



EROAD LIMITED

External Auditor Independence Policy

INTRODUCTION AND POLICY PURPOSE

An external audit involves the review of financial statements to confirm that they present a true and fair view of the company's financial position and comply with applicable financial standards and legal obligations. This policy outlines how EROAD manages its relationship with external auditors ("Auditors") to ensure their independence is maintained, both in fact and appearance, which is crucial for maintaining the reliability and credibility of EROAD's financial reporting. EROAD will maintain external auditor independence consistent with regulatory and stock exchange requirements and current best practices in New Zealand for companies of similar nature and size.

EXTERNAL AUDITORS' INDEPENDENCE

1. Auditors must abide by the independence regulations set out in the Code of Ethics on Independence issued by the Chartered Accountants of Australia and New Zealand, as well as legal and regulatory requirements applicable to EROAD, including those set by the New Zealand Financial Markets Authority and NZX.
2. The Chief Financial Officer ("CFO") will ensure that non-audit services are only procured from the Auditors in accordance with the principles listed in the non-audit services section below.
3. The CFO will report at each Finance, Risk and Audit Committee ("FRAC") meeting the fees paid to the Auditors for non-audit services.
4. FRAC is responsible for monitoring the independence of the Auditors.

PROCEDURES FOR SELECTION AND APPOINTMENT

The Board approves the engagement and termination of Auditors based on FRAC's recommendation. When assessing potential Auditors, FRAC considers key criteria, including audit approach and methodology, internal governance processes, global capability, key personnel, industry expertise, business understanding, efficiency and cost. Following the review process, FRAC presents the Board with details on the selection process, the recommended Auditors, and the rationale behind the final recommendation.

FRAC will only recommend the appointment of Auditors where the audit firm meets the following criteria:

- The firm is registered, and its audit partners are licensed in accordance with the Auditor Regulation Act 2011;
- A reasonable investor, with full knowledge of all relevant facts and circumstances, would consider the firm capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement;
- Within the last 2 years preceding the commencement of the external audit, the firm has not had any member of its audit engagement team who previously served as one of the company's Co-CEOs, CFO, financial controller or any other management member with financial oversight responsibilities;
- The firm does not allow direct compensation of its audit partners based on the sale of non-audit services to the company.



ROTATION OF EXTERNAL AUDIT PARTNERS

EROAD requires the key audit partner, who holds ultimate responsibility for the audit engagement, to rotate every five years. After this period, the key audit partner must observe a five-year cooling-off period. To ensure audit continuity and maintain quality, appropriate succession planning must be in place for the rotation of EROAD's key audit partner.

The Auditors are automatically reappointed annually at EROAD's Annual Shareholders' Meeting, pursuant to section 207T of the Companies Act 1993, unless:

1. the Auditors have given notice to EROAD that they do not wish to be reappointed; or
2. the Auditors cease to be qualified for appointment.

Should either of these situations arise, EROAD will appoint new Auditors at the relevant Annual Shareholders' Meeting in accordance with the Companies Act 1993.

RESPONSIBILITY AND MONITORING

FRAC has ultimate responsibility for overseeing the performance of the Auditors, with guidance from the CFO.

NON-AUDIT SERVICES

1. EROAD's Auditors may undertake non-audit services where they have relevant knowledge and expertise that enhance cost and time efficiency, provided that audit independence remains uncompromised.
2. General principles to be applied in assessing related non-assurance services are as follows:
 - Auditors should not have any involvement in the production of financial information or preparation of financial statements;
 - Auditors should not perform any function of management, or be responsible for making management decisions; and
 - Auditors should not be responsible for the design or implementation of financial information systems.
3. In addition to the core audit services relating to statutory and regulatory audits, the following non-audit services **could** be performed by EROAD's Auditors:
 - Assurance around systems and processes involving assessment and monitoring engagements;
 - Audits of regulatory requirements;
 - Reporting engagements to third parties e.g. bank compliance;
 - Advice on accounting standards and their interpretation and application;
 - Secondments of junior staff who are not part of the external audit engagement team;
 - Taxation services that do not impact the accounting records or audited financial statements;
 - Attendance at EROAD's Annual Shareholders' Meeting;
 - Review of interim financial statements;
 - Strategic business planning;
 - Audit and review of GHG emissions and climate statements;
 - Transfer pricing services.
4. However, the following non-audit services **cannot** be performed by EROAD's Auditors:
 - Bookkeeping and other services relating to maintaining accounting records or financial statements;
 - Assistance in recruiting for senior management and staffing of temporary roles;
 - Provision of legal services and actuarial services;
 - Broker/dealer/investment advisor/investment banking services;
 - Appraisal or valuation services where these will be included in financial statements;



- Taxation services that impact the accounting records or audited financial statements creating a self-review or advocacy threat that cannot be mitigated;
- Taxation services to individuals in a financial oversight role;
- Due diligence services, including in relation to potential merger/acquisition activity;
- Services of an expert in an advocate role;
- Internal audit function that relates to internal controls over financial reporting, financial accounting systems, or amounts or disclosures material to the financial statements;
- Liquidation and receivership services.

The Chairperson of FRAC must provide approval for any non-audit services not covered above or for any proposed alternative approaches to this policy.

CONFIRMATION OF INDEPENDENCE

The Auditors are required to report annually to FRAC on:

- All relationships that may impact on their independence, including the provision of non-audit services; financial relationships, and employment relationships;
- Any other matters that may reasonably be thought to have a bearing on auditor independence.

The Auditors must provide annual confirmation that they are independent, having regard to their firm's policies, and the Chartered Accountants of Australia and New Zealand rules regarding auditor independence.

FEES

The Auditors will annually agree audit scope and fee with FRAC.

Provision of services other than audit or assurance type services shall be subject to the overriding limitation that, in any financial year, the fees for such services should not exceed 50% of the total audit and assurance fees paid to EROAD's external auditor. If an engagement is to be accepted that means that the total of such fees will be in excess of this 50% limit, then acceptance requires approval of the Chairperson of FRAC.

Approved by Board 28 March 2025