



**EROAD**

# **Notice of 2021 Annual Shareholders' Meeting**

# Notice of 2021 Annual Shareholders' Meeting

## EROAD LIMITED, AUCKLAND, NEW ZEALAND

Notice is hereby given that the Annual Meeting of Shareholders of EROAD Limited ("EROAD") will be held at 1pm on Friday 30th of July at the Loyalty Lounge, Eden Park and virtually via the link <https://web.lumiagm.com/> (Meeting ID: 312-976-984).

The safety of our people and shareholders is our number one priority. In the event that COVID-19 related restrictions are in place which prevent us from holding a physical meeting, or the Board otherwise determines a physical meeting is inappropriate in the circumstances, we may decide to hold a virtual only Annual Shareholders' Meeting. If this occurs, we will provide shareholders with notice through an announcement to the NZX, ASX and on our website.

### ITEMS OF BUSINESS

#### 1. Chairman's Overview

Graham Stuart, *Chairman*

#### 2. Chief Executive Officer's Address to shareholders

Steven Newman, *CEO*

#### 3. Financial Statements and Auditor's report

Alex Ball, *CFO*

To receive and consider the Financial Statements and Auditor's Report for the year ended 31 March 2021, as included in EROAD's 2021 Annual Report.

#### 4. Resolutions

To consider, and if thought fit, to pass the following ordinary resolutions:

##### 1. *Re-election of Director*

That Graham Stuart, who retires, and being eligible, is re-elected as a director of EROAD (see Explanatory Note 1).

##### 2. *Increase of Non-Executive Director Remuneration Pool*

That the annual non-executive director remuneration pool be increased from \$500,000 to \$850,000, to be divided among the directors as they consider appropriate (see Explanatory Note 2).

##### 3. *Appointment of Auditors and Auditor Remuneration*

That the Directors be authorised to fix the fees and expenses of KPMG as the auditor of EROAD (see Explanatory Note 3).

## **RESOLUTION 1**

### **Re-election of Director**

That Graham Stuart, who retires, and being eligible, is re-elected as a director of EROAD.

#### **Explanatory Note 1**

Under Listing Rule 2.7 of the NZX Listing Rules, and in accordance with clause 27 of the Constitution of EROAD, a director must not hold office (without re-election) past the third annual meeting following the director's appointment, or three years (whichever is longer). If a director is eligible, they may offer themselves for re-election by shareholders at the meeting. In this case, Graham Stuart retires by rotation and, being eligible, offers himself for re-election by shareholders at the Annual Shareholders' Meeting.

Graham Stuart is a non-executive Director and is considered by the Board to be an Independent Director, as that capacity is described in the NZX Listing Rules. A brief biography outlining Graham Stuart's history and experience is set out below.

At the Annual Shareholders' Meeting a resolution to re-elect Graham Stuart will be put to shareholders.

In accordance with EROAD's Appointment and Selection of New Directors Policy, directors (excluding Graham Stuart) considered Mr Stuart's performance as a director and unanimously recommend that shareholders vote in favour of the re-election of Mr Stuart. Graham Stuart abstained from the Board's consideration of his re-election.

### **Graham Stuart**

Graham Stuart, the current Chair of the Board, is a highly experienced director. Graham has a wealth of business experience across South East Asia, Europe, the UK and Latin America and has held chief executive and chief financial officer roles in some of Australasia's largest companies. He was previously Chief Executive Officer of Sealord Group. Prior to that Graham was Chief Financial Officer then Director of Strategy & Growth at Fonterra. Graham has a strong professional background in accounting and finance as well as experience in technology and leadership. Graham is a qualified Chartered Accountant and holds a Master of Science (Management) and a Bachelor of Commerce (First Class Honours).

Graham is currently a director in the following companies:

- Tower Limited (Independent Director, Chair of Audit Committee)
- Northwest Healthcare Properties Management Ltd (Independent Director, Northwest manages the Vital Healthcare Property Trust which Graham Chairs)
- Metro Performance Glass Limited (Independent Director, Chair of Audit and Risk Committee)
- Vinpro Limited

Graham joined the EROAD Board on 1 January 2018 and was last elected by shareholders in August 2018.



## **RESOLUTION 2**

### **Increase of Non-Executive Director Remuneration Pool**

That the annual non-executive director remuneration pool be increased from \$500,000 to \$850,000, to be divided among the directors as they consider appropriate.

#### **Explanatory Note 2**

In accordance with NZX Listing Rule 2.11, the remuneration of non-executive EROAD directors (“NED”) must be authorised by ordinary resolution at a meeting of EROAD’s shareholders.

#### ***Proposed increase of Non-Executive Director Remuneration Pool***

The total amount of fees available for payment to EROAD’s NEDs was last approved by shareholders at the 2018 Annual Meeting of the company. At the 2018 Annual Meeting, the total amount of fees available for payment to NEDs was increased from \$350,000 to \$500,000.

It is proposed that the total amount of the fee pool be increased from \$500,000 to \$850,000, which represents an increase of \$350,000.

The Board has determined that the increase to the fees available for payment to NEDs to \$850,000 is necessary to allow sufficient funds to increase the number of NEDs on the Board. The Board currently comprises five directors of whom four are non-executive. It is proposed that, in the next 12-18 months, the number of NED directors is increased to five or six to continue to build the expertise of the Board and allow ongoing rotation of NEDs from the Board.

Given EROAD’s expectation of ongoing growth in its North American and Australian markets, the increase is also considered necessary to attract suitable candidates, including overseas based directors. It is proposed that the directors to be appointed are based in North America and Australia. In line with the increasingly common practice of paying NEDs in their local currency, it is proposed that remuneration for directors based overseas is paid at the prevailing market rate in the NED’s country of domicile.

It is also proposed that the fees for the NEDs and Chairs of the Board and the Remuneration, Talent and Nominations Committee (“RTNC”) be increased.

#### ***Proposed increase of NED and Chair Fees***

The current NED and chair remuneration is as follows:

- NZ\$110,000 for the Chair of the Board;
- NZ\$55,000 for NEDs based in New Zealand and Australia;
- US\$96,000 for NEDs based in the United States of America;
- NZ\$25,000 for the Chair of the Finance, Risk and Audit Committee (“FRAC”); and
- NZ\$8,000 for the Chair of the RTNC.

With the exception of the NED fee for the US, the above fees have been in effect since 1 January 2018. Since 2018, as noted below, EROAD has grown significantly and has listed on the ASX as a foreign exempt listing.

In 2021, EROAD’s Board engaged PwC to conduct a review of EROAD’s NED fees. A summary of PwC’s review is available at the Governance page of the Investor section of EROAD’s website. EROAD’s market capitalization of \$495m as at the date of the report places it between the median and 75th percentile of the NZ and Australian comparator group in the report.

When determining the fees for NEDs and chairs of the Board and its committees, the Board considered the fee levels for comparable listed companies in New Zealand, Australia and United States. The median and 75th percentile fees in PwC’s report for the Board functions were as follows:

### Fees in local currency

Function	NZ		AU	
	Median fees	75th percentile	Median fees	75th percentile
Chair	128,000	150,000	170,000	186,500
FRAC Chair	15,000	16,700	13,100	16,100
RTNC Chair	12,000	15,000	11,200	15,000
NED	70,000	85,000	86,300	91,300

Function	NA Median fees <sup>1</sup>
Chair	118,500
FRAC Chair	13,000
RTNC Chair	9,500
NED	90,250

Based on PwC's findings and pending approval from shareholders to increase the NEDs' remuneration pool, the Board intends to increase the NEDs' remuneration and to increase remuneration to the Chairs of the Board and the RTNC as follows:

- NZ\$150,000 per annum for the Chair of the Board, an increase of \$40,000 or 36%
- NZ\$95,000 per annum for NEDs based in New Zealand, an increase of \$40,000 or 73%
- AU\$95,000 per annum for NEDs based in Australia, an increase of \$43,300<sup>2</sup> or 84%
- NZ\$12,000 per annum for the Chair of the RTNC, an increase of \$4,000 or 50%.

It is proposed to reduce the fee paid to the Chair of the FRAC from \$25,000 to \$15,000 due to that proposed change to the base NED fee.

The total of NED fees to be paid to the current four directors if shareholders approve the increase to the remuneration pool is estimated to be approximately NZ\$504,000<sup>3</sup>.

A comparison between EROAD's current director fees, EROAD's proposed fees and the 75th percentile fees in PwC's report are shown below for NZ, AU and US directors.

Function	Current fees in all local currency	75th percentile fees for function in local currency	Proposed fee for function	% Change between current and proposed fees	% Difference between 75th percentile and proposed fees
Chair	110,000	150,000	150,000	36%	0%
FRAC Chair	25,000	16,700	15,000	-40%	-10%
RTNC Chair	8,000	15,000	12,000	50%	-20%
NED NZ	55,000	85,000	95,000	73%	12%
NED AU	51,700	91,300	95,000	84%	4%

Function	Current fees in all local currency	Median fee in local currency	Proposed fee for function	% Change between current and proposed fees	% Difference between median and proposed fees
NED US	96,000	90,250	96,000	0%	6%

<sup>1</sup>US director fees are typically made up of a portion of cash to equity weighted approximately 40:60 cash/equity.

<sup>2</sup>Australian resident directors' fees are currently paid in New Zealand dollars. NZ\$55,000 equates to AU\$51,700 at an exchange rate of NZ\$1:AU\$0.94.

<sup>3</sup>The fees for the US based director was converted at an exchange rate of US\$0.70:NZ\$1

The proposed NED base fees in NZ and Australia are 12% and 4% higher than the 75th percentile in the comparator group. The proposed NED base fee in the US is 6% higher than the median fee in the comparator group.

The increase takes into account that EROAD does not pay committee members additional fees for their roles on such committees (these fees typically range between \$5,000-\$10,000 per year) and that EROAD does not intend to increase the base fees for directors over the next three years without shareholder approval.

Since EROAD last increased director remuneration in 2018, EROAD has grown significantly. A comparison of EROAD's revenue, customer numbers and EBITDA since 2018 are tabled below.

	<b>31 March 2018</b>	<b>31 March 2019</b>	<b>31 March 2020</b>	<b>31 March 2021</b>	<b>Compound growth 2018 – 2021 (% pa)</b>
Revenue	\$43.8m	\$61.4m	\$81.2m	\$91.6m	28%
TCUs <sup>4</sup>	77,600	96,390	116,488	126,203	18%
EBITDA	\$10.5m	\$15.6m	\$27.1m	\$30.7m	43%

<sup>4</sup>TCUs, or Total Contracted Units, represents the total number of EROAD devices subject to a customer contract and includes the number of EROAD devices installed in vehicles and subject to a customer contract and the total number of EROAD devices pending installment.

Listing Rule 2.11.1 requires the proposed increase in the directors' remuneration pool be authorised by an ordinary resolution of shareholders. In accordance with Listing Rule 6.3.1, no non-executive director or any of their Associated Persons (as defined under the NZX Listing Rules) can vote in favour of this resolution, unless casting votes under an express proxy of a person who is not disqualified from voting.

## **RESOLUTION 3**

### **Appointment of Auditors and Auditor Remuneration**

That the Directors be authorised to fix the fees and expenses of KPMG as the auditor of EROAD.

#### **Explanatory Note 3**

KPMG is automatically reappointed as the auditor of EROAD under Section 207T of the Companies Act 1993. Pursuant to Section 207S of the Companies Act 1993, this resolution authorises the Board to fix the fees and expenses of the auditor.

## MEETING DETAILS

### Procedural Notes

- The persons who will be entitled to vote on the resolutions at the Annual Shareholders' Meeting are those persons who will be the shareholders of EROAD at 5pm on Wednesday 28th July 2021.
- A shareholder may vote at the Annual Shareholders' Meeting either in person or by proxy. A body corporate which is a shareholder may appoint a representative to attend the Annual Shareholders' Meeting on its behalf in the same manner as that in which it could appoint a proxy.
- A proxy need not be a shareholder of EROAD. A shareholder who wishes to do so may appoint the Chairman of the Meeting to act as proxy.
- A proxy will vote as directed in the proxy form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions. Where the Chairman is appointed as proxy and voting is left to his discretion, the Chairman intends to vote in favour of all Resolutions (other than Resolution 2 as explained below).
- A proxy form is enclosed and, if used, must be lodged with the share registrar, Computershare Investor Services Limited, in accordance with the instructions set out on the form not less than 48 hours before the time of the holding of the meeting.
- All resolutions must be passed by an ordinary resolution of shareholders, i.e., by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.
- Voting restrictions apply to Resolution 2 (as detailed in the Explanatory Notes).

### Questions and comments

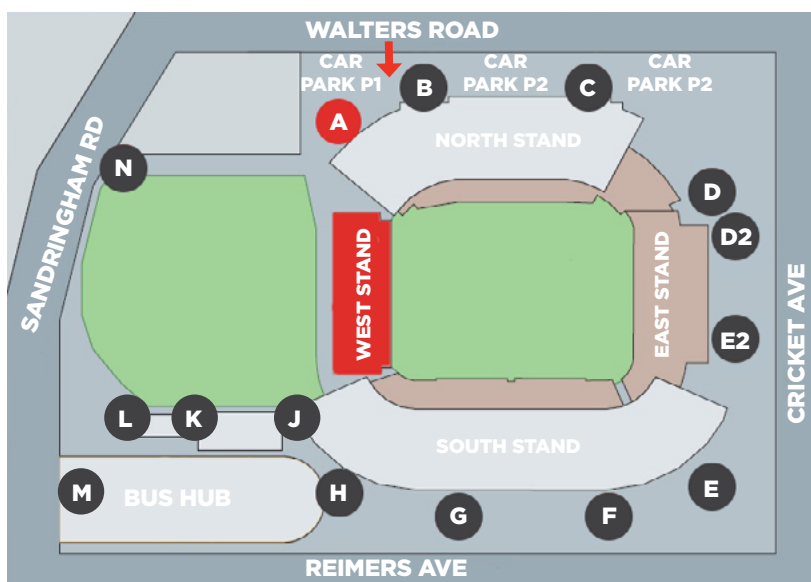
Shareholders are invited to submit questions prior to the meeting to [investors@eroad.com](mailto:investors@eroad.com).

For the Health and Safety of all, we ask that if you have a cough, a high temperature of at least 38°C, shortness of breath, sore throat, sneezing and runny nose or temporary loss of smell that you stay at home. You will still be able to watch the Meeting and submit questions live via our webcast or email questions to [investors@eroad.com](mailto:investors@eroad.com).

### Venue information

Loyalty Lounge, West Stand, Eden Park, Walters Road, Kingsland, Auckland 1024

Eden Park is well served by rail and bus services. Kingsland train station is a short walk from Eden Park. There are car parks available at the A Stand (through car park entrance A, off Walters Avenue). Enter Eden Park at Gate A, and make your way to the West Lounge by lift/stairs to the second level.





**EROAD**





**EROAD LIMITED**

### Lodge your proxy



**Online**  
www.investorvote.co.nz



**By Mail**  
Computershare Investor Services Limited  
Private Bag 92119, Auckland 1142, New Zealand



**By Fax**  
+64 9 488 8787

### For all enquiries contact



+64 9 488 8777



corporateactions@computershare.co.nz

## Annual Meeting Admission and Proxy/Voting Form



**www.investorvote.co.nz**

Lodge your proxy online, 24 hours a day, 7 days a week:

**Smartphone?**

Scan the QR code to vote now.

#### Your secure access information

**Control Number:**

**CSN/Shareholder Number:**

**PLEASE NOTE:** You will need your CSN/Shareholder Number and postcode or country of residence (if outside New Zealand) to securely access InvestorVote and then follow the prompts to appoint your proxy and exercise your vote online.



**For your proxy to be effective it must be received by 1.00pm on Wednesday 28 July 2021.**

## HYBRID MEETING

If Auckland is at COVID-19 Alert Level 1, attendees will have the option of attending in person at the Loyalty Lounge, Eden Park, Kingsland, Auckland, or virtually. If Auckland is at COVID-19 Alert Level 2 or above, or the Board otherwise considers it appropriate in the circumstances, only virtual attendance will be available.

### How to Vote on Items of Business

All your shares will be voted in accordance with your directions.

#### Appointment of Proxy

If you do not plan to attend the meeting, you may appoint a proxy by completing and signing 'Step 1' of the Proxy Form and lodge it with Computershare Investor Services Limited. A proxy can be any person of your choice and does not have to be a shareholder of EROAD Limited. If you return this form without appointing a proxy or signing it, your Proxy Form will be invalid.

The Chairman of the meeting, or any other director, is willing to act as proxy for any shareholder who wishes to appoint him or her for that purpose.

To do this, enter 'the Chairman' or the name of your proxy in the space allocated in 'Step 1' of this form.

Alternatively, you can appoint a proxy online at [www.investorvote.co.nz](http://www.investorvote.co.nz).

#### Voting of your holding

Direct your proxy how to vote by marking one of the boxes opposite each item of business.

If you tick the box "discretion" on any resolution, you are directing your proxy or representative to decide how to vote on that resolution on your behalf. If you tick the "abstain" box on any resolution, you are directing your proxy or representative not to vote on that resolution. If you return this Proxy Form without a direction as to how to vote on any resolution, or if you tick more than one box in relation to any resolution, the vote on that resolution will be treated as "discretion" and your proxy will exercise his/her discretion as to whether to vote and, if so, how. The Chairman intends to vote discretionary proxies in favour of Resolutions 1 and 3.

In accordance with Listing Rule 6.3.1, no non-executive director or any of their Associated Persons (as defined under the NZX Listing Rules) can vote in favour of Resolution 2, unless casting votes under an express proxy of a person who is not disqualified from voting.

#### Attending the Meeting

If you propose to attend the Annual Shareholders' Meeting, please bring this Admission Form/Proxy Form to the meeting. All shareholders must register with the EROAD registration staff prior to entering the meeting room. If a representative of a corporate shareholder or proxy is to attend the meeting you may need to provide evidence of your authorisation to act prior to admission.

### Signing Instructions for Postal Proxy Forms

#### Individual

Where the holding is in one name, the shareholder must sign.

#### Joint Holding

Where the holding is in more than one name, all of the shareholders should sign.

#### Power of Attorney

If this Proxy Form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this Proxy Form.

#### Companies

This form should be signed by a Director jointly with another Director, or a Sole Director can also sign alone. Please sign in the appropriate place and indicate the office held.

#### Comments & Questions

If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form to vote**

# Proxy/Voting Form



## Elect Electronic Communications

Want to receive your communications quickly? Elect electronic communications by providing your email address below

Email Address \_\_\_\_\_

(By providing an email address above it is acknowledged that all communications for my portfolio will be received electronically where offered)

### STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a shareholder/s of EROAD LIMITED

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions at the **EROAD Annual Shareholders' Meeting which will be held in the Loyalty Lounge at Eden Park, Walters Road, Kingsland, Auckland on Friday 30 July 2021 at 1pm** and at any adjournment of that meeting.

### STEP 2 Items of Business - Voting Instructions/Ballot Paper

The resolutions below are stated in brief. Please refer to the Notice of 2021 Annual Shareholders' Meeting for the full text of the resolutions and the explanatory notes.

#### Ordinary Business

		For	Against	Abstain	Proxy Discretion
<b>Resolution 1</b>	That Graham Stuart be re-elected as a Director of EROAD. (see Explanatory Note 1).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	That the non-executive annual remuneration pool be increased from \$500,000 to \$850,000, to be divided among the directors as they consider appropriate. (See Explanatory Note 2).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	That the Directors be authorised to fix the fees and expenses of KPMG as the auditor of EROAD. (See Explanatory Note 3).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If your proxy will be attending the meeting remotely, please ensure that you provide their contact details (phone and email address). If this information is not provided, we cannot guarantee remote admission to the virtual meeting for your proxy.

Proxy contact Details (Phone): \_\_\_\_\_ and (Email): \_\_\_\_\_

### SIGN Signature of Shareholder(s) This section must be completed.

Shareholder 1

or Sole Director/Director

Shareholder 2

or Director (if more than one)

Shareholder 3

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_\_

### ATTENDANCE SLIP



EROAD Annual Shareholders' Meeting which will be held in the Loyalty Lounge at Eden Park, Walters Road, Kingsland, Auckland on Friday 30 July 2021 at 1pm



## VIRTUAL MEETING GUIDE



MEETING ID  
312-976-984

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**Remote entry to the Annual Meeting will open at 12.30PM NZT on Friday 30 July 2021, with the meeting commencing at 1.00PM NZT.**

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Virtual meetings are accessible on both desktop and mobile devices. In order to participate remotely you will need to visit [web.lumiagm.com](http://web.lumiagm.com) on your desktop or mobile device. You will need to ensure that your browser is compatible – Lumi AGM supports the latest versions of Chrome, Safari, Internet Explorer, Edge and Firefox.

If you have any questions, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8.30am and 5.00pm Monday to Friday (New Zealand time).

## VOTING AT A GLANCE


### STEP 1

Open Lumi AGM and enter the Meeting ID shown in top right corner

### STEP 2

Enter your username and password (CSN/Holder Number and postcode)

### STEP 3

When the poll is opened, click  and select your desired voting direction

## LOGGING IN

To log in, you must have the following information (which can be found on your Shareholder's Voting and Proxy Form) or you can log in as a guest if you are not a shareholder in EROAD Limited. Please note, if you have logged in as a guest you will not be able to ask any questions or vote.

### NEW ZEALAND RESIDENTS

Username (CSN or Holder number) and password (postcode).

### OVERSEAS RESIDENTS

Username (CSN or Holder Number); and Password (three-character ISO3 country code) e.g. AUS is the ISO3 code for Australia.

You can find a full list at [www.computershare.com/iso3](http://www.computershare.com/iso3)

### APPOINTED PROXIES

A username and password will be provided prior to the meeting.

If you have not received your username and password, please contact Computershare on +64 9 488 8777 between 8.30am–5.00pm Monday to Friday (New Zealand time).

## USING LUMI AGM

### ACCESSING THE VIRTUAL MEETING

Once you have entered **web.lumiagm.com** into your internet browser, you'll be prompted to enter the Meeting ID and accept the terms and conditions.

You will then be required to enter your:


- > username (CSN or Holder number);
- > password (postcode, or country code for overseas residents)



### NAVIGATING LUMI AGM

When successfully authenticated, the info screen will display. **i**

You can view meeting information, ask questions and watch the webcast.

If you would like to watch the webcast, press the broadcast icon  at the bottom of the screen.



### NAVIGATING LUMI AGM - DESKTOP


When successfully authenticated, the info screen will display. **i**

You can view meeting information, ask questions and watch the webcast.

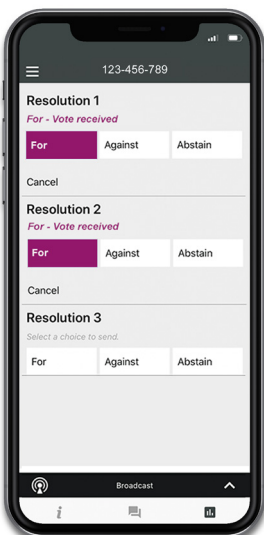
If you would like to watch the webcast, press the **▶** button to start the webcast.




### VOTING IN LUMI AGM

Once the poll has been opened,  will appear on the navigation bar at the bottom of the screen—from here, the resolution and voting choices will be displayed.

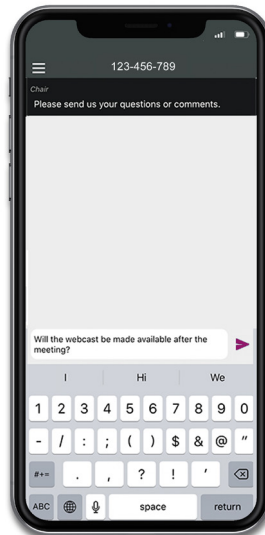
To vote, simply select your voting direction from the options shown on screen. To change your vote, simply select another direction—you can cancel your vote by clicking 'Cancel'.



### ASKING QUESTIONS

Any shareholder or appointed proxy/representative attending the meeting is eligible to ask questions. If you would like to ask a question, select  then type and submit your question. It will be sent to the board for an answer.

Please note that not all questions may be able to be answered during the meeting. In this case, questions will be followed up by email after the meeting.



### WATCHING THE WEBCAST

To watch the webcast, click the black broadcast bar on screen and push the **▶** button to start the webcast.

The video and/or slides will appear shortly after (dependent on the speed of your internet connection).

