Risk Management Policy

1. INTRODUCTION

Southern Cross Media Group Limited (SCA) is a leading, listed national multi-platform media business based in Australia, which exposes the company to a wide range of risks. Accordingly, SCA 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 SCA and sets out the requirements of our approach to managing risk in our company.

Risk at SCA is defined as:

> *An uncertain event or condition that, if it occurs, will impact the achievement of the strategic objectives of SCA'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 SCA, and the markets in which it operates, and to ensure it can be continuously developed to improve SCA's approach to risk management.

2. PURPOSE

The purpose of this policy is to formalise and communicate SCA'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 SCA and that risk management efforts are aligned with SCA's strategic business objectives. This policy seeks to promote a balanced approach to risk and to ensure that the SCA 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 SCA's strategic business objectives;
- define the mechanisms by which SCA 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 SCA.

The risk management approach defined within this policy is consistent with the Australian and New Zealand Standard on Risk Management, AS/NZS ISO 31000: 2018.

3. SCOPE

This policy applies to all controlled entities of SCA 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 SCA'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 SCA operates. The maximum level of acceptable risk constitutes SCA'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 SCA'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 SCA.

(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 Chief Financial Officer is responsible for providing independent assurance to the Board on the adequacy of risk management and internal control systems. Under the oversight of the ARC, Internal Audit provide this assurance according to an annual plan of risk-based internal audit and review projects approved by the ARC.

(d) Risk Assessment

The Chief Financial Officer also regularly reports to the ARC on the status of SCA's material risks and their associated controls and action plans.

In particular, Management 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 SCA 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 SCA's strategic objectives.

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

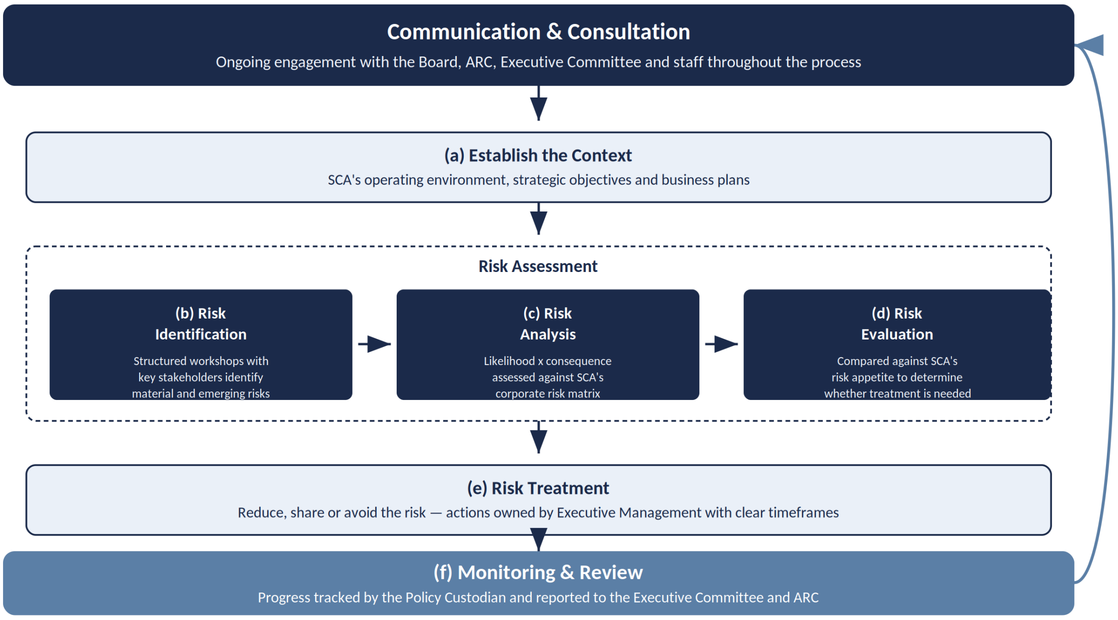

Figure 1: SCA Risk Management Process

(a) Establish the Context

The assessment is carried out in the context of the environment in which SCA 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 SCA stakeholders. Risks are categorised according to strategic, operational, financial, legal and regulatory risks.

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 SCA's strategic business objectives.

(c) Risk Analysis

Risk analysis is performed by determining the likelihood and consequence of each risk according to SCA'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 SCA's corporate risk matrix.

(d) Risk Evaluation

Risk evaluation is performed by comparing the results of the risk analysis with SCA'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 SCA's top risks and are ultimately responsible for updating risk assessments and implementing action plans.

(f) Risk Monitoring & Review

The Chief Financial Officer is responsible for monitoring progress against these action plans and for appropriate escalation through to the Executive Committee and the ARC where necessary. This function also performs detailed reviews of SCA's top risks in accordance with the approved internal audit plan and reports 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 SCA's strategic objectives.

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

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

Approved in August 2026