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## **RISK MANAGEMENT POLICY**

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## 1. INTRODUCTION

Seven West Media Limited (**SWM**) is the leading, listed national multi-platform media business based in Australia, which exposes the company to a wide range of risks. Accordingly, SWM is committed to maintaining sound risk management systems in order to protect and enhance shareholder value.

This risk management policy forms part of the overall approach to risk management at SWM and sets out the requirements of our approach to managing risk in our company.

Risk at SWM is defined as:

*An uncertain event or condition that, if it occurs, will impact the achievement of the strategic objectives of SWM's business.*

The impact of risks on objectives can be both negative (threats) and positive (opportunities). Risks are measured as a product of their consequence and likelihood.

This policy shall be reviewed as appropriate to ensure it reflects the current context of SWM, and the markets in which it operates, and to ensure it can be continuously developed to improve SWM's approach to risk management.

## 2. PURPOSE

The purpose of this policy is to formalise and communicate SWM's approach to the management of risk.

This policy seeks to ensure there is consistency to the methods used in assessing, treating, monitoring and communicating risks throughout SWM and that risk management efforts are aligned with SWM's strategic business objectives. This policy seeks to promote a balanced approach to risk and to ensure that the SWM Board are well informed about the material risks of the business.

In particular, the objectives of this policy are to:

- provide a systematic approach to risk management aligned to SWM's strategic business objectives;
- define the mechanisms by which SWM determines its risk appetite and manages risks;
- articulate the roles and responsibilities for the management of risk; and
- communicate the requirements for proactively assessing, treating, monitoring and communicating risks within SWM.

The risk management approach defined within this policy is consistent with the Australian and New Zealand Standard on Risk Management, AS/NZS ISO 31000: 2009.

## 3. SCOPE

This policy applies to all controlled entities of SWM in order to create an environment in which risk management is subject to consistent application across the entire business and where informed decisions can be made in alignment with SWM's risk appetite.

## 4. RISK APPETITE

The Board of Directors is responsible for determining the level of risk that is acceptable, based on information provided by management and the context in which SWM operates. The

maximum level of acceptable risk constitutes SWM's risk appetite and determines the risk treatment to be applied in the risk management process.

## **5. SUMMARY OF ROLES AND ACCOUNTABILITIES**

### **(a) The Board**

The Board is committed to maintaining sound risk management systems to protect and enhance shareholder value. The Board acknowledges that the management of business risk is an integral part of the company's operations and that a sound risk management framework not only helps to protect established value, it can also assist in identifying and capitalising on opportunities to create value.

The Board has ultimate responsibility for:

- approving this risk management policy, reviewing the effectiveness of the risk management process and confirming SWM's risk appetite;
- maintaining sound risk management systems to protect and enhance shareholder value, other stakeholders' interests and to prevent breaches in applicable laws or regulation; and
- the oversight and management of risk for SWM.

### **(b) The Audit and Risk Committee**

The activities of the Audit and Risk Committee ("**ARC**") are governed by its charter, which incorporates requirements for the membership and attendance of the committee, the frequency of its meetings and its duties and responsibilities.

The charter also sets out both the information and reporting that the committee requires, and the nature of the committee's reporting on its meetings to the Board.

The ARC is responsible for:

- supporting the development of a strong risk culture that encourages the identification and effective management of risk; and
- reviewing risk management activities and challenging assessment of the company's risk profile to ensure alignment with the company's risk appetite.

### **(c) Internal Audit**

The Head of Risk Assurance & Internal Audit is responsible for providing independent assurance to the Board on the adequacy of risk management and internal control systems. The Risk Assurance & Internal Audit team provide this assurance according to an annual plan of risk-based internal audit and review projects approved by the ARC. The Head of Risk Assurance & Internal Audit also regularly reports to the ARC on the status of SWM's material risks and their associated controls and action plans.

In particular Risk Assurance & Internal Audit is responsible for:

- conducting strategic risk assessment workshops to identify and prioritise the material risks facing the company;
- ensuring the controls identified to mitigate material risks to SWM are effective, or where they are not effective, to ensure that appropriate action plans are developed and implemented;

- ensuring the process for implementing and updating this risk management policy is effective;
- ensuring the risk oversight and management systems and the internal control systems are adequate to provide assurance and support the statements required by the CEO and CFO under the ASX Corporate Governance Principle 7; and
- reporting of independent assurance activities to the ARC, as appropriate.

## **6. RISK MANAGEMENT PROCESS**

The objective of the risk management process is to assess, treat, monitor and communicate the material risks that could impact the achievement of SWM's strategic objectives.

An overview of the risk management process for SWM is provided below:

### **(a) Establish the Context**

The assessment is carried out in the context of the environment in which SWM operates, the company's strategic objectives and business plans.

### **(b) Risk Identification**

New and emerging risks that are material to the company are identified through structured interviews and workshops with key SWM stakeholders. The group-wide risk profile covers the key revenue, content/product, operational and people risks of the Company.

A risk is characterised by an event or condition and its potential consequences, with consideration given to what, where, when, why and how risks could impact the achievement of SWM's strategic business objectives.

### **(c) Risk Analysis**

Risk analysis is performed by determining the likelihood and consequence of each risk according to SWM's risk assessment criteria after considering the effectiveness of existing controls. The risk rating is determined by the product of the consequence and likelihood using SWM's corporate risk matrix.

### **(d) Risk Evaluation**

Risk evaluation is performed by comparing the results of the risk analysis with SWM's risk appetite to determine whether or not the risk is acceptable or further treatment is required.

### **(e) Risk Treatment**

Where the risk evaluation determines that further treatment is required, a decision must be made whether to:

- reduce the risk by instigating a risk action plan;
- share the risk with another party or parties (e.g. through contracts, insurance or risk financing); or
- avoid the risk altogether by discontinuing the activity that gives rise to the risk.

Action plans shall include specific actions to be completed, accountability for their completion and timeframes for completion.

Executive Management have ownership for SWM's top risks and are ultimately responsible for updating risk assessments and implementing action plans.

**(f) Risk Monitoring & Review**

Risk Assurance & Internal Audit are responsible for monitoring progress against these action plans and for appropriate escalation through to the Executive Committee and the ARC where necessary. Risk Assurance & Internal Audit also perform detailed reviews of SWM's top risks in accordance with the Risk Assurance & Internal Audit plan and report the outcomes to the ARC.

The Executive Committee monitor the implementation of action plans and their effectiveness in mitigating the identified risks and consider how risk management activities have affected the achievement of SWM's strategic objectives.

In addition, the ARC review SWM's material business risks and satisfy itself that, for each risk, the risk evaluation and treatment is in alignment with SWM's risk appetite and supports the achievement of SWM's strategic business objectives.

**(g) Communication & Consultation**

The most recent version of this policy, as well as risk management tools and templates are made available to all SWM staff on the company's Intranet to enable them to understand their responsibilities and to support their risk management activities. A summary of this policy is also publicly available on the company's website.

External communication with regulators and other stakeholders regarding risk management occurs as required by legislative and regulatory requirements and company policies.

## **7. LEGISLATIVE AND REGULATORY REQUIREMENTS**

This policy supports and complies with the disclosure requirements under the Corporations Act (295A) and regulatory principles on risk management; in particular with the Australian Securities Exchange Corporate Governance Council's Principles and Recommendations.

To support compliance with the Corporations Act (295A) the CEO and CFO must provide a written declaration to the Board that to the best of their knowledge:

- (a) the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (b) the company's risk management and internal control and compliance system is operating efficiently and effectively in all material aspects regarding financial reporting risks.

Management shall also report to the Board in regard to the implementation of the Company's risk management framework, in order for the Board to confirm that:

- (c) the company has determined the material business risks it faces, and has established the necessary policies for the oversight and management of material business risks; and
- (d) there is a risk management and internal control system in place to manage the company's material business risks, including both financial and non-financial risks, and that those risks are being managed effectively.

## **8. EXCEPTIONS**

Where applicable, departures from this policy will be explained in the annual report.