

## **World Wide Entertainment Group Limited**

### **Risk Management Policy**

#### **1. Introduction**

World Wide Entertainment's policies and procedures relating to the management and oversight of risk provide effective management of material risks at a level appropriate to the Company's global business. They have been framed in conjunction with a review of Principle 7 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

World Wide Entertainment's oversight of risk and risk management policies includes systems to manage material risk across all relevant activities.

#### **2. Risk Profile**

Management has identified, considers and reports to Board Meetings on areas of material risk as they arise. The following have been identified as some of the possible areas of material risk:

- (a) Financial and Treasury Risk
- (b) OH&S Risk
- (c) Human Resources Risk
- (d) Market Risk
- (e) Supplier Risk
- (f) Litigation Risk
- (g) Technology Risk
- (h) Disaster recovery and IT Security

This list is indicative of material areas of risk but is not comprehensive.

This report reviews the systems for identifying, monitoring and managing risks and internal reporting procedures. In so doing the Board should consider the interest of relevant stakeholders, and its obligations under Recommendation 7.2 of the ASX Corporate Governance Principles.

### **3. Roles and Accountabilities**

#### **3.1 Board**

The Board is responsible for the implementation and oversight of the Company's risk management system. The Board ensures that appropriate policies are in place to maintain compliance with risk management controls and requires management to monitor, manage and report on business risks.

#### **3.2 Audit and Compliance Committee**

The Board has delegated the oversight of Financial and Treasury risk to the Audit and Compliance Committee.

#### **3.3 Nomination and Remuneration Committee**

There has been no formal delegation of risk management to the Nomination and Remuneration Committee. However this Committee should report to the Board on risk management issues within its area of responsibility, including the risk of retaining the most appropriate senior management through effective remuneration.

#### **3.4 Management**

The Managing Director and the Company's Senior Management are responsible for the management of material risks in their respective areas of responsibility. At a minimum, the Board receives reports from the Managing Director at Board meetings as required. These reports include relevant commentary on material risks, and provide that, other than issues specifically raised within the report, other areas of risk within the responsibility of the Management are being monitored and appropriately managed.

### **4. Financial and Treasury Risk**

#### **4.1 Internal Audit**

The Audit and Compliance Committee is required to regularly consider the process of internal audit and whether existing arrangements are suitable for the management of material financial control risks of the business.

The internal audit function is independent of the external auditor.

#### **4.2 External Audit**

The external audit function is performed by WHK Horwath. The Auditor provides no other service to the Company and has no other relationship with the Company.

### **4.3 Finance Department**

The activities of the Finance Department are monitored daily by Management and reports on this function are made to meetings of the Board and the Audit and Compliance Committee as required.

### **4.4 Exchange Rate**

As an exporter whose contracts are generally written in foreign currencies such as the United States Dollars, Euros and Pounds Sterling, the Company is exposed to fluctuations of the exchange rate. The Company has a hedging policy in place to mitigate this risk. Hedging activities are reviewed regularly.

### **4.5 Economic conditions**

Many of the Company's clients are heavily exposed to the advertising industry either directly or indirectly and therefore economic activity generally. This poses a financial risk to the Company when the economy of individual countries, regions or the entire global economy results in a downturn in available revenues through advertising, including the availability of credit in Australia and overseas.

While policies and procedures cannot be put in place to directly manage those risks, they are mitigated by the Company's broad geographic diversification and close attention to the management of working capital.

### **4.6 Financial Reporting and Accounting Policies**

The Company has exposure to specific financial risks – credit risk, liquidity risk, and market risk. The Company's Financial Statements provides information about the exposure to these risks, and the policies and processes to measure and manage such risks.

Risk management measures include comprehensive budgeting systems; detailed monthly management reporting; regular financial reporting to the Board against both budget and updated forecasts; and comprehensive internal controls. Cash flow issues arising from cyclical nature of the Company's business are specifically reviewed and managed.

All major business projects and capital expenditure proposals are reviewed in accordance with the Company's stated profitability growth goals.

## **5. OH&S Risk**

Occupational Health and Safety accountability is a key component of management responsibility. The Company recognises that it has responsibility for providing a safe workplace for its employees, including when they are working at remote locations. The Company employs an OH&S manager who works cooperatively with WorkSafe Victoria to

best meet its obligations. The OH&S manager reports to the Managing Director monthly prior to the Board meeting.

Appropriate training is provided to support Management implementation of OH&S policies and safeguards. Regular internal and external audits are undertaken and OH&S performance is reported to the Board on a regular basis as required.

## **6. Human Resources Risk**

The Company recognises the risk associated with attracting, developing and retaining appropriately qualified and experienced employees. Recruitment programs have been implemented to identify 'high potential' employees and to ensure succession plans are in place in relation to key management positions. Company-wide surveys are at times conducted to secure feedback from employees on a range of matters relating to their employment conditions and general workplace satisfaction. The results of those surveys – and the resulting management plans to address the issues that are raised – are reported to the Board when appropriate.

## **7. Market Risk**

### **7.1 Business Sustainability**

World Wide Entertainment is strongly focused on its core television business which provides content to global broadcasters. The Company is confident that demand for broadcasters to use the Company's products should continue to grow. The Company is very satisfied with the long-term sustainability of its business, including as the broadcast environment adapts to new forms of technology.

### **7.2 Demand Risk**

The Company produces television programming from a variety of genres. It is possible that the niche to which these programmes fit loses demand from the market. Management, with a lead from the creative team, continually reassess the demand for the Company's product and develops new programming accordingly. Management reports on these trends to the Board.

Pressures from new or current competitors can also affect the demand for the Company's products. Competitors and their products are closely monitored in the marketplace and emerging trends are reported to the Board. This is relevant to all Company divisions.

### **7.3 Major client default**

Major clients are closely monitored by Management to minimise the likelihood of unexpected default. The Company maintains high service levels to key customers.

## **8. Supplier Risk**

### **8.1 Professional Suppliers**

World Wide Entertainment has long term relationships with many of its suppliers and has specific contractual agreements in place for critical areas of business risk.

The approval of the World Wide Entertainment Board is required before changes can be made to some of the key business relationships, in particular banks and auditors.

### **8.2 Trade Suppliers**

The Company has contracts for the supply of footage and materials with a number of companies. The withdrawal of services from any one of these suppliers, including through default, is considered a risk to the business. The Company makes an effort to have arrangements with a variety of suppliers in order to spread the risk to supply.

The loss of one or more suppliers of footage could reduce the quality and the range of genres of programming World Wide Entertainment is able to produce.

## **9. Litigation Risk**

### **9.1 Copyright and Trademark infringement**

World Wide Entertainment licenses footage sourced from third parties for the production of its programming. It is possible the Company could infringe intellectual property rights. Systems are in place which are intended to minimise the likelihood of infringement. The Company does not register the trademarks of any of its programming. There is a risk that this may lead to trademark disputes with other producers.

### **9.2 Defamation**

As World Wide Entertainment is involved in television and media productions, the Company is at risk of defamation actions. The Company has in place comprehensive insurance cover relating to all relevant areas of its global business including Errors and Omissions insurance which provides protection against defamation cases. The insurance program is regularly reviewed and related matters are reported to the Board.

## **10. Technology Risk**

New broadcast technologies, such as High Definition broadcast, may reduce demand for World Wide Entertainment's programming format. Management reviews the uptake of new technology developments during each business cycle and reports to the Board on developing trends.

## **11. Disaster Recovery and IT Security**

Specific disaster recovery plans have been developed and tested to ensure information systems, communications, and other key operations can be maintained or recovered in the event of a crisis. Data is recorded and stored in secure off-site locations.

A natural disaster affecting the Company's headquarters poses a risk. The Company maintains a suite of Insurance Policies to provide protection against the outcomes of such a disaster.

## **12. Other**

Risk management procedures have also been developed across a broad range of other Company activities including legal compliance; ethical conduct; investment and capital allocation and stakeholder relations.

The above risk factors ought not to be taken as exhaustive of the risks faced by the Company. Those risk factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company.