



# Notice of Annual General Meeting

REDFLEX HOLDINGS LIMITED

ABN 96 069 306 216

30 November 2020 at 9:00am  
(Australian Eastern Daylight Saving Time)

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of **Redflex Holdings Limited (ABN 96 069 306 216) (Company)** will be held on Monday 30 November 2020 at 9:00 am (Australian Eastern Daylight Saving Time).

In accordance with the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*, the meeting will be held online using technology (namely an online webcasting platform) and not a face to face meeting.

Shareholders may be present online and vote through the online webcasting platform provided by the Company's share registry services provider, Computershare, at <https://web.lumiagm.com/307138806> on your smartphone, tablet or computer or by downloading the Lumi AGM app from the Apple App or Google Play Stores.

Further information on how to connect to and 'join' the meeting is set out in this Notice and the Redflex Online Annual General Meeting Guide available on the Redflex website ([www.redflex.com](http://www.redflex.com) in the Investors / AGM Documents section), which has also been given to the Australian Securities Exchange (ASX).

The online webcasting platform used for the conduct of the 2020 AGM will provide a reasonable opportunity for all shareholders and other persons entitled to attend and vote at the meeting to participate in the meeting.

All persons participating in the meeting using the online webcasting platform are taken for all purposes to be present at the meeting while so participating.

In line with the ASX's Corporate Governance Principles and Recommendations, 4<sup>th</sup> Edition all voting at the meeting will be undertaken by way of a poll using the online webcasting platform and not a show of hands. The online webcasting platform will allow for online voting in real time at the meeting.

The results of the voting on resolutions requiring a shareholder vote at the meeting will be announced to the ASX promptly after the meeting.

# Business of the Meeting

## Financial Report and Directors' and Auditor's Reports

To receive and consider the Financial Report and the Reports of the Directors and the Auditor for the financial year ended 30 June 2020.

### 1. Re-election of Mr Adam Gray as a Non-Executive Director

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

*"That the re-election of Adam Gray as a Non-executive Director of the Company be approved under and for the purposes of ASX Listing Rule 14.4."*

### 2. Re-election of Mr Clark Davey as a Non-Executive Director

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

*"That the re-election of Clark Davey as a Non-executive Director of the Company be approved under and for the purposes of ASX Listing Rule 14.4."*

### 3. Adoption of the Remuneration Report

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

*"That the Remuneration Report (forming part of the Directors' Report) for the year ended 30 June 2020 be adopted."*

**Note:** In accordance with section 250R of the *Corporations Act 2001 (Cth)*, the vote on Resolution 3 will be advisory only and will not bind the Directors or the Company.

### 4. Issue of Performance Rights to Mr Mark J. Talbot, Group Chief Executive Officer and Managing Director

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

*"That the issue of 1,052,492 performance rights to Mark J. Talbot (Group Chief Executive Officer and Managing Director) by the Company under the Company's Long Term Incentive Plan and on the terms and conditions set out in the Explanatory Statement accompanying this Notice be approved pursuant to and for the purposes of ASX Listing Rule 10.14, ASX Listing Rule 10.19 and section 200E of the Corporations Act 2001 (Cth) and for all other purposes."*

### 5. Long Term Incentive Plan Approval

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

*"That for the purposes of ASX Listing Rule 7.2 Exception 13(b) and for all other purposes, the Company authorises the directors to issue securities in the Company for another three years commencing on 30 November 2020 upon and subject to the terms of the Company's Long Term Incentive Plan, which*

*are summarised in the Explanatory Statement accompanying this Notice."*

**6. Constitution Amendments**

To consider and, if thought fit, pass the following resolution as a special resolution:

*"That under and for the purposes of section 136(2) of the Corporations Act 2001 (Cth), the Company's Constitution be amended by inserting new rules 26(e), 30(n), 30(o), 70(a)(1A), 79(aa) and 79(ab) in the form set out in the Explanatory Statement accompanying this Notice with effect from the conclusion of the Meeting."*

Dated 29 October 2020

**By order of the Board**



**Craig Durham**  
Company Secretary  
Redflex Holdings Limited

# Explanatory Statement

## Financial Report and Directors' and Auditor's Reports

The Financial Report and the Reports of the Directors and the Auditor for the financial year ended 30 June 2020 (**Reports**) will be presented at the AGM for consideration by shareholders.

No resolution is required on these Reports.

Shareholders will be given a reasonable opportunity to ask questions and to make comments on the Reports and on the management and performance of the Company.

The Auditor will be present at the meeting. Shareholders will be given a reasonable opportunity to ask questions of the Auditor about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the Auditor.

## Resolution 1 – Re-election of Mr Adam Gray as a Non-Executive Director

Mr Gray, a Non-Executive Director and current chairperson of the Board of Directors of the Company, retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election.

Mr Gray has been a non-executive director of the Company since 19 December 2013.

Mr Gray is a co-founder and Managing Partner of Coliseum Capital Management, LLC, and has more than 30 years of investing and operating experience. Mr Gray also has significant expertise in leading operational and financial restructurings and has guided organizations through highly complex and distressed situations.

Mr Gray currently serves on the board of directors of New Flyer Industries, Inc. and Purple Innovations, Inc. Previously, Mr Gray served as a Director of DEI Holdings, Inc., Benihana, Inc., Blue Bird Corporation and as a Director and Chairman of The Pas Group Limited.

Prior to launching Coliseum in 2006, Mr Gray served in executive roles at Burger King Corporation and Metromedia Company. Mr Gray started his career within the Merchant Banking Group of Morgan Stanley & Co.

Mr Gray has a BSE Finance from the Wharton School and a BS in Mechanical Engineering & Applied Science from the University of Pennsylvania.

As well as being the current Board chair, Mr Gray is a member of the Audit & Risk Committee and the Nominations Committee.

## Recommendation

The Directors (with Mr Gray abstaining) unanimously recommend that shareholders vote in favour of Resolution 1.

The chair of the meeting intends to vote any undirected proxies in favour of Resolution 1.

Mr Gray, if present and acting as chair of the meeting, will stand aside and request another non-executive director of the Company to act as chair of the meeting for this resolution.

## Resolution 2 - Re-election of Mr Clark Davey as a Non-Executive Director

Mr Davey, a Non-Executive Director of the Company, retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election.

Mr Davey has been a non-executive director of the Company since 6 January 2015.

Mr Davey brings expertise in financial and tax issues, as well as a strong orientation towards risk and strategy.

Mr Davey is a Chartered Tax Advisor. From 1985 to 2006, Mr Davey was at PricewaterhouseCoopers (**PwC**), the last 12 years of which were as a Partner with a focus on Corporate Tax.

Since 2006, Mr Davey has held a variety of tax advisor and non-executive director roles for Australian based entities, including Karoon Gas Australia Limited, an ASX200 listed company.

Mr Davey is entitled to receive payments from PwC as part of a retirement plan. The payments are based on a set formula relating to his partnership and tenure with PwC. The amount is fixed and is not dependent on the revenues, profits or earnings of PwC. The Board is satisfied that this does not affect Mr Davey's independence as a non-executive director, nor does it constitute a conflict of interest. The Board has, however, put in place appropriate safeguards to address any perceived conflicts of interest if they were to arise from time to time.

Mr Davey is the current chair of the Audit & Risk Committee. Mr Davey also serves as a member of the People, Culture & Remuneration Committee and the Nominations Committee.

## Recommendation

The Directors (with Mr Davey abstaining) unanimously recommend that shareholders vote in favour of Resolution 2.

The chair of the meeting intends to vote any undirected proxies in favour of Resolution 2.

## Resolution 3 – Adoption of the Remuneration Report

The Company's Remuneration Report is included within the Directors' Report of the Annual Report for the financial year ended 30 June 2020 (**2020 Remuneration Report**). It sets out a range of matters relating to the remuneration of Directors and Executives of the Company.

During this item of business, shareholders will be given a reasonable opportunity to comment on and ask questions about the 2020 Remuneration Report.

The Corporations Act provides that the vote on Resolution 3 is advisory only and does not bind the Company or its Directors.

### Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 3.

Subject to the voting restrictions set out below, the chair of the meeting intends to vote any undirected proxies in favour of Resolution 3.

### Voting Prohibitions

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 3 by or on behalf of a member of the Key Management Personnel of the Company (whose remuneration is disclosed in the 2020 Remuneration Report) or any closely related party (as defined in the Corporations Act) of any such member of the Key Management Personnel; or by a member of the Key Management Personnel of the Company at the date of the AGM or their closely related parties as a proxy, unless the vote is cast:

- as a proxy for a person who is entitled to vote on this resolution, in accordance with their directions on the proxy form; or
- by the person chairing the meeting as a proxy for a person who is entitled to vote on this resolution and the written appointment of the chair does not specify the way the chair is to vote on this resolution, but expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

## Resolution 4 – Issue of Performance Rights to Mr Mark J. Talbot, Group Chief Executive Officer and Managing Director

Resolution 4 seeks shareholder approval in accordance with ASX Listing Rule 10.14, ASX Listing Rule 10.19 and section 200E of the Corporations Act for the issue of performance rights to the Company's Group Chief Executive Officer and Managing Director Mr Mark J. Talbot.

### ASX Listing Rule 10.14.1

ASX Listing Rule 10.14.1 provides that shareholder approval is required for the issue of securities to a director under an employee incentive scheme.

The proposed issue of performance rights to Mr Talbot falls within ASX Listing Rule 10.14.1 because he is a director of the Company and the issue therefore requires the approval of shareholders under ASX Listing Rule 10.14. As shareholder approval is being sought pursuant to this Resolution 4 under ASX Listing Rule 10.14, shareholder approval under ASX Listing Rule 7.1 or 10.11 is not required.

Mr Talbot was appointed as Group Chief Executive Officer effective from 21 August 2017 and Managing Director effective from 29 November 2017.

As noted in the table below, the Board has determined that Mr Talbot will be entitled to receive a long term incentive bonus of up to USD316,800 (AUD452,571.43) in respect of the financial year ended 30 June 2021, being up to 66% of Mr Talbot's Base Salary of USD480,000 per annum, comprising:

- 12% based on achieving a revenue growth target (set by the Board) over the 3-year period ending on 30 June 2023 (**Vesting Condition 1**);
- 18% based on time-based qualifications until 30 June 2023 (**Vesting Condition 2**); and
- 30% based on achieving, and up to 36% based on exceeding, various share price growth targets (set by the Board) over the 3-year period ending on 30 June 2023 (**Vesting Condition 3**).

The Board will assess achievement or otherwise of these vesting conditions after the end of the financial year ending 30 June 2023.

Rather than paying the applicable long term incentive bonus in cash, the Board is proposing, subject to obtaining shareholder approval of this Resolution 4, to instead satisfy the long term incentive bonus (to the extent payable) through the issue of performance rights to Mr Talbot.

If the agreed vesting conditions are satisfied (being those set out above), vesting of such performance rights would occur over the period from 30 June 2023 to 1 October 2023 with vesting generally dependant on Mr Talbot being employed by the Company on the relevant vesting date. If Mr Talbot was not employed on the relevant vesting date, all of the performance rights that would otherwise vest on that date would, unless the Board otherwise decides, immediately lapse.

If shareholder approval of this Resolution 4 is obtained, Mr Talbot will be issued, shortly after the 2020 AGM and in any event no later than one month thereafter, performance rights equal in value to USD316,800 (AUD452,571.43) based on the market price of the Company's shares determined at market close on 3 August 2020 (being AUD0.43 per share). This calculation would result in 1,052,492 performance rights being issued to Mr Talbot. Each performance right on vesting would entitle Mr Talbot to be issued one fully paid ordinary share in the Company for no monetary consideration.

If Mr Talbot becomes eligible for a long term incentive bonus by virtue of satisfying some or all of the vesting conditions set out above, that number of performance rights equal in value to the dollar amount of the bonus (based on the above Company share price of AUD0.43) would vest and convert into shares and any remaining performance rights would immediately lapse. For example, if Mr Talbot only satisfied Vesting Condition 1 and Vesting Condition 2 and he was employed on the relevant vesting date, 478,405 of his performance rights would vest and he would be issued 478,405 shares and the remaining 574,087 performance rights would immediately lapse. If Vesting Condition 1 and Vesting Condition 2 were both satisfied and Vesting Condition 3 was exceeded to the fullest extent and Mr Talbot was employed on the relevant vesting date, all of the 1,052,492 performance rights would vest and he would be issued 1,052,492 ordinary shares in the Company.

Mr Talbot's performance rights (if issued) will be governed by the Rules of the Company's Long Term Incentive Plan (**Plan**), a copy of which is disclosed on the Company's website and which are summarised in the Explanatory Statement to Resolution 5 below.

The Rules and Mr Talbot's participation letter contain detailed provisions dealing with how Mr Talbot's performance rights would be impacted in various circumstances. For example, if a change of control occurred in respect of the Company, his performance rights would, in certain circumstances, immediately vest. These circumstances include a takeover of the Company (including pursuant to a scheme of arrangement). Accordingly, if, for example, a takeover transaction in respect of the Company completed in 2021 and Mr Talbot was employed by the Company at that time, all of Mr Talbot's 1,052,492 performance rights would automatically vest and he would be issued 1,052,492 shares in the Company even though the vesting conditions were yet to be satisfied.

If shareholder approval of this Resolution 4 for the issue of performance rights to Mr Talbot is not obtained and Mr Talbot meets some or all of his agreed vesting conditions, the Company will pay the applicable long term incentive bonus to Mr Talbot in cash. If a change of control of the Company (including pursuant to a takeover) was to occur prior to the vesting conditions being satisfied then, unlike the situation with the performance rights noted above, there would be no acceleration of the payment of any long term incentive cash bonus. Instead, Mr Talbot's entitlement to any long term incentive cash bonus would be assessed in the normal course after the end of the financial year ending 30 June 2023 and the relevant cash bonus amount (if any) would be paid to him after 30 June 2023 provided he was still employed by the Company at the relevant time.

Below are the details of Mr Talbot's holding of shares, options and performance rights in the Company as at the date of this Notice:

	Shares	Options	Performance Rights
<b>Mark J. Talbot</b>	1,597,523	2,218,195 (granted on 21 August 2017 exercisable at	532,653 (approved by shareholders at the

	Shares	Options	Performance Rights
		48.14 cents each) and 786,174 (granted on 31 October 2019 exercisable at 44 cents each)	Company's AGM on 29 October 2019 and granted on 29 October 2019)

All of the above securities have been earned by Mr Talbot as part of his employment and have been issued without a cash payment having been made for them.

The 532,653 performance rights granted to Mr Talbot on 29 October 2019 are the only securities that have been previously issued to Mr Talbot under the Plan.

The remuneration and emoluments provided by the Company to Mr Talbot for the financial year ending 30 June 2020 and the proposed remuneration and emoluments to be provided for the financial year ending 30 June 2021 are set out below:

<b>Mark J. Talbot</b>	<b>FY2020</b>	<b>FY2021</b>
Base Salary	USD435,000	USD480,000
Short Term Incentive	Up to 40% of Base Salary for achieving financial and individual performance targets set by the Board and up to 60% of Base Salary for exceeding those targets	Up to 60% of Base Salary for achieving financial and individual performance targets set by the Board and up to 80% of Base Salary for exceeding those targets
Long Term Incentive	532,653 performance rights (granted on 29 October 2019) for achieving targets (including time based and share price growth targets) set by the Board.	Up to 60% of Base Salary for achieving targets (including revenue, time based and share price growth targets) set by the Board and up to 66% of Base Salary for exceeding those targets.

Mr Talbot is the only person referred to in ASX Listing Rule 10.14 who is intended to be eligible to participate in the Plan because, even though the Plan could potentially extend to all Directors including Non-Executive Directors, the Plan is only intended to be used for Executive Directors (of which Mr Talbot is the only one). No other person referred to in ASX Listing Rule 10.14 has received performance rights under the Plan since the approval of the Plan at the 2017 AGM. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after this Resolution 4 is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

Having regard to the circumstances of Mr Talbot (including the responsibilities involved in his office and employment) and the Company, the Board considers that the incentive bonus arrangement (including the issue of the performance rights, if approved) represents reasonable remuneration for Mr Talbot.

The Board also considers that the issue of performance rights to Mr Talbot rather than and instead of a cash bonus as a long term incentive is the preferred method to appropriately incentivise Mr Talbot's continued performance as the vesting conditions are consistent with the strategic goals and targets of the Company, particularly growth in shareholder value, and the ability of Mr Talbot to share in this growth by having his performance rights vest on achieving the relevant vesting conditions helps to create a strong alignment between Mr Talbot's performance and that of the Company. In addition, the Board believes that the issue of the performance rights would represent a cost effective and efficient way to reward Mr Talbot for the long term incentive portion of his remuneration as the non-cash form of this benefit will allow the Company to spend a greater portion of its cash reserves on its operations than it would if any such bonus was required to be paid to Mr Talbot in cash.

Details of any securities issued under the Plan will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14 (where applicable).

#### **Section 200E of the Corporations Act**

Under section 200B of the Corporations Act 2001 (Cth) (**Corporations Act**), a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by shareholders in accordance with section 200E of the Corporations Act.

Mr Talbot holds a managerial or executive office role as his details are included in the Directors' Report by virtue of being a Director.

Under the terms and conditions on which the performance rights the subject of this Resolution 4 are proposed to be issued, circumstances in which the early vesting of performance rights are generally permitted include, amongst other things, termination of a participant's employment, engagement or office with the Company due to death, sickness, disability or incapacity or in other circumstances where the Board exercises its discretion to allow early vesting.

The concept of termination 'benefit' under section 200B of the Corporations Act has a wide operation and relevantly includes, in the context of Resolution 4, the early vesting of performance rights or the Board determining to provide that the performance rights do not lapse but will continue and be vested in the ordinary course.

Resolution 4 therefore also seeks approval of any termination benefit that may be provided to Mr Talbot under the terms and conditions of the performance rights proposed to be issued under Resolution 4.

#### **Specific information required by section 200E(2) of the Corporation Act**

The value of the potential termination benefit to be received by Mr Talbot cannot presently be ascertained. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of performance rights that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) Mr Talbot's length of service and the status of the vesting conditions attaching to the relevant performance rights at the time his employment or office ceases;
- (b) the circumstances of or reasons for Mr Talbot ceasing employment with the Company; and
- (c) the number of unvested performance rights that he holds at the time he ceases employment or office.

The Company will calculate the value of the termination benefit at the relevant time based on the above factors and using an appropriate pricing model (such as the Black-Scholes Model) to value the performance rights.

#### **ASX Listing Rule 10.19**

ASX Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The Company is also seeking shareholder approval under this Resolution 4 for the purposes of ASX Listing Rule 10.19. As noted above, the value of any termination benefit payable to Mr Talbot will depend on a number of factors, including the early vesting of Mr Talbot's performance rights in the circumstances of termination of his employment, engagement or office with the Company due to death, sickness, disability or incapacity or any other reason the Board decides, or where the Board exercises its discretion to allow the non-lapsing of Mr Talbot's performance rights in the context of Mr Talbot's termination of employment, engagement or office with the Company. It also depends on the value of the Company's equity interests which vary over time. Accordingly, it is possible that the provision of the benefit associated with any acceleration of the vesting, or non-lapsing, of Mr Talbot's performance rights may exceed 5% of the equity interests of the Company at the relevant time.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of performance rights constitutes giving a financial benefit as Mr Talbot is a related party of the Company by reason of being a director.

The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances and, accordingly, the Company will not seek approval for the issue of the performance rights pursuant to section 208 of the Corporations Act.

### Recommendation

The Board (excluding Mr Talbot due to his personal interest in Resolution 4) unanimously recommends that shareholders vote in favour of Resolution 4.

Subject to the voting restrictions set out below, the chair of the meeting intends to vote any undirected proxies in favour of Resolution 4.

### Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan or by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit, or an associate of any of those persons. However, the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a vote on this resolution must not be cast by a person appointed as a proxy where that person is either a member of the Key Management Personnel of the Company at the date of the AGM or a closely related party (as defined in the

Corporations Act) of any member of the Key Management Personnel, unless the vote is cast:

- as a proxy for a person who is entitled to vote on this resolution, in accordance with their directions on the proxy form; or
- by the person chairing the meeting as proxy for a person who is entitled to vote on this resolution and the written appointment of the chair does not specify the way the chair is to vote on this resolution, but expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on this resolution must not be cast (in any capacity) by or on behalf of Mr Talbot or any of his associates, unless:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on this resolution; and
- it is not cast on behalf of Mr Talbot or an associate of Mr Talbot.

## Resolution 5 – Long Term Incentive Plan Approval

The Company established the Company's Long Term Incentive Plan (**Plan**) to encourage its executives and other eligible participants to promote the long term success of the Company, provide a strategic value based reward for such persons who make a key contribution to that success and to promote their retention and to align their interests with shareholders' interests.

The administration of the Plan occurs through the Directors. A copy of the rules of the Plan appears on the Company's website.

Under the terms of the Plan, the Directors are authorised to invite eligible participants to participate in the Plan by way of a participation letter setting out the number of performance rights to which that person is entitled, together with vesting conditions, expiry dates and other relevant terms. Typically, the performance rights will have service based and also performance based vesting conditions attached to them having regard to group performance targets and individual key performance indicators, however these aspects are for the Directors to determine including quantum, expiry and other relevant terms.

Participants are prohibited from hedging and dealing with any performance rights in the absence of an applicable exception. As a general principle, if a participant ceases to be employed or engaged by the Company then the performance rights will expire. However, unless the terms of the participation letter state otherwise, in the event of a change of control or if the person is determined by the Board to be a good leaver, the vesting conditions will be deemed to be satisfied and the performance rights will vest.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue



more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval. ASX Listing Rule 7.2 sets out a number of exceptions to ASX Listing Rule 7.1, one of which (Exception 13) is an issue of securities under an employee incentive scheme if, within three years before the date of issue, the shareholders of the company approved the issue of securities under the scheme.

Shareholders approved the issue of securities under the Plan for the purposes of the predecessor of ASX Listing Rule 7.2 (Exception 13) at the 2017 AGM on 25 October 2017. Such approval has a 3-year life and expired on 25 October 2020. Since that approval was obtained, the Company has issued a total of 4,620,657 securities under the Plan in reliance on the predecessor of ASX Listing Rule 7.2 (Exception 13).

The Company proposes to issue a maximum of 6,000,000 securities under the Plan over the next 3 years.

If shareholder approval of Resolution 5 is obtained, the issue of performance rights under the Plan will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1 for the next 3 years. Accordingly, the Directors seek approval to extend the approval in relation to the Plan for a further 3 years from 30 November 2020 in accordance with the provisions of the Plan as this will enhance the Company's flexibility to issue securities to raise capital or by way of consideration for acquisition purposes should the Directors consider that it is in the best interests of the Company to do so.

If shareholders do not approve this Resolution 5, the Company may still issue securities under the Plan but such securities will not be excluded from the Company's placement capacity.

### Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 5.

Subject to the voting restrictions set out below, the chair of the meeting intends to vote any undirected proxies in favour of Resolution 5.

### Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any person who is eligible to participate in the Plan or an associate of those persons.

However, the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

· a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a vote on this resolution must not be cast by a person appointed as a proxy where that person is either a member of the Key Management Personnel of the Company at the date of the AGM or a closely related party (as defined in the Corporations Act) of any member of the Key Management Personnel, unless the vote is cast:

- as a proxy for a person who is entitled to vote on this resolution in accordance with their directions on the proxy form; or
- by the person chairing the meeting as proxy for a person who is entitled to vote on this resolution and the written appointment of the chair does not specify the way the chair is to vote on this resolution, but expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

## Resolution 6 – Constitution Amendments

Under section 136(2) of the Corporations Act, the Company may modify a provision of its Constitution by special resolution. The Company seeks the approval of shareholders to amend its Constitution to facilitate:

- A. Virtual meetings of shareholders.
- B. Direct voting by shareholders.
- C. Electronic provision of notices of meeting and proxy forms.
- D. The issue of restricted securities.

Details of the proposed changes are set out below. A copy of the proposed amended Constitution is available for review by shareholders at the Company's website ([www.redflex.com](http://www.redflex.com) in the Investors / AGM Documents section).

### A. Virtual meetings of shareholders

Virtual meetings are those which are held entirely online utilising audio or audio and visual communication technology. This meeting of shareholders is a virtual meeting which is held in accordance with the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*.

That determination is presently due to expire in early 2021. The Directors believe that it is desirable to maintain the

concept of that determination moving forward and to regulate how such a virtual meeting is to be held in the future regardless of whether the determination is extended.

Accordingly, the Company intends, subject to shareholder approval of Resolution 6, to insert a new rule 30(n) into the Constitution as follows:

*“(n) A virtual general meeting of members may be held without there being a physical meeting place by using any technology, including by an instantaneous audio-visual communication device or audio and visual or virtual communication technology, on the basis that:*

- (1) the notice convening the meeting refers to the main regulations, rules and procedures governing how the virtual meeting is to be conducted;*
- (2) a member participating at the meeting is taken to be present at the meeting for all purposes (including for the purposes of determining a quorum);*
- (3) a member participating at the meeting is entitled to exercise all rights as a member at the meeting including the right to vote (as applicable) on a show of hands or a poll; and*
- (4) the members participating at the meeting should be able to hear the meeting in real time and should be given a reasonable opportunity to participate including being able to ask questions or to make comments (provided that an inability of one or more members to do so shall not affect the validity of the meeting or any business conducted at it for so long as sufficient members are able to do so as are required to constitute a quorum).”*

#### **B. Direct voting by shareholders**

Direct voting permits shareholders to exercise their voting rights by lodging their vote before or during the meeting online, by post or other means approved by the Directors. The Directors recommend this change because direct voting enables shareholders to lodge a direct vote without having to attend the meeting or appoint a proxy.

Accordingly, the Company intends, subject to shareholder approval of Resolution 6, to insert a new rule 30(o) into the Constitution as follows:

*“(o) Direct voting may occur in relation to a general meeting of members, on the basis that:*

- (1) the notice convening the meeting refers to the main regulations, rules and procedures governing how the direct voting is to be conducted;*
- (2) a member who is entitled to attend and vote on a resolution at that meeting is entitled to cast that vote as a direct vote in a manner which does not require the member to be present;*

*(3) the direct vote can be made by the member notifying the company of the member’s vote by post, facsimile, any online or electronic voting system or any other means approved by the directors; and*

*(4) if a member casts a vote as a direct vote in accordance with this Constitution and any relevant regulations, rules and procedures, the direct vote will be as valid and binding for all intents and purposes as if the member had attended the meeting and cast a vote at the meeting.”*

#### **C. Electronic provision of notices of meeting and proxy forms**

This Notice has been made available online to view and download. This is in accordance with the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*, which is presently due to expire in early 2021. Proxy forms for those who wish to appoint a proxy are also available for download online.

The determination permits a notice of meeting and any other information provided with that notice to be communicated using technology. For example, an entity may send its members an email setting out or attaching a notice of a meeting and other material relating to that meeting. Alternatively, an email to members may provide a link to where the notice and other material can be viewed or downloaded. In circumstances where the entity does not have the email addresses of certain members, the entity may send a letter or postcard setting out a URL for viewing or downloading the notice and other materials.

It is desirable that the Company continues to have the ability to make notices of meeting and proxy forms available electronically regardless of whether the determination is extended unless the law provides otherwise.

Accordingly, the Company intends, subject to shareholder approval of Resolution 6, to insert a new rule 26(e) into the Constitution as follows:

*“(e) Unless the Law provides otherwise:*

*(1) a notice of a general meeting and proxy form need not be provided physically in writing;*

*(2) a notice of a general meeting and proxy form may be provided to members using one or more technologies to communicate the contents; and*

*(3) a notice of a general meeting and proxy form may be provided to members using one or more technologies to communicate details of an online location where they can be viewed or downloaded.”*

and a new rule 70(a)(1A) into the Constitution as follows:

*“(1A) sending the details of an online location where it can be viewed or downloaded;”*

This new rule 70(a)(1A) is to be inserted immediately after the existing rule 70(a)(1).

#### **D. The issue of restricted securities**

Amendments to ASX Listing Rules 9.1(a) and 15.12 came into effect on 1 December 2019. The updated Listing Rules require listed entities to include specific wording in their Constitutions regarding treatment of restricted securities in order for them to be issued.

Restricted securities are securities which are subject to escrow restrictions as determined by ASX, meaning they are restricted from being traded for a period of time. They mainly apply to certain newly listed entities but can sometimes also apply to ongoing listed entities which issue securities that ASX determines should be restricted.

Accordingly, the Company intends, subject to shareholder approval of Resolution 6, to insert new rules 79(aa) and 79(ab) into the Constitution as follows:

*“(aa) if the restricted securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the company’s issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*

*(ab) a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the Exchange;”*

These new rules are to be inserted immediately before the existing rule 79(a).

#### **Approval of amendments – special resolution**

Resolution 6 is a special resolution and accordingly requires at least 75% of the votes cast by shareholders present and eligible to vote at the meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) to be in favour of Resolution 6 for it to be passed.

If this Resolution 6 is passed by shareholders, all of the proposed amendments set out above will take effect from the conclusion of the meeting.

If this Resolution 6 is not passed by shareholders, none of the proposed amendments will be made to the Constitution unless they are approved at a future shareholders meeting by the passing of a special resolution.

#### **Recommendation**

The Directors unanimously recommend that shareholders vote in favour of Resolution 6.

The chair of the meeting intends to vote any undirected proxies in favour of Resolution 6.

# Meeting Information for Shareholders

## Eligibility to vote

The Company has determined that for the purposes of the meeting, shares will be taken to be held by those shareholders recorded in the Company's Register of Members as at 7.00pm (AEDST) on Saturday 28 November 2020. Share transfers registered after that time will be disregarded in determining entitlements to vote at the Annual General Meeting (AGM).

In addition, Australian legal requirements limit the eligibility of certain people to vote on some of the items of business to be considered at the AGM. These voting exclusions and prohibitions are designed to limit the capacity of people who stand to benefit from a resolution to influence whether the resolution is passed. Accordingly, the people who are captured by the additional voting restrictions vary for each item of business depending on the nature of the resolution proposed.

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel (which includes those people described as Key Management Personnel in the Remuneration Report) of the Company (being Resolutions 3, 4, and 5), the Corporations Act 2001 (Cth) (**Corporations Act**) restricts Key Management Personnel and their closely related parties from voting in some circumstances.

A "closely related party" of a member of the Key Management Personnel is defined in the Corporations Act to include:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or
- (e) a company the member controls.

The term "Key Management Personnel" has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

## Voting Methods

Due to the COVID-19 restrictions, you will not be able to attend the meeting in person. However, you will have the opportunity to be present and participate via an online webcasting platform. On this online webcasting platform you will be able to vote online in real time. You will also have the opportunity to ask questions at the meeting.

Shareholders can access the online webcasting platform at:

<https://web.lumiagm.com>

To log in, you will need to enter the **Meeting ID 307-138-806** followed by your holder identifier (SRN or HIN) and postcode or country code (for shareholders outside of Australia) as the Username and Password.

Voting will be available between the commencement of the meeting (9:00am (AEDST) on Monday 30 November 2020) and the closure of voting as announced by the Chair during the meeting.

Further information on how to connect to and 'join' the meeting is set out in the Redflex Online Annual General Meeting Guide available on the Redflex website ([www.redflex.com](http://www.redflex.com) in the Investors / AGM Documents section), which has also been given to the Australian Securities Exchange.

## Voting by Proxy

A shareholder entitled to attend and vote at the meeting may appoint one or two proxies to attend and vote on their behalf. Each proxy will have the right to vote on a poll and also to speak at the meeting.

A proxy need not be a shareholder of the Company and a proxy can be either an individual or a body corporate.

The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally between the proxies (i.e. where there are two proxies, each proxy may exercise half the votes).

If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who lodge a proxy with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the chair of the meeting as their proxy to vote on their behalf. If a proxy is lodged but the nominated proxy does not attend the meeting, or does not vote on the resolution, the chair of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.

Proxy appointments in favour of the chair of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to vote in favour of each of the resolutions proposed in this Notice. The Key Management Personnel of the Company and their closely related parties will not be able to vote your proxy on Resolutions 3, 4 and 5 unless you direct them how to vote. If you intend to appoint a member of the Key Management

Personnel or any of their closely related parties as your proxy, please ensure that you direct them how to vote on Resolutions 3, 4 and 5. If you intend to appoint the chair of the meeting as your proxy, you can direct him or her to vote by either marking the box for the resolution, or by appointing the chair of the meeting as your proxy in accordance with the instructions on the proxy form (in which case the chair of the meeting will vote in favour of each of the resolutions proposed in this Notice).

#### **Lodgement of Proxies**

To be valid, a proxy, and the power of attorney or other authority (if any) under which it is signed (or a certified copy of the power of attorney or authority), must be lodged by one of the following methods and received not less than 48 hours before the commencement of the AGM or any adjournment of the AGM.

- ✓electronically, via:  
[www.investorvote.com.au](http://www.investorvote.com.au) and then inputting the shareholder's secure access information,  
or  
[www.intermediaryonline.com](http://www.intermediaryonline.com) for Custodian Voting  
or
- ✓by mail at the registered office of the Company or the office of the Company's Share Registry:

Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne, Victoria, Australia, 3001;  
or  
Yarra Falls, 452 Johnston Street,  
Abbotsford, Victoria, Australia, 3067;

or

- ✓by fax to Computershare, the Company's Share Registry,  
on 1800 783 447 (within Australia) or +61 3 9473 2555  
(outside Australia).

#### **Corporate Representatives**

If a representative of either a corporate shareholder or a proxy which is a body corporate is to participate at the meeting, an Appointment of Representative Form, which can be obtained from Computershare's Investor Centre website [www.investorcentre.com](http://www.investorcentre.com), or other evidence satisfactory to the chair of the meeting, must be produced prior to the meeting.

#### **Annual Report – Online**

Redflex's Annual Report for the year ended 30 June 2020 is available on the Company's website ([www.redflex.com](http://www.redflex.com) in the Investors / Financial Reports section).

Shareholders can elect to receive a copy of the Annual Report by contacting the Company.

#### **Asking questions at the AGM**

Shareholders may ask questions at the meeting through the online webcasting platform and questions are welcome. Shareholders are encouraged to submit their questions before the meeting by logging onto to your holding, selecting voting and then 'ask a question'. Submitting questions in advance will not prevent any shareholder from

asking questions at the meeting through the online webcasting platform should they wish to do so.

#### **Registered Office**

Redflex Holdings Limited  
ABN 96 069 306 216  
31 Market Street  
South Melbourne, Victoria, Australia 3205  
Telephone +61 3 9093 3300  
Email: [redflexholdingslimited@redflex.com](mailto:redflexholdingslimited@redflex.com)

#### **Redflex Share Registry**

Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne, Victoria, Australia, 3001  
or  
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria,  
Australia, 3067  
Facsimile 1800 783 447 (within Australia)  
or  
Facsimile +61 3 9473 2555 (outside Australia)