



DIRECTOR AND EXECUTIVE REMUNERATION POLICY FY20

1. INTRODUCTION

- 1.1 EROAD's seeks to attract and retain high-performing people who deliver the company's vision and strategies in accordance with its values.
- 1.2 Therefore, the key principles are that this remuneration policy:
- a) aligns with EROAD's strategic and annual business objectives and EROAD values;
 - b) balances competitive pay with affordability;
 - c) provides flexibility to reward individuals for outstanding contribution;
 - d) helps attract, motivate and retain directors and executives who contribute to EROAD's business outcomes;
 - e) ensures there is a direct link between performance and pay;
 - f) rewards performance, based on results achieved as well as demonstrated behaviours and competencies;
 - g) rewards achievement of strategic objectives and shareholder value creation; and
 - h) is transparent, consistent, easy to understand and simple to administer.

2. RESPONSIBILITY FOR THIS POLICY

- 2.1 The Board is ultimately responsible for setting this policy and does so with the assistance of the Remuneration, Talent and Nomination Committee.

3. DIRECTOR REMUNERATION

- 3.1 The Board's focus is on the strategic direction and overall performance of EROAD. Non-executive director remuneration is primarily related to attracting and retaining high calibre directors. Executive directors do not receive any additional remuneration for their role as a director.

Determination of Non-Executive Director Remuneration

- 3.2 Remuneration of non-executive directors is determined by taking into consideration EROAD's need to maintain appropriately experienced and qualified directors and in accordance with competitive pressures in the marketplace.
- 3.3 In order to ensure there is no bias in decision making, non-executive directors do not receive any performance based remuneration.
- 3.4 In FY20, the directors' fees are less than the aggregate fee pool of \$500,000 per annum approved by EROAD's shareholders at EROAD's 2018 annual meeting.
- 3.5 EROAD does not pay any retirement allowance for directors on resignation or cessation of office.

Extra Duties and Expenses

- 3.6 From time to time, the Board may ask individual directors to devote extra time or to undertake extra duties by chairing the Finance, Risk and Audit Committee and the Remuneration, Talent and Nominations Committee.



3.7 From 1 January 2018, directors who chair the committees receive additional fees for this work, given the extra workload involved in that role.

3.8 Directors are also reimbursed for reasonable expenses incurred when attending Board meetings.

Review

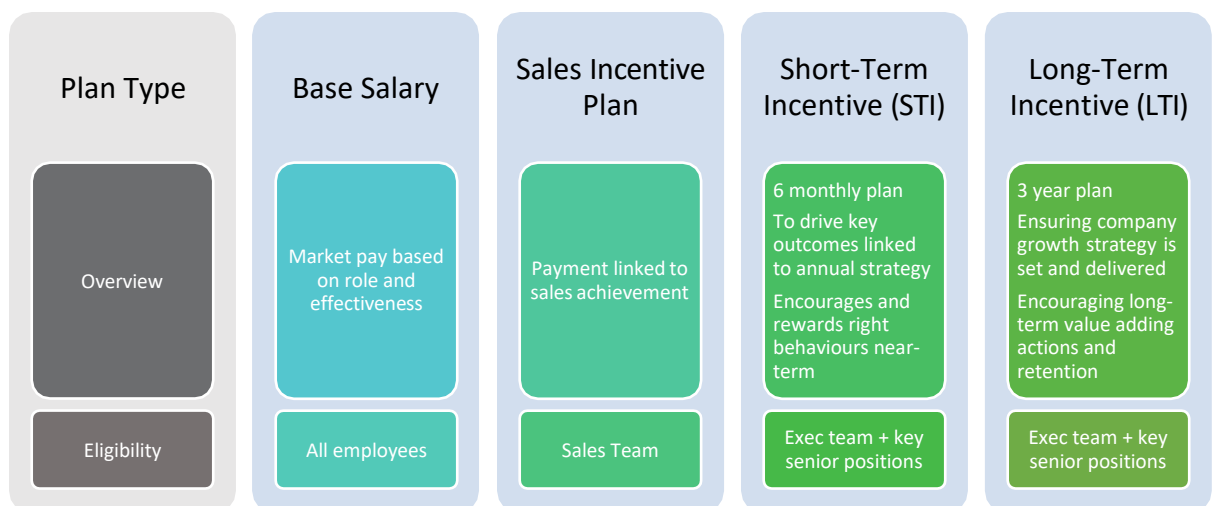
3.9 The Board reviews director remuneration periodically and may engage independent remuneration consultants to undertake benchmark assessments.

3.10 Subject to certain exceptions outlined in the NZX Main Board Listing Rules, the total amount of remuneration paid to non-executive directors must not exceed the maximum amount authorised by the shareholders.

4. CEO AND EXECUTIVE REMUNERATION

Remuneration Framework

4.1 EROAD uses a total remuneration package approach in setting salary and rewards for employees as follows.



4.2 The total remuneration package comprises a mix of:

- a) **Fixed remuneration**, which includes a guaranteed base salary, allowances and other benefits (inclusive of all taxes). Allowances and other benefits may include a motor vehicle allowance, EROAD's superannuation contribution, mobile phone allowance and others, on either ongoing or temporary basis.
- b) **Variable "at risk" remuneration**, which for the CEO and executives may include:
 - i. Short-term incentive plan;
 - ii. Long term incentive plan; and
 - iii. Any additional rewards.

4.3 Variable "at risk" remuneration is paid on top of fixed remuneration. Variable pay rewards are not entitlements and must be re-earned each performance period.



4.4 The following matrix sets out the allocation of incentives for the CEO and executives within EROAD for FY20. This structure is subject to the discretion of the Remuneration, Talent and Nomination Committee and the Board and is reviewed periodically to determine if changes are required:

EROAD Remuneration Structure			
	Total Fixed Remuneration (TFR)	Max STI % of TFR	Max LTI% of TFR
CEO	Base Salary	Up to 32%	Up to 32%
Executive Team		Up to 25%	Up to 25%

Note: This table is a guideline. Specific remuneration structure for each executive may vary and is subject to the provision of adequate substantiation (e.g. retention of key technical skills, reward outstanding performance, etc).

Fixed Remuneration Rates

4.5 In setting fixed remuneration rates EROAD considers external market trends, the intrinsic value of a job and internal relativities. The intrinsic value of a job is determined based on the:

- individual’s level of experience, skill and knowledge relevant to the job;
- amount of responsibility; and
- required level of performance and contribution to EROAD.

Fixed Remuneration Reviews

4.6 Fixed remuneration is reviewed, but not necessarily increased, on an annual basis. Any remuneration increases for executives are approved by the Board. In conducting reviews EROAD will take into account the market conditions relating to EROAD and each position, the level of responsibility assigned to each employee and each employee’s individual performance.

4.7 To assess individual performance, each executive and the CEO must participate in periodic performance reviews measuring their achievement against operational and strategic objectives. The results of the performance review will form the basis of any remuneration review.

EROAD Short term Incentive Plan (STI)

4.8 The STI program is designed to link specific annual performance targets with the opportunity to earn cash incentives based on a percentage of fixed base salary. It creates alignment between shareholder value creation and employee reward.

4.9 The STI plan will be based on 6-month periods (commencing 1 April and 1 October each year), aligned to investor cycles and outcomes.

4.10 For FY20, the STI amount payable is based on group performance against shared team goals.

4.11 STI payments are subject to approval by the Board and at the sole discretion of the Board.

Long Term Incentive Plan (LTI)

4.12 Eligible employees are invited to participate in the EROAD LTI plan. Under the LTI scheme, participants are granted performance share rights (PSRs) which convert to shares if benchmark sales targets are met.

4.13 As with the STI payments, the Board retains discretion over the final outcome of LTI payments, to allow appropriate adjustments where unanticipated circumstances may impact performance, positively or negatively, over the measurement period.



5. EFFECTIVE DATE

5.1 This policy takes effect from 1 April 2019.

6. POLICY REVIEW DATE

6.1 This policy will have a full review and approval each year, or earlier if deemed necessary.

August 2019