SIMS LIMITED

Risk Appetite Framework

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Issuing Function: Group Assurance

Approving Body: Board of Directors

Document Type: Framework

Scope:

> Business / Function: Global
> Applicable Population: Employees

Next Review: November 2026

Summary

This document details Sims' approach to setting risk parameters across its business and is the cornerstone of its Risk Management Framework.

1. Background and structure of this document

1.1 Introduction

Optimising risk and reward involves managing risk-taking activity in the pursuit of value. Risk appetite can be defined as the amount of risk an organisation is willing to accept in pursuing its strategic objectives.

The objective for establishing a Risk Appetite Statement (RAS) is to ensure that:

- The Board's risk appetite is formally stated such that risks can be measured and managed against the Board's set boundaries;

- Board, senior management and employees, as well as external stakeholders (to the appropriate degree), have a consistent view of the risk parameters within which the organisation operates, and their relationship with the strategic direction; and

- Day-to-day operations are undertaken in alignment with the Board's tolerance for risk.

The RAS is core to the risk management framework. It sets clear boundaries and expectations. It is supported by tolerances and limits, which are embedded in the business.

1.2 Purpose of this document

This document details Sims' approach to setting risk parameters across its business and is the cornerstone of its Risk Management Framework.

1.3 Framework structure

Sims' Risk Appetite framework comprises:

1. An overarching Risk Appetite Statement which describes the tenets of Sims' approach to risk taking. It is a public facing statement, meant to inform both internal and stakeholders of the key risk paraments within which the organisation operates.

2. A Guide for Decision Making, an internal-facing document designed to assist Sims' employees, and in particular its executive management, in operationalising the Board's Risk Appetite Statement and associated Tolerance levels in decision making.

3. Tolerance Levels defined by the Board in relation to each material risk category, which articulate the Board's tolerance for risk, and the Key Risk Indicators identified and regularly reviewed by management in relation to each of these categories.

2. Risk Appetite Statement

Sims Limited is a global leader in metal and electronics recycling. With more than 100 facilities and operations across North America, Asia Pacific, and Europe, Sims plays an integral role in the emerging circular economy by making resources available for future use.

In order to continually exceed our customer's expectations and earn their trust, it is vital that we recognise the broad range of risks that Sims faces. Each must be given careful and appropriate consideration in order to support our commitments to our customers and stakeholders in line with our vision to: create a world without waste to preserve our planet.

We also recognise our industry is changing. Climate change and technology shifts mean we're always looking for new ways to improve what we do, and how we deliver it. Sims strives to remain Innovative and Agile, so we encourage taking the risks that are worth taking in the pursuit of our growth aspirations. While we accept risks that are inherent to our business, we aim to take risk by design – evaluating the risks worth taking, and minimising or avoiding those that are unacceptable.

First and foremost is safety. We are committed to providing a safe working environment for our people, and will take all reasonable steps to protect the public, our customers, contractors and suppliers. Therefore, we have no tolerance for behaviour that knowingly compromises the safety of our people and the wider community. Sims takes the mental wellbeing of our workforce just as seriously as their physical wellbeing and encourage our workforce to feel comfortable, openly discussing their struggles, concerns or challenges. We look for opportunities to learn and to improve our systems and processes.

Sims is committed to living its purpose and views environmental risks, as opportunities that allow us to differentiate our offering, even when it is difficult. We pride ourselves in providing a pathway to de-carbonization and circularity to our customers, and delivering constant innovation and improvement that aims at protecting the environment and communities we operate in, and set the standard for our industry.

Sims requires strict compliance with laws and regulations across our organisation including safety, trading, environment, and reporting to our stakeholders and the public. While we require compliance, we simultaneously pursue clarity in regulations which impact our business and strive to ensure all players in the industry are held to the same standards that we pursue.

The Risk Appetite Statement is endorsed by the Sims Board and the Executive leadership team.

Signed,

Phillip Bainbridge
Chairman of the Board,
Sims Limited

Grant Dempsey
Chairperson of the Audit and Risk
Committee, Sims Limited

Stephen Mikkelsen
Group Chief Executive Officer
and Managing Director,
Sims Limited

3. How to use the Risk Appetite Statement: Guide for Decision Making

To assist in embedding our Risk Appetite Statement (RAS) into our business activities, we have distilled some of the key operating provisions of the Board's RAS into a set of questions designed to ensure management considers the RAS in key decision making.

In this regard, for business decisions, and particularly those impacting our strategic business objectives, including but not limited to acquisitions and disposals of corporate assets, CAPEX requests, budgeting, etc., management is required to consider and confirm:

3.1 Alignment

Does this decision:

- align to our Purpose of creating a world without waste to preserve our planet,
- align to our Strategy and its core elements (as per Appendix 1 and as updated from time to time),
- align to our Principles, and
- support our annual plans and goals (e.g. Must Win Battles)?

3.2 Threats & Opportunities

- Have we carefully and adequately considered associated threats and opportunities?
    - In the short and medium term, as well as the long term?
    - What is the upside risk, i.e. is there an opportunity cost if we don't pursue the proposed course of action?
    - Is the risk worth taking? If so, can it be managed and how?

- In particular, the Board has stated that it has Minimal to Limited tolerance for decisions or actions that could result in an outcome which jeopardises or involves exceeding their appetite for risks to Safety, Regulatory Compliance, the Environment, our People & Culture or Sims' Social License & Brand (as defined below).

    - Consider and confirm whether this decision would materially impact (positively or negatively) any of these areas.
    - If there is an adverse impact expected, how is this going to be mitigated / brought back to appetite.
    - If it presents an opportunity, how is this going to be managed / capitalised on.

4. Risk Tolerances + Key Risk Indicators

'Risk tolerance' limits set out in this document are either: 'minimal', 'limited', 'moderate' and 'high', and describe our organisational appetite towards taking risk in a given risk area or 'category'. The graphic below is used to show what the Board's tolerance for risk is relative to each risk appetite statement.

	Minimal Tolerance	Limited Tolerance	Moderate Tolerance	High Tolerance
Philosophy Towards Risk Taking	Sims seeks to minimise risk as far as reasonably practicable in these situations.	Sims takes a cautious approach towards taking risk in these situations.	Sims takes a balanced approach to risk taking in these situations.	Taking risk is considered part of Sims' strategy in these situations.
Risk Return Relationship	We take a very cautious approach to risk taking and accept as little risk as possible.	We are not keen on exploring any opportunities that will negatively impact the achievement of our organisational objectives.	We are willing to take a higher level of risk for increased benefit to the achievement of our objectives and pursuit of opportunities.	Taking risk is considered part of our strategy. We are eager to explore initiatives based on the potential reward or benefits to our objectives.
Consequence Management	If tolerance is exceeded, immediate action must be taken to bring behaviours or indicators back to tolerance. • There may be disciplinary consequences for breaches. • A real-time report to be issued to the Board Risk Committee (BRC).	If tolerance is exceeded, behaviours or indicators (as applicable) must be brought back as soon as practicable. • A remediation plan needs to be presented to the BRC at the next available opportunity.	If tolerance is exceeded, behaviours or indicators (as applicable must be brought back within 6 months. • The BRC may agree to extend the timeline if a plan is presented which outlines steps to be taken.	If tolerance is exceeded, behaviours or indicators (as applicable) must be brought back within 12 months. • The BRC may agree to extend the timeline if a plan is presented which outlines steps to be taken.

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Categories	Minimal Tolerance	Limited Tolerance	Moderate Tolerance	High Tolerance
Safety	■			
Regulatory Compliance	■			
Environmental Stewardship		■		
People + Culture		■		
Social License + Brand		■		
IT Risks + Data Security		■		
Costs + Financial Management		■		
Major Systems Implementation			■	
Operations			■	
Commercial			■	
Growth: SLS				■
Growth: Mergers + Acquisitions				■

Definitions:

Safety: Risks and opportunities associated with the safety of our people and the communities in which we operate.

Regulatory Compliance: Threats and opportunities relating to the adherence to the regulatory environment we operate in, whilst simultaneously pursuing clarity in regulations and striving to ensure all players in the industry are held to the same environmental standards that we pursue.

People & Culture: Threats and opportunities relating to the wellbeing of our and the attraction, retention and succession planning of our workforce, as well as the threats and opportunities associated with our governance, leadership and culture that supports our strategic intent.

IT Risks and Data Security: Threats and opportunities associated with cyber and data security.

Environmental Stewardship: Threats and opportunities relating to our environmental footprint (air, water and ground pollution), sustainable practices and the circular economy.

Social License and brand: Threats and opportunities relating to our social licence to operate, including risks around our brand and reputation as a company that seeks to preserve our planet.

Costs and financial management: Threats and opportunities associated with budgeting, planning and management of the financial affairs of our business.

Major Systems Implementation or transformation initiatives: Threats and opportunities associated with business transformation and major systems implementation initiatives.

Growth: Threats and opportunities associated with diversification or expansion of our business to improve earnings overall.

Operations: Threats and opportunities associated with the operation and continuous improvement of our sites.

Commercial: Threats and opportunities associated with our market share, network and customers.

Appendix 1: Strategy On-a-Page

Strategy On-A-Page

OUR PURPOSE
(The WHY)

Create a World Without Waste to Preserve Our Planet

OUR STRATEGY
(The WHAT)
Creating value for all stakeholders

Repurpose + Recycle

CORE ELEMENTS
(The HOW)
Driving our competitive advantage

MEANING
Enabled by our Culture

Customers	Innovative + Agile	Operational Efficiency	Networked	Invest Responsibly
Our suppliers have choice and form part of our customer base	Ability to respond rapidly to shifts in the market	Safe operations	Well located operations in large markets	Focus on cash generation and creation
Providing customers with a pathway to decarbonisation and circularity	Superior operating performance through innovation and effective decision making	Low carbon and environmentally conscious operations	Developed domestic channels	Maintain funding optionality
Shifting the balance from 'resource' to 'product'	Low cost and simplified structures	A focus on unprocessed material at value	Access to deep water parts and efficient logistic chains	Reward shareholders consistently
Strong reputation as a trusted counterparty	Using data to achieve best margins	Aligned supply chain from buying through to end product	Global trading network	Strong capital management program delivering value
Strong corporate governance attracts both suppliers and customers		Maximised asset utilisation	Strong supplier network	Efficient working capital
		Scalable and replicable capacity	Efficient supply-to-customer delivery pathways	

CULTURE