



**CORPORATE GOVERNANCE STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2020  
 (REPORTING PERIOD)**

The Board of Directors of Redflex Holdings Limited (“Redflex”, the “Company” or the “Redflex Group”) guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board is therefore responsible for the corporate governance framework of the Redflex Group having regard to the ASX Corporate Governance Council’s “Corporate Governance Principles and Recommendations, 4th Edition” (Principles and Recommendations (Fourth Edition)).

A reference to the Redflex website in this Corporate Governance Statement is to [www.redflex.com](http://www.redflex.com). There is an “Investors / Governance” tab on the Redflex website to navigate to the relevant information contained in or referred to in this statement. The ASX Appendix 4G, given to the ASX at the same time as this statement, complements this statement and provides a key to the Company’s corporate governance disclosures.

A copy of the 2020 Annual Report and all ASX announcements of the Company can be found under the “Investors / Governance” tab on the Redflex website ([www.redflex.com](http://www.redflex.com)).

The table below outlines the Company’s compliance with the Principles and Recommendations (Fourth Edition).

The Board of Directors of Redflex has approved this Corporate Governance Statement for the year ended 30 June 2020 (reporting period).

	Recommendation	Complies Yes / No	Reference
<b>Principle 1 – Lay solid foundations for management and oversight</b>			
	<b>A listed entity should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.</b>		
1.1	A listed entity should have and disclose a Board Charter setting out: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	<b>Yes</b>	Refer to “Board of Redflex” section below Board Charter Matters Reserved for the Board Refer to “Investors/Governance” tab of Redflex website
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and	<b>Yes</b>	Nominations Committee Charter Refer to “Investors/Governance” tab of Redflex website
	(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.		Refer to “Structure of the Board” section below Refer to AGM Notice of Meeting Refer to “Investors/Governance” tab of Redflex website

	Recommendation	Complies Yes / No	Reference
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Refer to “People, Culture and Remuneration Committee” section below
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Yes	Board Charter Company’s Constitution Refer to “Investors/Governance” tab of Redflex website
1.5	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its Board or a Committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, Senior Executives and workforce generally;</li> <li>(c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve diversity;</li> <li>(2) the entity’s progress towards achieving those objectives; and</li> <li>(3) either: <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the Board, in Senior Executive positions across the whole workforce (including how the entity has defined “senior executive” for these purposes); or</li> <li>(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</li> </ul> </li> </ul> </li> </ul>	No	Equal Employment Opportunity & Diversity Policy Refer to “Investors/Governance” tab of Redflex website  2019-2020 Redflex Report to the Workplace Gender Equality Agency in the “Investors / Other Important Documents” tab of Redflex website Refer to “Equal Employment Opportunity and Diversity at Redflex” section below
	If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its Board should be to have not less than 30% of its directors of each gender within a specified period.		Redflex was not in the S&P/ASX 300 Index at the commencement of the reporting period
1.6	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</li> </ul>	Yes	Refer to “Board and Senior Executive Performance Evaluation” section below
	(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.		Refer to “Board and Senior Executive Performance Evaluation” section below
1.7	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for evaluating the performance of its Senior Executives at least once every reporting period; and</li> <li>(b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</li> </ul>	Yes	Refer to “Board and Senior Executive Performance Evaluation” section below
<b>Principle 2 – Structure the Board to be effective and add value</b>			
	<b>The Board of a listed entity should be an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</b>		
2.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which:</li> </ul>	Yes	Nominations Committee Charter

	Recommendation	Complies Yes / No	Reference
	<p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		<p>Refer to “Investors/Governance” tab of Reflex website</p> <p>Refer to “Nominations Committee” section below</p> <p>Refer to “Directors’ and Board Committee Meeting” section below</p>
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.	<b>Yes</b>	<p>Refer to “Structure of the Board” section below</p> <p>Board Skills &amp; Diversity Matrix</p> <p>Refer to “Investors/Governance” tab of Reflex website</p>
2.3	A listed entity should disclose: <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<b>Yes</b>	Refer to “Structure of Board” section below
2.4	A majority of the Board of a listed entity should be independent directors.	<b>Yes</b>	Refer to “Structure of the Board” section below
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<b>No</b>	Refer to “Structure of the Board” section below
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<b>Yes</b>	Refer to “Director Induction and Continuing Professional Development” section below
<b>Principle 3 – Instill a culture of acting lawfully, ethically and responsibly</b>			
	<b>A listed entity should instill and continuously enforce a culture across the organisation of acting lawfully, ethically and responsibly.</b>		
3.1	A listed entity should articulate and disclose its values.	<b>Yes</b>	<p>Statement of Values</p> <p>Refer to “Investors/Governance” tab of Reflex website</p>
3.2	A listed entity should: <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the Board or a Committee of the Board is informed of any material breaches of that code.</p>	<b>Yes</b>	<p>Directors’ and Officers’ Code of Conduct and Protocols</p> <p>Employee Code of Conduct and Ethics</p>

	Recommendation	Complies Yes / No	Reference
			Refer to "Investors/Governance" tab of Reflex website
3.3	A listed entity should: (a) have and disclose a whistle blower policy; and (b) ensure that the Board or a Committee of the Board is informed of any material incidents reported under that policy.	Yes	Whistleblower Policy  Refer to "Investors/Governance" tab of Reflex website
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the Board or a Committee of the Board is informed of any material incidents reported under that policy.	Yes	Reflex Global Anti-Bribery and Anti-Corruption Policy  Refer to "Investors/Governance" tab of Reflex website
<b>Principle 4 – Safeguard the integrity of corporate reports</b>			
	<b>A listed entity should have appropriate processes to verify the integrity of its corporate reports.</b>		
4.1	The Board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	Audit & Risk Committee Charter  Refer to "Investors/Governance" tab of Reflex website  Refer to "Audit & Risk Committee" section below  Refer to Directors' Report in the 2020 Annual Report
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	Refer to "Group CEO and Group CFO Certification" section below
4.3	A listed entity should disclose its processes to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Yes	Refer to "Verifying the Integrity of Periodic Corporate Reports" section below
<b>Principle 5 – Make timely and balanced disclosure</b>			
	<b>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</b>		

	Recommendation	Complies Yes / No	Reference
5.1	A listed entity should have and disclose a written have a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.	Yes	Continuous Disclosure Policy Refer to "Investors/Governance" tab of Redflex website Refer to "Continuous Disclosure Policy" section below
5.2	A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.	Yes	Refer to "Continuous Disclosure Policy" section below
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Yes	Continuous Disclosure Policy Refer to "Investors/ASX Announcements" tab of Redflex website (for examples of compliance)
<b>Principle 6 – Respect the rights of security holders</b>			
	<b>A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Refer to "Investors/Governance" tab of Redflex website
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Yes	Continuous Disclosure Policy Refer to "Investors/Governance" tab of Redflex website
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	Continuous Disclosure Policy Refer to "Investors/Governance" tab of Redflex website Refer to AGM Notice of Meeting
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by poll rather than a show of hands.	Yes	Redflex's past practice at meetings of security holders has been to conduct poll voting on <u>all</u> resolutions. 2019 AGM Outcome of Meeting (and prior ASX announcements of outcomes of AGMs)
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	This is possible through the Computershare Investor Centre

	Recommendation	Complies Yes / No	Reference
<b>Principle 7 – Recognise and manage risk</b>			
	<b>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</b>		
7.1	The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.	<b>Yes</b>	Audit & Risk Committee Charter Refer to “Investors/Governance” tab of Redflex website Refer to 2020 Annual Report Refer to “Audit & Risk Committee” section below Refer to “Directors’ and Board Committee Meeting” section below
7.2	The Board or a Committee of the Board should: (a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	<b>Yes</b>	Refer to “Audit & Risk Committee” section below
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<b>Yes</b>	Refer to “Audit & Risk Committee” section below
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<b>Yes</b>	Refer to “Economic, Environmental and Social Sustainability Risks” section below
<b>Principle 8 – Remunerate fairly and responsibly</b>			
	<b>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity’s values and risk appetite.</b>		
8.1	The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and	<b>Yes</b>	People, Culture & Remuneration Committee Charter Refer to “Investors/Governance” tab of Redflex website Refer to “People, Culture & Remuneration Committee” section below

	Recommendation	Complies Yes / No	Reference
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b>  (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		Refer to "Directors' and Board Committee Meeting" section below
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<b>Yes</b>	Refer to "Remuneration Strategy" in the "Investors' tab of Redflex website
8.3	A listed entity which has an equity-based remuneration scheme should:  (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and  (b) disclose that policy or a summary of it.	<b>Yes</b>	Redflex Securities Trading Policy  Refer to "Investors/Governance" tab of Redflex website
<b>Principle 9 – Additional Recommendations that apply only in certain cases</b>			
	<b>The following additional recommendations apply to entities described within them.</b>		
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<b>N/A</b>	Not Applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<b>N/A</b>	Not Applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<b>N/A</b>	Not Applicable

Unless otherwise stated in the table above or in the paragraphs of this statement that follow, the Company's corporate governance practices were in place throughout the whole of the reporting period.

Various corporate governance policies and practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, please refer to the "Investors / Governance" tab on the Redflex website.

## BOARD OF REDFLEX

### *Role of the Board*

The Board's role includes guiding the strategic direction of the Company, monitoring the culture and values of the Company, driving its performance and overseeing the activities of management and the operation of the Company. The Board may delegate, and has delegated, the day to day operation of the Company to management but the Board retains overall accountability to shareholders and other stakeholders for the Company's performance.

In its stewardship of the Company, the Board also seeks to identify and ensure delivery of outcomes against the expectations of shareholders and other stakeholders. In doing so the Board seeks to identify and ensure compliance with the Company's legal, regulatory and ethical obligations. The Board is also responsible for identifying areas of significant business risk and for ensuring arrangements are in place to adequately manage those risks.

The Board operates under the Board Charter that establishes the role and responsibilities of the Board. The Board disclosed its Board Charter for the whole of the reporting period.

Under the Board Charter, the Board is responsible for the overall operation and stewardship of the Company and including for:

#### Statement of Values

- Approving and monitoring the values and the codes of conduct that underpin the desired culture of the Company; and
- Reviewing and assessing whether the Board and management effectively live up to the values of the Company.

#### Strategy

- Providing overall leadership by assisting and supporting management in the development and implementation of corporate strategy and related performance objectives. This includes approval of business plans and annual budgets developed by management;
- Directing, monitoring and assessing performance against budgets and strategic business plans; and
- Approving and monitoring capital management including raising of capital, major capital expenditure and acquisitions and divestments.

#### Compliance and risk management

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

#### Reporting and disclosure

- Approving and monitoring financial and other reporting, including reporting to shareholders and other stakeholders;
- Establishing procedures to ensure implementation and adherence to the Company's disclosure policy and to ensure there are appropriate systems and processes in place for management to report relevant information to the Board;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including external audit; and
- 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.

#### Management

- Appointing, and where appropriate, removing a director from the role of Chairperson of the Board (including appointing, and where appropriate, removing any director from the role of deputy chairperson or the role of 'senior independent director');
- Delegating appropriate authority to management;
- Appointing and approving the terms of engagement of the Group Chief Executive Officer and, where appropriate, removing the Group Chief Executive Officer;
- Approving or ratifying the appointment and terms of engagement of the SVP - Group Chief Financial Officer, the SVP - Group General Counsel & Company Secretary and other senior executives;
- Appointing, and where appropriate, removing the Company Secretary;
- Ensuring that a process is in place so that the remuneration and conditions of service of senior executives is appropriately set;
- Ensuring that a process is in place for executive succession planning, and monitoring that process;
- Overseeing management's implementation of the Company's strategic objectives and its performance generally; and
- Satisfying itself that the Company's remuneration strategy and policies are aligned with the Company's purpose, values, strategic objectives and risk appetite.

#### Performance

- Evaluating the Group Chief Executive Officer's performance; and
- Approving and monitoring criteria for evaluating the performance of the Group Chief Executive Officer and other senior executives.

## Corporate governance

- Establishing appropriate standards and encouraging ethical behaviour and compliance with the Company's own governing documents, including the Directors' and Officers' Code of Conduct and Protocols, the Employee Code of Conduct and Ethics and other Company policies and procedures;
- Monitoring the Company's compliance with corporate governance standards and practices and the effectiveness of those standards and practices; and
- Appropriately challenging management and holding management to account.

## Board Committees

- Establishing and adopting charters and monitoring the performance of the following Board Committees:
  - Audit & Risk;
  - Nominations; and
  - People, Culture & Remuneration; and
- Reviewing the performance of the Board Committees to ensure that they remain relevant and effective.

### *Matters Reserved for the Board*

Notwithstanding the delegation of the day to day operation of the Company to management (including any written delegations of authority to management), the Board has reserved the responsibilities set out in the Matters Reserved for the Board (located in the "Investors / Governance" tab of the Redflex website) for itself as well as any matters which exceed the thresholds set out in the written management delegated authorities. This is for the purpose of further delineating the division of functions and the exercise of authority between the Board and management. The Board has not, and cannot lawfully, reserve unto itself any matter that must be determined by the Company in general meeting.

Both the Board Charter and the Matters Reserved for the Board are reviewed annually to ensure they comply with current legal requirements and that they remain relevant and effective. The Board disclosed its Matters Reserved for the Board for the whole of the reporting period.

### *Delegated Approval Limits Policy*

As stated above, the Board has delegated to management the responsibility of the day to day operation of the Company. The scope of, and limitations placed on, the authority delegated to management is outlined in a formal written (internal only) delegated authority limit policy approved by the Board and covers areas such as implementation of, and monitoring progress against, Board approved annual operating plans and budgets via the establishment and reporting of both financial and non-financial key performance indicators.

### *Board Committees*

While at all times the Board retains full responsibility for the stewardship of the Company's business and operations, it makes use of Board Committees that are able to focus on particular duties and responsibilities and provide informed feedback and recommendations to the Board. The duties and responsibilities of the established Board Committees are set out in the respective Board Committee charters published in the "Investors / Governance / Redflex Board and Board Committees" tab on the Redflex website.

There are procedures in place, agreed by the Board, to enable the Board and individual directors to seek independent professional advice at the Company's expense.

### *Board Attendances*

As at the year ended 30 June 2020, the number of times the Board met throughout the reporting period, the Board members and the individual attendances of Board members at those meetings is set out in the section below entitled "Directors' and Board Committee Meetings".

## STATEMENT OF VALUES

Recommendation 3.1 of the Principles and Recommendations (Fourth Edition) states that "A listed entity should articulate and disclose its values".

The Redflex Group believes that our success is derived from our commitment to living out a set of values that inform who we are and the way we work and interact with our employees, customers, partners and suppliers.

These values are vitally important to the achievement of our business and organisational goals and to the creation of long-term and sustainable growth for our shareholders and other stakeholders. Our values reflect who we are as a company and what we stand for as well as what we do not support as a 'good corporate citizen'.

It is important that our employees and the people and entities we deal with on a day to day basis understand and are aligned with our values and understand why they are so important to us. They enhance the confidence that our employees and others have in our ability to achieve our mission to make roads safer and more efficient 'For a World on the Move'.

We seek to model our values through our recruitment, employment conditions, training, professional development, remuneration and procurement practices.

We believe that delivering long-term, consistent shareholder returns on investment requires our continuing commitment to the values contained in this statement.

The Board disclosed its Statement of Values for the whole of the reporting period.

## EQUAL EMPLOYMENT OPPORTUNITY AND DIVERSITY AT REDFLEX

The Company is committed to an inclusive workplace that embraces and promotes diversity of all types. Equal employment opportunities are about good employment practices and efficient use of our most valuable resources – our employees. The Company recognises that its employees are critical to its success and seeks to leverage each individual's unique skills, background and perspectives.

The Company aims to provide an environment in which all employees are included and have equal access to opportunities at work, while upholding the principle of meritocracy at all times. The Company also believes that fostering diversity at all levels allows it to provide greater alignment with customer needs, improves the creativity and innovation of leadership teams and supports the development of an enhanced talent pipeline for key and future roles by enabling access to a broader pool of talent.

The Company also strives to create a work environment free of discrimination and harassment, and is inclusive of all people, regardless of their gender, age, race, disability, sexual orientation, cultural background, religion, family responsibilities or any other area of potential difference.

To this end, the Company acknowledges Recommendations 1.5(b) and (c) contained in the Principles and Recommendations (Fourth Edition) but does not currently comply with them. While the Company supports having appropriate and meaningful benchmarks on gender diversity that are able to be, and are, monitored and measured, the Company has not yet determined that setting specific numerical targets for the proportion of women on its Board, in senior executive roles and in its workforce generally within a specified timeframe is in the best interests of the Company.

As reported in previous years, the Company continues to make significant movements, in particular, on increasing the proportion of women in its workforce generally and has put steps in place to continue this trend. Accordingly, during the reporting period:

- the Company maintained an internal recruitment and selection policy. This internal policy includes a requirement for all hiring managers to be trained in the recruitment and selection process including in relation to the importance of addressing gender imbalance and, where possible, in seeking to attract equal representation of genders at interviews for open roles at Redflex;
- the Company implemented a flexible work arrangements policy to provide further stimuli for the attraction of gender diverse candidates for open roles at Redflex;
- the Company maintained its dedicated and enhanced careers section of the Redflex website (<https://redflex.com/careers/>). This part of the Redflex website highlights our culture, our people, employment benefits and also contains key staff profiles featuring a diverse group of employees including showcasing our 'women in tech' and 'women in leadership' positions;
- the Company maintained communications with all of its external recruitment agencies to inform them of the Company's desire to address the gender imbalance and for the Redflex Group to seek to attract equal representation of gender diverse candidates at interviews for open roles at Redflex;
- the Company maintained its requirement that external recruitment agencies who do not support our desire for addressing gender diversity or who are not aligned with our values on diversity and support would no longer be eligible to service the Company's recruitment needs;
- the Company continued to implement diversity training modules for hiring managers and employees on topics, such as:
  - bridging the diversity gap;
  - their role in workplace diversity; and
  - understanding and overcoming unconscious bias in the workplace; and

The Board has disclosed its Equal Employment Opportunity & Diversity Policy for the whole of the reporting period. The Company's Equal Employment Opportunity & Diversity Policy is available under the "Investors / Governance / Other Company Policies" tab on the Redflex website.

A copy of our Workplace Gender Equality Public Report for the 12 month period 1 April 2019 to 31 March 2020 (**2019-2020 Redflex Report to the Workplace Gender Equality Agency**) is also available under the "Investors / Governance / Other Important Documents" tab on the Redflex website.

As detailed in the current Equal Employment Opportunity & Diversity Policy, the Company's approach to equal employment opportunity and diversity is based on the following objectives (and the steps that were taken to achieve these objectives are also set out below):

Objectives	Steps taken to achieve these Objectives
<p><i>Inclusive culture:</i> the Company is committed to fostering an inclusive workplace culture that upholds our central principle of meritocracy.</p>	<ul style="list-style-type: none"> <li>• The Company has a recruitment and selection policy and process that prohibits unlawful discrimination, demands objective and job related selection criteria, mandates job descriptions limited to job related requirements (including inherent requirements of the role) and promotes meritocracy at all times;</li> <li>• The Company has policies (including an Employee Code of Conduct and Ethics) that prescribes that the Company does not tolerate unlawful discrimination in the workplace;</li> <li>• The Company has a policy in relation to an employee's conduct outside the workplace where that conduct is unlawful or has the capacity to bring the Company or its reputation into disrepute;</li> <li>• The Company has a policy in relation to an employee's use of social media in that social media must not be used for any unlawful purpose including to practice unlawful discrimination;</li> <li>• The Company has a performance management and workplace disciplinary policy and framework that demands objective and job related criteria for all performance management and workplace discipline, development and career opportunities, and promotes meritocracy at all times; and</li> <li>• The People, Culture &amp; Remuneration Committee, on behalf of the Board, has oversight over the effectiveness of the Company's culture and diversity objectives.</li> </ul>
<p><i>Workforce diversity:</i> the Company continues to celebrate its cultural diversity with our workforce reflecting the diversity of the populations in which we operate.</p>	<ul style="list-style-type: none"> <li>• The Company has a recruitment and selection policy and process that prohibits unlawful discrimination, demands objective and job related selection criteria, mandates job descriptions limited to job related requirements (including inherent requirements of the role) and promotes meritocracy at all times;</li> <li>• Throughout the world, the Company seeks to source local employees to fill senior management and other staff roles and functions regardless of any protected characteristics;</li> <li>• The Company has a performance management and workplace disciplinary policy and framework that demands objective and job related criteria for all performance management and workplace discipline, development and career opportunities, and promotes meritocracy at all times; and</li> </ul>

Objectives	Steps taken to achieve these Objectives
	<ul style="list-style-type: none"> <li>The People, Culture &amp; Remuneration Committee, on behalf of the Board, has oversight over the effectiveness of the Company's multicultural diversity objectives.</li> </ul>
<p><i>Advocate for women in leadership:</i> the Company is committed to embedding diversity initiatives into its broader talent management processes to support the development of all talent and to increase the representation of women in management roles.</p>	<ul style="list-style-type: none"> <li>The Group Chief Executive Officer collaborates with the Redflex global leadership team on setting goals for their groups around the employment of women and women in leadership, which are both relevant and practical functions of the relevant teams;</li> <li>Talent and performance management processes include a review of career paths for women in executive positions;</li> <li>The Company has a recruitment and selection policy and process that prohibits unlawful discrimination, demands objective and job related selection criteria, mandates job descriptions limited to job related requirements (including inherent requirements of the role) and promotes meritocracy at all times;</li> <li>The Company has a parental leave policy that allows employees, particularly female employees, employed by a Redflex Group entity to take up to 12 months unpaid parental leave;</li> <li>The Company has developed a policy in relation to flexible work arrangements which allows employees to work flexibly in accordance with an agreement with the Company while observing workplace, health and safety laws;</li> <li>The Company permits any employee taking up to half of their personal leave (and more if approved) to be the primary carer of dependent children; and</li> <li>The People, Culture &amp; Remuneration Committee, on behalf of the Board, has oversight over the effectiveness of the Company's program for promotion of women in management roles.</li> </ul>
<p><i>Right person for the right role:</i> the Company is committed to hiring the best person for each employment opportunity and is committed to the consideration of a broad and diverse pool of talent.</p>	<ul style="list-style-type: none"> <li>The Company has a recruitment and selection policy and process that prohibits unlawful discrimination, demands objective and job related selection criteria, mandates job descriptions limited to job related requirements (including inherent requirements of the role) and promotes meritocracy at all times;</li> <li>The Company frequently engages specialist recruitment consultants and agencies around the world and uses online recruitment websites to ensure its recruitment searches identify a broad and diverse pool of talent. Such specialist recruitment consultants and agencies must also support the Company's desire to achieve gender diversity and the Company's diversity and equal opportunity objectives;</li> <li>The Company has a selection process that prohibits the appointment of any specialist recruitment consultant or agency that engages in practices that are inconsistent with the Company's equal employment opportunity and diversity objectives; and</li> <li>The People, Culture and Remuneration Committee, on behalf of the Board, has oversight over the</li> </ul>

Objectives	Steps taken to achieve these Objectives
	effectiveness of the Company's recruitment practices.
<p><i>Pay equity:</i> the Company is committed to ensuring equal pay for equal work across its workforce.</p>	<ul style="list-style-type: none"> <li>• The Company has a remuneration strategy and framework that demands objective market and job related criteria for all proposals relating to pay and remuneration;</li> <li>• Roles and positions within Redflex are salary benchmarked (regardless of gender) and independently verified every few years;</li> <li>• Available incentives for senior executives and staff are role based and have objective performance criteria and hurdles which are not gender specific;</li> <li>• The Group Chief Executive Officer is responsible for reviewing and approving salaries and salary increases (other than for executive management which also require the ratification of the Board) within the Company to ensure pay equity; and</li> <li>• The People, Culture and Remuneration Committee, on behalf of the Board, has oversight over the effectiveness of the Company's pay equity programs.</li> </ul>

## BOARD AND SENIOR EXECUTIVE PERFORMANCE EVALUATION

### *Board and Senior Executives*

The effective functioning of the Board, along with the performance of the Company's senior executives, is a crucial element to achieving the desired financial, non-financial and governance outcomes for the Company. Performance of the Board, individual directors and senior executives is therefore evaluated regularly and formally once per year against both measurable and qualitative indicators that are aligned with these financial, non-financial and governance outcomes.

The performance of directors is reviewed annually by the Board Chair, with the assistance of the chair of the Nominations Committee, after each director has provided an assessment of the performance of their fellow directors and the Chair. The performance of the Board Chair is also assessed by each non-executive director and the results are collated by the chair of the Nominations Committee. As part of the directors' performance review the directors also provided feedback on Board effectiveness. The directors' performance review was completed for the reporting period.

The performance of the Group Chief Executive Officer is formally reviewed annually by the Nominations Committee and the Board each year. This review was completed for the reporting period.

The performance of senior executives (reporting to the Group Chief Executive Officer) is reviewed annually by the Group Chief Executive Officer. These reviews were completed for the reporting period.

### *Group Chief Executive Officer*

The Nominations Committee undertook a review of the performance of the Group Chief Executive Officer for the year ended 30 June 2020. This review was based on measurable and qualitative indicators in the areas of the Redflex Group's financial performance and certain identified and measurable non-financial factors.

### *Outcomes*

Outcomes of Board performance evaluations are discussed by the Board. For individual non-executive directors, if any areas are identified for improvement, this may be dealt with by informal mentoring and coaching by fellow directors or by the Board Chair. Further formal training and professional development activities may also be required for non-executive directors. In any case, all non-executive directors are encouraged to participate in continuing professional development.

The non-executive directors consider that the insights from the most recent Board evaluation include that, collectively, the Board has the desired level of financial and commercial acumen, has a diverse range of skills, experience, expertise and individual backgrounds, has a sound understanding of the Company's technology and its process for product innovation, has a sound understanding of the Company's customer base and needs, is able to understand the Company's risks and monitor the effectiveness of its risk management and compliance framework and understands the imperative for shareholder alignment. The Board has identified further Board gender diversity as a key objective consistent with the Principles and Recommendations (Fourth Edition).

If non-executive director performance is considered unsatisfactory, and not able to be improved significantly despite best efforts, the non-executive director would be requested to retire.

For the Group Chief Executive Officer and other senior executives, if performance is considered unsatisfactory, and not able to be improved significantly despite best efforts, the senior executive would be removed.

## NOMINATIONS COMMITTEE

The Nominations Committee operates under a charter approved by the Board which is published on the Redflex website. The Board disclosed its Nominations Committee Charter for the whole of the reporting period.

The purpose of the Nominations Committee is to:

- identify and assess individuals qualified to become Board members;
- review succession plans for the Board, Group Chief Executive Officer and other senior executives;
- ensure the performance of individual Board and Committee members is reviewed;
- evaluate performance of the Board, as a whole; and
- develop and recommend to the Board the appropriate process for evaluation of the performance of the Group Chief Executive Officer and assist the Board in such evaluation of the performance of the Group Chief Executive Officer.

The Company appoints an external firm to undertake appropriate background checks before appointing a person, or putting forward to security holders a new candidate for election, as a director.

The Nominations Committee comprises the full Board (other than Mr Talbot) and was chaired by Mr Winters, an independent director of the Board, for the whole of the reporting period.

The relevant qualifications and experience of the members of the Nominations Committee are set out in the Directors' Report (set out in the 2020 Annual Report) and are also published on the Redflex website.

As at the year ended 30 June 2020, the number of times the Nominations Committee met throughout the reporting period, the members of the Nominations Committee and the individual attendances of the members at those meetings is set out in the sections below entitled "Directors' and Board Committee meetings" and "Board Committee membership".

## STRUCTURE OF THE BOARD

To ensure that the Board is well equipped and appropriately qualified to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board. The skills, experience and expertise of each director relevant to the position of director is included in the Directors' Report (set out in the 2020 Annual Report) and is published on the Redflex website. These details are also included in each Annual General Meeting (AGM) Notice of Meeting for directors who are seeking election or re-election to the Board.

Directors of Redflex are considered to be independent when they are independent of management and free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, a director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company, as a whole, rather than in the interests of an individual security holder or other party.

The Board annually assesses whether each non-executive director is independent. If a non-executive director's independent status changes during the reporting period, the Company will disclose this to the market promptly and without delay.

In accordance with the definition and the set materiality thresholds, the independence status of non-executive directors of the Company as at the year ended 30 June 2020 is as follows:

Adam Gray, Chair	-
Clark Davey	Independent
Robert DeVincenzi	Independent
David McIntyre	Independent
Terence Winters	Independent
John Worthington	Independent

Note that up until his retirement as a non-executive director on 9 September 2019, Mr Herman Schwarz was considered to be an independent director of the Company.

Accordingly, the Board of the Company comprises a majority of independent non-executive directors.

Mr Gray, although meeting other criteria, and bringing independent judgement to bear on his role and issues before the Board, is not assessed as 'independent' within the Principles and Recommendations (Fourth Edition), primarily due to the fact that he is an officer of Coliseum Capital, which is a substantial shareholder of the Company. The Board

acknowledges Recommendation 2.5 of the Principles and Recommendations (Fourth Edition) that the Board Chair should be an independent director. However, as at the date of this statement, the Board believes that full adoption of Recommendation 2.5 is not in the best interests of the Company. This judgement is based on the Board's assessment that Mr Gray brings critical and objective judgement to the issues before the Board and that he makes an invaluable contribution to the Company through his deep understanding of Redflex's business. Mr Gray also observes the Corporations Act requirements in relation to participating in and voting in directors' meetings if he has a material personal interest in the matter and in relation to disclosures of conflicts of interest.

The Board disclosed its Board Skills & Diversity Matrix for the whole of the reporting period. The Board has determined that all appointments of non-executive directors are made on the basis of their range of skills, experience, expertise and attributes that the Board considers desirable for the Company, its business and its shareholders.

## Length of Service

The length of service of each director in office as at the year ended 30 June 2020 is as follows:

Name	Appointed	Length of Service
Adam Gray, Chair	19 December 2013	6 years, 6 months and 11 days
Mark Talbot (Managing Director)	29 November 2017 <sup>1</sup>	2 years, 7 months and 1 day
Clark Davey	6 January 2015	5 years, 5 months and 24 days
Robert DeVincenzi	30 September 2012	7 years and 9 months
David McIntyre	13 March 2015	5 years, 3 months and 17 days
Terence Winters	7 August 2013	6 years, 10 months and 23 days
John Worthington	9 September 2019	9 months and 21 days

1. Date of appointment as a director of the Company. Mr Talbot was appointed as the Group Chief Executive Officer of the Company effective on 21 August 2017.

Note that during the reporting period (9 September 2019) Mr Heman Schwarz retired from the Board. As at the date of his retirement, he had served 5 years, 4 months and 9 days as a non-executive director of the Company.

## DIRECTOR INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

The Company has a program for the induction of new directors to the Company. The Company provides new directors with briefings from management and all relevant written background material related to the Company that a new director would reasonably expect to receive such as statutory information, past and present financial and non-financial information, information regarding directors' duties and responsibilities and access to past and present books and records of the Company.

Directors are also encouraged to participate in continuing professional development activities, attend or present seminars or courses and to participate in other activities designed to further develop their skills and knowledge. The Company also encourages directors and officers, should they wish, to become members of the Australian Institute of Company Directors or other relevant professional associations or bodies with similar objectives of enhancing directors' skills and knowledge.

## AUDIT & RISK COMMITTEE

The Board has delegated responsibility for establishing and maintaining a framework of internal control and the risk management and compliance framework to the Audit & Risk Committee which operates under a charter approved by the Board that is published on the Redflex website. The Board disclosed its Audit & Risk Committee Charter for the whole of the reporting period.

It is the Board's responsibility to ensure that an effective internal control, risk management and compliance framework exists within the Company. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations such as the benchmarking of operational key performance indicators, legal and regulatory compliance and risk management.

The Audit & Risk Committee also:

- provides the Board with assurance regarding the reliability of financial information for inclusion in the financial reports; and
- oversees regular and periodic assessments of the effectiveness of risk management, compliance and internal control within the Company throughout the reporting period.

Redflex believes that effective risk management and observance of compliance obligations is an essential part of the Company's governance approach to ethical decision-making and creating long-term shareholder value.

The Board, through the Audit & Risk Committee, is therefore responsible for overseeing and approving the Risk & Compliance Policy and Framework (which is available on the Redflex website) which is reviewed annually. The Risk & Compliance Policy and Framework was reviewed by the Audit & Risk Committee and the Board during the reporting period.

The Risk & Compliance Policy and Framework sets the tone for risk and compliance management in the Company. It also sets out how risk management and compliance supports the Company's goals and objectives, the Company's principles and objectives of, and its approach to, risk management and compliance and the relevant responsibilities for risk management and compliance within the Company.

Under the Audit & Risk Committee Charter, the Committee has primary responsibility to oversee and make recommendations to the Board about the Company's Risk & Compliance Policy and Framework, the effectiveness of the Company's risk management and compliance program in managing such program to minimize losses and to maximize opportunities, the implementation of risk management and compliance action plans prepared by management and to review these plans and the Company's global insurance program.

While the Company does not currently have a separate and distinct internal audit function, the tasks of undertaking and assessing risk management, compliance and internal control effectiveness is delegated to the Audit & Risk Committee and for it to report to the Board. The key areas of focus for the Audit & Risk Committee include monitoring and reviewing the compliance program, internal policies and procedures, risk management and insurance, the legal obligations of the Company, compliance investigations by management, reports and complaints, internal controls and seeking relevant assurances from management.

Management, through the Group Chief Executive Officer, is responsible for the day-to-day implementation and achievement of the Company's risk management and compliance program and objectives. Management reports to the Audit & Risk Committee which, in turn, reports to the Board on the Company's key risks and compliance obligations and the extent to which it believes these risks and compliance obligations are being adequately managed.

The Audit & Risk Committee comprises four non-executive directors:

- Clark Davey, committee chair;
- Adam Gray;
- David McIntyre; and
- Terence Winters.

The relevant qualifications and experience of the members of the Audit & Risk Committee are set out in the Directors' Report (set out in the 2020 Annual Report) and are also published on the Redflex website.

As at the year ended 30 June 2020, the number of times the Audit & Risk Committee met throughout the reporting period, the members of the Audit & Risk Committee and the individual attendances of the members at those meetings is set out in the sections below entitled "Directors' and Board Committee Meetings" and "Board Committee Membership".

## GROUP CEO AND CFO CERTIFICATION

The Group Chief Executive Officer and the Group Chief Financial Officer have both provided a written declaration to the Board for the reporting period that complies with section 295A(2) of the *Corporations Act 2001* (Cth) that, in their opinion:

- the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001* (Cth);
- the financial statements and the accompanying notes to the financial statements of the Company comply with the accounting standards;
- the financial statements and the accompanying notes to the financial statements give a true and fair view of the financial position and of the performance of the Company and the consolidated Group for the financial year; and
- that the Company has complied with all other matters prescribed by the regulations in relation to the financial statements and the accompanying notes to the financial statements.

The Group Chief Executive Officer and the Group Chief Financial Officer have each given a written assurance to the Board that:

- the opinion forming the basis for the declaration made by each of them, and referred to above, was formed on the basis of a sound system of risk management and internal control which is operating effectively; and

- in accordance with Recommendation 4.2 in the Principles and Recommendations (Fourth Edition), the declaration above is founded on a sound system of risk management and internal control which implements policies adopted by the Board operating efficiently and effectively in all material respects in relation to the business and financial reporting risks.

## VERIFYING THE INTEGRITY OF PERIODIC CORPORATE REPORTS

The Company's half year financial results are reviewed by the Company's external auditor and the Company's full year financial results are audited by the Company's external auditor in accordance with the requirements of the *Corporations Act 2001* (Cth).

However, in between these formal corporate reports, during the reporting period, Redflex has released to the market various periodic corporate reports containing financial, operational and general market update information (that is not externally audited or reviewed by the Company's external auditor).

This practice, which is common among listed entities, is in furtherance of:

- the Company's commitment to continue to effectively engage and communicate with our shareholders and other stakeholders about the Company's activities throughout the reporting period (see the "Continuous Disclosure Policy" section below); and
- the idea, that by doing so, the Company can assist to ensure that trading in the Company's securities takes place in a market which is orderly and informed and which is not, or is not likely to be, false.

The Company seeks to ensure to provide information to the market that is consistent with the Company's continuous disclosure obligations under the Australian Securities Exchange (**ASX**) Listing Rules 3.1 and 3.1A and section 674 of the *Corporations Act 2001* (Cth) and which is not misleading.

To achieve this, the Company has systems and processes in place to manage, organise and record financial and operational information including information relating to customer activities, orders and commitments. The Company also has a global electronic accounting system that includes the required segregation of duties and records of workflows.

The Company also uses an electronic customer relationship management tool that tracks sales opportunities, sales workflows and closed sales transactions that is monitored by senior sales and operational executives as well as the Group Chief Executive Officer and the Group Chief Financial Officer. Customer sales transactions are not closed in this system until these transactions reach a certain advanced objective stage in their lifecycle. Management also meet regularly to track customer sales and order activities, to discuss the Redflex Group's financial performance on a quarterly basis, to consider real time financial information against the performance measures set by the Board and to review the current cash position of the Company. The Group Chief Executive Officer and the Group Chief Financial Officer participate in and lead these management meeting sessions.

Depending on the type and nature of the information to be disclosed to the market, appropriate members of senior and executive management are involved in the preparation of the various periodic corporate reports for release to the market. These periodic corporate reports are reviewed by senior and executive management (other than the person who prepared them) as well as by the Group Chief Executive Officer and the Group Chief Financial Officer. These periodic corporate reports are therefore subjected to a rigorous quality assurance process and review to ensure that the information to be released to the market has been verified as accurate and is not misleading.

These systems and processes combine to ensure that the Company's periodic corporate reports are materially accurate, balanced and provide investors with appropriate information to make informed investment decisions.

## EXTERNAL AUDITOR

The external auditor is invited to attend each AGM of the Company as required by section 249K of the *Corporations Act 2001* (Cth).

The Company also ensures that the external auditor confirms attendance at the AGM and that members are given a reasonable opportunity to ask questions of the external auditor at the AGM (pursuant to section 250T of the *Corporations Act 2001* (Cth)).

The Company also provides a means whereby members can ask, and send in to the Company or the Company's share registry services provider, advance questions to the external auditor to be answered at the Company's AGM.

## CONTINUOUS DISCLOSURE POLICY

Pursuant to Recommendation 6.2 of the Principles and Recommendations (Fourth Edition), the Company's objective is to promote effective two-way communication with its shareholders, and is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the Group's activities in a balanced and understandable way;
- complying with the continuous disclosure obligations contained in the ASX Listing Rules and the *Corporations Act 2001* (Cth); and
- communicating effectively with shareholders and making it easy for shareholders to communicate with the Company.

The Company's Continuous Disclosure Policy is published in the "Investors / Governance / Other Company Policies" tab of the Redflex website. The Board disclosed its Continuous Disclosure Policy for the whole of the reporting period.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the Australian Securities Exchange;
- through the Annual Report and notices of general meetings;
- through letters and other forms of communications directly with shareholders; and
- by publishing relevant information on the Redflex website.

The Redflex website has a dedicated "Investors / Governance" tab for the purpose of publishing important Company information and relevant announcements made to the market.

The Company also provides its shareholders with the option to receive communications from, and send communications to, the Company and the Company's share registry electronically.

The Board is sent an email by management, along with all other interested persons who have opted in, notifying them of, and supplying a link to a copy of, all ASX announcements. In addition, the Board is provided with a summary of all ASX announcements made in the immediately preceding period (usually monthly) at each regular Board Meeting.

## WHISTLE BLOWER POLICY

The Company is committed to engaging in ethical decision-making, being legally compliant and acting consistently with good corporate governance standards and community expectations. Accordingly, the Board disclosed its Whistle Blower Policy for the whole of the reporting period. The Company's Whistle Blower Policy is published under the "Investors / Governance / Whistle Blower Policy" tab on the Redflex website.

To support the Company's commitment (as expressed above), the Company strongly encourages and provides a readily accessible means to report undesirable behaviours such as unethical, unlawful, fraudulent or otherwise misconduct involving the Company, any member of Group or any director, officer or employee, contractor, supplier to or other person dealing with these entities.

The Company also ensures that whistle blowers can make reports under the Company's Whistle Blower Policy (anonymously, if they so choose and confidentially):

- without fear of intimidation, retaliation or adverse employment action being taken against them; and
- by way of a contracted qualified third party whistle blower services provider, telephone, email and ordinary mail.

In addition to these considerations there are specific provisions under Australian legislation which provide whistle blowers with legal rights in relation to certain types of disclosures. The relevant legislation is sections 1317AA to 1317AJ of the *Corporations Act 2001* (Cth) and sections 14ZZT to 14ZZZE of the *Taxation Administration Act 1953* (Cth) (**Whistleblowing Legislation**). For a whistle blower to obtain the protections set out in the Whistleblowing Legislation the whistle blower must:

- be an 'eligible whistle blower';
- be reporting on a 'disclosable matter'; and
- report that disclosable matter to an 'eligible recipient' or other person authorised to receive a disclosure under the Whistleblowing Legislation.

If a whistle blower meets these three criteria, they have made a Qualifying Disclosure and are entitled to the protections under the Whistleblowing Legislation.

The Company's Whistle Blower Policy contains a summary of parts of the Whistleblowing Legislation, and for further detail, we recommend reference to the text of this legislation. However, the Company's policy is not intended to override any rights or obligations that whistle blowers may have under the Whistleblowing Legislation.

## ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

Redflex develops, manufactures and operates a wide range of platformed based solutions including red light camera, speed camera, auto number plate recognition (ANPR) and school bus stop arm camera systems, all utilising advanced sensor and image capture technologies enabling active management of state and local motorways. Redflex also owns and operates one of the largest networks of digital speed and red-light enforcement systems in the world.

Redflex also runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With the Company's continuous development of new products, Redflex has been helping to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions for more than 20 years.

The economic risks that the Company is subject to and must manage are set out in the "Risk Management" section of the Directors' Report in the 2020 Annual Report.

In general, the Board considers that the Company is not susceptible to any material environmental or social sustainability risks in operating its various businesses.

## PEOPLE, CULTURE & REMUNERATION COMMITTEE

The Board has delegated responsibility for our people, our Redflex Group culture and remuneration strategy to the People, Culture & Remuneration Committee which operates under a charter approved by the Board that is published on the Redflex website. The Board disclosed its People, Culture & Remuneration Committee Charter for the whole of the reporting period.

The Company's objective is to provide maximum stakeholder benefit from the retention of a high-quality Board and senior executives by remunerating directors, senior executives and employees fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the nature and amount of executive directors' and officers' compensation is linked to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key senior executives;
- attraction of quality management to the Company; and
- performance initiatives which allow executives to share the rewards of the success of the Company.

The Company prepares, and has signed a written:

- letter of engagement (including any variations to these letters) with each non-executive director setting out the terms and conditions of the engagement; and
- employment agreement (including any variations to these agreements) with each executive director and senior executive, respectively, setting out the terms and conditions of their engagement.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Key Management Personnel, please refer to the Remuneration Report set out in the Directors' Report of the 2020 Annual Report.

The Board is responsible for determining and reviewing remuneration arrangements for the non-executive directors, the Group Chief Executive Officer and the SVP, Group General Counsel & Company Secretary. There is no scheme to provide retirement benefits to non-executive directors, except for superannuation, where it is applicable.

The People, Culture & Remuneration Committee (up to four non-executive directors) comprised the following non-executive directors during the reporting period:

- Robert DeVincenzi, committee chair (from 23 August 2019);
- Adam Gray (retired from the Committee on 23 August 2019);
- Clark Davey;
- Terry Winters; and
- Mr John Worthington (from 9 September 2020).

Note that the People, Culture & Remuneration Committee was chaired by Mr Schwarz, an independent director of the Board until 23 August 2019. From 23 August 2019, Mr DeVincenzi became a member and Chair of the People, Culture & Remuneration Committee.

The relevant qualifications and experience of the members of the People, Culture & Remuneration Committee are set out in the Directors' Report (set out in the 2020 Annual Report) and are also published on the Redflex website.

As at the year ended 30 June 2020, the number of times the People, Culture & Remuneration Committee met throughout the reporting period, the members of the People, Culture & Remuneration Committee and the individual attendances of the members at those meetings is set out in the sections below entitled "Directors' and Board Committee Meetings" and "Board Committee Membership".

## DIRECTORS' AND BOARD COMMITTEE MEETINGS

Directors' and Board Committee meetings held and attended during the year ended 30 June 2020 were:

No. of meetings	Board		Audit Committee		People, Culture & Remuneration Committee		Nominations Committee	
	Available	Attended	Available	Attended	Available	Attended	Available	Attended
Adam Gray	12	10	6	5	1	1	2	2
Robert DeVincenzi	12	10	-	-	3	3	2	2
Clark Davey	12	12	6	6	4	4	2	2
David McIntyre	12	11	6	6	-	-	2	2
Herman Schwarz <sup>1</sup>	3	2	-	-	1	1	1	1
Terence Winters	12	11	6	6	4	4	2	2
Mark Talbot	12	12	-	-	-	-	-	-
John Worthington <sup>2</sup>	9	9	-	-	3	3	1	1

1. Mr Schwarz retired as a non-executive director on 9 September 2019.

2. Mr Worthington was appointed as a non-executive director and a member of the PCR and Nominations Committees on 9 September 2019.

## BOARD COMMITTEE MEMBERSHIP

At the year ended 30 June 2020, the Company has three Board Committees – Audit & Risk Committee, People, Culture & Remuneration (PCR) Committee and Nominations Committee.

Directors acting on the Board Committees during the reporting period were:

	Audit & Risk	People, Culture & Remuneration	Nominations
Adam Gray	Member	Former Member (until 23 August 2019)	Member
Mark Talbot	-	-	-
Clark Davey	Current Chair	Member	Member
Robert DeVincenzi	-	Current Chair (from 23 August 2019)	Member
David McIntyre	Member	-	Member
Herman Schwarz <sup>1</sup>	-	Former Chair (until 23 August 2019)	Member (until 9 September 2019)
Terence Winters	Member	Member	Current Chair
John Worthington <sup>2</sup>	-	Member (from 9 September 2019)	Member (from 9 September 2019)

1. Mr Schwarz retired as a non-executive director on 9 September 2019.

2. Mr Worthington was appointed as a non-executive director and a member of the PCR and Nominations Committees on 9 September 2019.

## REDFLEX SECURITIES TRADING POLICY

The Redflex Securities Trading Policy (published on the Redflex website) allows a Designated Person, who is not a Restricted Person, to trade in the Company's securities at any time during the year unless:

- that person is in possession of price sensitive information in relation to Redflex or the Company's securities that has not been released to the market; or
- there is a Closed Period in effect either under the policy or as designated by the SVP, Group General Counsel & Company Secretary.

The Redflex Securities Trading Policy contains a procedure for obtaining prior written trading clearance from the SVP, Group General Counsel & Company Secretary and also the exceptions to the restrictions in dealing in the Company's securities.

A Restricted Person (being a member of Key Management Personnel including directors, officers, senior executives and their immediate family members) is only permitted to trade in the Company's securities, even within a Trading Window (any part of the year outside a Closed Period), if they have received written clearance from the SVP, Group General Counsel & Company Secretary (or the Group Chief Executive Officer if the Restricted Person is the SVP, Group General Counsel & Company Secretary). Such clearance will only be given:

- if the Restricted person confirms that they have satisfied themselves that they do not possess any price sensitive information about Redflex or the Company's securities that has not been released to the market; and
- after taking into consideration the Redflex Group's circumstances at the time, the SVP, Group General Counsel & Company Secretary (or the Group Chief Executive Officer if the Restricted Person is the SVP, Group General Counsel & Company Secretary) reasonably believes that the risk of insider trading, or the appearance of insider trading, is not unacceptable.

No Designated Person or Restricted Person may trade in the Company's securities at any time if they are in possession of price sensitive information in relation to Redflex or the Company's securities that has not been released to the market.

Neither a Restricted Person or a Designated Person may trade in the Company's securities during the Closed Period without obtaining written clearance from the SVP, Group General Counsel & Company Secretary (or the Group Chief Executive Officer if the Restricted Person is the SVP, Group General Counsel & Company Secretary).

The Company's Closed Periods are:

- 30 November to the second trading day (inclusive) after the Company's half year financial results are released to the ASX;
- 31 May to the second trading day (inclusive) after the Company's full year financial results are released to the ASX; and
- any other period during the year that the Board or the SVP, Group General Counsel & Company Secretary designates as a Closed Period.

Only in exceptional circumstances will trading clearance be given for a Designated Person or Restricted Person within a Closed Period.

No Restricted Person, entitled to an equity based component of incentive remuneration, may trade or commit to trade in the Company's securities, trade in a derivative security product or enter into any arrangement in such a way as to limit his or her exposure to risks in relation to any unvested part of an equity based remuneration component without the prior consent of the SVP, Group General Counsel & Company Secretary (or the Group Chief Executive Officer if the Restricted Person is the SVP, Group General Counsel & Company Secretary).

Restricted Persons may not include their securities in a margin loan portfolio or otherwise deal in securities pursuant to a margin lending arrangement without first obtaining the consent of the SVP, Group General Counsel & Company Secretary (or the Group Chief Executive Officer if the Restricted Person is the SVP, Group General Counsel & Company Secretary).

Designated Persons should not engage in short-term trading of the Company's securities except on the exercise of options held by a Designated Person and where the shares received on exercise of the options will be sold shortly thereafter.

As required by ASX Listing Rules, the Company notifies the ASX of any transaction in the Company's securities by a director.

The Board disclosed its Redflex Securities Trading Policy for the whole of the reporting period.