



SEEK Limited ACN 080 075 314

## Risk Management Policy

April 2017

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### Introduction

Effective risk management is central to the continued growth of sustainable shareholder value for the SEEK Group (SEEK Ltd and its subsidiaries). Shareholder value is in fact driven by SEEK taking considered risks. SEEK defines risk as “the effect of uncertainty on the Group’s objectives”. SEEK assesses risk by identifying potential events and evaluating the combination of the consequences of an event and the associated likelihood of occurrence.

For SEEK the management of risk is a continual process and an integral part of the management and corporate governance of the business.

### Policy Objectives & Outcomes

Through SEEK’s Risk Appetite Statement, the Board determines the Group’s appetite and tolerance for risk after taking into account the Group’s strategic objectives and other factors including regulatory and legal requirements, shareholder expectations, the Group’s financial position and organisational culture.

SEEK’s approach to risk management is to identify and minimise the potential for loss, whilst also maximising strategic opportunities for growth.

### Risk Management Process

The Board, through the Audit and Risk Management Committee (A&RMC) is responsible for ensuring there are adequate procedures in place in relation to risk management, compliance and internal control systems.

SEEK has adopted a group wide risk management framework based upon the principles contained in *AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines* and consistent with the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations* (Principle 7). The framework is managed by the Group Chief Financial Officer in liaison with the Head of Governance & Risk and business departments, and endorsed by the Board on the recommendation of the Group Chief Financial Officer, Chief Executive Officer and A&RMC.

The risk management framework includes a risk assessment process to identify, analyse, evaluate and treat material business risks in the following areas:

- Strategic/Operational
- Reputation
- Financial
- Technological/Product
- People
- Legal, Governance & Regulatory

## Reporting & Communication

SEEK’s risk management processes are continually monitored, reviewed and reported.

The A&RMC oversees the group wide risk management framework as advised by the Executive.

The risk management policy and framework are reviewed at least annually by the Executive and A&RMC to ensure their ongoing effectiveness and relevance.

Key internal and external stakeholders are consulted regularly to ensure that there is appropriate identification, understanding, accountability and treatment of business risks.

## Risk Mindsets & Behaviours

A sound risk management culture (risk mindsets and behaviours) is a core component of SEEK’s Risk Management Framework. Key elements of SEEK’s risk mindsets and behaviours and the desired state are provided below:

Element	Desired State
<b>Tone from the top</b>	The Board, the Executive and senior leaders support the desired risk culture by demonstrating consistent and appropriate mindsets and behaviours through its actions and decisions over time, as well as communicating the value contributed by SEEK’s risk culture.
<b>Clear expectations</b>	Expectations for risk management are communicated consistently across all layers of SEEK. Taking ownership for key risks and managing risk is a key skill set for senior leaders. SEEK employees understand they are accountable to meet those expectations as part of their role.
<b>Ownership</b>	Accountability for risk management is with those who take the risks. Risk is consciously considered in decision making, is actively managed and is assessed from the SEEK Group perspective to optimise and protect business outcomes.
<b>Transparency</b>	There is an open environment where SEEK employees: <ul style="list-style-type: none"> <li>• Are empowered and encouraged to share information, constructively challenge and discuss</li> <li>• Feel it is safe to raise issues or concerns</li> <li>• Are commended for taking accountability for making mistakes and are encouraged to continually learn and improve.</li> </ul>
<b>Challenge &amp; collaboration</b>	Management of risk is seen as a business enabler. ‘Risk experts’ are consulted and provide input into key decisions impacting the organisation’s risk profile.
<b>Compensation</b>	The performance and remuneration structures are linked to SEEK’S performance management systems and metrics, and support the desired risk mindsets and behaviours. SEEK employees are held accountable for their actions and are aware of the consequences of not adhering to expected behaviours.

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## The three lines of defence model



**Adapted from:** [http://www.iaa.org.au/sf\\_docs/default-source/member-services/thethreelinesofdefenseineffectiveriskmanagementandcontrol\\_position\\_paper\\_jan\\_2013.pdf?sfvrsn=0](http://www.iaa.org.au/sf_docs/default-source/member-services/thethreelinesofdefenseineffectiveriskmanagementandcontrol_position_paper_jan_2013.pdf?sfvrsn=0)

The three lines of defence are necessary for effective management of risk and control. The three lines of defence are outlined below.

### **First line: responsible for owning and managing risks**

The first line of defence lies with the business and process owners whose activities create and/or manage the risks that can facilitate SEEK to meet (or prevent SEEK from achieving) its objectives. This includes taking the right risks. The first line owns the risk, and the design and execution of controls to respond to those risks.

The main responsibilities of the first line include:

- Effective implementation of the SEEK Risk Management Framework, including reporting and escalation of relevant information to the senior leaders, the Executive, the Board Committees and the Board as appropriate.
- Managing risk in a way that is consistent with the SEEK Risk Management Framework.
- Driving a risk-aware culture in their business units.

### **Second line: responsible for expert advice, oversight and challenge**

The second line is in place to support management to help ensure that risk and control are effectively managed. Execution of the second line of defence lies with the specialist risk management and compliance teams responsible for the respective functions (e.g. Group Risk and A&RMC for the design and implementation of the Risk Management framework, Group Finance to implement relevant finance policies and controls, Legal & Compliance teams to monitor and review legal and compliance matters etc.). The second line of defence is also responsible for:

- The establishment of Risk Management Framework and supporting policies.
- Consistent implementation of the Risk Management Framework within the business.
- Providing advice and oversight of the business.
- Objectively challenging material business decisions.

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**Third line: responsible for providing independent assurance**

The third line of defence is concerned with providing independent assurance to the Board and the Executive on the effectiveness over the first and second lines' efforts consistent with the expectations of the Board and the Executive. The third line consists of Internal Audit and External Audit.