

SCHAFFER CORPORATION LIMITED (“SFC”)

SFC RISK MANAGEMENT POLICY

SFC Risk Management Policy

SFC’s risk management policy provides the framework to manage the risks associated with SFC’s business activities.

The purpose of the policy is to identify, assess, monitor and manage risk with the objective of minimising losses and maximising shareholder value.

SFC prepares risk profiles including a description of material risks, both financial and non-financial. SFC reviews and updates its risk profile as required.

SFC implements a systematic process to assist in the identification, assessment, treatment and monitoring of risks.

SFC provides the necessary tools and resources to management and staff to support the effective management of risks.

SFC ensures that the Board is adequately informed of significant risk management issues and the actions undertaken to manage risks in a timely manner.

The SFC Board shall be responsible for SFC reviewing and analysing the implementation and effectiveness of SFC’s risk management systems. The SFC Board reviews these control systems annually.

Responsibility for implementation and effective conduct of SFC’s risk management system rests with the Board, Chief Executive Officer, Chief Financial Officer, General Managers and all employees.

The Managing Director and the Chief Financial Officer are required to state in writing to the Board that:

- ✍ the statement given in accordance with the ASX Corporate Governance Council’s Best Practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- ✍ SFC’s risk management and internal compliance and control system is operating efficiently and effectively in all material respects.