Risk Management Policy

EROAD has a number of risk management policies, as well as related internal compliance systems that are designed to:

1. Optimise the return to, and protect the interests of, stakeholders;

2. Safeguard EROAD's assets and maintain its reputation;

3. Improve EROAD's operating performance; and

4. Fulfil EROAD's strategic objectives.

The risk management approach focuses on management of the following material business risks:

1. Operating risks;

2. Financial risks;

3. Organisational risks; and

4. Corporate risks.

The Board is ultimately responsible for overseeing the effectiveness of the risk management system, and the adequacy of the internal compliance and controls, which it believes should be monitored and managed on a continuing basis. EROAD has in place number of mechanisms and internal controls intended to identify and manage areas of material business risk. These include:

1. Board committees, such as the Finance Risk and Audit Committee;

2. A quality management system;

3. Information management systems;

4. Detailed management and financial accounting reporting systems;

5. Systems to ensure that capital expenditure and leasing commitments above a certain size obtain prior Board approval and that business transactions are properly authorised and executed;

6. Financial controls and procedures;

7. Established organisational structures, setting out clear lines of responsibility for staff;

8. Occupational and safety and health policies;

9. Regular building services monitoring and maintenance; and

10. Comprehensive human resources policies.

EROAD, through the Board, Finance Risk and Audit k Committee and senior management, continually monitors and, where necessary, updates the operation and implementation of the risk management system to ensure that EROAD continues to have an appropriate and effective system in place to manage material business risks.

Day to day management and oversight of material business risks, and internal compliance and control systems, is carried out by the senior managers and staff through systems designed and implemented by the senior management under the guidance of the Board.

Those systems provide senior managers and staff with:

1. A systematic and uniform process, together with the necessary tools and resources, to enable them to assist in the identification, assessment, monitoring and management of material business risks within their sphere of responsibility.

2. Clear communication channels regarding the reporting of material business risk issues and if necessary, the procedure for escalating the issues which arise, or which have the potential to arise, to senior management.

The Chief Executive Officer and senior management have the primary responsibility to advise the Finance Risk and Audit Committee of any material business risk issues, and for taking steps to address or prevent the occurrence or reoccurrence of such issues.

The Finance Risk and Audit Committee:

1. Regularly reports to the Board on:

- whether the risk management system and systems of internal compliance and control are operating efficiently and effectively in all material respects, which includes reporting to the Board on any material business risk issues raised by senior management; and
- whether the material business risks are being managed effectively.

2. Reviews the interim and full year financial statements of EROAD in conjunction with the external auditors and senior management of EROAD, and requires the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that to the best of their knowledge:

- the financial statements present a true and fair view in all material respects of the Company's financial condition and operating results under the relevant accounting standards; and
- the financial statements are founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks

3. Reviews written confirmations from senior management that relevant legal and regulatory requirements have been satisfied and EROAD's internal management compliance system has been adhered to.

Board is Ultimately Responsible

The Board ultimately has responsibility for internal compliance and control. The Board will report annually to investors and stakeholders on risk management and identification.

Updated on 19 September 2024

Administrative update on 18 December 2025