

# RISK AND OPPORTUNITIES



GARETH EDWARDS – eNCA



## Risk and opportunity management process

We acknowledge the inherent nature of risk in our business operations and the need to strike a balance between mitigating risks and seizing opportunities. To this end, we integrate robust governance and oversight structures into our risk management process.

Employing an effective Enterprise Risk Management (ERM) process is vital for eMedia to attain our strategic and operational objectives, especially given the prevailing socioeconomic landscape. Our ERM process serves as a cornerstone to allow the seamless flow of risk information, robust escalation processes and the integration of effective risk management practices into our daily business operations.

This ERM process encompasses governance, context setting, risk assessment, risk treatment, risk monitoring, monitoring and review and continuous improvement. This methodical approach allows us to systematically identify, assess and mitigate strategic and operational risks while leveraging opportunities for growth and advancement.

The Board and key subcommittees provide an oversight function to the group's risk management activities and are ultimately accountable for all risk and opportunity management. They determine the risk appetite and risk tolerances, ensuring they are aligned with strategy by ensuring that mitigating controls are monitored and measured.






Executive management in the form of the Executive Committee (Exco) formulates strategic plans to mitigate risks, which are then reviewed and recommended by the Audit and Risk Committee to the Board for approval. This process determines the residual risks to be assessed and determines the group's risk appetite.

## Key risks

Our risk matrix serves as a fundamental framework in our broader ERM process. It provides a systematic and consistent method for identifying, assessing and prioritising risks based on two critical dimensions: the probability of occurrence and the potential impact on our business. By applying this structured approach, we meticulously evaluate key risks across the organisation, assigning risk ratings that accurately reflect their likelihood of occurrence and capacity to disrupt our ability to create value and achieve our strategic objectives.

This quantitative and qualitative analysis allows us to clearly distinguish between low, moderate and high-priority risks. In doing so, the risk matrix enhances transparency in our risk assessment process and empowers leadership to allocate resources effectively and focus attention on areas of greatest vulnerability or opportunity. This method strengthens our ability to make informed decisions, manage uncertainties proactively and maintain alignment between our risk posture and strategic ambitions.

## Material risk and opportunity

Principal risk landscape	Specific risks the group is exposed to	Potential impact	Risk responses/mitigation
<b>Macroeconomic environment</b>	 <ul style="list-style-type: none"> <li>▶ Analogue switch-off</li> <li>▶ MultiChoice exit</li> <li>▶ Weakening of the rand</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lower revenue, growth and profitability</li> <li>▶ Increased programming and operating costs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Revised strategic priorities</li> <li>▶ Increased focus on cost savings</li> <li>▶ Targeted marketing and promotions</li> </ul>
<b>Regulatory change and compliance</b>	 <ul style="list-style-type: none"> <li>▶ Increased complexity of compliance, eg POPIA, CPA and FICA</li> <li>▶ Changing B-BBEE requirements</li> <li>▶ Adverse change in broadcast and/or licensing requirements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lower revenue, growth and profitability</li> <li>▶ Increased programming and operating costs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Comprehensive B-BBEE programme</li> <li>▶ Actively participate with lawmakers through formal structures</li> </ul>
<b>Operational</b>	 <ul style="list-style-type: none"> <li>▶ Technology and social trends</li> <li>▶ Increased competitiveness, especially in the lower Living Standards Measure (LSM) market</li> <li>▶ Unreliable electricity supply/loadshedding</li> <li>▶ Outdated infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lower revenue, growth and profitability</li> <li>▶ Increased programming and operating costs</li> <li>▶ Broadcasting difficulties – reduced market share</li> </ul>	<ul style="list-style-type: none"> <li>▶ Market research to timeously spot trends</li> <li>▶ Revise strategic priorities</li> <li>▶ Investment in facility and back-up upgrades</li> <li>▶ Maintain investment in local and international programming to retain audiences and attract advertisers</li> <li>▶ Effective monitoring of competition</li> </ul>
<b>Human resources</b>	 <ul style="list-style-type: none"> <li>▶ Lifestyle diseases, including hypertension and diabetes</li> <li>▶ Limited pool of qualified, trained and talented employees</li> <li>▶ Changes in labour legislation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Broadcasting difficulties – reduced market share, reduced profitability and reputational impacts</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintain a healthy work environment</li> <li>▶ Fast-track and develop talented employees</li> <li>▶ Retention of employees through appropriate remuneration structures</li> <li>▶ Performance-driven culture</li> </ul>
<b>Cyber, IT and information management</b>	 <ul style="list-style-type: none"> <li>▶ Cybersecurity, malware, hacking and social engineering</li> <li>▶ POPI</li> <li>▶ Social media risk</li> <li>▶ Technology change management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reputational risk</li> <li>▶ Lower revenue, increased costs and profitability</li> <li>▶ Increased risk of compliance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continuous monitoring of IT security and infrastructure</li> <li>▶ Increased IT auditing and assurance</li> </ul>

### Year-on-year growth

 Increase in risk rating
  No change
  Decrease in risk rating