

1. APPROACH TO RISK MANAGEMENT

Sky Network Television Limited (**Sky**) maintains a comprehensive risk management framework which is designed to ensure that significant strategic and operational risks are identified, assessed and adequately controlled and monitored. Sky's risk management framework is implemented through business processes such as business planning, project management and operations management. The proactive management of risk increases the likelihood of Sky achieving its objectives. Sky's risk management framework is maintained in compliance with Sky's Controlling and Managing Risk Policy.

2. INTRODUCTION

This policy provides an overview of Sky's risk management process. It applies to all directors (together, the **Board**), employees, contractors and consultants of Sky and its subsidiaries.

This policy complies with:

- AS/NZS ISO 31000:2018. Australian/New Zealand Standard "Risk management – Guidelines" ("the Standard").

This policy outlines Sky's strategic and operational risk management objectives and guidelines. The ongoing monitoring of the internal and external management environment will ensure that the risk management framework evolves and adopts current risk processes and provides company-wide consistency, accuracy, effectiveness and sustainability.

3. OBJECTIVES

The objectives of Sky's Controlling and Managing Risk Policy are to:

- Develop an integrated company-wide approach to business risk, including a common business risk language, which is tailored to Sky's risk profile;
- Ensure that significant strategic and operational risks faced by the business, including those related to climate change are anticipated, understood and properly managed;
- Develop a transparent methodology for the prioritisation of risks and issues from a business objective/s and process perspective rather than divisional or departmental basis;
- Heighten awareness of risk and ensure that risk management is considered in all decision-making processes;
- Ensure all Sky staff are aware of their responsibilities in relation to risk, with performance evaluation including an assessment of how well they have managed the risk associated with their role;
- Ensure all significant risks are adequately monitored and controlled, through formal documentation and appropriate reporting channels;
- Alignment of the risk management framework with the internal audit program to facilitate high level assurance that Sky will achieve its objectives with an acceptable degree of residual risk; and

- Ensure business planning and project planning does not take place without a formal risk assessment and management process being implemented as a core part of the plan.

4. GOVERNANCE AND PRINCIPLES

Governance of Sky lies with the Board. The Board has delegated governance of Sky's risk management programme to the Audit and Risk Committee, a committee of the Board. Policy execution is the responsibility of the Chief Executive Officer, the executive management team and senior management. Senior management assign mitigation actions to the most appropriate person within each business unit so that risks are managed at line level and at the point where the greatest risk mitigation can be achieved for the most cost-effective effort.

In order to ensure that risk management is recognised and treated as a core competency, Sky has implemented an enterprise wide framework for the management of risk. The Chief Financial Officer is responsible for administering this framework and for co-ordinating Sky's effort to ensure risk management activity achieves appropriate focus.

The following principles reflect Sky's commitment to effective risk management.

- a. Delivering opportunities by managing risk as a key part of all Sky's activities.
- b. In all Sky's activities, risk is to be understood and visible.
- c. Risk will be managed consistently with company values.
- d. Risk will be managed to meet all legal and regulatory requirements as a minimum.
- e. Approaches to managing risk will be simple, flexible and sustained.

The Sky Board requires all managers to adhere to this Controlling and Managing Risk Policy.

5. ROLES AND RESPONSIBILITIES

THE BOARD

The Sky Board confirms the overall levels of business risk that are acceptable for Sky. The Board delegates authority for the governance of risk management to the Audit and Risk Committee through the Audit and Risk Committee Charter.

THE AUDIT AND RISK COMMITTEE

The objective of the Audit and Risk Committee with respect to risk management is to provide assistance to the Board regarding Sky's risk management framework including:

- Evaluating the effectiveness of Sky's risk management policies, practices and procedures;
- Reviewing and approving on an annual basis Sky's risk management program and business continuity plans;
Monitoring, reviewing and reporting on significant strategic and operational risks/ issues impacting Sky;
- Monitoring management's performance against Sky's risk management framework, including whether Sky is operating within the risk appetite set by the Board;

- Reviewing any material incident involving fraud or a break-down of Sky's risk controls and the "lessons learned";
- Reviewing whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- Receiving reports from internal audit on its reviews of the adequacy of Sky's processes for managing risk;
- Receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- Making recommendations to the Board in relation to changes that should be made to Sky's risk management framework or to the risk appetite set by the Board; and
- Reviewing the impact of Sky's risk management framework on its control environment and insurance arrangements, having regard to Sky's business and the insurable risks associated with its business.

Further information on the duties and responsibilities of the Audit and Risk Committee Charter is set out in Sky's Audit and Risk Committee Charter.

EXECUTIVE MANAGEMENT TEAM

The executive management and the senior management teams are responsible for ensuring that risk management is fully integrated into all parts of their business operations and that risks, including those related to climate change, are identified and managed. These activities include:

- Incorporating risk management principles and practices into all business and project planning activity;
- Building risk management principles and practices in "business as usual" systems and processes;
- Ensuring that risk and issue treatments are implemented within agreed timeframes;
- Monitoring and reporting on business unit risks and risk management performance to the executive management team and the Audit and Risk Committee within agreed timeframes;
- Timely reporting of any extreme and high risks and issues that arise;
- Allocating specific risk roles and responsibilities within their areas;
- Ensuring that staff attend risk training as required for their roles; and
- Fostering culture that values and applies risk management principles and practices.

BUSINESS UNIT MANAGEMENT AND STAFF

Business unit management and staff are responsible to the executive management for implementing and maintaining sound risk management practices within their areas of responsibility, which includes:

- Identifying, analysing and assessing risks and issues in their areas;
- Selecting and implementing risk treatments;
- Timely reporting of all risks and issues; and
- Regular monitoring of risks and issues including treatments.

RISK FUNCTION

Sky's risk function is responsible to the Audit and Risk Committee and the executive management team for implementing and managing the Risk Management Policy and relevant support functions on a day-to-day basis within the department, which includes:

- Reporting to the Audit and Risk Committee and the executive management team;
- Acting as a conduit through which information concerning the identification and resolution of risks and issues moves between the Audit and Risk Committee, executive management team and the business;
- Developing and maintaining risk-based policies and related procedures;
- Monitoring the integrity of overall risk management structure, strategy and implementation;
- Educating and training staff on risk management principles, processes and procedures and acting in a general advisory role;
- Coordinating and training business unit risk champions;
- Conducting a regular monitoring program around key risk areas including facilitating regular strategic risk assessments with the executive management team; and
- Preparing risk assessment plans for key risks as required.

INTERNAL AUDIT

Sky's internal audit function is outsourced to Ernst & Young. Ernst & Young are responsible to the Audit and Risk Committee and the executive management team for providing independent verification that assesses whether risk management processes are designed and operating effectively.

6. PRINCIPAL RISKS 2024/2025

Sky identifies and assesses material exposure to economic, environmental and social sustainability risks on an annual basis as part of the overall framework of assessing risk to satisfy itself that its risk management framework continues to be sound and that Sky is operating with due regard to the risk appetite set by the Board.

Sky has identified the following strategic risks that could affect results and performance:

Strategic risks	Description	Mitigation
Satellite migration	Sky's current satellite (Optus D2) will reach end of life in 2025, requiring migration to an alternative satellite. There are inherent technology risks to the successful migration to a new satellite, with on-the-ground technology updates also required.	Sky has two satellite path options to replace Optus D2 and has successfully undertaken satellite migrations in the past. A comprehensive migration programme is in place to ensure a smooth transition for customers, including by undertaking significant testing and customer communications ahead of any migration steps. As a further immediate mitigant to customer disruption, Sky provides all Sky Box customers with the companion app, Sky Go, which provides IP access to their Sky content without dependence on a satellite signal. Sky will continue its accelerated rollout of the new, internet-connected Sky Box and the IP-

		only Sky Pod which will serve to further derisk any potential disruption.
Technology infrastructure	Reliability of the provision of Technology infrastructure is critical to the provision of Sky services.	Sky has robust Business Continuity Management and Disaster Recovery plans which are regularly reviewed, updated and tested (where practicable)
Cybersecurity	Cybersecurity risk mitigation is critical for the safe and reliable operation of Sky's business.	Sky has a comprehensive cybersecurity programme that includes tools and systems designed to prevent and detect potential threats to cyber security, privacy and data breaches. This programme is continually monitored, tested and improved.
Accessing and securing market leading content	Accessing and securing great content at the right price is critical to Sky's future.	Providing customers with the content they value in a financially sustainable way is central to Sky's strategy. In recent years, Sky has secured significant multi-year content rights deals. It continually reviews the nature of the content acquired and its access to content. Sky is focussed on what is important to its customers and utilises data-based insights and research to ensure its content strategy is achieved.
Negative impact of prolonged significant New Zealand economic downturn	A pro-longed significant downturn of the New Zealand economy could have a major impact on Sky achieving its financial goals	Sky continually monitors the macro-economic environment and utilizes trend analysis of its own data to understand the current and possible future impacts of an economic downturn. Sky has a robust strategy to respond to future impacts by continually monitoring value to customers, ensuring content is accessible and meeting customers where they are. Sky proactively and responsibly manages its own costs to ensure sustainability while maintaining an exceptional experience for our crew and customers.
Strategy Execution	Failure to execute strategic initiatives could impact Sky's reputation and ability to meet financial goals.	In conjunction with the Board, Sky's executive management team have clearly defined Sky's strategic goals and have a clear path to achieving those goals. This includes engaging with Team Sky more broadly to ensure the whole business is aligned.
Adverse impact of geopolitical events	Sky's product and content supply chain could be negatively impacted by global geopolitical events.	Sky actively monitors for potential adverse impacts of geopolitical events and seeks to mitigate exposure through diversity of supply, alternate delivery methods, local stores of physical assets and close partnerships with its suppliers.
Legislative and regulatory compliance	The ever changing legal and regulatory landscape within which Sky operates together with Sky's evolving product mix and delivery methods, and obligations as a publicly listed company create a risk that Sky could inadvertently fail to comply.	Sky has robust policies and procedures covering compliance with key legal and regulatory requirements. Sky's internal legal team monitors changes and proposed amendments to its compliance obligations. Sky also engages external legal advisors to ensure we remain compliant.

Physical risks associated with natural disasters or climate change impacts	An increase in the intensity or frequency of natural disasters or climate related events could impact Sky's ability to deliver its content and lead to reduced demand for our services from impacted customers.	As noted above, Sky has robust Business Continuity and Disaster Recovery plans to ensure it is best placed to withstand climatic events and natural disasters. Sky continues to develop its medium to long term response to potential impacts of climate change.
Health and safety of workers	Sky's health and safety protocols may be insufficient to prevent harm or injuries to its workers while they carry out their duties.	Sky takes the health, safety and wellbeing of its workers very seriously and is committed to ensuring that employees and those who work with Sky, do so in a safe environment. Sky continues to invest in its health, safety and wellbeing processes and procedures to ensure it is a safe place to work. This includes risk identification, mitigation and continuous improvement initiatives by in-house experts and external expert review.
Ability to attract, retain and engage specialist talent	Attracting, retaining and engaging specialist employees in key areas is critical to Sky delivering on its strategic goals.	Sky continues to invest in its people and culture programmes including building leadership capability across the business, improving access to the tools, systems and process needed to enable employees to achieve their potential. Sky has utilized co-source and out-source partnerships as appropriate to access specialist resource at scale, where needed. Sky has also focused significantly on Te Ao Māori and the opportunities presented by imbedding its principles within Sky.
Competition	Sky operates within an extremely competitive market with New Zealanders now able to access the content they want to watch more easily than ever before.	If Sky fails to respond to new competitors or changes to customers' needs, it could fail to meet strategic and financial goals. While Sky is focused on delivering its strategic goals, it continually monitors its market environment using customer feedback and data insights to ensure its content and delivery approach remain relevant and in demand. Sky remains focused on connecting New Zealanders with the sport and entertainment they love, in ways that work for them, right across the country.

7. REVIEW AND MEASUREMENT

The Board is responsible for reviewing and approving this policy and any amendments to it. Sky will review the principal risks identified within this policy on an annual basis.

This policy was last reviewed by the Board on 19 August 2024.