board interaction with the CEO and management, board composition, and continuing director education. The results of the evaluation, including individual committee assessments, were independently documented and will form the basis for the development of appropriate action plans under the guidance of the Nomination/Governance Committee for the 2016 financial year.

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.*

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 2015 financial year, annual performance reviews were completed in accordance with the process disclosed.

The Remuneration Report on pages 38 to 62 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 ADD VALUE

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

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

The Nomination/Governance 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 Nomination/Governance 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 Nomination/Governance Committee shall comprise at least three directors of the Company, with a majority being independent. The current members of the Nomination/Governance Committee are Mrs Ridout and Messrs Brunsdon (Chairperson), Bass, DiLacqua, and Renwick, all being independent non-executive directors, and Mr Claro. The board may appoint additional directors to the Nomination/Governance Committee or remove and replace members of the Nomination/Governance Committee by resolution.

Meetings of the Nomination/Governance Committee

The committee charter provides that the Nomination/Governance Committee shall meet at least twice each year on a formal basis and additionally as circumstances may require. The Nomination/Governance Committee met four times during the 2015 financial year. Details of attendance at meetings of the Nomination/Governance Committee are set out on page 35 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 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 Metal Management Board Matrix

Skills and experience of directors

Composition of skills and experience of the Board (out of 10 directors)

Management and leadership

1. Senior management positions held outside the Group (past and present): (9)
2. Directorships held outside the Group (past and present): (9)
3. Sustainable success in business at a very senior executive level in a successful career: (9)

Financial/business qualifications

4. Tertiary business qualification including post-graduate business studies and CA or CPA or equivalent: (6)
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): (4)

International experience

7. Global: (8)
8. North America: (9)

9. Australasia: (7)
10. United Kingdom/Europe: (8)
11. China: (5)

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: (7)
14. Steel, mining or manufacturing experience: (8)
15. Positions held on industry-related bodies (past or present) or membership of professional industry-related bodies: (4)

Governance and regulatory
16. Government relations experience: (8)
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: (10)

Strategy and business improvement
18. Mergers and acquisitions, banking, treasury and capital markets experience: (9)
19. Experience in growing a business: (10)
20. Track record of developing and implementing a successful strategy, including appropriately probing and challenging management on the delivery of an agreed strategic plan: (10)

Capital projects
21. Experience in implementing capital projects: (8)

People
22. Human resources management: (8)
23. Remuneration experience including incentive programs and the legislation and contractual framework governing remuneration: (9)

Technology
24. Experience in IT systems implementation: (6)

Gender diversity
No of female directors: (3)
No of male directors: (7)

Tenure
0-3 years: (5)
3-6 years: (4)
6-9 years: (1)

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 nine non-executive directors and one executive director. Ms Georgia Nelson and Ms Deborah O'Toole were appointed non-executive directors of the Company on 1 November 2014.

Details of board members, including their skills, experience, qualifications and terms in office, are set out on pages 28 and 29 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 Heather Ridout, Georgia Nelson, Deborah O'Toole, Christopher Renwick, Geoffrey Brunsdon, Jim Thompson, John DiLacqua and Robert Bass were independent non-executive directors of the Company during the 2015 financial year. In the case of Mr Bass, he was a partner of Deloitte LLP within the last three years prior to the appointment of Deloitte Touche Tohmatsu ("Deloitte") as the external auditor of the Company in November 2014. As Deloitte would be considered a provider of material professional services to the Company, then there may be a doubt as to the independence of Mr Bass. Consequently, the board carried out an assessment of Mr Bass' independence and concluded that, given the fact that Deloitte had only just been appointed as the Company's external auditor, that Mr Bass did not participate in the appointment process, that Mr Bass retired from the Deloitte LLP partnership almost three years before Deloitte's appointment and no longer had a financial interest in that firm, and that the lead Deloitte partner was Australian based, Mr Bass' independence had not been compromised. Mr Galdino Claro, the CEO, was an executive director of the Company during the 2015 financial year.

Tom Sato, a non-executive director, is not considered to be an independent director of the Company as a result of his association with Mitsui & Co., Ltd, which, through its affiliates, owns an 18% shareholding in the Company.

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 also 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.*

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 new 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 Executive Leadership Team 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: ACT ETHICALLY AND RESPONSIBLY

***Recommendation 3.1** – A listed entity should establish a code of conduct.*

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.

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, occupational health and safety, and the prohibition of corrupt conduct and the consequences in the event thereof.

The Code of Conduct encourages employees to raise any matters of concern without fear of retribution. The Company has implemented the Sims Metal Management 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.

Anti-Corruption Code

In addition to the Code of Conduct, the Company has adopted an Anti-Corruption Code which has been developed to aid employees, agents, contractors, consultants and partners in ensuring that they comply at all times with applicable anti-corruption laws and policies. 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.

Copies of the Company's Code of Conduct and Anti-Corruption Code are available from the corporate governance section on the Company's website.

Dealing in Company securities

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, senior executives and other 'designated persons' may only buy or sell Company securities during the period 24 hours to 28 days after the release of the Company’s yearly and half-yearly results announcements, or during such period following the conclusion of the Company’s Annual General Meeting, or during the currency of any capital raising prospectus issued by the Company or takeover bid for the Company.

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

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

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

Risk, Audit & Compliance Committee

The Board has established a Risk, Audit & Compliance (“RAC”) Committee. The RAC Committee 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 RAC 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, risk management systems (including the review of risk mitigation, which includes commercial insurance coverage), internal and external audit functions, and compliance with legal and regulatory requirements.

The RAC Committee has a formal charter approved by the board. The RAC Committee reports to the board on all matters relevant to the RAC Committee’s role and responsibilities. The specific functions of the RAC 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 RAC Committee charter establishes a framework for the RAC Committee’s relationship with the internal auditors and external auditor, and a policy has been adopted for the selection and appointment of the external auditor and for rotation of external audit engagement partners. A copy of the RAC Committee charter is available from the corporate governance section on the Company’s website.

Composition

The RAC Committee charter provides for the RAC Committee to have at least three members, all of whom must be non-executive independent directors. The current members of the RAC Committee are Madames Ridout and O’Toole and Messrs Bass (Chairperson), Brunsdon and

DiLacqua, all of whom are non-executive independent 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 RAC Committee charter, a director may not be both the Chairperson of the RAC Committee and the Chairperson of the board.

Meetings of the RAC Committee

In accordance with its charter, the RAC Committee is required to meet at least four times each year on a formal basis, and holds additional meetings as necessary. Meetings are attended by invitation by the other directors, the CEO, the CFO, other members of management, including the Group General Counsel, internal auditors and the external auditor, Deloitte. The RAC Committee met six times during the 2015 financial year. Details of attendance at meetings of the RAC Committee are set out on page 35 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. The lead external audit engagement partner at Deloitte is next due for rotation after the 2019 financial year. The RAC 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 RAC Committee has the responsibility for overseeing the development and execution of the internal audit plan. The Group Vice President of Internal Audit reports directly to the RAC Chairperson. The RAC Committee can appoint, hire, and reassign the Group Vice President of Internal Audit with a recommendation to the board.

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

The board has responsibility for reviewing and ratifying internal compliance and control systems.

The RAC 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.

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 RAC Committee, on the operation and effectiveness of key internal controls. Any identified deficiencies in internal controls are followed up and addressed by division management.

In addition, the Company maintains an internal audit function to conduct internal audits and reviews of the Group's operations.

The RAC 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 Company monitors its control system on a continual basis and, where appropriate, enhances internal control processes to improve their effectiveness.

The CEO and the CFO have stated in writing to the board in respect of the 2015 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 **–** *External auditor availability at a listed entity's AGM.*

The external auditor, Deloitte, attends the Company's AGM. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to the Company at least two business days before the day of the meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by the Company and the independence of the auditor.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

***Recommendation 5.1** – A listed entity should establish a continuous disclosure policy.*

Continuous disclosure

The Company is committed to ensuring that the market and its shareholders are provided with complete and timely information. The Company has adopted a policy titled ‘Market Disclosure Policy’, supplemented by specific procedures, to ensure that it complies with the continuous disclosure obligations imposed by the ASX. A copy of the policy is available from the corporate governance section on the Company’s website.

The Company has formed a Disclosure Committee which, during the 2015 financial year, comprised the CEO (as Chairperson), the CFO 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 co-ordinating 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.

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 – simsmm.com

The Company’s website at http://www.simsmm.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 to the ASX 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. The Company’s current sustainability report can be also accessed from the website at http://www.simsmm.com/Investors/Reports/Sustainability-Reports.

Shareholders can find information about the Company’s corporate governance practices on its website at http://www.simsmm.com/Investors/Corporate-Governance. This includes the Company’s constitution, board and board committee charters, and extensive list of the Company’s other codes and policies that support corporate governance. This section also provides details 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 design and implement 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 being lodged with the ASX.

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 with the ASX, 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 the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The notice of meeting sent to the Company's shareholders in respect of the AGM is drafted in compliance with the 'Guidelines for Notices of Meeting' issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting, which the Chairperson of the board will endeavour to answer at the meeting.

The Chairperson of the board also 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 Executive Leadership Team 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 provide the option to send and receive communications from the company and its share registry in electronic form.*

By registering with the Company's Share Registry, shareholders can receive email notifications when the Company makes an announcement to the ASX, including the release of financial 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.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Company's Share Registry with an email address and elects to be notified of all Company ASX announcements.

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 Computershare Investor Services. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Computershare 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 RAC Committee. The RAC Committee's responsibilities include oversight of the effectiveness of the Company's system of risk management and internal control.

The RAC Committee receives regular presentations of the Company's material business risks and the controls in place to mitigate the consequences of those risks. The Company's main risks are reviewed annually by the RAC Committee and the board. The RAC Committee has responsibility for approving the audit plan submitted annually by Group Internal Audit. The audit plan is based on an assessment of the Company's main risk exposures.

Details of the structure and Charter of the RAC Committee are set out in Recommendation 4.1.

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.*

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 policy titled '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 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 2015 financial year.

The board is responsible, on the recommendations of the RAC 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, job descriptions and organisational structures that provide an appropriate division of responsibility. It also relies upon the careful selection and training of key personnel.

Internal control systems are reviewed on an ongoing basis to ensure that the systems are updated to reflect changes in the Company's operations and the environment in which the Company operates. The Company has detailed written documentation covering critical areas. Internal Audit carries out regular systematic monitoring of control activities and reports to the RAC Committee and senior management.

An internal audit plan is prepared, with input from the RAC Committee and senior management, annually by the Group Vice President of Internal Audit. This annual internal audit plan takes into consideration the findings of the annual risk assessment report. The RAC Committee approves this annual internal audit plan.

Sustainability reporting is part of, and is integrated into, the Group's risk management framework. The CEO has overall responsibility for Group sustainability matters, and a number of initiatives have been implemented to better enable the Group to measure, monitor and report on its sustainability performance.

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 RAC Committee on the effectiveness of the Company's risk management framework and on the adequacy and effectiveness of the system of internal controls.

The Group Vice President of Internal Audit reports to the Chair of the RAC Committee. 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 economic, environmental and social sustainability 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 composed of Madames Nelson and Ridout and Messrs Thompson (Chairperson), Claro, Renwick and Sato.

The SHECS Committee charter provides that the SHECS Committee shall meet at least four times each year and as required. The SHECS Committee met five times during the 2015 financial year. Details of attendance at meetings of the SHECS Committee are set out on page 35 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 http://www.simsmm.com/Investors/Reports/Sustainability-Reports.

Finance & Investment Committee

The board has established a Finance & Investment Committee ("FIC"). The primary role of the FIC is to review, advise and report to the board on the management of the Company's financial resources and invested assets, shareholder dividend policy and shareholder dividends, the Company's capital plan and capital position, debt levels, hedging policies and other financial matters. The FIC also reviews broad investment policies and guidelines for the Group and makes recommendations to the board.

The FIC shall comprise at least three directors of the Company, of whom at least one shall be independent. The FIC is composed of Ms O'Toole and Messrs DiLacqua (Chairperson), Bass, Claro, Sato and Thompson.

The FIC charter provides that the FIC shall meet at least twice each year and as required. The FIC met seven times during the 2015 financial year. Details of attendance at meetings of the FIC are set out on page 35 of the Annual Report.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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

Remuneration Committee

The board has established a Remuneration Committee (Remco). The primary role of Remco is to support and advise the board on 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.

Remco has responsibility for, among other things, reviewing and making recommendations to the board on the:

— 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.

Remco shall comprise at least three directors of the Company, with a majority being independent. The Remco Chairperson is appointed by the board, and must be independent. Remco is composed of five independent non-executive directors, Madames Nelson and Ridout and Messrs Renwick (Chairperson), Brunsdon and Thompson. The board may appoint additional directors to Remco or remove and replace members of Remco by resolution.

Remco has a charter, which provides for Remco to meet at least twice each year on a formal basis and additionally as circumstances may require. Remco met five times during the 2015 financial year. Details of attendance at meetings of Remco are set out on page 35 of the Annual Report.

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

***Recommendation 8.2** – A listed entity should distinguish between non-executive directors' remuneration and that 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 pages 38 to 62 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 not 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 Remco 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 Metal Management Limited Securities', a copy of which available from the corporate governance section on the Company's website.