



## EROAD LIMITED

### Board Charter

This Charter formalises and sets out the manner in which the Board's powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance and practice that accord with best practice and the applicable laws in the jurisdictions in which EROAD operates.

#### ROLE OF THE BOARD

The Board is ultimately responsible for appraisal and approval of the strategic direction of EROAD, oversight of the management of EROAD and direction of its business strategy, with the ultimate aim being to increase shareholder value. The Board is accountable to shareholders for the performance of the Company.

#### RESPONSIBILITIES OF THE BOARD

In carrying out its principal role, the Board's specific responsibilities include:

1. in consultation with the Chief Executive Officer, providing strategic direction for, and approving, EROAD's business strategies and objectives;
2. reviewing and approving EROAD's budgets and business plans and monitoring the management of EROAD's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
3. providing leadership of EROAD within a system of prudent and effective controls which enables risk to be assessed and managed;
4. reviewing the principal risks faced by EROAD and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
5. ensuring appropriate resources are available to senior management;
6. monitoring the operational and financial position and performance of EROAD;
7. requiring that financial and other reporting mechanisms are put in place by the Chief Executive Officer which result in adequate, accurate and timely information being provided to the Board and EROAD's shareholders and the financial market as a whole being fully informed of all material developments relating to EROAD;
8. appointing and, where appropriate, removing the Chief Executive Officer, approving other key senior management appointments, planning for succession and monitoring the performance of the Chief Executive Officer and other senior management having regard to EROAD's performance;
9. reviewing and approving EROAD's remuneration policies;
10. establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
11. adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;



12. approving and regularly reviewing EROAD's internal decision making process and compliance policies and procedures; and
13. ensuring that EROAD's internal decision making process and compliance policies and procedures are adhered to, to ensure that the business of EROAD is conducted in an open and proper manner.

In addition to the above, the Board also has the following specific responsibilities for safety and wellbeing:

1. be sufficiently informed about EROAD's business, hazards and risks and have an understanding of control methods and systems to be able to identify whether these are appropriate;
2. ensure EROAD has, and implements, appropriate processes and systems for receiving and considering information regarding incidents, hazards and risks, and ensure these processes and systems are being regularly reviewed and continuously improved;
3. seek advice from industry and independent safety and wellbeing experts as required; set an example on safety and wellbeing and engage with the executive team and staff; provide assurances to the Board and other relevant stakeholders of:
  - (a) satisfactory levels of current safety and wellbeing performance, safety and wellbeing risk management and implementation of appropriate corrective actions;
  - (b) the effectiveness of EROAD's safety and wellbeing management system and its capability to continue to deliver the expected outcomes;
4. make recommendations to the Board from time to time on safety and wellbeing strategy and policy and regarding sufficiency of resources available to ensure the effective management of the safety and wellbeing management system and programmes;
5. specify safety and wellbeing targets, in consultation with management;
6. specify key performance indicators, in consultation with management, to track EROAD's performance in implementing safety and wellbeing strategy and policy;
7. manage the individual safety and wellbeing performance of the Chief Executive Officer, including specifying expectations and providing feedback;
8. ensuring that EROAD's safety and wellbeing matters are being effectively discharged;
9. receive investigation reports on serious incidents and monitor the completion of remedial actions; and
10. formally review the safety and wellbeing performance of EROAD, including reviewing internal and independent audits, system reviews and key performance indicators. The Chief Executive Officer will be responsible for producing sufficient information for this review to occur, with input from the executive team and the Safety and Wellbeing Manager.

#### **DELEGATION OF RESPONSIBILITIES TO SENIOR MANAGEMENT**

The Board delegates management of the day-to-day affairs and management responsibilities of the Company to the Chief Executive Officer and the senior management to deliver the strategic direction and goals approved by the Board. This delegation includes:

1. operating EROAD's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
2. developing business plans, budgets and company strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
3. identifying and managing business risks, and if those risks could materially affect EROAD or its business, formulating strategies to manage those risks;



4. managing EROAD's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis; and
5. implementing EROAD's internal controls, policies and procedures and monitoring these controls, policies and procedures and ensuring that they are appropriate and effective.

#### **DELEGATION OF RESPONSIBILITIES TO COMMITTEES**

The Board may, from time to time, establish committees to assist it in carrying out its responsibilities. For each committee the Board shall adopt a formal charter that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee. The Board currently has the following committees:

1. Finance, Risk and Audit Committee; and
2. Remuneration, Talent and Nomination Committee.

The Board is responsible for the oversight of its committees. This oversight shall include, in relation to each committee, determining and reviewing its composition and structure and regularly reviewing its performance against its charter.

#### **MEMBERSHIP**

The number of Directors to hold office will be fixed from time to time by the Board. A majority of the Directors are to be independent. A Director is only to be regarded as independent if they are not an Employee of EROAD and do not have any Disqualifying Relationship (as those terms are defined in the NZX Listing Rules).

The factors the Board will have regard when determining Director independence include the Director:

1. being currently, or within the last three years, employed in an executive role by EROAD, or any of its subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
2. currently, or within the last 12 months, holding a senior role in a provider of material professional services to EROAD or any of its subsidiaries;
3. having a current, or having had within the last three years a, material business relationship (e.g. as a supplier or customer) with EROAD, or any of its subsidiaries;
4. being a substantial product holder of EROAD, or a senior manager of, or person otherwise associated with, a substantial product holder of EROAD;
5. being a current, or having had within the last three years, a material contractual relationship with EROAD or any of its subsidiaries other than as Director;
6. having close family ties with any person who falls within the above categories; and
7. having been a director of EROAD for a length of time that may compromise independence.

The Board shall identify which Directors it has determined, in its view, to be independent no later than 10 business days following the Director's initial appointment and immediately after making such determination shall release such information to the market. The Board must also include a statement as to which Directors are independent in its Annual Report.

The Board shall regularly review the independence of each Director in light of interests disclosed and will disclose any change to the market.

#### **CHAIRPERSON**

The Directors may elect one of their number as chairperson of the Board. The Chairperson should be independent. If the chairperson is not independent, the Chief Executive Officer cannot be EROAD's Chairperson.

#### **MEETINGS**



The Board shall meet as often as it deems appropriate. Board papers will be provided to Directors sufficiently prior to Board meetings to allow attendees to become familiar with the issues to be addressed. EROAD shall ensure that Directors are receiving information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

#### **REVIEW**

The Board shall undertake regular performance evaluations of itself that:

1. assesses the performance of the Board with the requirements of this Charter;
2. reviews the performance of the Board's committees and individual Directors; and
3. makes amendments to this Charter where deemed appropriate.

**11 October 2019**