



DIRECTOR AND EXECUTIVE REMUNERATION POLICY FY24

1. INTRODUCTION

- 1.1 EROAD's remuneration strategy supports EROAD's business strategy, growth profile, culture and operating style and is flexible enough to respond to the ever-changing employment market and our business performance. The objective of this policy is to ensure fair and competitive remuneration that attracts, motivates and retains high-performing employees who deliver the company's vision and strategies in accordance with its values and expected behaviours.
- 1.2 This Remuneration Policy is designed to:
- a. align with EROAD's strategic and annual business objectives and EROAD values;
 - b. balance competitive pay with affordability;
 - c. provide flexibility to reward individuals for outstanding contribution;
 - d. help attract, motivate and retain executives who contribute to EROAD's business outcomes;
 - e. ensure there is a direct link between performance and pay;
 - f. reward performance, based on results achieved as well as demonstrated behaviours and competencies;
 - g. attract, motivate and retain employees who contribute to EROAD's business outcomes and success;
 - h. ensure there is a direct link between performance and pay;
 - i. reinforce a strong performance-oriented environment in the delivery of cash and equity rewards based on achievement of short and long-term milestones and individual contributions;
 - j. provide total remuneration opportunities which are fully competitive with the targeted market definition for each job, market and location;
 - k. balance competitive pay, internal equities with affordability;
 - l. provide flexibility to reward, encourage and recognise high-performing individuals;
 - m. ensure EROAD is competitively positioned in the employment markets in which it operates;
 - n. reward achievement of strategic objectives and shareholder value creation; and
 - o. be transparent, consistent, flexible to changing business objectives and needs, 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 EROAD does not pay any retirement allowance for directors on resignation or cessation of office.

Extra Duties and Expenses

3.5 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, the Remuneration, Talent and Nominations Committee and the Technology Committee.

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

3.7 In addition, there is a special annual pool reserved to provide flexibility for the remuneration of non-executive directors who assume additional responsibilities throughout the year, such as attending ad hoc Board committees or performing additional services for EROAD. This pool is capped at 10% of the total remuneration pool available for use for directors' fees. As the current total remuneration pool is \$850,000, no more than \$85,000 will be reserved for the special annual fee pool.

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

Review

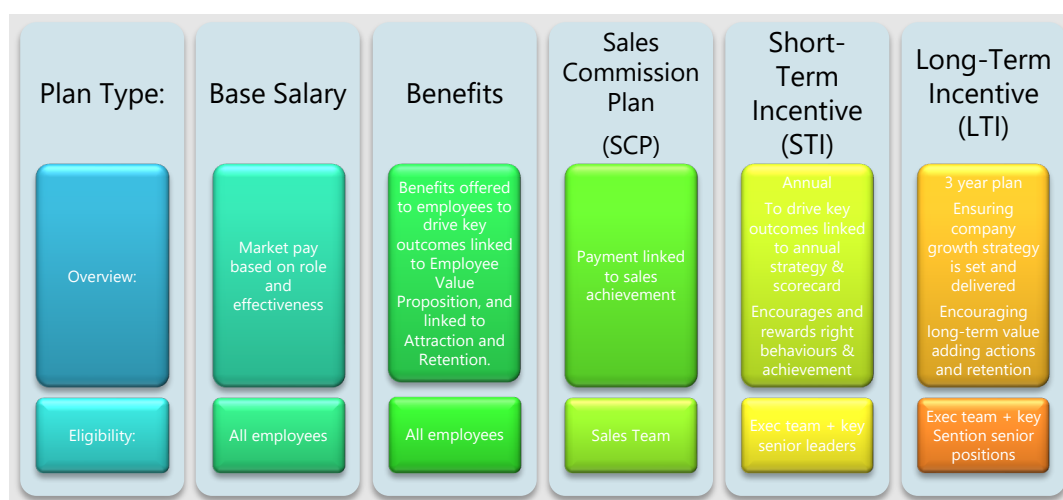
3.9 The Board reviews director remuneration periodically and may engage independent remuneration consultants to undertake benchmark assessments.

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 executives as follows.



4.2 The total remuneration package comprises a mix of:

- 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, executives and key senior employees may include:
- i. Short-term incentive plan;
 - ii. Long term incentive plan; and
 - iii. Any additional rewards.

Members of EROAD’s sales team may also be eligible to receive sales commissions.

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 FY24. 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 40%	Up to 100%
Executive Team and Key Senior Employees		Usually up to 30%	Usually up to 50%

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).

Total Fixed Remuneration

4.5 In setting total fixed remuneration 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.

Annual 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 either cash or share incentives (to be determined at the sole discretion of the Board) 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 the annual financial year (commencing 1 April each year), and targets will be set and measured annually.

4.10 For FY24, the STI amount payable is based on performance against:

- a) 75% - core financial targets being revenue, EBIT and free cash flow, and
- b) 25% - key strategic and operational 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 cash entitlements or performance share rights (PSRs) which convert to shares if the following vesting hurdles are met:

AWARD TYPE	PORTION OF TOTAL	VESTING MECHANICS INTENTIONS	RATIONALE	WEIGHTINGS	PERFORMANCE RANGE
Time Vested Units	1/3	Vests 100% at the end of three years	Supports retention and continuity of key employees while EROAD implements and executes its new long-term strategy	100%	0% [if not achieved]
Performance-Relative S/H Return [rTSR]	1/3	Vests at the end of three years based on EROAD's rTSR against the peers on the ASX Technology Index [XTX] over 3 years of the plan	Focuses management and key employees on building and maintaining long-term shareholder value and outperforming relevant market benchmarks	100%	From 0% - 2--% of rTSR shares vested, as follows: <ul style="list-style-type: none"> • Under 40th percentile of XTX – 0% rTSR shares vested • 40th percentile of XTX = 50% rTSR shares vested • 60th percentile of XTX = 100% rTSR shares vested • 80th percentile of XTX = 15-% rTSR shares vested • 100th percentile = 200% rTSR shares vested
Performance – Absolute EROAD Performance (Revenue, EBIT, FCF)	1/3	Vests at the end of three years but assessed as follows: 20% per annum performance segments based on the 3-year budget set at the beginning of the LTI plan; and 40% 3-year cumulative segment	Focuses on execution of the long-term strategy delivering revenue growth, profitable performance and positive free cashflow	20% each year and 40% cumulative at the end of the 3-year period	From 85% - 130% depending on achievement. Failure to meet minimum threshold of 85% means zero pay-out.

4.13 The Board retains discretion over the terms of a participant's participation in the plan (with the agreement of the participant) or to amend the plan rules or grant if it considers that the interests of participants are not materially affected.

5. EFFECTIVE DATE

5.1 This policy takes effect from 1 April 2023 subject to approval by the Board.

6. POLICY REVIEW DATE

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

Approved by the Board on 30 June 2023