

# DIRECTORS' AND OFFICERS' CODE OF CONDUCT AND PROTOCOLS

Approved 26 May 2016

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## 1. INTRODUCTION

- (a) The following serves as a code of conduct and protocols for Redflex Holdings Limited (**Company**) and all of its directors and officers.
- (b) Directors and officers acknowledge and agree their commitment to uphold its principles and obligations by accepting and retaining membership on the Board.

## 2. EXPECTATIONS OF DIRECTORS AND OFFICERS

- (a) Each director and officer will comply with all respects of this Code of Business Conduct and Ethics as well as all other rules and regulations of the Company including, but not limited to, the Company's Constitution.
- (b) Each director and officer must at all times comply with all applicable federal, state and local laws and regulations in the discharge of their role and responsibilities.
- (c) Each director and officer is expected to communicate openly, honestly, professionally and maturely.

## 3. DUTIES OF DIRECTORS AND OFFICERS

- (a) Directors and officers recognise their duty of loyalty to the Company and the Board. Directors and officers acknowledge that in discharging their fiduciary obligations to the Company they should have regard to a variety of stakeholders, including, but not limited to, employees, customers, suppliers, lenders, creditors and shareholders. Directors and officers agree that outside the boardroom they will support the letter and the spirit of all Board decisions.
- (b) A director and officer also has a number of statutory duties including:
  - (i) the duty to act with reasonable care and diligence (section 180 of the *Corporations Act 2001* (Cth));
  - (ii) the duties to act in good faith in the best interests of the Company and for a proper purpose (section 181 of the of the *Corporations Act 2001* (Cth)); and
  - (iii) the duty not to improperly use their position or information for their own purposes (sections 182 and 183 of the *Corporations Act 2001* (Cth)).
- (c) Statutory duties do not replace fiduciary and common law duties to act in good faith and in the best interests of the Company and for a proper purpose. Directors and officers must exercise their powers for the purpose for which they were conferred, not arbitrarily or at the absolute will of the directors or officers, but honestly in the interests of members as a whole.



### *Care and Diligence*

- (d) The *Corporations Act 2001* (Cth) states that directors and officers must exercise their powers and discharge their duties with a degree of care and diligence that a reasonable person would exercise if the reasonable person:
- (i) were a director or officer of the Company in the Company's circumstances; and
  - (ii) occupied the office held (and had the same responsibilities with the Company) as the director or officer.
- (e) A director and officer must exercise an appropriate degree of care and diligence when making business judgements. To do this a director and officer must:
- (i) make the judgment in good faith for a proper purpose;
  - (ii) inform herself/himself about the subject matter of the judgement to the extent they reasonably believe is appropriate;
  - (iii) rationally believe the judgement is in the best interests of the Company; and
  - (iv) not have a material personal interest or conflict of interest in the subject matter of the judgement.

### *Good Faith*

- (f) The term 'good faith' means that directors and officers must:
- (i) exercise their powers in the interests of the Company and not misuse or abuse those powers;
  - (ii) ensure that their personal interests and the interests of the Company do not conflict; and
  - (iii) not misappropriate the Company's assets or opportunities or use their position for the benefit of themselves at the expense of the Company.

### *Best Interests*

- (g) In considering the 'best interests of the Company' directors and officers:
- (i) must consider the interests of existing members, as a whole, and act for their benefit having regard to their future interests as well as their existing interests;
  - (ii) should balance short-term and long-term outlooks when considering members' interests;
  - (iii) should consider the interests of creditors (in the case of insolvency) and may, in certain circumstances, also consider the interests of other parties such as employees, customers, suppliers and the general public.



- (h) In considering whether a director or officer has acted in good faith in the best interests of the Company, the Courts will generally consider:
  - (i) whether, after a subjective judgement, the director or officer acted honestly; and
  - (ii) whether the director or officer, acting in good faith, acted in a way that is consistent with how a reasonable person in their position would act in the circumstances.

*Proper Purpose*

- (i) Directors and officers are required to carry out their duties for a proper purpose judged on an objective standard. That is, whether measured objectively, the purpose was proper even though the director or officer has acted honestly.
- (j) A consideration is whether or not a power has been exercised for a permitted purpose, for example, a purpose permitted by the Company's Constitution.

*Misuse of Position*

- (k) Directors, officers and employees must not improperly use their positions or improperly use information that they have obtained because of their role as a director or officer to:
  - (i) gain advantage for themselves or someone else; and
  - (ii) cause detriment to the Company.

**4. DIRECTOR CONDUCT AND PROTOCOLS**

- (a) Each director and officer will perform his or her duties in a professional and timely manner pursuant to the Board's direction and oversight.
- (b) The agenda for meetings is first developed by the Group Chief Executive Officer, in consultation with the Chairperson, Committee chairpersons where relevant, and the Group General Counsel & Company Secretary. If a director wishes to have an item of business added to the agenda, the director should notify the Chair (and the Group General Counsel & Company Secretary). Once settled, a draft agenda is sent to the Chairperson for approval, prior to inclusion in the Board papers distributed to all directors.
- (c) The Chair, in consultation with the Board and the Group Chief Executive Officer, may invite relevant senior executives, senior management, employees or consultants to attend Board meetings in order to have expertise available during the Board's discussion.
- (d) Questions arising at any Board meeting will be decided by a majority of the votes cast by the directors present and entitled to vote on the matter. Except where only two directors are present or entitled to vote at a meeting of directors, if the votes are equal on a proposed resolution, the Chair of the meeting has a casting vote in addition to the Chair's deliberative vote.
- (e) Directors should refrain from:



- (i) participating in the day-to-day management of the Company;
- (ii) guiding management other than the Group Chief Executive Officer, the Group Chief Financial Officer, the Group General Counsel & Company Secretary and the RTS Americas Director of Compliance;
- (iii) making representations or agreements on the Company's behalf; and
- (iv) influencing management as individuals, except by specific delegation from the Board and working together with the Group Chief Executive Officer.

## **5. CONFIDENTIALITY**

- (a) Except as the Board may authorise or as otherwise required by law, directors and officers must not share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information related to the affairs of the Company, including Board papers, agendas and minutes to any other person.
- (b) Each director and officer will uphold the strict confidentiality of all meetings and other deliberations and communications of the Board and with the Company.
- (c) No director or officer will use any information provided by the Company or acquired as a consequence of the director's or officer's service in any manner other than in furtherance of his or her duties with the Company.
- (d) Upon termination of service, a director or officer will promptly return to the Company all documents, electronic and hard files, reference materials, and other property entrusted to the director or officer for the purpose of fulfilling his or her responsibilities. Such return will not abrogate the director or officer from his or her continuing obligations of confidentiality with respect to information acquired as a consequence of his or her tenure at the Company. Nor will the return of such materials in any way prejudice a director's or officer's rights to access materials under the Company's Deed of Access and Indemnity (if any) or at law after ceasing to hold office as a director or officer.

## **6. CONFLICTS OF INTEREST**

When encountering potential conflicts of interest, directors and officers will identify the conflict and, as required, remove themselves from all discussion and voting on the matter. Further, directors and officers shall avoid placing (and avoid the appearance of placing) any self-interest or any third-party interest above that of the Company and shall not engage in any outside business, professional or other activities that such director or officer believes would directly or indirectly materially adversely affect the Company.

## **7. ROLE OF BOARD CHAIR**

- (a) The Chair's primary responsibility is to lead the Board and ensure its effectiveness, while the Group Chief Executive Officer is responsible for the operation of the Company's businesses.



- (b) The Chair will:
- (i) convene all regular meetings of the Board;
  - (ii) approve the regular meeting agendas in consultation with the Group Chief Executive Officer, Committee Chairs and the Group General Counsel & Company Secretary;
  - (iii) ensure:
    - (A) directors receive accurate, timely, and clear information to enable them to monitor the Company's performance;
    - (B) appropriate matters are brought before the Board for information, deliberation, and decision;
    - (C) that discussions effectively address the matters before the Board and the critical issues (if any) facing the Company;
  - (iv) set the style and tone of Board discussions to promote effective decision-making and constructive debate;
  - (v) foster a climate of openness and common purpose where contributions from all directors are encouraged;
  - (vi) chair board meetings and seek consensus, wherever possible, but without limiting each director's responsibility to form and communicate the directors' own independent view and with a commitment to clear and unambiguous decisions;
  - (vii) encourage a culture in which the highest standards of integrity and probity are upheld;
  - (viii) develop a productive, relationship with the Group Chief Executive Officer, acting as an advisor to him/her;
  - (ix) take the lead in ensuring that the Group Chief Executive Officer is aware of the Board's expectations in terms of performance and information, and that the strategies and actions agreed by the Board are effectively implemented by the Group Chief Executive Officer;
  - (x) ensure appropriate relationships exist between individual directors and senior executives and that directors do not instruct management, other than through the Group Chief Executive Officer;
  - (xi) consider requests from a director or the Board or from a Board Committee for obtaining independent advice and make the necessary arrangements for the provision of that advice, including authorising payments for the advice and/or services provided; and,
  - (xii) act together with the Group Chief Executive Officer, the Group Chief Financial Officer and fellow directors as a Company spokesperson for communications with shareholders.



**8. REVIEW OF THE CODE AND PROTOCOLS**

- (a) The Board will review the code and protocols periodically to ensure they comply with applicable legal requirements and remains relevant and effective.
- (b) The code and protocols are not intended to be contractual in nature.
- (c) The Board may change the code and protocols at any time.