



# BOARD CHARTER

## 1. INTRODUCTION

- (a) This charter governs the operations of the Board of Directors (**Board**) of Redflex Holdings Limited (**RHL** or **Company**). It also sets out the principles for the operation of the Board of the Company and describes the functions of the Board.
- (b) Together with the ASX Listing Rules, the Company's Constitution contains the main rules for the composition, election, organisation, powers and authority of the Board.
- (c) Those rules form the basis for this Charter.

## 2. ROLE AND PURPOSE OF THE BOARD

### Role

- (a) The Board is responsible to ensure the Company develops and implements:
  - (i) strategies and supporting policies and procedures to enable the Company to fulfil the objectives set out in the Company's Constitution; and
  - (ii) systems of compliance with its legal and policy obligations and ensure the Company's assets are protected through appropriate risk management strategies.
- (b) The Board must at all times act:
  - (i) honestly, conscientiously and fairly in all respects in accordance with the applicable law and regulations;
  - (ii) in the best interests of the shareholders of the Company; and
  - (iii) in good faith with respect to other stakeholders of the Company.
- (c) The Board's role includes those matters listed in the document entitled "Matters Reserved for the Board" published on the Company's website [www.redflex.com](http://www.redflex.com).
- (d) The Board may delegate the day to day operation of the Company to management but the Board remains accountable to shareholders and other stakeholders for the Company's performance.
- (e) This Charter and the charters adopted by the Board for the Board Committees have been prepared and adopted on the basis that corporate governance procedures can enhance the performance of the Company and the creation of shareholder value.



## **Purpose**

- (f) The primary purpose of the Board of Directors of the Company is to set the strategic direction of the Company (including setting the strategic and business plans and budgets), to empower management to implement the approved strategic direction and to regularly assess the progress of achievement not only as against the approved strategic direction but also in relation to the Company's overall performance.
- (g) In doing so, each Director will exercise their own critical and independent judgement in the best interests of the Company, as a whole, faithfully discharging their legal and equitable duties as directors. Directors will therefore act independently but support decisions made collectively, and ideally by consensus, by the Board.
- (h) The Board will also ensure that the Company has adequate internal controls, risk and compliance policies and procedures and reporting mechanisms and will regularly assess their effectiveness.

## **3. MEMBERSHIP**

- (a) In accordance with the Company's Constitution and the law, the Board shall consist of a minimum of three Directors of which two Directors must ordinarily reside in Australia.
- (b) The majority of the Board will be independent Non-Executive Directors.
- (c) The Directors will be appointed in accordance with the Company's Constitution and will hold office subject to the Company's Constitution, the Corporations Act 2001 (Cth) and the ASX Listing Rules, as they may apply to the Company.
- (d) While the Board may appoint a new Director at any time, the rules for re-election of Directors by shareholders at an annual general meeting will apply and are defined in the Constitution and the ASX Listing Rules.
- (e) A Director may resign the office of Director at any time by giving written notice to the Company.

## **4. ACCESS AND INDEPENDENT ADVICE**

### **4.1 Access to Books and Records**

In discharging its oversight role, the Board is able to have full access to all books, records, facilities and personnel of the Company.

### **4.2 Independent Advice**

The Board or an individual Director of the Company has the right to seek independent professional advice, as necessary, to fulfil their duties and responsibilities, at the Company's expense, provided that:

- (a) prior written approval of the Chairperson is obtained;



- (b) details are provided of the nature of the proposed advice sought, the proposed adviser and the estimated cost;
- (c) the advice does not extend to matters relating to contractual arrangements or disputes with the Company; and
- (d) any advice received shall be circulated to the remainder of the Board if the Chairperson so determines.

## **5. MEETINGS**

Meetings of the Board will be conducted in accordance with the Company's Constitution, the Corporations Act 2001 (Cth) and the ASX Listing Rules, as they may apply to the Company.

## **6. INDEPENDENCE**

- (a) Directors of the Company are considered to be independent when they are independent of management and free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, a Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.
- (b) In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.
- (c) Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it, and other factors which point to the actual ability of the Director in question to shape the direction of the Company.
- (d) The Board should regularly assess whether each Non-Executive Director is independent.
- (e) Each Non-Executive Director should provide to the Board all information that may be relevant to this assessment.
- (f) If a Non-Executive Director's independent status changes, this should be disclosed and explained to the market promptly and without delay.

## **7. DUTIES AND RESPONSIBILITIES OF THE BOARD**

### **7.1 The Board's duty**

The Board's duty is to seek to add value to the Company by guiding, assisting and supporting management to achieve the Company's goals and performance targets. This includes creating and maintaining sustainable growth and profitability for the benefit of shareholders and other stakeholders and ensuring that all dealings with shareholders and other stakeholders are conducted with honesty and integrity.





## 7.2 Responsibilities

The Board is responsible for the overall operation and stewardship of the Company and in particular is responsible for:

### (a) Strategy

- (i) providing overall leadership by assisting and supporting management in the implementation of corporate strategy and performance objectives. This includes approval of business plans and operating and annual budgets developed by management;
- (ii) directing, monitoring and assessing performance against strategic and business plans; and
- (iii) approving and monitoring capital management including raising of capital, major capital expenditure, acquisitions and divestments.

### (b) Compliance and Risk Management

- (i) ensuring that the Company has an appropriate compliance and risk management framework in place and setting the risk tolerance within which the Board expects to operate;
- (ii) ensuring a process is in place to identify the principal compliance obligations and risks to the Company's businesses; and
- (iii) reviewing and assessing the integrity of the systems of compliance, risk management and internal control.

### (c) Reporting and Disclosure

- (i) approving and monitoring financial and other reporting, including reporting to shareholders and other stakeholders;
- (ii) establishing procedures to ensure implementation and adherence to the Company's reporting policy;
- (iii) overseeing the integrity of the Company's accounting and corporate reporting systems, including external audit; and
- (iv) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

### (d) Management

- (i) appointing, and where appropriate, removing the Chairperson of the Board;
- (ii) delegating appropriate authority to management;



- (iii) appointing and approving the terms of engagement of the Group Chief Executive Officer and, where appropriate, removing the Group Chief Executive Officer;
- (iv) approving or ratifying the appointment and terms of engagement of the Group Chief Financial Officer, the Group General Counsel & Company Secretary and other senior executives;
- (v) appointing, and where appropriate, removing the Company Secretary;
- (vi) ensuring that a process is in place so that the remuneration and conditions of service of senior executives is appropriately set;
- (vii) ensuring that a process is in place for executive succession planning, and monitoring that process; and
- (viii) overseeing management's implementation of the Company's strategic objectives and its performance generally.

**(e) Performance**

- (i) evaluating the Group Chief Executive Officer's performance; and
- (ii) approving and monitoring criteria for evaluating the performance of the Group Chief Executive Officer and senior executives.

**(f) Corporate Governance**

- (i) establishing appropriate standards and encouraging ethical behaviour and compliance with the Company's own governing documents, including the Employee Code of Conduct and Ethics and other Company policies and procedures; and
- (ii) monitoring the Company's compliance with corporate governance standards and the effectiveness of the Company's governance practices.

**(g) Board Committees**

- (i) establishing and adopting charters and monitoring the performance of the following Board Committees:
  - (A) Audit;
  - (B) Risk and Compliance;
  - (C) Nominations; and
  - (D) People, Culture and Remuneration; and
- (ii) reviewing the performance of the Board Committees to ensure they remain relevant and effective.



## **8. ROLE OF THE CHAIRPERSON**

### **8.1 Objective**

The Company recognises that it is important that the Chairperson has a defined role in the organisation and operates in accordance with clear functional lines. The role of Chairperson requires a significant time commitment. The Chairperson's other positions should not be such that they are likely to hinder effective performance in the role.

### **8.2 Specific duties of the Chairperson**

The Chairperson will:

- (a) chair all board meetings at which the Chairperson is present;
- (b) establish the agenda for Board meetings, in consultation with the Group Chief Executive Officer and the other Non-Executive Directors;
- (c) chair meetings of shareholders including the Annual General Meeting of the Company.

### **8.3 Specific responsibilities of the Chairperson**

The Chairperson is responsible for:

- (a) leadership of the Board and for the efficient organisation and conduct of the Board's functions; and
- (b) facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and management.

### **8.4 Role of the Chairperson**

- (a) The Chairperson will be selected on the basis of relevant experience, skill, judgement and leadership abilities to contribute to the effective direction of the Company.
- (b) The roles of Chairperson and Group Chief Executive Officer will be exercised by two separate individuals.

## **9. GROUP CHIEF EXECUTIVE OFFICER**

The Board has delegated to the Group Chief Executive Officer and his or her direct reports to be responsible for the day to day management of the Company.

## **10. COMPANY SECRETARY**

- (a) The Company Secretary will be accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board and in relation to corporate governance matters.
- (b) The Company Secretary will be responsible for:





- (i) advising the Board and Board Committees on corporate governance matters;
- (ii) monitoring compliance with Board and Board Committee policy and procedures;
- (iii) coordinating the timely completion and despatch of Board and Board Committee papers;
- (iv) ensuring that the proceedings and resolutions at Board and Board Committee meetings are accurately captured in the minutes and in written resolutions;
- (v) monitoring the Company's compliance with all disclosure obligations and regularly reviewing the Company policies and procedures relating to compliance with such disclosure obligations; and
- (vi) helping to organise and facilitate the induction and professional development of Directors,

unless delegated by the Board to another appropriate person.

## **11. REMUNERATION PHILOSOPHY**

- (a) The performance of the Company depends upon the quality of its Directors and senior executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and senior executives.
- (b) Accordingly, the Company has adopted and has established the practice to publish its Remuneration Strategy, as it applies from time to time.

### **11.2 Executive Remuneration**

The Company embodies the following principles in its Remuneration Strategy:

- (a) provision of competitive rewards to attract high calibre senior executives;
- (b) linking executive rewards to shareholder value;
- (c) providing for a significant proportion of executive remuneration to be “at risk” and dependent on pre-determined performance or other benchmarks being met; and
- (d) establishing appropriate performance hurdles or other benchmarks in relation to variable executive remuneration.

### **11.3 Non-Executive Director Remuneration**

- (a) The maximum aggregate pool available to be paid to Non-Executive Directors is approved by shareholder resolution. The manner in which this pool is apportioned between the Non-Executive Directors is determined and reviewed annually by the Board.
- (b) Each Non-Executive Director will receive a fixed fee for being a Director of the Company, unless otherwise decided by the Board or as approved by shareholders.



- (c) Non-Executive Directors receive an additional fee, within the available maximum aggregate pool, for the regular appointment of chair of a Board Committee.
- (d) Unless otherwise determined by the Board, the Group Chief Executive Officer will not be a member of any Board Committee.

## 12. BOARD PERFORMANCE

The Board will perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

## 13. REVIEW OF CHARTER

- (a) The Board will review this Charter at least annually to ensure it complies with applicable legal requirements and remains relevant and effective.
- (b) This Charter is not intended to be contractual in nature.
- (c) The Board may change this Charter at any time.

## 14. PUBLICATION

A copy of this Charter will be available on the Company website ([www.redflex.com](http://www.redflex.com)) or made available on request.

### CHANGE HISTORY

#### Change History Log

Version	Description	Date
1.0	Initial Version	29 May 2015
2.0	Annual Review	25 February 2016
3.0	Annual Review	29 March 2017
4.0	Annual Review	19 March 2018
5.0	Annual Review	21 March 2019