

NOTICE OF 2018 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 WESTIN – HERITAGE BALLROOM – 1 MARTIN PLACE, SYDNEY NSW ON THURSDAY, 8 NOVEMBER 2018 AT 10.00AM (SYDNEY TIME).

SIMS METAL MANAGEMENT LIMITED ACN 114 838 630

8 October 2018

Dear Shareholder

I have pleasure in inviting you to attend the 2018 Annual General Meeting of Sims Metal Management Limited to be held at The Westin, Heritage Ballroom, 1 Martin Place, Sydney NSW on Thursday, 8 November 2018 at 10:00am (Sydney 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.

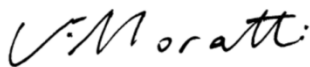
If you are unable to attend the Meeting, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided so that it is received no later than 48 hours before the commencement of the Meeting. Alternatively, you may vote online at www.linkmarketservices.com.au.

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



Frank Moratti

Company Secretary

ACCOUNTS AND REPORTS

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2018 and the related Directors' Report, Directors' Declaration and Auditor's Report.

RE-ELECTION OF DIRECTORS

MS GEORGIA NELSON

RESOLUTION 1

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

"That Ms Georgia Nelson, 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 JIM THOMPSON

RESOLUTION 2

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

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

MR GEOFF BRUNSDON

RESOLUTION 3

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

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

REMUNERATION REPORT

RESOLUTION 4

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 2018 (as set out in the Directors' Report) is adopted."

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

RESOLUTION 5

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, 269,858 Performance Rights and 294,673 Options under the terms of the Company's Long Term Incentive Plan, as more particularly described in the Explanatory Memorandum accompanying the Notice of Meeting convening this Meeting."

By order of the Board



Frank Moratti
Company Secretary
8 October 2018

INFORMATION FOR SHAREHOLDERS

VOTING ENTITLEMENTS

For the purpose of the Meeting, shares will be taken to be held by persons who are registered as Shareholders as at 7.00pm (Sydney time) on Tuesday, 6 November 2018. 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.

A proxy need not be a shareholder of the Company.

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, Sir Joseph Banks Corporate Park, Suite 3, Level 2, 32-34 Lord Street, Botany NSW 2019;
- sent to the Company by mail to PO Box 651, Botany NSW 1455; 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.linkmarketservices.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, 6 November 2018. 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 frank.moratti@simsmm.com.

To allow time to collate questions and prepare answers, questions are to be received by the Company Secretary by 10.00am (Sydney time) on Tuesday, 6 November 2018.

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 resolution to be put to 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.

EXPLANATORY MEMORANDUM FOR THE 2018 ANNUAL GENERAL MEETING (MEETING)

BUSINESS OF THE MEETING

ACCOUNTS AND REPORTS

The Financial Report, Directors' Report and the Auditor's Report for the financial year ended 30 June 2018 (**FY2018**) will be laid before the Meeting.

Together, the Financial Report, Directors' Report and the Auditor's Report constitute the Company's FY2018 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 FY2018 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 – GEORGIA NELSON BS, MBA (AGE 68)

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 Nelson retires by rotation and, being eligible, offers herself for re-election as a Director.

Ms Nelson was appointed as a Director in November 2014. She is a member of the Safety, Health, Environment, Community & Sustainability Committee and the Remuneration Committee. Ms Nelson provides consulting services through her company PTI Resources, LLC, on a variety of environmental and energy policy matters. Ms Nelson is the former founding president of Midwest Generation EME, LLC, an Edison International company with its corporate headquarters in Chicago. Previously, Ms Nelson was senior vice president of worldwide operations for Edison Mission Energy. Ms Nelson previously spent more than 25 years with Southern California Edison, a large US electric utility. Ms Nelson serves as a director of two publicly traded US corporations: Cummins Inc (CMI), a global engine and equipment manufacturer, and Ball Corporation (BLL), a global metals container manufacturing company, and one publicly traded Canadian corporation: TransAlta Corporation (TAC), a power generation and wholesale marketing company. Ms Nelson holds an MBA from the University of Southern California and a BS from Pepperdine University.

Ms Nelson has broad experience as a corporate director with particular expertise in large and complex organisations, international and domestic operations, and manufacturing and human resources. She has been responsible for the construction and operation of large power projects in both Melbourne and Perth. In addition, her previous responsibilities have also included environmental policy for a global energy company, and she has lectured at Northwestern University in Chicago on global sustainability and environmental policy. Ms Nelson firmly believes that she is able to apply this knowledge to a global organisation like Sims Metal Management Limited.

The Board considers Ms Nelson to be an Independent Director.

Prior to submitting herself for re-election, Ms Nelson 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 Nelson absent and not voting, unanimously recommends that Shareholders vote in favour of the re-election of Ms Nelson.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JAMES T THOMPSON BS (AGE 68)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Thompson retires by rotation and, being eligible, offers himself for re-election as a Director.

Mr Thompson was appointed as a Director in November 2009. He is Chairperson of the Safety, Health, Environment, Community & Sustainability (SHECS) Committee, and is a member of the Finance & Investment Committee and the Remuneration Committee. Mr Thompson was, from 2004 until his retirement in 2007, Executive Vice President Commercial for The Mosaic Company, one of the world's largest fertiliser companies, with sales of US\$7 billion and some 8,000 employees, which is publicly traded on the New York Stock Exchange. Prior to that, he was engaged for 30 years in the steel industry from 1974–2004 in various roles at Cargill, Inc of Minnesota, United States, leading to the position of President of Cargill Steel Group from 1996–2004. During that period, Mr Thompson also served for a time as Co-Chairman of the North Star BlueScope Steel joint venture, and was a member of various industry boards, including AISI (American Iron and Steel Institute), SMA (Steel Manufacturers Institute) and MSCI (Metals Service Center Institute). He is currently a director of Hawkins, Inc, and serves as Chairman of the Board of Visitors of the University of Wisconsin School of Education. Mr Thompson has a BS from the University of Wisconsin Madison.

Mr Thompson has broad experience in leading companies engaged in commodity-oriented businesses. He has over 30 years of steel industry experience which includes serving as President of the Cargill Steel Group. This encompassed a major North American mini mill company, steel processing facilities and a global ferrous trading business. In addition, he served as EVP of a global leader in fertiliser mining and processing which he helped take public on the NYSE. Mr Thompson believes that his experiences are well aligned with the key elements of the Company's activities. He believes that the breadth and depth of his knowledge brings value to the Company in multiple ways, including by way of leadership of the Board's SHECS Committee.

EXPLANATORY MEMORANDUM FOR THE 2018 ANNUAL GENERAL MEETING (MEETING)

The Board considers Mr Thompson to be an Independent Director.

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

Board's recommendation

The Board, with Mr Thompson absent and not voting, unanimously recommends that Shareholders vote in favour of the re-election of Mr Thompson.

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – GEOFFREY N BRUNSDON B COMM (AGE 60)

CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Brunson retires by rotation and, being eligible, offers himself for re-election as a Director.

Mr Brunson was appointed as a Director in November 2009, appointed Deputy Chairperson in September 2011 and appointed Chairperson of the Company on 1 March 2012. He is Chairperson of the Nomination/Governance Committee, and is a member of the Risk, Audit & Compliance Committee and the Remuneration Committee. Until June 2009, Mr Brunson was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He is Chairman of APN Funds Management Limited (since November 2009) and MetLife Insurance Limited (since April 2011). He was a member of the listing committee of the Australian Securities Exchange between 1993 and 1997 and was a director of Sims Group Limited between 1999 and 2007. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australia and a Fellow of the Institute of Company Directors. Mr Brunson is also a director of the Wentworth Group of Concerned Scientists and Purves Environmental Custodians.

Mr Brunson has extensive experience in investment banking and risk management. He has over 30 years' experience in structuring, underwriting and syndicating significant capital markets transactions in Australia, the US and Europe. As well as strong technical expertise in global equity and debt markets, he has had management responsibility for large banking businesses with significant revenues and large numbers of employees. Mr Brunson believes that this experience adds a valuable dimension to the Company, particularly in relation to capital structure, risk management and meeting Shareholders' expectations.

The Board considers Mr Brunson to be an Independent Director.

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

Since taking on the role of Chairperson of the Company, and effecting considerable change at Board and management levels, the Board has had ample opportunity to assess first-hand the extent of Mr Brunson's commitment to, and involvement in, the governance of the Company, and is of the view that Mr Brunson is clearly adequately fulfilling the obligations of Chairperson.

Board's recommendation

The Board, with Mr Brunson absent and not voting, unanimously recommends that Shareholders vote in favour of the re-election of Mr Brunson.

RESOLUTION 4 - REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report of the Company's FY2018 Annual Report. The Remuneration Report explains the Company's executive remuneration practices and the link between the remuneration of employees and the Company's performance and sets out remuneration details for each Director and for each named Executive.

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, the vote is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on a resolution are against the adoption of the relevant Remuneration Report at two consecutive Annual General Meetings (each, an **AGM**) (each such vote commonly referred to as a 'first strike' and 'second strike' respectively), Shareholders will be required to vote at the second of those AGMs on a resolution that another general meeting be held within 90 days. At this general meeting, all of the Company's Directors in office at the time of the Directors' resolution to make the Directors' Report containing that second Remuneration Report (other than the Managing Director) will cease to hold office but may stand for re-election.

The 2018 Remuneration Report details the Company's remuneration strategy in the context of the markets in which the Group competes for executive talent, how the elements of executive remuneration are intended to underpin the Group's long term strategies, and how the Group's performance influences executive remuneration outcomes.

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 4

Voting restrictions apply to members of the key management personnel for the Sims Metal Management Limited consolidated group whose remuneration details are included in the Remuneration Report (each a **KMP**) and their closely related parties, which affect proxy voting. The term "closely related party" is defined in the Corporations Act and includes the KMP's spouse, dependants and certain other close family members, as well as any companies controlled by the KMP, or the KMP's spouse, dependants and certain other close family members.

KMP or their closely related parties cannot cast a vote as a proxy for a shareholder entitled to cast a vote, if the proxy is not directed how to vote on Advisory Resolution 4 unless:

- the KMP is the Chairman of the Meeting; and
- the appointment of the Chairman as proxy expressly authorises him to exercise the proxy in accordance with a direction to vote as he decides, even though Advisory Resolution 4 is connected directly with the remuneration of a KMP.

The Company will disregard any votes cast on this Advisory Resolution 4 by or on behalf of a KMP, except if the votes are cast as a proxy for a shareholder, entitled to cast a vote, in accordance with the voting directions on the Proxy Form.

EXPLANATORY MEMORANDUM FOR THE 2018 ANNUAL GENERAL MEETING (MEETING)

However, the Chairman of the Meeting may vote an undirected proxy as he decides on this Advisory Resolution 4 if the proxy appointment expressly authorises the Chairman to exercise the proxy even though this Advisory Resolution 4 is connected directly with the remuneration of a KMP.

Board's recommendation

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

RESOLUTION 5 - 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, be entitled to be granted Performance Rights (which are subject to the performance hurdles described below) and Options (collectively **Equity Rights**), under the LTIP.

The Board believes that the grant of the Equity Rights, more fully described below, pursuant to the LTIP which was introduced in 2007, is an important element of the Company's remuneration strategy for the Group CEO, which includes cash remuneration of US\$1,150,000 per annum (**Base**) and other benefits (**Total Fixed Remuneration** or **TFR**), a short-term incentive (**STI**) and a long-term incentive (**LTI**), as set out in the Company's FY2018 Annual Report.

Mr Field's compensation comprises the TFR, an annual STI opportunity of 100% of Base (target) and 200% of Base (maximum), and an annual LTI award equal to 200% of Base at maximum vesting. Consequently, Mr Field's LTI award for FY2019 (**FY2019 LTI Award**) has a value of US\$2,300,000.

Subject to this Resolution 5 being passed, Mr Field will be entitled to the FY2019 LTI Award, comprising:

- (a) 184,882 Performance Rights with a relative Total Shareholder Return (**TSR**) performance hurdle set against a peer group of companies and vesting conditions based on this hurdle and on continued employment;
- (b) 84,976 Performance Rights with a return on invested capital (**ROIC**) hurdle, with vesting conditions based on this hurdle and on continued employment; and
- (c) 294,673 Options with a market price exercise price, with vesting conditions based on continued employment.

Under Mr Field's Executive Employment Agreement on termination in certain circumstances (see below) continued vesting will be allowed.

The Performance Rights referred to above will vest subject to the performance hurdles described below. The number of Performance Rights that actually vest will depend on the extent to which these performance hurdles are achieved.

DETAIL OF FY2019 LTI AWARD

If approved by Shareholders, Mr Field will receive his FY2019 LTI Award in three components:

1. A grant of Performance Rights with a nil issue and exercise price, with vesting based on the TSR of the Company relative to the performance of an international peer group of companies in the Company's sector (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. While performance hurdles for vesting are common in Australia, they are not as common in US plans. This grant would constitute approximately one-third of Mr Field's FY2019 LTI Award.

2. A grant of Performance Rights with a nil issue and exercise price, with vesting based on the ROIC achieved by the Company and meeting a minimum earnings threshold (subject to a continued employment vesting condition described in more detail below) (**ROIC Performance Rights**). This grant would constitute approximately one-third of Mr Field's FY2019 LTI Award.
3. A grant of Options, with an exercise price based on the average of the closing prices of the ordinary shares of the Company (**Shares**) traded on ASX in the ordinary course of trade during the five trading days up to, but not including, the grant date (**FY2019 Options**). The FY2019 Options will vest in three equal tranches on each of 30 August 2019, 31 August 2020 and 31 August 2021 (subject to a continued employment vesting condition described in more detail below). The vesting of any of the FY2019 Options is not subject to any performance hurdles. Whilst option grants without performance hurdles are uncommon in Australia, they are common practice in the US. Moreover, no gains will be available to Mr Field unless the Share price of the Company increases above the exercise price for the FY2019 Options. This grant would constitute approximately one-third of Mr Field's FY2019 LTI Award.

The grant of the FY2019 LTI Award will provide:

- a reward for strong performance relative to peers;
- a reward for generating strong returns on invested capital for Shareholders, and
- a reward for an absolute increase in the Company's Share price,

with vesting based on performance and subject to a continued employment vesting condition described in more detail below.

This LTI structure ensures that Mr Field focuses on Shareholder value creation relative to companies within the Company's industry, as well as achievement of a return on invested capital target and absolute Share price growth.

Accordingly, the Board believes that the proposed grant of the FY2019 LTI Award to Mr Field is an approach which will support both the business direction of the Company and Shareholder expectations.

KEY TERMS OF FY2019 PERFORMANCE RIGHTS

- (a) 269,858 Performance Rights (which comprise 184,882 TSR Performance Rights and 84,976 ROIC Performance Rights) (**FY2019 Performance Rights**) will be granted to Mr Field under the LTIP Rules, conditional on obtaining Shareholder approval pursuant to Resolution 5.

A Performance Right is the right to be issued a Share upon satisfaction of all applicable vesting conditions for a nil issue price. Under the LTIP Rules, the Company may, in its discretion, cause existing Shares to be transferred to Mr Field in satisfaction of its obligation to issue Shares to him on exercise of his FY2019 Performance Rights.

EXPLANATORY MEMORANDUM FOR THE 2018 ANNUAL GENERAL MEETING (MEETING)

(b) Performance Period:

The performance period in which the FY2019 Performance Rights will be tested is the three-year period commencing 1 July 2018 (**Start Date**) and ending 30 June 2021 (**Test Date**) (**Performance Period**).

The FY2019 Performance Rights will be tested for satisfaction of their vesting conditions at the Test Date. Any FY2019 Performance Rights which have not vested as at the Test Date will immediately lapse.

If the FY2019 Performance Rights vest, they will be automatically exercised (with no further action required on the part of Mr Field) into Shares on 31 August 2021, being the last business day in August following the Test Date (**Rights Vesting Date**).

(c) TSR Performance Hurdle:

The TSR Performance Rights are subject to a vesting condition based on a TSR performance hurdle.

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 relevant Performance Period will be compared against an international peer group of 15 specified comparator companies in the Company's sector (**Comparators**). The list of the Comparators is in Annexure 1 to this Explanatory Memorandum (**Comparator Group**).

In order for any of Mr Field's TSR Performance Rights granted to him under the FY2019 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%	92,441
Between 50th and 75th Percentile	Straight-line vesting between 50% and 100%	Straight-line vesting
At or Above 75th Percentile	100%	184,882

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 the equivalent for the non-Australian comparator companies;
- local currencies are used for non-Australian comparator companies, so currency movements are ignored; and
- tax and any franking credits (or similar) will be ignored.

(d) ROIC Performance Hurdle:

The Board has chosen an average return on invested capital (**ROIC**) performance hurdle as a component of Mr Field's FY2019 LTI Award because:

- ROIC includes all operating costs and investment in the business;
- average ROIC balances the cyclical nature of commodity prices and the investment required to support working capital; and
- average ROIC aligns management's long-term decision making with Shareholder interests.

The ROIC Performance Rights are subject to a vesting condition based on a ROIC performance hurdle. This hurdle measures the Company's average ROIC over the Performance Period.

The ROIC Performance Rights are also subject to meeting an earnings gateway before any vesting can take place (**Earnings Gateway**). This not only supports the Company's returns on Shareholders' investment, but also the Company's growth. It means that, regardless of the ROIC outcome, a threshold level of earnings over the Performance Period must be achieved for any vesting to occur, supporting the Company's position that it does not wish to "shrink to ROIC success". The Earnings Gateway level will not be disclosed as that level of detail is commercial-in-confidence. The Earnings Gateway will be set by the Board in respect of this grant of ROIC Performance Rights having regard to FY2018 earnings and the Company's strategic objectives, and will apply at the Test Date.

ROIC is an acronym that means return on invested capital and is calculated as profit divided by invested capital:

- Profit in the numerator refers to earnings before interest and after taxes which the Board Remuneration Committee believes represents ordinary earnings within the influence of management (**Profit**).
- Invested capital in the denominator is total Shareholders' funds plus net debt (**Invested Capital**). It is a broader measure than Controlled Capital Employed, which is used in the Company's STI Plan calculation, as it aligns with returns received by Shareholders and rewards efficient use of capital.

The ROIC hurdle assesses the success of the business in generating an acceptable ROIC. Based on the Company's ROIC performance, and subject to meeting the Earnings Gateway, Mr Field's ROIC Performance Rights will vest in accordance with the table below:

Average ROIC of the Company	Proportion of ROIC Performance Rights vesting	Number of ROIC Performance Rights vesting
Less than 8.0%	0%	0
8.0%	50%	42,488
Between 8.0% and 10.75%	Straight-line vesting between 50% and 100%	Straight-line vesting
10.75%	100%	84,976

EXPLANATORY MEMORANDUM FOR THE 2018 ANNUAL GENERAL MEETING (MEETING)

The average ROIC of the Company will be determined by taking the average of the ROIC of the Company at the end of each year during the Performance Period.

When determining the ROIC of the Company over the Performance Period for this purpose, the Board has full discretion to include or exclude items, if appropriate, to better reflect shareholder expectations or management performance. In particular, the Board retains the discretion to consider exceptional circumstances pertaining to the Company or to the industry in which the Company operates to ensure there is no material advantage or disadvantage due to factors outside management's control that materially affect the extent to which ROIC Performance Rights may vest. In exercising its discretion, the Board will not increase the number of ROIC Performance Rights which can be issued under this component of Mr Field's FY2019 LTI Award.

(e) *Continued employment vesting condition:*

In addition to the Company meeting the applicable respective TSR and ROIC 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 Rights Vesting Date for the FY2019 Performance Rights to vest.

Under the terms of his Executive Employment Agreement, there is continued vesting of Mr Field's unvested FY2019 Performance Rights 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 FY2019 Performance Rights will lapse upon Mr Field's employment ceasing.

All FY2019 Performance Rights will lapse and be immediately forfeited in cases of fraud, gross dishonesty or termination of Mr Field's employment for cause.

(f) *Change of control:*

The Board has the discretion to immediately vest Mr Field's unvested FY2019 Performance Rights if:

- a person who did not control the Company at the date of grant of the FY2019 Performance Rights gains control of the Company; or
- 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.

KEY TERMS OF FY2019 OPTIONS

- (a) 294,673 Options will be granted to Mr Field under the FY2019 LTI Award, conditional on obtaining Shareholder approval to Resolution 5. An Option is a right to be issued a Share upon the applicable vesting conditions being met and payment of the exercise price. The FY2019 Options to be issued to Mr Field will be issued at a nil issue price. Under the LTIP Rules, the Company may, in its discretion, cause existing Shares to be transferred to Mr Field in satisfaction of its obligation to issue Shares to him on exercise of his FY2019 Options.

- (b) The exercise price of the FY2019 Options will be calculated using the average of the closing prices of the Shares traded on the ASX in the ordinary course of trade during the five trading days up to, but not including, the date of grant of the FY2019 Options. If Resolution 5 is passed, the FY2019 Options will be granted to Mr Field on 9 November 2018.
- (c) The FY2019 Options will vest, and become exercisable, in three equal tranches over approximately three years on 30 August 2019, 31 August 2020 and 31 August 2021 (**Options Vesting Date**) as set out below (**Vesting Schedule**):

Vesting Schedule		
	Number of FY2019 Options which will vest	Date
Tranche 1	98,224	30 August 2019
Tranche 2	98,225	31 August 2020
Tranche 3	98,224	31 August 2021

- (d) Once vested, the FY2019 Options can be exercised up until the date which is 7 years from the date of their grant, at which time all unexercised FY2019 Options will expire.

(e) *Continued employment vesting condition:*

Subject to the terms of Mr Field's Executive Employment Agreement (as detailed above in paragraph (e) under the heading 'Key terms of FY2019 Performance Rights'):

- (i) Mr Field must continue to be a full-time employee of the Company (or its subsidiary) at the relevant Options Vesting Date for the relevant tranche of FY2019 Options to vest.
- (ii) Unvested FY2019 Options lapse upon Mr Field ceasing to be an employee.

All FY2019 Options will lapse and be immediately forfeited in cases of fraud, gross dishonesty or termination of Mr Field's employment for cause.

(f) *Change of control:*

The Board has the discretion to immediately vest Mr Field's unvested FY2019 Options if:

- a person who did not control the Company at the date of grant of the FY2019 Options gains control of the Company; or
- 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 Shareholders.

EQUITY RIGHTS GENERALLY

In relation to both Performance Rights and Options, 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 at the time of the reorganisation; and

EXPLANATORY MEMORANDUM FOR THE 2018 ANNUAL GENERAL MEETING (MEETING)

- (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 5 is in relation to the grant of securities (being the Equity Rights under Mr Field's FY2019 LTI Award) to Mr Field, who is a Director of the Company.
- (b) Under Mr Field's FY2019 LTI Award, the maximum number of FY2019 Performance Rights that will be granted to him is 269,858 and the maximum number of FY2019 Options that will be granted to him is 294,673. Each FY2019 Performance Right and FY2019 Option, on vesting, entitles Mr Field to be issued one Share.
- (c) No issue price is payable by Mr Field for the grant of the FY2019 Performance Rights and FY2019 Options to him.
- No exercise price is payable to exercise the FY2019 Performance Rights (subject to the vesting conditions being satisfied).
- The exercise price of the FY2019 Options is based on the average of the closing prices of the Shares traded on the ASX in the ordinary course of trade during the five trading days up to, but not including, the grant date of the FY2019 Options.
- (d) Since the date of the last Shareholder approval under ASX Listing Rule 10.14 (being 8 November 2017), grants of 177,778 Performance Rights and 230,076 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 5 is set out below.
- (g) No loan is advanced to Mr Field in relation to the proposed grant of the FY2019 Performance Rights and FY2019 Options to him.
- (h) If Resolution 5 is passed, the FY2019 Performance Rights and FY2019 Options will be granted to Mr Field on 9 November 2018.
- (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 cast in favour of Resolution 5 by or on behalf of any Director of the Company (and any of their associates).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides, even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

Board's recommendation

The Board, with Mr Field absent and not voting, unanimously recommends that Shareholders vote in favour of Resolution 5 which will complete the Company's remuneration strategy for Mr Field for FY2019.

ANNEXURE 1

COMPARATOR COMPANIES FOR TSR PERFORMANCE HURDLE

- AK Steel Holding Corporation
- Alcoa Corporation
- Arconic Inc
- Allegheny Technologies Inc.
- ArcelorMittal S.A.
- BlueScope Steel Limited
- Commercial Metals Co.
- Gerdau S.A.
- Nucor Corporation
- POSCO
- Reliance Steel & Aluminum Co.
- Schnitzer Steel Industries Inc.
- Steel Dynamics Inc.
- Tokyo Steel MFG Co Ltd.
- United States Steel Corporation

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**SIMS
METAL
MANAGEMENT**

Sims Metal Management Limited
ABN 69 114 838 630

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Sims Metal Management Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Sims Metal Management Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 8 November 2018 at The Westin Hotel, Heritage Ballroom, 1 Martin Place, Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 4 & 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4 & 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

1 Re-election of Ms Georgia Nelson

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Re-election of Mr Jim Thompson

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Re-election of Mr Geoff Brunson

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

5 Participation in the Company's Long Term Incentive Plan by Mr Field

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 6 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Sims Metal Management Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**