Risk Management

SPH has established an Enterprise Risk Management ("ERM") framework which encompasses a continuous and iterative process for improving risk awareness and creating a culture of risk management across the organization. The ERM framework provides guidance to the operating units towards the implementation of a consistent approach for risk identification and management.

SPH systematically manages and regularly reviews its risk profile at a strategic, operational and project level so that business decisions are consciously weighed against their risks. The Executive Committee ("EC") is updated twice a year on the risk profile, as well as mitigation measures for identified risks. The EC will report and make recommendations to the Board where significant risk matters arise.

The ERM focus is on building a culture where SPH mitigates its risk exposure by calibrating risks to acceptable levels while also achieving SPH’s business plans and goals.

In line with the Company’s ERM objectives, the following ERM principles apply:

- Risks can be managed, but cannot be totally eliminated.
- ERM is aligned with, and driven by, business values, goals and objectives.
- Managers at each level must assume ownership of risk management.
- Risk management processes are integrated with other processes including budgeting, mid/long-term planning and business development.

Each employee is also given an Employee Workplace, Safety and Health handbook by the company which sets out risk control measures and promotes workplace safety to create awareness of workplace risks.

The Board is of the opinion that the risk management framework is adequate.

The following are some of the strategic risks that may impact the financial status and operational effectiveness of SPH’s businesses.

Regulatory Risks

SPH’s newspaper business is subject to the annual renewal of its publishing licence pursuant to the provisions of the ‘Newspaper and Printing Presses Act’ (Chapter 206, Singapore Statutes). Failure on our part to comply with the Act may subject SPH to significant liabilities, such as fines, suspension, or ultimately, the revocation of the licence.

Newsprint Cost Risks

SPH’s financial performance is susceptible to the volatility of newsprint prices. The cyclical fluctuation of newsprint prices has a substantial impact on newspaper publishing costs. A significant spike in newsprint price or a reduction in the availability of newsprint can adversely affect SPH’s core business. Failure to adopt mitigation measures, such as advance stockpiling or securing of long-term, fixed-price contracts, may result in SPH incurring higher production cost and lead to diminishing operating margins.

Business Continuity Planning

Availability and safety of our printing facilities are of paramount importance to SPH as three million residents of Singapore rely on us daily to provide them with timely and essential news via our suite of newspapers. Business Continuity Planning ("BCP") increases the resilience of the Group to potential business disruptions and minimises the impact of a crisis on business operations, people and assets.

SPH has a comprehensive BCP programme in place to minimise any disruptions to its critical business activities and ensure that the populace continues to be informed in the face of a crisis. During the year, focus was on building the Group’s resilience against pandemic flu adversities. Simulation exercises were conducted involving operating units and locations to enhance operational preparedness. The Group continues to scan for possible threats and establish plans to enhance operational preparedness.