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Risk management policy



prosus

1. INTRODUCTION

We are committed to governing risks effectively, in a way that supports the achievement of our strategic objectives and drives sustainable long-term value creation. This policy applies to the Prosus N.V. group and its subsidiaries. The objective of this policy is to establish a structured framework to identify and respond to opportunities and risks across our global multinational portfolio.

2. RESPONSIBILITY

- 2.1. The board is responsible for ensuring that it has dealt with the governance of risk comprehensively. Risk governance encompasses setting the direction of how risk should be approached and addressed within the group. It entails considering opportunities as well as associated risks when developing strategy, and the potential positive and negative effects of the same risks on the achievement of group objectives.
- 2.2. The board is responsible for ongoing oversight of risk management to ensure 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 along 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.
- 2.3. The risk committee assists the board in carrying out its responsibility for the governance of risk.
- 2.4. The chief executive (CE) is accountable to the board for the enterprise-wide management of risk.
- 2.5. Management is responsible for designing and maintaining an effective internal control environment, managing risks and capitalising on opportunities in accordance with approved business plans, levels of authority and policies.
- 2.6. Risk and audit (R&A) provides independent assurance on the adequacy and effectiveness of the group's system of governance, risk management and internal controls, including internal financial controls.
- 2.7. 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.
- 2.8. 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.

3. PROPORTIONALITY

A one-size-fits-all approach to risk management is not appropriate in the group due to the group having businesses of varying sizes, levels of complexity, stages of maturity and inherent risk profiles. While we define principles and best practices, the way in which these are applied, can and should vary depending on the circumstances of each business. For example, a small start-up business in an unregulated industry would not need the same level of formal risk management as a large multinational business in a regulated industry. However, both should still adhere to the underlying principles of good risk governance and effective control.

4. RISK MANAGEMENT PRINCIPLES

- 4.1. **Integration into strategy and decision-making:** We integrate risk management into our strategic planning and decision-making processes. This involves identifying potential external and internal risks that could hinder the achievement of strategic goals or destroy value, developing strategies to manage these risks and building them into our business plans and budgets.

- 4.2. **Balanced risk-taking:** We recognise that taking on risks is necessary for growth and innovation. We accept risks responsibly, balancing risk and reward. We aim to reduce undesirable risk exposures through cost-effective risk management responses and controls. This involves making informed choices about which risks to accept, which to mitigate, and which to avoid. We consider at least strategic, operational, compliance and reporting risks as part of this assessment.
- 4.3. **Monitor and adapt:** We follow a structured, iterative process to assess and prioritise our opportunities and risks, decide on the appropriate course of action, operationalise our decisions and then monitor effectiveness and performance. This ensures we regularly evaluate the ongoing appropriateness of our decisions and the effectiveness of resource allocation to remain resilient and well positioned to deliver on our strategy.
- 4.4. **Learn and improve:** We recognise that it is not always possible to identify all risks that may arise. 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. However, we use the learnings from these to continuously improve our risk management and internal controls with the ultimate aim of delivering better business performance.
- 4.5. Depending on the type of risk, our risk management philosophy and practices are broadly outlined as follows:
- 4.5.1. **Strategic risks:** We seek to understand and accept responsibly to realise the desired return on allocated capital.
- 4.5.2. **Operational, compliance and reporting risks:** We aim to reduce, control or mitigate by upholding our code of business ethics and conduct, defining organisational structures with clear levels of authority, roles and responsibilities, maintaining engagement levels, creating a risk-aware culture, establishing policies and standard operating procedures, implementing the right support systems, operating effective controls (including financial, IT and cyber), transferring or sharing risks through contractual arrangements, forward exchange contracts, insurance, credit and counterparty risk management, and establishing suitable reporting that allow us to monitor risks and respond swiftly.

5. REPORTING

- 5.1. Significant group-wide risks are recorded and tracked in a group risk register and heatmap. This is periodically reported to the risk and audit committees and board. These documents rank and track risks, describe the potential impact on the business, how the risk is managed, and what independent assurance is obtained over the effectiveness of the risk management actions.
- 5.2. Risk reporting follows a bottom-up process. Segments are required to identify risks that their businesses may be subject to, evaluate the potential impact on the segment's objectives, and document their risk management responses. This information is used as input for compiling the group's risk register.
- 5.3. When changes are made at group, committee or board level to risk information, risk management plans, tolerance levels or assurance requirements, these are communicated to segments to update their risk registers and operationalise the change.
- 5.4. Group functions and segment management report noteworthy developments and incidents related to governance, risks and internal controls (including technology, cyber and occupational health and safety) to the group governance committee. The governance committee monitors that appropriate action is taken in response to developments and incidents. Significant matters are reported to the risk committee and/or board as appropriate.
- 5.5. Annually, through the CEO-CFO certification process, segment management assess and confirm that their businesses are aligned to and apply the group's policies and 'good governance guidelines'. This includes an assessment of the adequacy and effectiveness of their governance, risk management and controls (including internal financial controls). The certification includes any deviations from policies, flaws in the system of risk management and internal control that have a material impact on the risk profile or that fall outside the risk tolerance of the board.
- 5.6. Annually, R&A provides an independent assessment to the audit and risk committees on the adequacy and effectiveness of the group's system of governance, risk management and internal controls (including internal financial controls).
- 5.7. The risk reporting process is aligned with the risk committee and board calendars.