

9 October 2019

NOTICE OF 2019 ANNUAL GENERAL MEETING

Notice is given that the 2019 Annual General Meeting of Schaffer Corporation Limited ("**SFC**" or the "**Company**") will be held at **Pagoda Resort & Spa, 112 Melville Parade, Como, Western Australia** at **11:30am (WST) on Wednesday 13 November 2019**.

BUSINESS

1. Annual Financial Report

To receive and consider the annual financial statements and reports of the directors and the auditors for the period ended 30 June 2019.

2. Resolution 1: Re-election of Mr David Schwartz

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr David Schwartz who retires in accordance with the Company's constitution and, being eligible for re-election, be re-elected as a Director."

3. Resolution 2: Adopt Remuneration Report

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report for the period ended 30 June 2019 be adopted."

4. Resolution 3: Remuneration of Non-Executive Directors

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.17 and for all other purposes, and pursuant to Article 10.2 of the Constitution, as from 1 July 2020 the maximum aggregate fees payable to Non-Executive Directors of the Company be increased by \$250,000 to \$500,000 per annum, and such amount, or such lesser amount as the Directors may determine, shall be divided among the Non-Executive Directors in such proportions and manner as the Directors may agree ."

5. Questions and Comments by Shareholders at the Meeting

By order of the Board



Jason M Cantwell
Group Financial Controller & Company Secretary

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the information of shareholders of the Company in connection with the business to be conducted at the forthcoming Annual General Meeting (“AGM”) of shareholders.

Annual Financial Report

The first item on the Notice of Annual General Meeting deals with the presentation of the Financial Report and Reports of the Directors and Auditor of the Company for the year ended 30 June 2019. No resolution is required to be moved in respect of this item of business.

Resolution 1 – Re-election of Director

Mr David Schwartz – Non-Executive Director

Mr David Schwartz, who was elected to the Board of Schaffer Corporation Limited in June 1999 and is required to retire from office pursuant to the ‘Director Rotation’ provisions of Article 3.6 of the Company’s constitution. Mr Schwartz, being eligible, has offered himself for re-election as a Director.

Mr Schwartz has over 40 years’ experience in the successful management of manufacturing and distribution businesses, and also negotiating acquisitions and the development of properties in Australia and South Africa. Mr Schwartz is currently Chairman of Stefani Pure Water Australasia Pty Limited, and a director of Energy-Tec Holdings. Mr Schwartz is also a founding director of Primewest Management Limited which currently manages a property portfolio valued at in excess of A\$4 billion.

As a long serving director of Schaffer Corporation, Mr Schwartz has accumulated an in-depth knowledge of the divisional operations which provides him with an enhanced capability to question and challenge management decision making. Mr Schwartz is Chairman of the Board’s Audit Committee which draws on his skills from various audit committee appointments and extensive business experience, including the interpretation of financial statements. Mr Schwartz is also Chairman of the Nomination and Remuneration Committee which during his tenure has maintained a stable, experienced and well-functioning Board that is aligned with the interests of shareholders.

Recommendation: The Board supports the re-election of Mr David Schwartz

Resolution 2 – Remuneration Report

The Corporations Act requires that a resolution in relation to the Remuneration Report, included in the Director’s Report, be included in the Notice of Meeting so that shareholders have an opportunity to comment and ask questions on the content of the Remuneration Report and exercise a vote for its adoption. This resolution is advisory only and does not bind the Company or the Directors.

The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company’s remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a “spill resolution”) that another meeting be held within 90 days at which all of the Company’s Directors (other than the Managing Director) must stand for re-election.

The Company’s Remuneration Report commences on Page 55 of the 2019 Annual Report, a copy of which is available from SFC’s website at www.schaffer.com.au.

Recommendation: Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and that each Director (or any closely related party of a Director) is excluded from voting their shares on this resolution, the Board recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

Voting Exclusions – Resolution 2

A vote on Resolution 2 must not be cast (in any capacity) by, or on behalf of:

- a member or a former member of the key management personnel (KMP) whose remuneration details are disclosed in the Company's Remuneration Report; or
- a closely related party of such a KMP,

unless the vote is cast by a person entitled to vote in accordance with a direction on the proxy form.

This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Resolution 2 because SFC's proxy appointment expressly authorises the Chairman of the meeting to exercise undirected proxies.

Resolution 3 – Remuneration of Non-Executive Directors

Directors' fees were last approved by shareholders at the Annual General Meeting in November 2003 at \$250,000 per annum.

Since 2003, there have been modest CPI increases in most years. As a result, the Company is now approaching the current aggregate fee cap and proposes to increase the annual fees which may be paid to Non-Executive Directors from 1 July 2020 to \$500,000 per annum.

This increase will provide flexibility with Board and Committee appointments, so that the Board can appropriately manage succession planning and potential new director appointments considering the mix of skills and experiences necessary for the Board. The increased limit ensures that any change in composition can be implemented as smoothly as possible and enables the Board to continue to attract and retain Non-Executive Directors with the skills, experience, and calibre befitting the Company. Additionally, there are increasing legislative and corporate governance requirements imposed on Directors. These additional time demands on Directors translate into additional costs for listed companies.

It is emphasised that this is a maximum limit and it is not proposed that current fees be increased to that limit. The additional headroom is seen as prudent to give the Board the necessary flexibility to continue operating effectively.

Recommendation: Noting that each Non-Executive Director has a personal interest in their own remuneration from the Company, the Board recommend that shareholders vote in favour of the resolution to increase the aggregate fees payable to Non-Executive Directors.

Voting Exclusions – Resolution 3

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a Director of the Company or any associate of that person. However, the Company need not disregard a vote on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolution 3 by a member of the KMP of the Company, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 3. This restriction on voting undirected proxies does not apply to the Chairman of the meeting because the Company's proxy appointment expressly authorises the Chairman of the meeting to exercise undirected proxies.

Key Management Personnel

For the purposes of any voting exclusions, the 'key management personnel for the SFC consolidated group' (or KMPs) are those persons having authority and responsibility for planning, directing and controlling the activities of the SFC consolidated group either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMPs during the year ended 30 June 2019 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2019.

A 'closely related party' of a KMP means:

- a spouse or child of the KMP; or
- a child of the KMP's spouse; or
- a dependant of the KMP or of the KMP's spouse; or
- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company; or
- a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the AGM under a power of attorney.

Questions and Comments by Shareholders at the Meeting

As has been previous company practice, reasonable opportunity will be given to shareholders at the meeting to ask questions about, or make comments on, the management of the company and the business set out in this Notice of Meeting. Similarly, a reasonable opportunity will be given to shareholders at the meeting to ask the auditor, or their representative, questions relevant to the conduct of the audit and the preparation and content of the Auditor's Report.

Eligibility to Vote

The Directors have determined in accordance with section 1109N of the Corporations Act 2001 (Cth) ("Corporations Act") that, for the purpose of voting at the meeting, shares will be taken to be held by the registered holders at 5pm WST on 11 November 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlement to attend and vote at the Annual General Meeting.

Proxies

A member who is entitled to vote at the meeting has a right to appoint a proxy and should use the proxy form with this notice. The proxy need not be a member of the Company.

A member who is entitled to cast two or more votes may appoint two proxies and may specify the percentage of the member's votes that each proxy is appointed to exercise.

A proxy's authority to speak and vote for a member at the meeting is suspended if the member is present at the meeting.

The proxy form must be signed and dated by the member or the member's attorney. Joint members must each sign. Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing.

If signed by an executor/executrix of a deceased member, please forward probate or letters of administration for noting.

Proxies given by companies must be executed in accordance with section 127 of the Corporations Act, signed by either two directors or a director and a secretary or signed by the appointor's attorney duly authorised in writing.

Direction to Chair for Remuneration Report and Remuneration of Non-Executive Directors

If the Chairman of the AGM is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman of the AGM to vote for or against, or to abstain from voting on, the resolution on Item 3 (Resolution 2: Adopt Remuneration Report) and Item 4 (Resolution 3: Remuneration of Non-Executive Directors) by marking the appropriate boxes opposite Resolution 2 and Resolution 3 in the proxy appointment form. However, if the Chairman of the AGM is a proxy and the relevant shareholder does not mark any of the boxes opposite Resolution 2 or Resolution 3, the relevant shareholder will be directing the Chairman of the AGM to vote in favour of the resolution on that item.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received at least 48 hours before the meeting:

- by hand to 1305 Hay Street, West Perth or
- by mail to PO Box 770, West Perth WA 6872; in the enclosed envelope or
- on fax number +61 8 9481 0439 or
- by email to sue@schaffer.com.au

Corporate Representative

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.



SFC
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

Phone:
1300 763 645 (within Australia)
+61 3 9415 4864 (outside Australia)



www.investorcentre.com/contact

**YOUR VOTE IS IMPORTANT**

For your proxy appointment to be effective it must be received by **11:30am (WST)** Monday, 11 November 2019

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item, your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies, you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting, you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

By Mail:

PO Box 770
West Perth WA 6872

By Hand:

1305 Hay Street
West Perth WA 6005

By Email to:

sue@schaffer.com.au

By Fax:

(within Australia) 08 9481 0439 or
(outside Australia) +61 8 9481 0439



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Schaffer Corporation Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Schaffer Corporation Limited to be held at Pagoda Resort & Spa, 112 Melville Parade, Como, Western Australia on Wednesday, 13 November 2019 at 11:30am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 2 and 3 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 2 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy, you can direct the Chairman to vote For or Against or Abstain from voting on Resolutions 2 and 3 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Re-election of Director - Mr David Schwartz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Remuneration of Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

