

RISK AND COMPLIANCE COMMITTEE CHARTER

Approved 29 May 2015

1. GENERAL SCOPE AND AUTHORITY

1.1 Introduction

This charter governs the operations of the Risk & Compliance Committee of Redflex Holdings Limited (**RHL** or **Company**).

1.2 Purpose

The Risk & Compliance Committee will:

- (a) assist the Board of the Company (**Board**) in the discharge of its duties and responsibilities by monitoring and reviewing matters relating to non-financial risk and compliance, including:
 - (i) the Company's Risk & Compliance Policy and Framework;
 - (ii) the Company's risk tolerance and alignment of risk and compliance management with the Company's goals and objectives;
 - (iii) the Company's risk and compliance programs;
 - (iv) compliance with Company policies and procedures;
 - (v) significant legal or regulatory compliance exposures including significant litigation and disputes and material incidents or reports; and
 - (vi) material communications from government or regulatory authorities; and
- (b) monitor management's setting of the tone and developing a corporate culture relating to risk and compliance management, promoting open discussion regarding risk and compliance, integrating risk and compliance management into the Company's goals, objectives and compensation structure and creating a corporate culture such that people at all levels effectively manage risk and compliance issues;
- (c) have oversight over the Company's global insurance program and the adequacy of this program.

The Risk & Compliance Committee will also, when requested by the Audit Committee or the Board, assist in the discharge of the Company's duties and responsibilities relating to financial compliance (including internal and external audit, financial reporting and disclosures to shareholders and other stakeholders).

1.3 Authority

The Committee is required to make recommendations to the Board and does not have any executive powers to commit the Board or management to the implementation of these recommendations, other than where the Board has delegated authority to the Committee.



1.4 Retention of Board responsibility

The Board retains overall responsibility for oversight of the Company's risk and compliance function.

1.5 Access to Books and Records

In discharging its oversight role, the Risk & Compliance Committee is able to have full access to all books, records, facilities, and Company personnel and has the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

2. MEMBERSHIP

- (a) The Risk & Compliance Committee shall be at least three (3) members and shall comprise a majority of independent non-executive directors and an independent chairperson who is not the chairperson of the Board.
- (b) Membership of the Risk & Compliance Committee shall be determined by the Board.
- (c) In the event that a member of the Committee retires from the Board for any reason then that member shall cease to be a member of this Committee.

3. MEETINGS

- (a) The Committee shall meet as frequently as required or as determined by the Committee chairperson but not less than quarterly with an agenda and briefing papers circulated in a timely manner prior to the meeting.
- (b) Any member of the Risk & Compliance Committee may request to convene a meeting of the Risk & Compliance Committee.
- (c) The Company Secretary shall be the secretary of this Committee unless the Board or the Committee otherwise directs.
- (d) The chairperson may direct the Company Secretary or some other individual to prepare an agenda for a Risk & Compliance Committee meeting for the chairperson's approval prior to distribution.
- (e) A quorum of two members shall be present prior to commencing a meeting. If the chairperson is not present for a meeting of the Committee, a chairperson for that meeting shall be elected by the members present to act as chairperson for that particular meeting.
- (f) Minutes shall be taken at Risk & Compliance Committee meetings by the Company Secretary or by any other individual present at the meeting. Within a reasonable time after a Committee meeting a draft of the minutes must be prepared and presented to the chairperson of the Committee for approval prior to distribution. The approved draft minutes will then be circulated to the other members of the Committee and to the Board. Minutes will be confirmed at the next scheduled meeting of the Committee.



- (g) The Group Chief Executive Officer (if not already a member of the Committee) and the Group General Counsel & Company Secretary will be invited to Risk & Compliance Committee meetings, as appropriate and as requested by the Committee.
- (h) The Committee may invite any member of management, adviser, consultant or other individual to attend meetings.
- (i) For the avoidance of doubt, any non-executive director who wishes to attend a Risk & Compliance Committee meeting has a standing invitation to do so.

4. DUTIES AND RESPONSIBILITIES

4.1 Primary duty and responsibility

The Risk & Compliance Committee has the primary duty and responsibility to oversee and make recommendations to the Board in relation to the following matters:

- (a) the Company's Risk & Compliance Policy and Framework;
- (b) that there is an effective system of risk and compliance monitoring within the Company to identify material risk and compliance issues facing the Company and to manage such risks and compliance issues to minimise losses and to maximise opportunities;
- (c) the implementation of action plans developed by management to address material business risks and compliance issues within the Company and to regularly review such action plans;
- (d) the Company's global insurance program and the adequacy of such program; and
- (e) any other risk and compliance matter referred to it by another committee of the Board or by the Board.

4.2 Specific duties and responsibilities

The Risk & Compliance Committee will also have specific duties and responsibilities in relation to the following matters:

- (a) **Compliance Program and compliance with the Company's policies and procedures:**
 - (i) monitor and review management's processes to achieve compliance with Company policies and procedures including, but not limited to, the Company's Code of Business Conduct, the Global Anti-Bribery and Anti-Corruption Policy and Procedures, Procedures for the Retention of Commercial Intermediaries, Charitable, Political, Sponsorship Contributions and Trade Show Fee Procedures, Gifts and Hospitality Procedures and Financial and Accounting Policies and Procedures (**Global Anti-Bribery and Anti-Corruption Policies Procedures**) ;
 - (ii) monitor and review management's processes to train employees with respect to the Company's Code of Business Conduct, the Global Anti-Bribery and Anti-Corruption Policies and Procedures



- (iii) monitor and review the Company's implementation of its risk and compliance programs, policies and procedures that:
 - (A) respond to the various risk and compliance risks facing the Company or that the Company may face in the future; and
 - (B) are communicated effectively to the Company's employees;
 - (iv) monitor and review management's processes to assess the risks relating to business continuity, disaster recovery, occupational health and safety and reputation;
 - (v) monitor and review management's implementation of remediation plans which are identified as a result of the Risk & Compliance Committee fulfilling its duties and responsibilities;
 - (vi) monitor and review management reports concerning any relevant policy violations, compliance breaches and 'near misses' in order to oversee the Company's compliance obligations;
- (b) **Risk Management and Insurance:**
- (i) monitor and review:
 - (A) the Company's risk management policies, strategies and processes;
 - (B) the Company's enterprise risks, and in so doing, the Risk & Compliance Committee recognises the responsibilities delegated to other committees by the Board and understands that the other committees of the Board may emphasise specific risk monitoring through their respective activities; and
 - (C) approve the risk management infrastructure and the critical risk management policies adopted by the Company;
 - (D) the risk management capabilities within the Company;
 - (E) the Company's risk profile and its actual and potential exposure to risks of various types;
 - (ii) receive reports from management concerning:
 - (A) relevant material business risks ;
 - (B) the implications of new and emerging material risks;
 - (iii) monitor and review the Company's global insurance program and the adequacy of this program;
- (c) **Legal Obligations**



- (i) monitor and review management’s processes for the implementation of its legal obligations arising under statute, the common law or by virtue of written agreements or contracts entered into by the Company;
 - (ii) monitor and review management’s processes to support the Company’s compliance with the Corporations Act and the ASX Listing Rules;
- (d) **Investigations:**
 - (i) oversee management’s investigation of, and request the investigation of, any significant instances of non-compliance with relevant laws, regulations or the Company’s policies or procedures;
 - (ii) monitor and review management’s handling of potential policy violations, compliance breaches and ‘near misses’ that are reported to the Committee;
 - (iii) ensure that management carries out investigations in a timely manner, and where appropriate, by an independent investigator and that outcomes of investigations are reported to the Risk & Compliance Committee and to management for further action, as appropriate;
 - (iv) ensure that appropriate and measured action is taken by management in response to policy violations and compliance breach reports and that all disclosure obligations relating thereto have been met;
- (e) **Reports and Complaints:**
 - (i) monitor and review management reports regarding any significant complaints received from internal and external sources, including from the Redflex whistle-blower and EthicsPoint hotline;
 - (ii) monitor and review management’s handling of any significant complaints received by the Company;
 - (iii) monitor and review management’s response to significant complaints to ensure that they are dealt with in a timely manner, fairly, professionally and, where appropriate, independently;
- (f) **Internal Controls**
 - (i) in conjunction with the Audit Committee, monitor and review the delegated authority limits of management and compliance with such limits;
 - (ii) require management to report, at least, annually on the operation of the Company’s delegated authority limits policy and procedures;
 - (iii) monitor and review the Company’s policies and practices with respect to risk management and compliance and present to the full Board, at least annually, a report summarising the Committee’s review of the Company’s risk and compliance function;



(g) **Management**

- (i) seek reasonable assurances from management that all known and emerging risks and compliance issues have been identified, mitigated or managed effectively;
- (ii) communicate formally and informally with management regarding risk and compliance management and oversight;
- (iii) discuss with the Group Chief Executive Officer and management about the Company's major risk and compliance exposures and review the steps management has taken to monitor and control such exposures; and
- (iv) monitor and review the effectiveness of the Company's enterprise-wide risk assessment processes, and where appropriate, review management's corrective actions for any deficiencies that arise with respect to the effectiveness of such processes.

5. APPROVAL OF THE RISK AND COMPLIANCE POLICY AND FRAMEWORK

- (a) Management will develop the Risk & Compliance Policy and Framework for approval by the Risk & Compliance Committee and the Board.
- (b) The Risk & Compliance Policy and Framework should:
 - (i) set the tone for risk and compliance management in the Company;
 - (ii) indicate how risk management and compliance will support the Company's goals and objectives; and
 - (iii) include the Company's principles of risk and compliance management, its risk and compliance objectives and approach and the relevant responsibilities, within the Company.
- (c) The Risk & Compliance Committee should review the Risk & Compliance Policy and Framework at least annually.

6. REPORTING

The Risk & Compliance Committee will, in relation to reporting:

- (a) review and provide input to the Board and Audit Committee regarding risk disclosures in financial statements and other public statements regarding risk and compliance;
- (b) ensure that risk and compliance remains on the full Board's and management's agenda on a regular basis;
- (c) coordinate, together with the full Board, the relationship with other Board Committees regarding risk and compliance, particularly between the Audit and Risk & Compliance Committees.



The chairperson of the Risk & Compliance Committee will also prepare and deliver a report from the Committee to the Board at the next scheduled meeting of the Board after the Committee meets. Such report should include all matters that should be brought to the attention of the Board including the Committee’s recommendations in relation to such matters.

7. COMMITTEE PERFORMANCE

The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively in achieving its purpose.

8. REVIEW OF CHARTER

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

9. PUBLICATION

A copy of this Charter will be available on the RHL website (www.redflex.com) or made available on request.