



## **EROAD LIMITED**

### **Finance Risk and Audit Committee Charter**

#### **1. ESTABLISHMENT**

This Charter sets out the basis on which the Board has established a Finance, Risk & Audit Committee ("Committee") pursuant to the Constitution.

#### **2. PURPOSE**

The purpose of the Committee is to assist the Board in meeting its obligations relating to EROAD's:

- 1) risk management and internal control principles;
- 2) financial reporting; and
- 3) auditing processes and activities.

The committee has no decision making powers except where expressly provided by the Board.

#### **3. COMPOSITION**

The Board will annually confirm the membership of the Committee. The Committee shall comprise at least three members each appointed by the Board. The Committee shall be comprised solely of independent "non-executive Directors", who are able to read and understand financial statements. At least one member of the Committee shall have relevant financial experience.

The Board shall appoint one of the members of the Committee to be the Chairperson. The Chairperson of the Board shall not be the Chairperson of the Committee. The Committee may, if it considers it appropriate, appoint a secretary. The Committee may take such independent advice as it considers necessary.

#### **4. MEETINGS**

The Committee will meet at least four times a year.

A quorum for a meeting of the Committee is two members.

The Committee may invite such other persons to attend their meetings as they consider appropriate. Committee meetings will generally be attended by the CFO and CEO. The Committee will meet with the Auditors in a one on one session at least twice a year.

The date, time and location of each Committee meeting will be notified by the Company to all members as far in advance as possible. Relevant Committee papers shall also be sent to members as far in advance as possible.

The proceedings of the Committee will be governed by the provisions of the Constitution that govern meetings of Directors, where applicable.

The Committee shall ensure that minutes of its meetings are kept and provided to the Board on a timely basis.



## **5. DUTIES AND RESPONSIBILITIES**

In addition to any other duties and responsibilities which have been assigned to it from time to time by the Board, the Committee has the duty and responsibility to:

- 5.1 monitor the risk management system to ensure EROAD continues to have an appropriate and effective system, mechanisms and internal controls in place to identify and manage material business risks;
- 5.2 monitor the integrity of the financial statements and any other announcements relating to its financial performance;
- 5.3 monitor and oversee EROAD's relationship with its external auditors; and
- 5.4 provide an open avenue of communication among the external auditors, management, and the Board.

To fulfil its responsibilities and duties, the Committee shall:

### **5.1 RISK MANAGEMENT AND INTERNAL CONTROL**

- 5.1.1 Review and monitor EROAD's risk management system and internal control framework to ensure that EROAD has in place mechanisms and internal controls to identify and manage areas of material business risk.
- 5.1.2 Ensure that processes are in place so that the Board is regularly updated on financial, operational, organisational and other risk matters (including information on any material business risks raised by management or added to the risk register and whether the material business risks are being managed effectively).
- 5.1.3 Review, with the external auditors and management, policies and procedures with respect to material business risks.
- 5.1.4 Review and monitor EROAD's insurance arrangements with management and recommend changes, if considered appropriate.
- 5.1.5 Consider annually, the need for internal audit as required.

### **5.2 FINANCIAL REPORTING**

- 5.2.1 Review and discuss, with external auditors and management, EROAD's annual audited financial statements and the interim financial statements prior to publicly releasing earnings reports to applicable securities regulatory authorities.
- 5.2.2 Review and consider the external auditors report(s) on EROAD's annual and interim financial statements.
- 5.2.3 Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied and significant judgments affecting its financial reporting.
- 5.2.4 Obtain appropriate reporting from management of all significant judgments made in management's preparation of the financial statements.
- 5.2.5 Review any significant disagreements among management and external auditors relating to the preparation of the financial statements.
- 5.2.6 Require the CEO and CFO to confirm in writing to the Board that to the best of their knowledge:



- a. EROAD's financial statements present a true and fair view, in all material respects, and are in accordance with relevant accounting standards; and
- b. those reports are founded on a sound system of risk management and internal control and that system is operating effectively in all material respects.

- 5.2.7 Review the financial statements and advise all directors whether they comply with the appropriate financial laws and regulations.
- 5.2.8 Review and discuss the financial systems supporting the financial statements.

### **5.3 AUDITING ACTIVITIES**

- 5.3.1 Review and recommend to the Board the engagement, reappointment and removal of external auditors including their fees, scope and timing of their audit of EROAD's financial statements.
- 5.3.2 Establish guidelines for the selection and appointment of EROAD's external auditors. Ensure that the lead audit partner and review partner is changed every five years.
- 5.3.3 Actively engage EROAD's external auditors in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of such auditors and recommend to the Board appropriate action in response to the external auditors' report to satisfy itself of the auditors' independence. Where the external auditor provides non-audit services, the Committee shall satisfy itself that the provision of non-audit services has not compromised the auditor's independence.
- 5.3.4 Periodically discuss with the external auditors out of the presence of management the Company's internal control systems and processes, the integrity of EROAD's financial statements and financial reporting processes, the external auditors' perception of the Company's financial and accounting personnel and any other matters the Committee consider appropriate.
- 5.3.5 Following completion of the annual audit, review separately with management any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- 5.3.6 Monitor and review the internal auditing processes.

### **5.4 OTHER**

- 5.4.1 Review this Charter annually and recommend to the Board any appropriate changes.
- 5.4.2 Review the appropriateness of all accounting policies used to produce the financial statements.
- 5.4.3 Recommend to the Board changes to EROAD's financial reporting, auditing and accounting principles and practices as suggested by the external auditors or management.
- 5.4.4 Review with the external auditors and management the extent to which changes or improvements in financial or accounting practices have been implemented.
- 5.4.5 Perform any other activities consistent with this Charter, EROAD's constitution and applicable law, regulation or listing rule as the Committee or the Board deems necessary or appropriate.
- 5.4.6 Review all frauds brought to the attention of the Committee.

### **6. ACCESS**

The Committee shall have direct communication with, and unrestricted access to, all executive team members, external auditors, financial and legal advisors, employees, and all company records.



## **7. REPORTING**

The Chairperson of the Committee shall regularly report to the Board. The report shall contain matters relevant to the Committee's role and responsibilities, including:

- 7.1 an assessment of whether external reporting is consistent with the Committee members' information and knowledge and is adequate for shareholders' needs;
- 7.2 the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
- 7.3 an assessment of the performance and independence of the external auditors and whether the Committee is satisfied that the independence of this function has been maintained;
- 7.4 whether the risk management principles and internal control are operating effectively in all material respects, including the results of any review of risk management or internal controls; and
- 7.5 whether the material business risks are being managed effectively.

## **8. REVIEW**

The Committee shall conduct an annual review of its purpose and activities, and seek feedback from all Board members. It shall recommend to the Board any suggested changes in the duties and responsibilities of the Committee and the terms of this Charter.