



RISK MANAGEMENT POLICY

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1. Objectives

The objectives of Sims Metal Management’s risk management policy are to ensure that:

- the board of directors of Sims MM (the “Board”) and senior management determine the level of risks acceptable to Sims MM;
- risks arising from Sims MM’s activities and strategies are identified and prioritized;
- appropriate mitigation or treatment strategies to manage, transfer or avoid risks are in place;
- risks and mitigation strategies are subject to review at regular intervals to determine that the nature of those risks has not changed and that mitigation strategies remain appropriate and operational; and
- the Board and its sub-committees, and senior management, receive periodic reports of the risk management process.

2. Processes

2.1 Responsibilities

The Board is responsible for ensuring that there are adequate policies in place with respect to risk management. The Board and senior management are responsible for determining the level of risks acceptable to Sims MM.

2.2 Risk Assessment Methodology

To help ensure all risks relevant to Sims MM are considered, a systematic approach to risk identification is followed. Identifiable risk areas which are considered include:

- maintaining a safe work environment for Sims MM's employees;
- the safeguarding and efficient use of assets;
- management of human resources;
- ensuring Sims MM complies with its environmental obligations;
- achieving established objectives and goals;
- the reliability and integrity of financial and operational information;
- compliance with internal policies and procedures;
- compliance with laws and regulations; and
- changes in Sims MM's internal and external environments.

Measures of consequence and likelihood have been determined and are used on a consistent basis.

2.3 Risk Assessment Process

Sims MM's primary risk assessment process comprises a comprehensive annual risk review. This review involves a complete re-development and re-assessment of the risks to Sims MM. A team approach comprising senior management from all geographical regions of Sims MM's operations is used in this assessment phase.

This review is coordinated with the strategic planning cycle of Sims MM to ensure risks associated with all strategic business objectives and activities are considered.

Risks identified by operational units, who review their risk profiles annually, and the results of internal audit work, are also incorporated into this review.

Sims MM's senior management team measures the risks which have been identified and prioritizes them in terms of their impact on Sims MM.

Results of the annual review are documented, and include mitigation strategies where appropriate.

2.4 Risk Management Process

Results of the annual review are tabled for review by the Board and relevant sub-committees.