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## CEO Manual of Authorities

Document Number – FNC-MAN-FIN-01

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### 1.0 Objectives

The CEO Manual of Authorities (the “Manual”) has two main objectives:

1. it serves as the mechanism to sub-delegate the power and authority, vested by the Stanwell Board in the Chief Executive Officer (CEO) to manage and supervise the management of the day-to-day operations and activities of Stanwell
2. it ensures that the financial transactions of Stanwell are executed within the scope of delegated authorities creating a framework of financial control over commitments and expenditures.

### 2.0 Scope

The Manual applies to all permanent and contract employees of Stanwell (Delegates).

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WRITTEN BY: .....	ENDORSED/CHECKED BY: .....	APPROVED BY: .....	DATE: .....
NAME: Company Secretary	NAME: CFO	NAME: Acting CEO	

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Endorsed via Executive Leadership Team Memorandum Number: n/a

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## 3.0 Content

### 3.1 Background

The *Corporations Act 2001 (Cth)*, the *Government Owned Corporations Act 1993 (Qld)* and the Stanwell Constitution require that the business of Stanwell is managed under the direction of directors and the directors may, by resolution, delegate any of their powers to the CEO, a committee of directors or other parties and organisations.

As detailed in the **Board Delegations of Authority Policy**, the general approach adopted by the Board, in the delegation of its power and authority, is that:

- decisions related to specific matters are reserved for the Board
- certain powers and limits of authority are delegated to specified positions
- subject to the above, it delegates its power and authority to **manage** and **supervise the management** of the day-to-day operations and activities of Stanwell to the **CEO**.

In recognition that the CEO cannot perform or closely supervise all the activities and functions involved in the conduct of Stanwell, the Board has **authorised** the CEO to sub-delegate his/her power and authority as documented in this Manual.

The Manual details the framework by which Stanwell achieves authority delegation and financial control over commitments and expenditure.

### 3.2 Principles of CEO Delegation

The following principles apply to the exercise of the CEO's delegated authority:

1. Any action undertaken as a result of a delegated authority allowed by this Manual must be undertaken within the limits of the delegation.
2. Unless a specific delegation exists, no person has any individual authority to commit Stanwell to obligations including making representations and agreements with suppliers, customers, employees or other parties or organisations. Any ambiguity should be treated conservatively.
3. In exercising a delegated authority a Delegate:
  - is only authorised to commit and spend in areas for which they have day-to-day responsibility (i.e. within the Delegate's specific accountabilities as required in his or her position description)
  - has authority only for those commitments that are within the Board approved budget for the relevant business division
  - can only commit/spend against budgets for which they are the cost centre/sub-portfolio owner/manager or have been permitted to commit/spend against
  - must ensure that the expenditure is for a proper purpose.
4. A delegate may commit Stanwell up to their financial threshold limit of authority by executing or amending an agreement or contract (or otherwise committing Stanwell to legal obligations), undertaking action necessary to effect a transaction or expenditure, or entering into a commitment, liability or financial exposure - providing that commercial due diligence has been undertaken in accordance with an approved Stanwell framework/protocol.
5. In exercising a delegated authority to execute a contract, agreement or otherwise commit Stanwell to legal obligations (Legal Document) in excess of **\$250,000**, Delegates are to ensure that commercial due diligence has been undertaken in accordance with an approved Stanwell framework/protocol and the Legal Document has been:
  - reviewed and approved by the General Counsel, Deputy General Counsel or Senior Legal Counsel
  - consists of an unamended precedent which has been pre-approved by the General Counsel as suitable in standard applicable contexts which is:
    - used for its intended purpose; and
    - unamended, other than where amendments are:
      - from an alternative clause, pre-approved by the General Counsel for use in its intended context; or

- drafted or advised on by the General Counsel, Deputy General Counsel, Senior Legal Counsel or as appropriate to the subject matter, the Legal Counsel – Procurement or the Senior Legal Counsel – Trading.

**NOTE: A member of the Legal Services Team should always be consulted in relation to matters involving novel subject matter and/or that may have legal, reputational or compliance risk connotations.**

6. The authority to approve a transaction is taken to include the authority to terminate or cancel a transaction.
7. Unless otherwise specified, powers and authorities are delegated to a position and not a person.
8. Unless otherwise specified, a power and authority delegated to a position extends to any person acting in that position.
9. A manager automatically holds the authorities of his or her subordinates, except in the case where this would lead to a lack of segregation of duties. If no arrangements have been made for a temporary delegation (acting position), then all authorities automatically revert to a higher authority level.

### 3.3 Authority Categories and Commitment Thresholds

Delegation of financial authority categories and commitment thresholds are detailed in **Appendix 1**. These delegations:

- are based on the level assigned to a position description (or are based on a position title)
- provide authority to commit Stanwell to obligations up to a specified financial limit (or commitment threshold).

The dollar value amounts (commitment thresholds) shown in **Appendix 1**:

- are GST-exclusive
- refer to related expenditures, transactions or commitments, whether these occur in one or a related series of transactions or payments
- refer to the likely maximum expenditure, commitment or potential risk of liability or financial exposure of Stanwell over the life of a contract (gross value).

The 'commitment thresholds' exclude 'Standing Offer' or 'Panel Provider' arrangements which confirm pricing and do not commit Stanwell to specific quantities or minimum purchasing arrangements.

### 3.4 Guidelines for the Application of Delegated Authority

#### 3.4.1 Operational Expenditure and Commitments

1. Cost Centre Owners can transfer operating expenditure budgets within their own Cost Centre.
2. Transfers between Cost Centres within a Division can occur with the approval of the Division's Executive General Manager.
3. Transfers between Divisions can occur with the approval of the CEO.
4. If the Operational Expenditure can not be accommodated within the 'whole of organisation' Operating Expenditure Budget it is considered to be **out of budget** and will require Board approval if in excess of \$3 million.
5. Operating expenditure can not be used to fund capital expenditure or vice versa.

### 3.4.2 Investments

#### Asset divestment or purchase

In addition to the delegations detailed in **Appendix 1**, the CEO may grant specific standing or ad-hoc delegations and financial limits of authority to specified positions. These delegations must be formally documented and approved by the CEO.

#### Leases – operating or finance, land or premises

In addition to the delegations detailed in **Appendix 1**, the CEO may grant specific standing or ad-hoc delegations and financial authority thresholds to specified positions. These delegations must be formally documented and approved by the CEO.

#### Projects

1. Only those projects in excess of the financial limit of authority detailed in **Appendix 1** require Board or shareholding Minister approval.
2. Sub-portfolio Managers can transfer capital expenditure budgets for specific investment projects within their own sub-portfolio.
3. Transfers between sub-portfolios within a Division(Portfolio) can occur with the approval of the Division's(Portfolio's) Executive General Manager.
4. Transfers between a Division's (Portfolios) can occur with the approval of the CEO.
5. If the capital expenditure for a specific project can not be accommodated within the 'whole of organisation' capital expenditure Budget, for that financial year, it is considered to be **out of budget** and will require Board approval if in excess of \$3 million.
6. Capital expenditure can not be used to fund operational expenditure or vice versa.
7. A Project Initiation Assessment must be completed for all proposed project expenditure and where appropriate, a more detailed Business Case will be developed to support future expenditure.
8. Where approval is being sought for a project in a future Budget year, reference should be made to the most recent Board approved Budget and 5 year financial plan.
9. In recognition that pre-planning expenditure is an important part of accurately determining a project's total cost, pre-planning expenditure or commitment for a project can be incurred within a Delegate's commitment thresholds prior to it being submitted to the shareholding Ministers, Board or CEO (as applicable), for approval.

#### Overhauls – power station or mining plant and equipment

As detailed in the Board Delegations of Authority, a 'specific' delegation to the CEO applies in respect of power station or mining plant and equipment overhauls:

- expenditure for any overhaul is taken as being approved by the Board when the Board approves the overhaul expenditure component of the annual budget.
- expenditure for any overhaul in excess of \$15 million must be referred to shareholding Ministers for approval (via the approval process for the Statement of Corporate Intent). In the circumstances where the total cost of an overhaul is materially in excess of the amount detailed in the Statement of Corporate Intent, approval by shareholding Minister's of the revised total cost will be required.

Once an overhaul has been approved by Stanwell's shareholding Ministers via the Statement of Corporate Intent approval process (for overhauls in excess of \$15 million) and/or the Board (via the annual budget approval process), the CEO has unlimited authority to approve expenditure or commitment as long as that expenditure or commitment is within the 'whole of organisation' capital budget.

If the overhaul expenditure for a specific overhaul can not be accommodated within the 'whole of organisation' capital budget it is considered to be **out of budget** and will require Board approval if in excess of \$3 million.

#### Contracts – revenue (includes all revenue other than Energy Trading revenue).

In addition to the delegations detailed in **Appendix 1**, the CEO may grant specific standing or ad-hoc delegations and financial limits of authority to specified positions. These delegations must be formally documented and approved by the CEO.

### 3.4.3 Delegation by CEO of ad-hoc power and authority

In addition to the delegations of the CEO's power and financial authority commitment thresholds as detailed in this Manual, the CEO may delegate the exercise of his or her power and authority on an individual basis for a particular purpose. The limits and or restrictions of the delegations in this Manual may be superseded by more specific and/or individual delegations. These delegations must be formally documented and approved by the CEO.

### 3.4.4 Emergency decision making

If an 'emergency situation' results in the breakdown of normal communication channels and therefore impacts the ability to receive approvals for decision making above a Delegate's commitment threshold, a Delegate is authorised to take action necessary to mitigate the 'emergency situation'. A Delegate must inform his or her Manager of the actions taken as soon as practicable. This does not apply to actions or transactions governed by the Financial Risk Management Policy or Trading Risk Management Policy.

### 3.4.5 Exclusions

Limits of authority for actions and transactions, detailed in the Board approved Stanwell Trading Risk Management Policy (and related delegations schedule) and Financial Risk Management Policy (and related delegations schedule) **prevail** in the event of any ambiguity between those policies and the limits of authority detailed in this Manual or in a position description.

## 3.5 Framework of Internal Control

In exercising a delegated authority a Delegate must observe the following:

1. A Delegate must exercise their authority subject to and in accordance with the law, the Stanwell Code of Conduct and Stanwell's policies and procedures.
2. A Delegate must not exercise their delegated power and authority if in doing so they would create an actual, perceived or potential conflict of interest and/or bestow a personal benefit.
3. A Delegate must not exercise their authority to approve their own personal expenses.
4. The same Delegate may not place the order, receive the goods or services, and/or approve the invoice (segregation of duties).
5. In the event that there is ambiguity as to what delegated limit of authority is applicable, a Delegate must adopt a conservative approach by exercising the lowest level of delegated authority that may apply.
6. Authority limits apply to the complete transaction and are exclusive of GST. The splitting of transactions to allow a lower financial limit to be used is prohibited. Approval must always be sought for the final value of the total expenditure. If final expenditure exceeds or may exceed a Delegate's authority limits; approval at a higher authority level must be obtained.

## 3.6 Breaches

Failure to comply with this Manual will be taken seriously. In certain circumstances, a breach of the Manual could be referred to an appropriate authority for investigation. A number of consequences could flow from a breach, including termination of employment or contract and prosecution.

## 4.0 Responsibilities

The CEO has ultimate accountability for the CEO Manual of Authorities and for granting ad-hoc delegations and financial limits of authority to a specified position.

The **Chief Financial Officer** must ensure that:

- the financial transactions of Stanwell are executed within the scope of delegated authorities
- Stanwell's systems of internal control adequately manage and monitor the implementation and operation of delegated authorities
- the delegations of authority achieve the objectives of authority delegation and proper financial control.

The **Company Secretary** must:

- review the Manual regularly and stay abreast of legal developments and make recommendations regarding any necessary changes and implications
- give advice, guidance and assistance about the application of the Manual
- provide the register of ad-hoc or standing delegations granted to a specified position annually to the CEO for review.

**Delegates** must comply with the requirements detailed in this Manual when exercising a delegated authority

## 5.0 Review and Consultation (Prior to Approval)

This Document is required to be reviewed, as a minimum, annually.

## 6.0 Communication Plan (After Approval)

The CEO Manual of Authorities will be published on GenNet.

## 7.0 References (Including Information Services)

Government Owned Corporations Investment Guidelines for GOCs

GOV-POL-21 - Board Delegations of Authority Policy

GOV-POL-30 - Code of Conduct and Code of Conduct Framework Policies

General Contract Guidelines and Clause-bank

Procurement Framework

Register of CEO Ad-hoc or Specific Delegations

MNT-POL-01 - Trading Risk Management Policy

FNC-POL-24 - Financial Risk Management Policy

Environmental Protection Act 1994 and Regulation 2008.

Workplace Health and Safety Act 2011 and Regulation 2011

## 8.0 Definitions

<b>Delegate</b>	Refers to the Stanwell employee or contract employee who has been delegated power and authority under this Manual.
<b>Segregation of duties</b>	Means that a delegate must not have responsibility for more than one related function. For example the delegate responsible for purchasing the goods must not be responsible for paying for the goods.
<b>Approved Precedent</b>	Refers to documents approved by the General Counsel as suitable for use in standard applicable contexts. These documents include a standard suite of procurement precedent contracts. Approved precedents can only be amended with the specific approval of the General Counsel.
<b>Approved Alternate Clause</b>	Refers to specific alternative clauses which have been approved for use with Approved Precedents. Approved alternate clauses can only be amended with the explicit approval of the General Counsel.

## 9.0 Revision History

Rev. No.	Rev. Date	Revision Description	Written By	Endorsed By	Approved By
1-5		Refer to Previous Revisions for Revisions			
6	18.07.2011	Delegation manual was updated to address the requirements of the Tarong Energy and Stanwell Merger.	J.McDonald		H.Gluer
7	27.09.2011	Delegation for Donations or similar contributions was changed from 50K <sup>1</sup> and Human Resources & Stakeholder Engagement Position added to this delegation	J.McDonald		H.Gluer
8	18.03.2013	Substantial revision to content, format and methodology	K Buckley	M O'Rourke	R Van Breda
9	19.05.2014	The language used in Section 12 Appendices, specifically in relation to "Projects" has been revised to provide 'clarity' to users regarding capital reallocations amongst sub-portfolio and portfolio budgets	K Buckley	M O'Rourke	R Van Breda
10	04.05.15	No amendments	K Buckley	M O'Rourke	R Van Breda
11	14.09.2015	amendments to section 3.2.4 and 3.2.5	K Buckley	M O'Rourke	R Van Breda
12	22.08.2017	Amendments made to reflect that overhauls in excess of \$15 million are approved by shareholding Ministers via the Statement of Corporate Intent approval process	K Buckley	M O'Rourke	R Van Breda

10.0 Appendices

Category		Delegation of Authority																		
Operational Expenditure (Commitment and Approval)		Shareholding Ministers	Board of Directors	Level 1 - CEO	Level 2A - Chief Operating Officer	Level 2B - Chief Financial Officer	Level 2C - Executive General Managers	Level 3A - Authority Category as assigned through PD - UP TO \$1M	Level 3B - Authority Category as assigned through PD - UP TO \$500K	Level 3C - Authority Category as assigned through PD - UP TO \$250K	Level 4A - Authority Category as assigned through PD - UP TO \$500,000	Level 4B - Authority Category as assigned through PD - UP TO \$250,000	Level 4C - Authority Category as assigned through PD - UP TO \$100,000	Level 5 - Authority Category as assigned through PD - UP TO \$100,000	Level 6 - Authority Category as assigned through PD - UP TO \$50,000	Level 7 - Authority Category as assigned through PD - UP TO \$25,000	Level 8 - Authority Category as assigned through PD - UP TO \$10,000	Level 9 - Authority Category as assigned through PD - UP TO \$5,000		
Within Board Approved Operational Expenditure Budget	Within Cost Centre Budget	Not Applicable	Unlimited	\$10M	\$5M	\$1M	\$1M	\$1M	\$500K	\$250K	\$500K	\$250K	\$100K	\$100K	\$50K	\$25K	\$10K	\$5K		
	Above Cost Centre Budget but within Division Budget				\$1M	\$250k	\$250k	-	-	-	-	-	-	-	-	-	-	-	-	-
	Above Board Approved Operational Expenditure Budget or for EGMs, relevant Division Budget, or for General Managers, relevant Cost Centre Budget(s)	Not Applicable	>\$3M	\$3M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



Category	Delegation of Authority	SHM	Board	Level 1	Level 2A	Level 2B	Level 2C	Level 3A	Level 3B	Level 3C	Level 4A	Level 4B	Level 4C	Level 5	Level 6	Level 7	Level 8	Level 9		
Investments (Commitment and Approval)	Asset divestment or purchase	>\$15M	\$5M-\$15M	\$5M	\$2M	\$2M	-	-	-	-	-	-	-	-	-	-	-	-		
	Leases - operating or finance, land or premises	>\$15M	\$5M-\$15M	\$5M	-	\$2M	-	-	-	-	-	-	-	-	-	-	-	-		
	Within Board approved Capital Investment Budget - (eg. projects, to achieve strategic objectives)	Within Board approved Capital Budget for the Project's sub-portfolio	>\$15M	\$10M-\$15M	\$10M	\$5M	\$1M	\$1M	\$1M	\$500K	\$250K	\$500K	\$250K	\$100K	\$100K	\$50K	\$25K	\$10K	\$5K	
		Above Board approved Capital Budget for the Project's sub-portfolio but within the Board approved Capital Budget for the Project's Portfolio (Division)	specific investment project >\$15M	\$10-\$15M	\$10M	\$1M	\$250K	\$250K	-	-	-	-	-	-	-	-	-	-	-	
	Above Board approved Capital Investment Budget for the 'whole organisation'	Specific investment project <\$15M	<\$3M	\$3M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Overhaul delegation - power station or mining plant and equipment - authority to approve expenditure or commitment (only applies to Operational personnel as applicable)	Within Board approved Capital Overhaul Budget for the 'whole of organisation'	specific overhaul >\$15M	Not Applicable (once the Board has approved the capital overhaul budget)	Unlimited (if within the Board approved capital overhaul budget)	\$5M	\$0M	\$0M	\$1M	\$500K	\$0K	\$500K	\$250K	\$0K	\$100K	\$50K	\$0K	\$10K	\$0K	
		Above Board approved Capital Overhaul Budget but within 'whole of organisation' capital budget		Not applicable (if expenditure is within 'whole of organisation' capital budget)	Unlimited (if within whole or organisation capital budget)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Above Board approved Capital Budget for the 'whole of organisation'		>\$3M	\$3M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contracts: - Revenue	>\$15M	\$10M-\$15M	\$10M	\$1M	\$250k	\$250K	-	-	-	-	-	-	-	-	-	-	-	-	

Category	Delegation of Authority	SHM	Board	Level 1	Level 2A	Level 2B	Level 2C	Level 3A	Level 3B	Level 3C	Level 4A	Level 4B	Level 4C	Level 5	Level 6	Level 7	Level 8	Level 9
Sponsorships and Donations	Sponsorships and donations	Not Applicable	>\$70K	\$70K	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets (and Accounting - in accordance with Stanwell policy and procedures)	Asset impairments and write-downs, write-ons/ups	Not Applicable	>\$3M	\$3M	-	\$1M	-	-	-	-	-	-	-	-	-	-	-	-
	Accounting journal entries (approve journal entries, prepayments, accruals, provisions and other accounting adjustments)	Not Applicable	Unlimited	Unlimited	-	Unlimited	-	-	-	-	-	-	-	-	-	-	-	-
Legal	Insurance Claims - settlement of insurance claim(s)	Not Applicable	>\$5M	\$5M	-	\$2M	-	-	-	-	-	-	-	-	-	-	-	-
	Litigation - commencement, defence or settlement of any proceeding	Not Applicable	>\$2M	\$2M	-	\$1M	-	-	-	-	-	-	-	-	-	-	-	-
	Standing offer or panel provider arrangements that confirm pricing but do not commit Stanwell to specific quantities or minimum purchasing arrangements.	-	-	Yes	-	Yes	-	-	-	-	-	-	-	-	-	-	-	-
Employment	Approval of new positions	Only applicable in respect of restructures of senior executive positions	Only applicable in respect of restructure of senior executive positions	Yes	EGM Business Services endorsement for CEO approval	EGM Business Services endorsement for CEO approval	EGM Business Services endorsement for CEO approval	-	-	-	-	-	-	-	-	-	-	-
	Approval of recommendation to recruit for existing roles	Only applicable in respect of the CEO	Only applicable in respect of the CEO and senior executives	Yes	Yes	Yes	Yes	-	-	-	-	-	-	-	-	-	-	-
	Termination	Not Applicable	Only applicable in respect of the CEO and senior executives	Yes	Yes with EGM Business Services endorsement	Yes with EGM Business Services endorsement	Yes with EGM Business Services endorsement	-	-	-	-	-	-	-	-	-	-	-

**Commitment Thresholds**

The dollar value amounts shown:

- are GST exclusive
- refer to related expenditures, transactions or commitments, whether these occur in one or a series of related transactions or payments
- refer to likely maximum expenditure, commitment or potential risk of liability or financial exposure of Stanwell over the life of the contract (gross value).

**Authority limits** apply to the complete transaction. The splitting of transactions to allow a lower financial limit to be used is prohibited. Approval must always be sought for the final value of the total expenditure. If final expenditure exceeds or may exceed a Delegate's authority limits; approval at a higher authority level must be obtained

Shareholding Ministers must be advised of all "Investments" in excess of \$10 million.

Approval for overhaul expenditure in excess of \$15 million is achieved via the Statement of Corporate Intent shareholding Minister approval process.