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Risk management policy



prosus

1. INTRODUCTION

As a global consumer internet group and one of the largest technology investors in the world, Prosus group is exposed to a wide range of risks, some of which may have material consequences. Entrepreneurship involves the undertaking of risk for reward. Accepting and taking risks is part of the responsibilities of management and our various boards. Prosus group means Prosus and their subsidiaries.

The Prosus group is committed to identifying and managing risk, in line with international best corporate governance practice and relevant rules and regulations – in particular, the listings requirements of the JSE Limited, the Euronext Amsterdam and, where appropriate, other international exchanges where Prosus's shares are listed and the Dutch Corporate Governance Code 2016 (Dutch Code). However, it is not always possible to identify all risks that may arise.

As for the system of risk management and internal control, we acknowledge that no risk management system nor the combined assurance provided on risk levels and controls, gives us absolute certainty that we fully understand all risks or avoid any failure. We have experienced failures in the past and will likely face some misses in the future.

2. PROPORTIONALITY

A one-size-fits-all approach to governance is not appropriate in the Prosus group as the various controlled companies in the group are at various stages of maturity. As a consequence, our approach will take into account proportionality for the individual businesses, such as size and workforce, resources and complexity of activities.

3. RESPONSIBILITY

- 3.1. The board has a responsibility to ensure that it has dealt with the governance of risk comprehensively. Risk governance encompasses both:
 - considering the opportunities and associated risks when developing strategy, and
 - the potential positive and negative effects of the same risks on the achievement of group objectives.
- 3.2. The board has a responsibility to exercise ongoing oversight of risk management by ensuring that the following results are achieved:
 - Assessing risks and opportunities emanating from the total environment in which the group operates, and resources that the group uses and affects.
 - Assessing the opportunity together with potentially negative effects on achieving group objectives.
 - Assessing the group's dependence on resources.
 - Designing and implementing appropriate risk responses.
 - Establishing and implementing business continuity arrangements that allow the group to operate under conditions of volatility, and to withstand and recover from acute shocks.
 - Integrating and embedding risk management in the business activities and culture of the group.
- 3.3. The risk committee assists the board in carrying out its responsibility for the governance of risk.
- 3.4. The chief executive officer (CEO) is accountable to the board for the enterprise-wide management of risk.
- 3.5. Management is responsible for designing and maintaining an effective internal control environment and managing risk in accordance with approved plans and policies.
- 3.6. Management is required to monitor and report on the adequacy and effectiveness of their governance, risk management and system of internal control that ensure significant risks are identified and reported at appropriate levels in the group, and, ultimately, to the board.
- 3.7. R&A coordinates the consolidation of risk reporting to the group's audit and risk committees and

provides independent assurance on the adequacy and effectiveness of the risk management process across the group, including internal financial controls.

- 3.8. The audit committee assists the board in its responsibility for overseeing financial reporting risk and internal financial controls, including fraud and information and technology risks.
- 3.9. The audit committee oversees the functioning of external and internal auditors, including satisfying itself that risks are assured through its review of the combined assurance model.

4. SCOPE AND REVISION

- 4.1. The risk management policy is applicable to all operations where the group directly or indirectly has more than 50% ownership and management control over operations.
- 4.2. The policy is applicable to risks the group faces in the execution of its strategy, operations, reporting and compliance activities.
- 4.3. The policy will be reviewed annually.

5. POLICY

- 5.1. The board adopts a top-down risk management plan. The group maintains a transparent risk profile by using a structured, formal, and planned approach to risk management.
- 5.2. The areas of focus for each reporting year are decided when the risk management plan is approved. The identification, management and reporting of risks are embedded in the group's business activities and processes.

6. FRAMEWORK

- 6.1. The Prosus enterprise-wide risk management (ERM) framework is designed to ensure that significant risks and related incidents are identified, assessed, documented, managed, monitored and reported in a consistent and structured manner across the group. A common approach to risk analysis and management must be adopted across all areas of application. This framework sets out the minimum requirements for implementing the risk management policy.
- 6.2. Management will ensure policies, procedures and controls are in place to adequately manage and mitigate significant inherent risks.
- 6.3. Management, assisted by R&A, will develop an annual plan to ensure that significant risks across the group are identified, assessed, documented, updated and reported to the board.

7. MANAGING RISK

- 7.1. Management will analyse major inherent risks and implement effective mitigating strategies to reduce these to acceptable levels.
- 7.2. These mitigating strategies could include, but are not limited to:
 - internal controls and procedures and the implementation of relevant policies
 - outsourcing of processes
 - insurance and other forms of risk transfer
 - monitoring of risk, and
 - setting strategy.
- 7.3. Annually, management will sign off on the application of the Group's "Good Governance Guidelines", which includes the management of inherent risk to an acceptable residual level and maintaining effective internal (financial) controls, based on a documented assessment thereof. The completed and signed-off questionnaire includes at least any flaws in the effectiveness of the system of risk management and internal control that have a material impact on the risk profile, specifically risks falling outside the risk tolerance of the board. In doing so, management takes into account the opinion of assurance providers such as external audit and R&A.
- 7.4. Annually, R&A will provide an independent assessment of management's representations regarding the group's governance and system of risk management and internal control to the board, taking into account any findings and observations, including failures in the follow-up of recommendations made

in the context of internal audit, with a material impact on risk profile.

- 7.5. In addition, R&A will provide an independent assessment to the audit committee to conclude on their review of the Group's financial (reporting) controls specifically.
- 7.6. Annually, R&A will also provide a specific report to the Group's executive directors in support of their obligation to issue a responsibility statement in the Naspers annual integrated report (in accordance with section 3.84 (k) of the JSE listing requirements).

8. REPORTING

- 8.1. Significant Prosus Group-wide risks are recorded in a risk register, along with their potential impact on the business and management's mitigating actions are documented.
- 8.2. The business units are required to identify risks that they may be subject to, evaluate their impact on the business and document the risk management procedures in place. This risk information is reported to the group where the risks are evaluated and the Prosus Group risk registers updated as required.
- 8.3. Reporting internally will be bottom-up: local management periodically reports its agreed risk registers with the required information to its group companies, and then to Prosus Group functions and ultimately the Prosus Group committees and boards.
- 8.4. The Prosus Group consolidated risk register will form the basis of reporting to risk committees. Changes to risk information, including tolerance levels at the local committee and board level, will be made to the Prosus Group risk register and communicated to the business units for updating of their registers.
- 8.5. As part of the strategy development process, opportunities and associated risks are considered. Risk and opportunity management is a group-wide activity, that utilises day-to-day management insight from both global and local business units and functions. Management is responsible for developing and implementing appropriate risk-mitigating action and taking advantage of opportunities within their area of responsibility. This supports business success and protects the company as a going concern through an opportunity-focused but risk-aware decision-making framework. Management of opportunities is shared by all the group's decision-makers, from the Prosus board to the group and segment CEOs through to management with delegated responsibilities. Opportunities are identified and reported on through the various governance structures as part of the overall governance oversight process.
- 8.6. We accept that risk and opportunity management, including risk and opportunity reporting, is a continuous process and will be improved as opportunities arise.
- 8.7. The risk reporting process is aligned with the risk committee and board calendars.