

SCHAFFER CORPORATION LIMITED (“SFC”)

SFC SECURITIES TRADING POLICY

1. Who this Policy applies to -

The SFC Securities Trading Policy regulates dealing by SFC Directors and senior executives in SFC securities (including ordinary shares, preference shares, and options or rights issued by Schaffer Corporation Limited). Restrictions imposed by law on prohibiting anyone dealing in SFC’s securities, if in possession of unpublished SFC price-sensitive information, have been supplemented by Board imposed restrictions specific to SFC Directors and senior executives. Price sensitive information is information a reasonable person would expect to have a material effect on the price or value of SFC securities.

This policy provides that in addition to Directors and senior executives being prohibited from trading in the Company’s securities at any time if they possess any unpublished price sensitive information, Directors and senior executives may buy or sell the Company’s securities only within limited trading windows. These rules also apply to trading by a related party of any SFC Director or senior executive. This Policy does not restrict participation by SFC senior executives in SFC’s Employee Share Options Plan (ESOP), but applies in respect of the trading of SFC’s securities to which plan participants become entitled under the ESOP.

2. Trading Windows -

The periods within which a Director or senior executive may buy or sell SFC securities is:

- from 24 hours to 4 weeks after the Company has made any *Scheduled Announcement*. A scheduled announcement refers to the announcement by SFC of its (i) results for the half year, (ii) preliminary final year result, (iii) Chairman’s Address to the AGM
- from 24 hours to 4 weeks after the Company has made any *Unscheduled Announcement*. An unscheduled announcement refers to any other announcement of new information made by SFC pursuant to ASX Listing Rule 3.1.; and
- during the period when a prospectus for securities is released by SFC until the last day for acceptance of securities issued pursuant to that prospectus.

SFC Directors and senior executives are prohibited from trading at all other times, unless specifically authorised in terms of section 3 of this policy. For the purposes of clarity, any Unscheduled ASX LR 3.1 announcement made within 4 weeks prior to a Scheduled Announcement does not enable SFC Directors and senior executives to trade SFC securities. The senior executives group to which these restrictive trading

periods apply includes all General Manager personnel within the Automotive Leather, Building Materials and Property divisions of the group, and SFC's Chief Financial Officer/Company Secretary and Group Chief Accountant.

3. Outside Trading Windows -

Directors and senior executives must apply in writing to the Chairman if they wish to trade outside the trading windows. The Chairman will consider written submissions and decide whether or not to permit trading. A written response will be provided within 72 hours of receipt of any request. The Chairman cannot approve a request to trade in SFC securities outside of a trading window, if the director or executive requesting permission, is in possession of undisclosed price sensitive information at the time the request is received.

Should the Chairman wish to deal in SFC securities outside of a prescribed trading window, the Chairman must seek prior written approval from the Chairman of the Audit Risk Committee under the same criteria as the other directors and senior executives.

4. Short term dealing not permitted -

The policy also requires that Directors and senior executives do not buy or sell the Company's securities on a short-term basis. As a guide buying and selling (or selling and buying) SFC securities within a three month period, would be considered short term dealing. If in doubt regarding what transactions might constitute short term dealing, contact the Chairman or Company Secretary to clarify the situation, before entering into any such transaction.

5. Margin loan arrangements -

A director or senior executive, who enters into a margin loan or similar funding arrangement in relation to shares in SFC, must comply with this policy. A forced sale under a margin loan or similar arrangement will be considered a breach of this policy, if the relevant approvals are not first obtained as required by the policy.