



NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING (MEETING) OF THE SHAREHOLDERS (SHAREHOLDERS) OF SIMS METAL MANAGEMENT LIMITED (COMPANY) WILL BE HELD AT THE LANGHAM HOTEL – 1 SOUTHGATE AVENUE, SOUTHBANK VIC 3006, AUSTRALIA ON 14 NOVEMBER 2019 AT 10.00AM (MELBOURNE TIME).

SIMS METAL MANAGEMENT LIMITED ACN 114 838 630



10 October 2019

Dear Shareholder

I have pleasure in inviting you to attend the 2019 Annual General Meeting of Sims Metal Management Limited to be held at The Langham Hotel, 1 Southgate Avenue, Southbank VIC 3006, Australia on Thursday, 14 November 2019 at 10.00am (Melbourne time).

Enclosed is the Notice of Annual General Meeting, which sets out the items of business to be considered. If you are attending, please bring this letter with you to facilitate registration into the Meeting.

If you are unable to attend the Meeting, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided so that it is received no later than 48 hours before the commencement of the Meeting. Alternatively, you may vote online at www.linkmarketservices.com.au.

Corporate shareholders will be required to complete a "Certificate of Appointment of Representative" to enable a person to attend on their behalf. A form of this certificate may be obtained from the Company's share registry.

A copy of the address to be given by each of the Chairman and Chief Executive Officer at the Meeting will be available for viewing and downloading from the Company's website at www.simsmm.com, following the Meeting. You may also request a copy from the Company.

I look forward to your attendance at the Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gretchen Johanns', written in a cursive style.

Gretchen Johanns
Company Secretary

AGENDA ITEMS

ACCOUNTS AND REPORTS

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2019 and the related Directors' Report, Directors' Declaration and Auditor's Report.

RE-ELECTION AND ELECTION OF DIRECTORS MS DEBORAH O'TOOLE

RESOLUTION 1

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Ms Deborah O'Toole, who retires by rotation at the Annual General Meeting in accordance with the Company's Constitution and the ASX Listing Rules and having offered herself for re election and being eligible, be re-elected as a Director of the Company."

MR MIKE KANE

RESOLUTION 2

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Mike Kane, who having been appointed as an additional Director since the last Annual General Meeting retires at the Annual General Meeting in accordance with the Company's Constitution and the ASX Listing Rules and having offered himself for election and being eligible, be elected as a Director of the Company."

MR HIROYUKI KATO

RESOLUTION 3

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Hiroyuki Kato, who having been appointed as an additional Director since the last Annual General Meeting retires at the Annual General Meeting in accordance with the Company's Constitution and the ASX Listing Rules and having offered himself for election and being eligible, be elected as a Director of the Company."

REINSERTION OF PROPORTIONAL TAKEOVER PROVISIONS IN CONSTITUTION

RESOLUTION 4

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the proportional takeover provisions in the form of clause 13 of the Constitution of the Company (as last approved by shareholders) be reinserted in the Constitution for a period of three years from the date of this Meeting."

REMUNERATION REPORT

RESOLUTION 5

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2019 (as set out in the Directors' Report) is adopted."

A voting exclusion applies to this resolution.

PARTICIPATION IN THE COMPANY'S LONG TERM INCENTIVE PLAN BY MR FIELD

RESOLUTION 6

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given for the purpose of ASX Listing Rule 10.14 and for all other purposes, for the Company to issue to Mr Alistair Field, the Chief Executive Officer and Managing Director of the Company, 237,952 Performance Rights (representing 102,348 TSR Performance Rights and 135,604 Strategic Performance Rights) under the terms of the Company's Long Term Incentive Plan, as more particularly described in the Explanatory Memorandum accompanying this notice of meeting."

A voting exclusion applies to this resolution.

CHANGE OF COMPANY NAME

RESOLUTION 7

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the name of the Company be changed to Sims Limited and all references in the Company's Constitution be updated accordingly."

By order of the Board



Gretchen Johans
Company Secretary
10 October 2019

INFORMATION FOR STAKEHOLDERS

VOTING ENTITLEMENTS

For the Meeting, shares will be taken to be held by persons who are registered as Shareholders as at 7.00pm (Sydney time) on Tuesday, 12 November 2019. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

PROXIES

A Shareholder who is entitled to attend and cast a vote at the Meeting has the right to appoint a proxy to attend and vote on behalf of the Shareholder. The proxy need not be a shareholder of the Company and may be an individual or a body corporate. If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the proxy appointments do not specify a proportion or number, each proxy may exercise half of the Shareholder's votes.

A personalised proxy form (**Proxy Form**) accompanies this Notice of Meeting (**Notice**).

The Proxy Form must be signed by you or your attorney. Proxies given by corporations must be executed either in accordance with section 127 of the Corporations Act 2001 (Cth) (**Corporations Act**) or under the hand of a duly authorised officer or attorney.

Where to lodge a proxy

The Proxy Form and the power of attorney or other authority under which it is signed (if any), or a certified copy of the power of attorney or authority, must be:

- deposited at the share registry of the Company, Link Market Services Limited (Link), located at Level 12, 680 George Street, Sydney NSW 2000 or 1A Homebush Bay Drive, Rhodes NSW 2138 (or by mail to Locked Bag A14, Sydney South NSW 1235);
- deposited at the Company's Registered Office, Suite 2, Level 9, 189 O'Riordan Street, Mascot, NSW 2020;
- sent to the Company by mail to Locked Bag 5016, Alexandria NSW 2015; or
- sent by facsimile to Link on (02) 9287 0309 or to the Company on (02) 8113 1622.

ELECTRONIC PROXY

You may lodge an electronic proxy online at www.linkmarket-services.com.au. You will be required to enter your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) and a postcode. You will be taken to have signed the Proxy Form if you lodge an electronic proxy online in accordance with the online instructions.

To be effective, proxies must be lodged by 10.00am (Sydney time) on Tuesday, 12 November 2019. Proxies lodged or received after that time will be invalid.

CORPORATE REPRESENTATIVES

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meeting a properly executed letter or other document confirming their authority to act as the Shareholder's representative.

SHAREHOLDER QUESTIONS

If you would like a question to be put to the Chairman of the Meeting or the Auditor and you are not able to attend the Meeting, please email your question to the Company Secretary at gretchen.johanns@simsmm.com.

To allow time to collate questions and prepare answers, questions are to be received by the Company Secretary by 5.00pm (Sydney time) on Thursday, 7 November 2019. Please note that individual responses will not be sent to shareholders.

Shareholders should read the Explanatory Memorandum accompanying, and forming part of, this Notice for more details on the resolutions to be voted on at the Meeting.

VOTING

The Board has resolved that each voting item on the agenda for the Meeting will be decided by a poll. The poll will be taken after the other business of the Meeting has been concluded. Link will then collect all polling cards and calculate the results, which will in line with market practice, be subsequently announced to the ASX.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items on the agenda.

BUSINESS OF THE MEETING

ACCOUNTS AND REPORTS

The Financial Report, Directors' Report and the Auditor's Report for the financial year ended 30 June 2019 (**FY2019**) will be laid before the Meeting.

Together, the Financial Report, Directors' Report and the Auditor's Report constitute the Company's FY2019 Annual Report. Unless Link has been notified otherwise, Shareholders will not be sent a hard copy of the Annual Report. All Shareholders can view the FY2019 Annual Report on the Company's website at www.simsmm.com.

Following the consideration of the Reports, the Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the Auditor's Report or the conduct of the audit. A list of written questions, if any, submitted by Shareholders will be made available at the start of the Meeting and any written answers tabled by the Auditor at the Meeting will be made available as soon as practicable after the Meeting.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR – DEBORAH O'TOOLE LLB, MAICD (AGE 62)

INDEPENDENT NON-EXECUTIVE DIRECTOR

The ASX Listing Rules require that the Company hold an election of Directors at least once per year. The Company's Constitution requires that at least one Director, excluding the Managing Director, must retire each year. The retiring Director is then eligible to offer themselves for re-election by Shareholders.

Ms O'Toole retires by rotation and, being eligible, offers herself for re-election as a Director.

Ms O'Toole was appointed as a Director in November 2014. She was appointed Chairperson of the Audit Committee in December 2018, and is a member of the Risk Committee and the Remuneration Committee.

Ms O'Toole has extensive executive experience across a number of sectors including over 20 years in the mining industry and, more recently, in transport and logistics, which included managerial, operational and financial roles. She has served as Chief Financial Officer in three ASX listed companies: M.I.M Holdings Limited, Queensland Cotton Holdings Limited and Aurizon Holdings Limited.

Ms O'Toole's board experience includes directorships of the CSIRO, Norfolk Group, various companies in the MIM and Aurizon Groups, and Government and private sector advisory boards. Ms O'Toole currently serves as an independent director of the Asciano Rail Group of Companies operating as Pacific National Rail (Chairperson of the Audit & Risk Committee), Credit Union Australia (Chairperson of the Risk Committee) and Alumina Limited (Chairperson of the Audit & Risk Committee).

Ms O'Toole brings a skillset comprising strategic, financial, commercial and operational expertise, as well as substantial knowledge and understanding of global metals markets and supply chains. She has also been at the frontline of business transformation and organisational change and has extensive experience leading ASX listed companies.

The Board considers Ms O'Toole to be an Independent Director.

Prior to submitting herself for re-election, Ms O'Toole acknowledged to the Company that she would have sufficient time to properly fulfil her duties to the Company.

Board's recommendation

The Board, with Ms O'Toole absent and not voting, unanimously recommends that Shareholders vote in favour of the re-election of Ms O'Toole for the reasons summarised above.

RESOLUTION 2 – ELECTION OF DIRECTOR – MIKE KANE BA, JD, MS (AGE 68)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Kane was appointed as a director of the Company with effect from 20 March 2019. In accordance with the Company's Constitution, the Corporations Act 2001 and the ASX Listing Rules, Mr Kane offers himself for election at this Meeting.

Mr Kane is a member of the Safety, Health, Environment, Community & Sustainability (SHECS) Committee. He has served as Chief Executive Officer & Managing Director of Boral Limited, an international building and construction materials company, since October 2012. Prior to that, Mr Kane was President of Boral USA from February 2010. He has extensive experience in the building and construction industry, including 24 years in senior executive roles with US Gypsum, Pioneer/Hanson Building Materials, Johns-Manville Corp and Holcim. Mr Kane holds a Bachelor of Arts in Sociology from Southern Illinois University, a Juris Doctorate from DePaul University's School of Law in Illinois and a Masters in Science from Creighton University, School of Law in Nebraska.

Mr Kane has broad experience in leading global businesses, including companies with significant Australian and North American operations. Mr Kane's experience has prepared him to contribute to the Board's deliberations and decisions, particularly in relation to the Company's focus on health and safety, disciplined capital allocation and executing on its growth strategy.

The Board considers Mr Kane to be an Independent Director.

Prior to submitting himself for election, Mr Kane acknowledged to the Company that he would have sufficient time to properly fulfil his duties to the Company.

Appropriate background checks were completed before Mr Kane was appointed to the Board.

Board's recommendation

The Board, with Mr Kane absent and not voting, unanimously recommends that Shareholders vote in favour of the election of Mr Kane for the reasons summarised above.

RESOLUTION 3 – ELECTION OF DIRECTOR – HIROYOTO KATO (AGE 63)

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Kato was appointed as a Non-Independent Non-Executive director of the Company with effect from 8 November 2018. In accordance with the Company's Constitution, the Corporations Act 2001 and the ASX Listing Rules, Mr Kato offers himself for election at this Meeting.

Mr Kato is Mitsui & Co., Ltd's designated director. He is a member of the Audit Committee and the Safety, Health, Environment & Community (SHECS) Committee. Mr Kato started his business career in the iron ore division of Mitsui, where he gained considerable experience relating to the mining industry, which became the backbone of his long career at Mitsui. After completing two assignments in New York, and attending MIT Sloan School of Management, Mr Kato held various positions in Mitsui's oil and gas divisions. Since June 2018, he has been a Counsellor to Mitsui.

Mr Kato has a strong understanding of the steel industry and commodity value chains. His deep industry knowledge positions him well to contribute to effective Board decisions and advise the Company on execution of its growth strategy.

Prior to submitting himself for re-election, Mr Kato acknowledged to the Company that he would have sufficient time to properly fulfil his duties to the Company.

Appropriate background checks were completed before Mr Kato was appointed to the Board.

Board's recommendation

The Board, with Mr Kato absent and not voting, unanimously recommends that Shareholders vote in favour of the election of Mr Kato for the reasons summarised above.

RESOLUTION 4 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS IN CONSTITUTION

RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

The Company's Constitution currently contains proportional takeover provisions in clause 13. The provisions are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

Under the Corporations Act 2001 (Cth), these provisions must be reinserted every 3 years by a special resolution of shareholders or they cease to have effect. The provisions in clause 13 were last reinserted by shareholders of the Company at the 2016 Annual General Meeting and will automatically cease to have effect after 8 November 2019.

It is proposed that the proportional takeover provisions in clause 13 of the Company's Constitution be reinserted for 3 years from the date of this Meeting, unless earlier reviewed.

WHAT IS A PROPORTIONAL TAKEOVER BID?

A proportional takeover bid is an off-market bid made to all shareholders for the acquisition of their shares; however, the offer made to each shareholder is only for a specified proportion of that shareholder's shares (and that proportion is the same for all shareholders). Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the Company and retain the balance of the shares.

EFFECT OF PROPORTIONAL TAKEOVER PROVISIONS

If the proportional takeover provisions are reinserted and a proportional takeover bid is made for shares in the Company, the proportional takeover provisions require the Board to call a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid. Under the Corporations Act 2001 (Cth), the approving resolution must be passed at least 14 days before the offer under the proportional takeover bid closes.

The resolution will be passed if more than 50% of the votes cast on the resolution are in favour of the resolution. The bidder, and any associate of the bidder, will be excluded from voting. However, the Corporations Act 2001 (Cth) also provides that, if no resolution to approve the bid has been voted on in accordance with the time required by relevant provisions of the Corporations Act 2001 (Cth), then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If a resolution to approve the proportional takeover bid is voted on and rejected, all unaccepted offers under the takeover bid are taken to be withdrawn and each binding takeover contract for the takeover bid must be rescinded by the bidder.

The proportional takeover provisions do not apply to full takeover bids (that is, a takeover bid for all of the securities in the class that the takeover bid relates to).

REASONS FOR PROPORTIONAL TAKEOVER PROVISIONS

The Board considers that Shareholders should have the opportunity to vote on any proportional takeover bid for the Company. A proportional takeover bid may enable control of the Company to pass without Shareholders having an opportunity to sell all of their shares to the bidder. Shareholders, therefore, may be exposed to the risk of being left as a minority shareholder in the Company and of the bidder being able to acquire control of the Company without payment of an adequate premium for all of their shares.

The proportional takeover provisions lessen these risks as they allow Shareholders to decide whether a proportional takeover bid is acceptable and should be allowed to proceed.

NO AWARENESS OF ANY ACQUISITION PROPOSALS

As at the date of this Notice, no Director of the Company is aware of any proposal by any person to acquire, or increase the extent of, a substantial interest in the Company.

POTENTIAL ADVANTAGES AND DISADVANTAGES OF PROPORTIONAL TAKEOVER PROVISIONS

The Board considers that the proportional takeover provisions have not had (while they were effective), and if renewed will not have, any potential advantages or potential disadvantages for the Directors, as the Directors are free to make whatever recommendations they consider appropriate on any proportional takeover bid that may be made.

EXPLANATORY MEMORANDUM FOR THE 2019 ANNUAL GENERAL MEETING (MEETING)

The potential advantages of the proportional takeover provisions for Shareholders include:

- they give Shareholders a say, by majority, in determining whether a proportional takeover bid should be allowed to proceed, which may assist in ensuring that any proportional takeover bid is attractive to a majority of Shareholders;
- the Board is able to formally ascertain the views of Shareholders in respect of a proportional takeover bid;
- they may help Shareholders to avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without payment of an adequate premium for control;
- they increase Shareholders' bargaining power and may assist in ensuring any proportional takeover bid is adequately priced and is attractive to the majority of Shareholders; and
- knowing the view of the majority of Shareholders may help each individual Shareholder to form an opinion on whether to accept or reject an offer under the bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- they may reduce the likelihood of a proportional takeover bid being successful and may therefore discourage the making of a proportional takeover bid; and
- they may also reduce the opportunities which Shareholders have to sell their shares in the Company.

REVIEW OF PROPORTIONAL TAKEOVER PROVISIONS

While the proportional takeover provisions have been in effect in the Constitution, no takeover bids for the Company (either proportional or full) have been made or announced. Therefore, there is no example against which the advantages or disadvantages of the proportional takeover provisions may be assessed. However, the Board is not aware of any potential bid that was discouraged by the proportional takeover provisions.

VOTING REQUIREMENTS

Section 648G(4) of the Corporations Act 2001 (Cth) requires that a reinsertion of proportional takeover provisions be approved by a special resolution of the shareholders of the company. For Resolution 4 to be passed as a special resolution, at least 75% of the votes cast by Shareholders entitled to vote on Resolution 4 must be in favour of the resolution.

Board's recommendation

The Board, having regard to the potential advantages and disadvantages of the proportional takeover provisions as referred to above, considers that it is in the interests of Shareholders to have the right to vote on a proportional takeover bid and therefore unanimously recommends you vote in favour of reinsertion of the provisions.

RESOLUTION 5 - REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report of the Company's FY2019 Annual Report. The Remuneration Report:

- explains the policies behind, and structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance; and
- sets out the remuneration details for the non-executive directors, the Group CEO and the group of executives of the Company who together have the authority and responsibility for planning, directing and controlling the activities of the Company.

The Corporations Act requires listed companies to put the Remuneration Report for each financial year to a resolution of members at their Annual General Meeting. Under section 250R(3) of the Corporations Act 2001 (Cth), the vote is advisory only and does not bind the Directors or the Company.

The Chairman will give Shareholders a reasonable opportunity at the Meeting to ask questions about or make comments on the Remuneration Report.

VOTING ON ADVISORY RESOLUTION 5

The Company will disregard any votes cast on this resolution:

- by or on behalf of a person who is a member of the key management personnel whose details are included in the Remuneration Report for the year ended 30 June 2019 or their closely related parties (regardless of the capacity in which the vote is cast); or
- as proxy by a person who is a member of the key management personnel on the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- in accordance with the directions on the proxy form; or
- by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of the key management personnel.

Board's recommendation

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

RESOLUTION 6 - PARTICIPATION IN THE COMPANY'S LONG TERM INCENTIVE PLAN (LTIP) BY MR FIELD

The Board (with Mr Field absent and not voting) believes it is appropriate that the Group CEO, Mr Field, receive a grant of Performance Rights, subject to performance hurdles and more fully described below.

The Board believes that the grant of the Performance Rights, pursuant to the LTIP introduced in 2007, is an important element of the Company's remuneration strategy for the Group CEO. For FY2020, the Group CEO's remuneration includes:

- cash remuneration of US\$1,184,500 per annum (Base) and other benefits (Total Fixed Remuneration or TFR);
- a short-term incentive (STI) opportunity of 100% of Base (target) and 200% of Base (maximum); and
- an annual performance-based long-term incentive (LTI) award equal to 200% of Base at maximum vesting. Consequently, Mr Field's LTI award for FY2020 (FY2020 LTI Award) has a value of US\$2,369,000.

EXPLANATORY MEMORANDUM FOR THE 2019 ANNUAL GENERAL MEETING (MEETING)

Subject to Shareholders passing this Resolution 6, Mr Field will be entitled to the FY2020 LTI Award, comprising three parts:

1. **TSR Performance Rights.** A grant of 102,348 Performance Rights with a nil issue and exercise price, with vesting based on the TSR of the Company relative to the performance of a peer group of companies comprising the ASX200 Materials and Energy Sectors as of 1 July 2019 (subject to a continued employment vesting condition described in more detail below) (**TSR Performance Rights**). The list of these comparators is in Annexure 1 to this Explanatory Memorandum. This grant would constitute approximately 22% of Mr Field's FY2020 LTI Award.
2. **Strategic Performance Rights.** A grant of 135,604 Performance Rights with a nil issue and exercise price, with vesting based on the achievement against a scorecard of three-year goals tied to the Company's strategic plan (subject to a continued employment vesting condition described in more detail below) (**Strategic Performance Rights**). This grant would constitute approximately 45% of Mr Field's FY2020 LTI Award.
3. **SSI Performance Rights.** A grant of 7,818 Strategic Share Incentives with the right to earn a cash award, which will be used for the on-market purchase of the Company's ordinary shares on the ASX (**Shares**). The Strategic Share Incentives will vest based on the achievement against a scorecard of one-year goals tied to the Company's strategic plan (**SSI Performance Rights**). Any shares purchased for Mr Field will have holding requirements of three years for 50% of the award and four years for the remaining 50% (**Deferred Shares**). The number of Deferred Shares actually received will depend on the closing price of the Company's ordinary shares at the date of vesting. This grant would constitute approximately 33% of Mr Field's FY2020 LTI Award.

The FY2020 LTI Award is subject to performance conditions that are closely aligned to the growth strategy the Company announced in April 2019. The Company is focused on broadening its participation in the environmental sector through a portfolio of businesses aligned to its Purpose, Create a World without Waste to Preserve Our Planet. The Board strongly believes that the FY2020 LTI framework with both strategic performance and TSR conditions will motivate the performance necessary to achieve the Company's strategic goals and maximise shareholder value creation.

The Company eliminated Share Options as a component of the LTI framework for FY2020 in response to concerns raised by Shareholders.

The Board believes that the proposed grant of the FY2020 LTI Award to Mr Field is an approach that will support both the Company's strategic growth and shareholder expectations.

Key terms of TSR Performance Rights, Strategic Performance Rights and SSI Performance Rights (together, the FY2020 Performance Rights)

TSR Performance Rights

The TSR Performance Rights are subject to a vesting condition based on a TSR performance hurdle. The performance period in which the TSR Performance Rights will be tested is the three-year period commencing 1 July 2019 (Start Date) and ending 30 June 2022 (Test Date) (Performance Period).

TSR measures the change over a particular period in the price of shares plus dividends notionally re-invested in shares.

The Company's TSR for the Performance Period will be compared against the constituent companies of the ASX200 Materials and Energy Sectors as of 1 July 2019 (**Comparators**). The list of the Comparators is in Annexure 1 to this Explanatory Memorandum (**Comparator Group**). The Comparator Group may be adjusted from time to time by the Board in its discretion (for example, if a company is delisted in the future or its TSR is no longer ascertainable). In order for any of Mr Field's TSR Performance Rights granted to him under the FY2020 LTI Award to vest, the Company's TSR for the relevant Performance Period must place the Company at, or above, the 50th percentile relative to the TSRs of the Comparator Group.

Based on the Company's relative TSR performance over the Performance Period, Mr Field's TSR Performance Rights will vest in accordance with the following table:

The Company's TSR relative to TSRs of Comparator Group	Proportion of TSR Performance Rights vesting	Number of TSR Performance Rights vesting
Below 50th Percentile	0%	0
At 50th Percentile	50%	51,174
Between 50th and 75th Percentile	Straight-line vesting between 50% and 100%	Straight-line vesting
At or Above 75th Percentile	100%	102,348

TSR is calculated in each case on the following basis:

- dividends are re-invested on the ex-dividend date;
- Share prices are calculated as a volume weighted average sale price of Shares on the ASX for the three months preceding the Start Date and the three-month period up to and including the Test Date; and
- tax and any franking credits (or similar) will be ignored.

The TSR Performance Rights will be tested for satisfaction of the vesting conditions at the Test Date. Any TSR Performance Rights that have not vested as at the Test Date will immediately lapse.

If the TSR Performance Rights vest, they will be automatically exercised (with no further action required on the part of Mr Field) into one Share for each vested TSR Performance Right, as applicable, on the last business day in August 2022 (**Rights Vesting Date**).

STRATEGIC PERFORMANCE RIGHTS

The Strategic Performance Rights are subject to a vesting condition based on achievement of goals over the performance period and achievement of a Return on Capital (**ROC**) metric.

The performance period in which the Strategic Performance Rights will be tested is the three-year period commencing 1 July 2019 (**Start Date**) and ending 30 June 2022 (**Test Date**) (**Performance Period**).

EXPLANATORY MEMORANDUM FOR THE 2019 ANNUAL GENERAL MEETING (MEETING)

The goals for the Strategic Performance Rights are tied to the Company's growth strategy that it announced in April 2019 and are set out in the table below:

Strategic Goals	Measure at Test Date (30 June 2022)
Expand metal volumes in favourable geographies	Sales of US ferrous volumes of 5.8 million tonnes
Grow non-ferrous business	Sales of US non-ferrous volumes of 220,000 tonnes
Enter waste-to-energy	Achieve first operational waste-to-energy site with capacity of 85,000 tonnes
Grow municipal recycling	Secure additional city municipal recycling contracts
Recycle the cloud	Recycle 100,000 tonnes of cloud material
Take the LMS Energy business model overseas	Progress toward the Company's announced goal of acquiring or building 50 megawatts of landfill energy by fiscal year 2025 outside Australia

The Board will assess each goal and determine an overall achievement level (**Strategic Rights Goal Achievement Percentage**) having regard to both the specific objectives underpinning the strategy and the extent to which the measures in the table above are achieved. While this introduces an element of subjectivity to the assessment, substantial achievement against the measures will be required for a partial achievement percentage to be awarded. The measures above will be transparently reported as will the progress against the strategic objectives.

The ROC metric achievement will be determined in accordance with the following table using average ROC results over the Performance Period:

Average FY20-FY22 ROC	ROC Achievement Percentage
10% or Below	70%
10%-12%	Straight line interpolation
12% or Above	100%

For this purpose, ROC is defined as Earnings before Interest and Tax, divided by Non-Current Assets.

The Strategic Performance Rights will vest in a percentage equal to the Strategic Rights Goals Achievement Percentage, multiplied by the ROC Achievement Percentage.

The Strategic Performance Rights will be tested for satisfaction of the vesting conditions at the Test Date. Any Strategic Performance Rights that have not vested as at the Test Date will immediately lapse.

If the Strategic Performance Rights vest, they will be automatically exercised (with no further action required on the part of Mr Field) into one Share for each vested Strategic Performance Right, as applicable, on the last business day in August 2022 (**Rights Vesting Date**).

The Board has discretion in relation to the calculation and testing of the Strategic Performance Rights and ROC measures. The decision to vest the Strategic Performance Rights is subject to the overriding discretion of the Board, which may adjust outcomes to reflect shareholder expectations or management performance.

SSI PERFORMANCE RIGHTS

The SSI Performance Rights are subject to a vesting condition based on achievement of goals over the performance period. The value for the achieved SSI Performance Rights is USD\$100 for each vested SSI Performance Right (**SSI Achievement Value**). The SSI Achievement Value is divided by the closing price of the Company's shares traded on the ASX on the Vesting Date (using the currency exchange rate on the Vesting Date) to determine a number of Deferred Shares which must be purchased on market. The number of shares that Mr Field will receive (if any) will depend on whether the performance conditions (described below) are achieved and the share price of the Company's shares on the SSI Vesting Date.

The performance period in which the SSI Performance Rights will be tested is the one-year period commencing 1 July 2019 (**Start Date** and ending 30 June 2020 (**SSI Test Date**) (**SSI Performance Period**).

The goals for the SSI Performance Rights are tied to the Company's growth strategy that it announced in April 2019 and are explained in the table below:

Weight	Goal	Measure at Test Date (30 June 2020)
15%	Expand metal volumes in favourable geographies	Sales of US ferrous volumes of 5 million tonnes (including NFSR) Expansion of operations in order to advance the Company's growth strategy and FY2025 goals
15%	Grow non-ferrous business	Sales of US non-ferrous volumes of 170 thousand tonnes Expansion of operations in order to advance the Company's growth strategy and FY2025 goals
20%	Enter waste-to-energy Grow municipal recycling	Progress toward meeting the FY2022 goal of an operational waste-to-energy site, including the selection of technology Secure and commence operations for a new city municipal recycling contract for Sims Municipal Recycling
20%	Recycle the cloud	Recycle 20,000 tonnes of cloud material
15%	One Sims	Achievement of certain success indicators for the Business transformation plan
15%	Take the LMS Energy business model overseas	Progress toward the Company's announced goal of acquiring or building 50 megawatts of landfill energy by fiscal year 2025 outside Australia

While some goals are able to be disclosed in advance, others are commercial in confidence. The Board will assess each component of the goals described in the table above and determine an achievement level. The proportion of SSI Performance Rights that vest will be the weighted average achievement level for the goals. For each goal where SSI Performance Rights have been granted, the achievement giving rise to the grant will be set out in the 2020 Remuneration Report.

The SSI Performance Rights will be tested for satisfaction of their vesting conditions at the SSI Test Date. Any SSI Performance Rights that have not vested as at the Test Date will immediately lapse.

If the SSI Performance Rights vest, they will be automatically exercised (with no further action required on the part of Mr Field) into a cash award, which will be used to purchase Shares on market as described above.

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The Board has discretion in relation to the calculation and testing of the SSI measures. The decision to vest the SSI Performance Rights is subject to the overriding discretion of the Board, which may adjust outcomes to reflect shareholder expectations or management performance.

TERMS APPLYING TO ALL FY2020 PERFORMANCE RIGHTS

(a) *Continued employment vesting condition:*

In addition to the Company meeting the applicable performance hurdles specified above, subject to the terms of his Executive Employment Agreement, Mr Field must also continue to be a full-time employee of the Company (or its subsidiary) at the applicable Rights Vesting Date for the FY2020 Performance Rights to vest.

Under the terms of his Executive Employment Agreement, Mr Field's unvested FY2020 Performance Rights continue to vest in the following circumstances:

- (i) If Mr Field's employment is terminated by the Company for convenience, unless the Board determines otherwise acting reasonably having regard to the performance of Mr Field.
- (ii) If Mr Field terminates his employment for good reason.
- (iii) If Mr Field's employment is terminated on his death or permanent disablement.

If the above circumstances are not met, or the Board does not otherwise exercise its discretion under the terms of the LTIP, unvested FY2020 Equity Rights will lapse upon Mr Field's employment ceasing.

All FY2020 Performance Rights will lapse and be immediately forfeited in cases of fraud, gross dishonesty or termination of Mr Field's employment for cause.

(b) *Change of control:*

The Board has the discretion to immediately vest Mr Field's unvested FY2020 Performance Rights if:

- (i) a person who did not control the Company at the date of grant of the FY2020 Performance Rights gains control of the Company; or
- (ii) a takeover bid is recommended by the Board, or a scheme of arrangement which would have a similar effect to a full takeover bid is approved by the Company's Shareholders.

EQUITY RIGHTS GENERALLY

In relation to Equity Rights, the LTIP Rules:

- (a) prohibit the executive from hedging unvested awards;
- (b) allow the Company to settle awards in cash upon vesting at the Board's discretion;
- (c) state that if, prior to their exercise, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash), the terms of the Equity Rights will be changed to the extent necessary to comply with the ASX Listing Rules as they apply at the relevant time to a reorganisation of capital; and
- (d) state that the holder is not entitled to participate in a new issue of shares or other securities made by the Company to holders of its shares unless the Equity Rights are vested and exercised before the record date for the relevant issue.

ASX LISTING RULES REQUIREMENTS

The following further information is provided for the purposes of the ASX Listing Rules:

- (a) The approval sought under Resolution 6 is in relation to the grant of securities (being the Equity Rights under Mr Field's FY2020 LTI Award) to Mr Field, who is a Director of the Company.
- (b) Under Mr Field's FY2020 LTI Award, the maximum number of TSR Performance Rights that will be granted to him is 102,348 and the maximum number of Strategic Performance Rights that will be granted to him is 135,604. Each earned TSR Performance Right and Strategic Performance Right on vesting, entitles Mr Field to be issued one Share.
- (c) No issue price is payable by Mr Field for the grant of the FY2020 Performance Rights. No exercise price is payable to exercise the FY2020 Performance Rights (subject to the vesting conditions being satisfied).
- (d) Since the date of the last Shareholder approval under ASX Listing Rule 10.14 (being 8 November 2018), grants of 269,858 Performance Rights and 294,673 Options were made to Mr Field for nil consideration under the LTIP.
- (e) All Directors are eligible under the terms of the LTIP to participate in the LTIP, although there is no intention to make awards to Non-Executive Directors.
- (f) A voting exclusion statement for Resolution 6 is set out below.
- (g) No loan is advanced to Mr Field in relation to the proposed grant of the FY2020 Performance Rights.
- (h) If Resolution 6 is passed, the Company intends that the FY2020 Performance Rights will be granted to Mr Field on 15 November 2019. In any event, the Performance Rights will be granted no later than 12 months after the Meeting.
- (i) Under ASX Listing Rule 7.1, a listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12 month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without shareholder approval, that issue or agreement to issue uses up part of the 15% capacity available under that rule. However, if approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Equity Rights granted to Mr Field and any Shares issued pursuant to this approval will not use up part of the 15% capacity under ASX Listing Rule 7.1.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes on this resolution:

- cast in favour of the resolution by or on behalf of any Director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought and, if ASX has expressed an opinion under rule 10.14.3 that approval is required for participation in the employee incentive scheme by anyone else, that person; and
- cast as proxy by a person who is a member of the key management personnel on the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- in accordance with the directions on the proxy form; or
- by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of the key management personnel.

Board's recommendation

The Board, with Mr Field absent and not voting, unanimously recommends that Shareholders vote in favour of Resolution 6, which will complete the Company's remuneration strategy for Mr Field for FY2020.

RESOLUTION 7 – CHANGE OF THE COMPANY'S NAME

It is proposed that the Company name will be changed from Sims Metal Management Limited to Sims Limited.

The Company is a global leader in metal and electronics recycling, and an emerging leader in the municipal recycling and renewable energy industries. The Company intends to update its name and branding to reflect the fact that it operates in industries outside of metals. In April 2019, the Company announced a significant growth strategy for its current lines of business and an expansion into new environmental adjacencies. This change reflects the Company's growth strategy.

If the Company name change is approved by shareholders, ASIC will be notified and, in accordance with the Corporations Act 2001 (Cth), the name change will take effect as and from the time that ASIC alters the details of the Company registration.

If the change of Company name is not approved by shareholders, the name of the Company will remain as Sims Metal Management Limited.

Board's recommendation

The Board unanimously recommends that Shareholders vote in favour of the change of name to Sims Limited and all references in the Company's Constitution be updated accordingly.

ANNEXURE 1

Comparator companies for TSR performance hurdle

- Adelaide Brighton Ltd
- Alumina Limited
- Amcor PLC Shs Chess Depository Interests Repr 1 Sh
- Ausdrill Limited
- Beach Energy Limited
- BHP Group Ltd
- Bluescope Steel Limited
- Boral Limited
- Brickworks Ltd
- Caltex Australia Limited
- Cooper Energy Limited
- CSR Limited
- Evolution Mining Limited
- Fletcher Building Limited
- Fortescue Metals Group Ltd
- Galaxy Resources Limited
- Iluka Resources Limited
- Incitec Pivot Limited
- Independence Group NL
- James Hardie Industries PLC Chess Units of Foreign Securities
- Lynas Corporation Limited
- Mineral Resources Limited
- New Hope Corporation Limited
- Newcrest Mining Limited
- Northern Star Resources Ltd
- Nufarm Limited
- Oil Search Limited
- Orica Limited
- Origin Energy Limited
- Orocobre Limited
- Orora Ltd.
- OZ Minerals Limited
- Pact Group Holdings Ltd.
- Pilbara Minerals Limited
- Regis Resources Limited
- Resolute Mining Limited
- Rio Tinto Limited
- Sandfire Resources NL
- Santos Limited
- Saracen Mineral Holdings Limited
- Sims Metal Management Limited
- South32 Ltd.
- St. Barbara Ltd.
- Viva Energy Group Ltd.
- Washington H. Soul Pattinson and Co. Ltd.
- Western Areas Limited
- Whitehaven Coal Limited
- Woodside Petroleum Ltd
- Worleyparsons Limited



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