

# MATTERS RESERVED FOR THE BOARD

Approved 25 February 2016

## 1. INTRODUCTION

- (a) The Australian Securities Exchange (**ASX**) Corporate Governance Council's "Corporate Governance Principles and Recommendations" (3<sup>rd</sup> edition) recommend that listed entities should disclose (Recommendation 1.1(b)) "*those matters expressly reserved to the board and those delegated to management*". This is for the purpose of delineating the division of functions and the exercise of authority between the Board of Directors (**Board**) of Redflex Holdings Limited (**Company**) and management.
- (b) The Board Charter details the duties and responsibilities of the Board in its stewardship of the Company. In carrying out its responsibilities and powers as set out in this statement, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of Redflex Holdings Limited's shareholders as well as its employees, associates, partners and the community.
- (c) Further, the Board has delegated certain responsibilities to Board committees for review and recommendation to the Board. All Committees operate in accordance with their respective Charters approved by the Board. The permanent Committees of the Board are the Audit Committee, the Risk & Compliance Committee, the People, Culture & Remuneration Committee and the Nominations Committee. The Committees will assist the Board by focusing on the activities specified in their respective Charters, reporting to the Board on decisions and actions taken, and making any necessary recommendations.
- (d) As determined by the Board, consistently with the Board Charter, the Board has delegated the day to day management of the business of the Company and its subsidiaries (**Group**) to management through the Group Chief Executive Officer, subject to agreed authority limits (excluding those matters reserved for the Board). However, notwithstanding this delegation and any other written delegations of authority to management, the Board has reserved the responsibilities set out below for itself to discharge as well as any matters which exceed the thresholds set out in the authorities delegated to management.
- (e) For clarity:
  - (i) the Board has not, and cannot lawfully, reserve unto itself any matter that must be determined by the Company in general meeting; and
  - (ii) the matters set out below complement the existing Board Charter of the Company.

## 2. MATTERS RESERVED FOR THE BOARD

The following matters (including changes to such matters) are specifically reserved for the Board and are not delegated to management:



- (a) approval of the strategic objectives, annual operating plans, annual business plans and annual budgets of the Group and the monitoring of the Group's performance against these matters;
- (b) approval of changes to the Group's capital structure including the issue of new securities, share buy-backs and reductions of capital, other than in accordance with the terms of the Company's equity based incentive plans;
- (c) approval of the Group's financial statements, financial results announcements, the Group's corporate governance statement and other significant statements to the ASX, ASIC, shareholders and the media;
- (d) approval of the payment of dividends to shareholders of the Company;
- (e) the appointment and removal of the Group's auditor;
- (f) approval of major commercial transactions involving the Group that have not otherwise been delegated in writing to management to approve;
- (g) approval of mergers, acquisitions or divestitures of businesses, subsidiaries, operations or divisions by the Group;
- (h) capital expenditure of the Group above limits delegated in writing to management;
- (i) delegation of authority limits for management;
- (j) membership of the Board and of the various Board Committees (including terms of engagement);
- (k) the terms of reference for the Board and the various Board Committees (including the Board Charter and the charters of the various Board Committees);
- (l) the performance review of Board members, Board Committees, the Group Chief Executive Officer and of other members of the Executive Management group not limited to the Company Secretary;
- (m) agreement on the division (as between the Company's directors) of the director remuneration pool approved by the shareholders of the Company;
- (n) the appointment and removal of the Group Chief Executive Officer and the Company Secretary;
- (o) the appointment of the Chairman of the Board;
- (p) the Group's Remuneration Strategy and the Group's policy on remuneration (including employee incentive plans) for employees including executives, officers and managers;
- (q) the corporate governance practices of the Group including all corporate governance policies and charters;
- (r) oversight and monitoring of the adequacy and effectiveness of the risk and compliance practices of the Group;



- (s) the borrowing of any material funds by the Group or giving securities over assets of the Group;
- (t) the commencement, settlement or defence of any material claims or litigation (that have not been delegated to management to approve);
- (u) the resolutions and related documentation to be put to shareholders in a general meeting of the Company;
- (v) the decisions relating to political and charitable donations and the Group's policy on political and charitable donations;
- (w) determining the independence and remuneration of non-executive directors; and
- (x) any other matter determined by resolution of the Board to be reserved to the Board and not delegated to management or within the authority of the Company in general meeting.

**3. REVIEW**

The matters reserved for the Board will be reviewed regularly by the Board having regard to the changing circumstances of the Group.

**4. PUBLICATION**

This document will be published in the Investor Relations / Corporate Governance section of the Company's website [www.redflex.com](http://www.redflex.com). A copy will also be made available on request.