



Audit + Risk Committee Charter

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Summary

This Charter sets out the role and responsibilities of the Board's Audit Committee, as well as outlining the procedural mechanisms for the appointment of its members, its meetings, and other proceedings.

1. Role of the Committee

- 1.1 The primary role of the Audit + Risk Committee (Committee) is to support and advise the Board of Sims Limited (Sims or the Company) (Board) in fulfilling its corporate governance and oversight responsibilities in relation to Sims’
- accounting and financial reporting,
 - internal and external audit functions,
 - internal control structure and risk management systems,
 - risk appetite and tolerance across strategic, operational, compliance, financial and reputational risks, and overall risk culture, and
 - compliance with applicable legal and regulatory requirements within the Committee’s remit.
- 1.2 The Committee acts as an advisory body to the Board and exercises authority as set out in this Charter or otherwise delegated by the Board.

2. Composition of the Committee

- 2.1 The Committee shall comprise at least three non-executive, independent directors.
- 2.2 At least one Committee member shall have accounting and financial expertise and each member shall have a sufficient understanding of Sims’ industry.
- 2.3 The Committee Chairperson shall be elected by the Board and shall not be the Chairperson of the Board.
- 2.4 Appointments, rotations and resignations of Committee members will be recommended to the Board by the Committee Chairperson.
- 2.5 The Group Company Secretary of Sims or nominee will act as Secretary of the Committee.

3. Functions of the Committee

- 3.1 Financial Statements, Annual Report and other Public Disclosures
- 3.1.1 Review and make recommendations to the Board in relation to:
- 3.1.1.1 the draft financial statements and related reports, ensuring they are accurate and provide a true and fair view consistent with the Committee’s understanding of the Group’s financial position and performance.

3.1.1.2 the appropriateness of significant accounting policies and practices, management's interpretation of standards, significant judgements, and treatment of unusual or complex transactions. The Committee will approve material changes to accounting interpretations, including materiality and adjustment thresholds.

3.1.1.3 the adequacy and effectiveness of Management's procedures and internal controls implemented to support the integrity of financial reporting and other non-audited periodic disclosures, including compliance with applicable accounting standards and legal requirements.

3.1.1.4 the Directors' Report, including the operating and financial review.

3.1.1.5 public financial disclosures regarding sustainability matters.

3.1.2 Review Management's response to external auditors' reports and findings.

3.1.3 Review CEO and CFO declarations confirming proper maintenance of financial records, compliance of financial statements with accounting standards, a true and fair view of the company's financial position and performance, and that the opinion is based on an effective system of risk management and internal control.

3.1.4 Hold private sessions with the external auditors, Chief Financial Officer and Head of Assurance, as needed.

3.2 External Audit

3.2.1 Review and make recommendations to the Board in relation to:

3.2.1.1 the appointment, reappointment, or removal of external auditor and audit partner rotation.

3.2.1.2 the terms of engagement and remuneration of the external auditor.

3.2.1.3 the external auditors' performance and independence, including any relationships that may impair their judgement or independence.

3.2.1.4 the Group's policy on audit and non-audit services and approve non-audit services by the external auditor, considering their impact on auditor independence.

3.2.2 Manage the external auditor relationship, oversee the external auditor's work, and discuss significant audit issues. The external auditor reports and is accountable directly to the Committee.

3.2.3 Annually review a formal written statement from the external auditor confirming their professional judgment, objectivity and independence.

3.2.4 Advise the Board whether non-audit services comply with independence standards, and explain why they do not compromise auditor independence, enabling the Board to make required Annual Report disclosures.

3.2.5 Establish clear hiring policies for current and former external auditor employees to prevent actual or perceived impairment of external auditors' judgement or independence.

3.2.6 Regularly meet privately with the external auditor.

3.2.7 The external auditor may request the Secretary to convene a Committee meeting.

3.3 Internal Audit

3.3.1 Review and make recommendations to the Board in relation to the:

3.3.1.1 scope, adequacy, terms and budget of the internal audit plan.

3.3.1.2 independence, objectivity and performance of the internal audit function.

3.3.1.3 appointment, replacement, reassignment or removal of the Head of Assurance.

3.3.2 Monitor the adequacy of internal control policies and systems.

3.3.3 Annually approve the internal audit plan considering the annual risk assessment, and report to the Board accordingly.

3.3.4 Regularly meet privately with the Head of Assurance.

3.4 Risk Management

3.4.1 Annual Review of the Risk Framework, Appetite Statement and Culture

3.4.1.1 Review and make recommendations to the Board in relation to the:

3.4.1.1.1 Company's processes for identifying, assessing, and managing significant risks, including the annual review of the risk management framework to ensure it remains sound.

3.4.1.1.2 appropriateness of the Company's risk culture and whether the risk management framework adequately deals with emerging risks such as conduct, digital disruption, cyber-security, privacy, and data breaches, along with the adequacy of management's mitigation strategies.

3.4.1.1.3 Risk Appetite Statement, including management's operation within approved risk tolerances and any proposed changes.

3.4.2 Review the arrangements for, and periodic reports on:

3.4.2.1 emerging and principal risks, financial and non-financial, that may impact the Company's business model, performance, solvency, liquidity or reputation. This includes risks relating to operations, financial reporting,

insurance, tax, technology security and cyber, climate, and standards and procedures regarding reserves, resources, closure and rehabilitation, and legal or ethical compliance.

3.4.2.2 strategic and mergers and acquisition-related risks, including integration.

3.4.2.3 risk exposures and management controls, including approval of trading and hedging policies.

3.4.2.4 insurance coverage, including approval of such coverage.

3.4.2.5 legal and regulatory compliance systems, including anti-corruption, sanctions, competition, export controls, and ethical compliance, including Code of Conduct.

3.4.2.6 policies and practices for detecting, reporting, and preventing serious breaches of the Code of Conduct.

3.4.2.7 the policies and arrangements for the protection of information, data, and non-physical assets.

3.4.2.8 crisis preparedness and disaster recovery.

3.4.2.9 material litigation, or a breakdown of the entity's risk controls and the "lessons learned", and recommendations to the Board regarding litigation.

3.4.2.10 complaints regarding accounting, internal accounting controls or auditing matters.

3.4.2.11 regulator reports on control or compliance deficiencies in the Company's risk controls within the Committee's remit (as per this Charter), and Management proposals to operate outside risk tolerance levels.

3.5 Related Party Transactions

3.5.1 Review and monitor related party transactions, including with directors or their associates, to ensure compliance with legal requirements and appropriate disclosure.

3.5.2 Conduct or authorise any special projects or investigations into any matters within the Committee's remit or as requested by the Board.

4. Operations of the Committee

- 4.1 Meet at least four times per year, or more as needed.
- 4.2 Secretary to circulate meeting details and papers to the Committee, Board and attendees at least five business days in advance.
- 4.3 Any director may attend meetings; external or internal attendees may be invited as appropriate.
- 4.4 Quorum requires at least two Committee members, including the Committee Chairperson.
- 4.5 Only Committee members may vote; resolutions passed by simple majority. Where required, the Chairperson has a casting vote or may escalate the matter to the Board for decision. Circular resolutions permitted per the Company Constitution.
- 4.6 Members with a conflict of interest must abstain from discussion and voting on the relevant matter.
- 4.7 Meetings may be held using technology that allows simultaneous participation; minutes will record the method used.
- 4.8 Minutes to be circulated prior to the next meeting. The Committee Chairperson shall report matters of significance recorded in the minutes to the Board.
- 4.9 External auditors' representatives shall attend meetings at the Committee's request via the Committee Chairperson.

5. Authority of the Committee

- 5.1 The Committee, via the Committee Chairperson, may investigate any matter within its remit with unrestricted access to Sims' books, records, facilities and personnel.
- 5.2 The Committee has direct, independent and confidential access to the external auditors.
- 5.3 The Committee may seek advice from external legal, accounting or other advisers as needed, with Sims to fund such engagement and administrative expenses.
- 5.4 The Committee's role is oversight and does not relieve management of its responsibilities for preparing accurate financial statements, nor the external auditors of its audit obligations.