

# Policy

## (Board Approved)

### Board Delegations of Authority

#### Document Number – GOV-POL-21

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## 1.0 Policy Statement

In undertaking its role, the responsibilities exclusively reserved for the Stanwell Board of Directors (the 'Board') are documented in the Stanwell Board Charter. Subject to these, this Policy serves as the mechanism by which the Board delegates specific standing powers and limits of authority to specified positions.

The general approach adopted by the Board to the delegation of its powers and authorities is that:

- decisions related to specific matters are reserved for the Board;
- certain powers and limits of authority are delegated to specified positions; and
- subject to the above, the Board delegates its power and authority to manage and supervise the management of the day-to-day operation of Stanwell to the Chief Executive Officer (CEO).

## 2.0 Scope

This policy details the Board's delegations of certain powers and limits of authority to:

- a committee of directors;
- the Chairman;
- individual directors; and
- the CEO.

## 3.0 Purpose

This Policy establishes a common understanding of:

- the specific matters that are reserved for Board decision; and
- the Board's delegation of certain powers and limits of authority to a committee of directors, to the Chairman, individual directors and the CEO.

## 4.0 Content

### Principles of Board delegation

1. The Board retains exclusive accountability for its role and responsibilities as documented in the Board Charter and the matters reserved for Board decision detailed in **Appendix 1**.
2. The Board and CEO are bound by the financial authority thresholds as detailed in **Appendix 2**.
3. Any action taken exercising a delegated authority allowed by this Policy must be undertaken within the limits of the delegation.
4. Unless otherwise specified, powers and authorities are delegated to a position and not to a person.
5. Unless otherwise specified, power and authorities delegated to a position extends to any person acting in that position.

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WRITTEN BY: K. Buckley      ENDORSED/CHECKED BY: ARMC      APPROVED BY: Board      DATE: 29.08.2019

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Approved via Board Memorandum Number: BD-19-08-6.1

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6. Unless an appropriate Board delegation of power or authority exists, no person has any individual authority to commit Stanwell to obligations including making any representations or agreements with suppliers, customers, employees or other parties or organisations.
7. The delegations of the Board's power and authority are made pursuant to the *Corporations Act (Cth)*, the *Government Owned Corporations Act (Qld)* and the Stanwell Constitution. These provide that the business of a corporation is to be managed by or under the direction of directors and that the directors may, by resolution, delegate any of their powers to the CEO, a committee of directors or an individual director.
8. The law requires the Board to remain accountable for matters for which it has delegated authority. Therefore, the Board has implemented a framework of internal control over all delegates who exercise authorities on behalf of the Board.

### **Delegation by the Board to committees of directors (Board Committees)**

The Board may establish committees of directors ('Board Committees') and delegate some of the Board's 'reserve' power and authority to these committees either on a standing or ad-hoc basis.

The establishment of a Board Committee and the delegation of the Board's 'reserve' power and authority to a Board Committee must be implemented by Board resolution.

The Board has established two standing Committees: the Audit and Risk Management Committee and the People and Safety Committee. As detailed in the respective charters, the Board has delegated some of its 'reserve' power and authority to these committees and the charters should be referred to where appropriate.

Board committees are required to report to the next Board meeting on their use of any delegated authority.

In the event that a Board Committee is disestablished, the delegation of the 'reserve' power and authority automatically reverts to the Board.

### **Delegation by the Board to the Chairman**

The Board delegates the following power and authority to the Chairman:

- Approval of personal expenses (including travel and professional development) incurred by individual directors and the CEO in accordance with applicable Board and Stanwell policies;
- Act as spokesperson for, and representative of, the Board;
- Together with the CEO, act as joint spokesperson for Stanwell;
- In the absence of the CEO (and Acting CEO), act as spokesman for Stanwell; and
- Review and respond to correspondence addressed to the Board or to the Chairman (in consultation with directors as the Chairman deems appropriate).

### **Delegation by the Board to the Chairman of the Audit and Risk Management Committee**

The Board delegates the power and authority to the Chairman of the Audit and Risk Management Committee to approve the personal expenses (including travel, and professional development) incurred by the Chairman of the Board in accordance with applicable Stanwell Policies.

### **Delegation by the Board to individual directors**

Individual directors have no individual authority to participate in the day-to-day management of Stanwell except where the Board explicitly delegates an authority to a director individually. All such delegations must be implemented by Board resolution.

### **Delegation by the Board of ad-hoc power and authority**

In addition to the delegations of the Board's power and limits of authority detailed in this Policy, the Board may delegate the exercise of its power and authority on an individual basis for a particular purpose. These include via Board resolutions and Powers of Attorney of defined or general

application. The limits and/or restrictions of the delegations referred to in this Policy may be superseded by more specific and/or individual delegations.

### **Delegation by the Board to the Chief Executive Officer (CEO)**

#### **Excluding:**

- matters specifically reserved for Board approval (**Appendix 1**);
- delegations of certain powers and limits of authority to specified positions as detailed in this Policy; and
- delegations by the Board of ad-hoc power and authority which have been granted on an individual basis for a particular purpose;

the **Board delegates to the CEO** its power and authority to **manage and supervise the management of the day-to-day operations and activities of Stanwell**.

In recognition that the CEO cannot perform or closely supervise all the activities and functions involved in the conduct of Stanwell, the Board authorises the CEO to approve the sub-delegation of his/her power and authority as documented in the CEO Manual of Authorities.

The CEO has ultimate accountability for the CEO Manual of Authorities and the exercise of any sub-delegated power and authority.

### **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.
3. 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.
4. Delegations (and limits of authority) in this Policy prevail in the event of any inconsistency with delegations (and limits of authority) in other Stanwell policies (excluding the Board approved Stanwell Trading Risk Management or Financial Risk Management policies) and/or employee position descriptions.

## **5.0 Responsibilities and Authorities**

The **Stanwell Board** has ultimate accountability for the Board Delegations of Authority Policy.

The **Chief Executive 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; and
- the limits of authority detailed in this Policy and the CEO Manual of Authorities remain appropriate as Stanwell's circumstances change.

The **Company Secretary** must:

- review the policy regularly and stay abreast of legal developments and make recommendations regarding any necessary policy changes and implications;
- advise the Executive Leadership Team and the Board about policy changes and their implications; and
- give advice, guidance and assistance about the application of the policy.

## 6.0 Review and Consultation (Prior to Approval)

The Executive Leadership Team and the Stanwell Board

This Document is required to be reviewed, at a minimum, every two (2) years.

## 7.0 Communication Plan (After Approval)

This policy is available electronically in TRIM and is available on GenNet and Stanwell's website via the Publication Scheme.

## 8.0 Definitions

Delegate	The person(s) occupying the position that has been delegated power and authority
Specified position	A committee of directors, the Chairman of the Board, the Chairman of the Audit and Risk Management Committee, the Chairman of the People and Safety Committee, individual directors and the CEO
Stanwell or Company	Stanwell Corporation Limited

## 9.0 References (Including Records Management)

Board Charter

Board Handbook

Audit and Risk Management Committee Charter

People and Safety Committee Charter

CEO Manual of Authorities

Code of Conduct and Code of Conduct Framework Policies

Financial Risk Management Policy

Trading Risk Management Policy

Investment Guidelines for Government Owned Corporations

## 10.0 Revision History

Rev. No.	Rev. Date	Revision Description	Author	Approved. By
1-9		Number used for Legacy TEC. Refer to Previous versions		
	1/7/2011	New Policy as a consequence of the Genco restructure	J McDonald	Board
10	12.02.2013	Substantial revision of Policy GOV-POL-21 allocated, and replaces policy created and saved into Genco 2 Record No 11/61	K Buckley	Board
11	26.03.2015	Non-material revisions made to reflect changes to legislation and internal governance processes	K Buckley	Board
12	30.06.2015	Amended to include the definition of a short to medium term energy contract and the conditions that Stanwell must meet in relation to this.	K Buckley	Board
13	18.05.2017	Amended to reflect: <ul style="list-style-type: none"><li>the approval process for renewable</li></ul>	K Buckley	Board

		Power Purchase Agreements; and <ul style="list-style-type: none"> <li>revised sustainable capital expenditure approval requirements for statutory overhauls</li> </ul>		
14	29.08.2019	Amended to reflect: <ul style="list-style-type: none"> <li>that Board approval is required for acting Chief Executive Officer and Senior Executive positions where the delegate acts for greater than 4 weeks;</li> <li>removal of the outdated practice of application of a Company Seal, Forecast Report and Half year report;</li> <li>the new Enterprise Risk Management Framework; and</li> <li>that Stanwell's shareholding Ministers have revoked the methodology which allowed projects in excess of \$15 million to receive their approval via the Statement of Corporate Intent approval process.</li> </ul>	K Buckley	Board

## **Appendix 1 – Reserved for approval by the Board <sup>(1)</sup>**

### **Chief and Senior Executives**

Appointment (upon the receipt of prior shareholding Minister approval) and removal of the Chief Executive Officer <sup>(2)</sup>

Appointment and removal of Senior Executives <sup>(2)</sup>

Appointment and removal of the Company Secretary <sup>(3)</sup>

Chief and Senior Executive acting appointments (greater than 4 weeks) <sup>(2)</sup>

Secondary employment activities of the Chief and Senior Executives <sup>(2)</sup>

Organisational structure <sup>(2)</sup>

Chief and Senior Executive position descriptions <sup>(2)</sup>

The appointment of remuneration consultants engaged to provide advice on matters relating to remuneration arrangements for the Chief and Senior Executives <sup>(7)</sup>

Performance reviews and the setting and/or achievement of any incentive scheme targets for the Chief and Senior Executives <sup>(2)</sup>

Succession plans for the Chief and Senior Executives and other business critical roles <sup>(7)</sup>

Policies in relation to appointment and remuneration arrangements for the Chief and Senior Executives <sup>(2)</sup>

### **Employment and Industrial Relations**

Enterprise Agreement bargaining frameworks <sup>(5)</sup>

Remuneration frameworks, policies and strategies for contract employees <sup>(6)</sup>

The setting and/or achievement of the corporate component of the Stanwell Incentive Scheme <sup>(2)</sup>

### **Financial Management and Reporting**

Annual budget and five-year financial plan <sup>(4)</sup>

Financial statements, Directors' Report, Directors' Declaration for the financial year ending 30 June <sup>(3)</sup>

Accounting policies, accounting standards and assumptions used in critical accounting estimates upon which the financial statements are based <sup>(3)(4)(5)</sup>

Ordinary and special dividends <sup>(3)(4)</sup>

Policies in relation to travel <sup>(5)</sup>

Policies in relation to corporate hospitality and discretionary expenditure <sup>(5)</sup>

Community Service Obligations <sup>(10)</sup>

### **Governance**

Related party transactions <sup>(3)</sup>

Appointment of an attorney-in-fact pursuant to a Power of Attorney or otherwise <sup>(3)</sup>

Establishment and membership of Board Committees <sup>(4)(11)</sup>

Appointment of directors to subsidiary companies <sup>(3)(4)</sup>

Incorporation, acquisition, disposal or liquidation of any subsidiary company or controlled entity <sup>(4)(11)</sup>

Board and Board Committee Charters <sup>(6)</sup>

Board Handbook <sup>(6)</sup>

Code of Conduct <sup>(6)</sup>

Code of Conduct Framework policies <sup>(6)</sup>

Delegations of the Board's power and authority <sup>(3)</sup>

Board Delegations of Authority Policy <sup>(3)</sup>

Changes to the Constitution of Stanwell and its wholly-owned subsidiaries <sup>(4)</sup>

Any policies applied by the Government to Government Owned Corporations, requiring Board approval <sup>(4)</sup>

Policies in relation to the management of 'Public Official' complaints <sup>(12)</sup>

Appointment of an employee as Stanwell's representative to an external body

### **Health, Safety and Environment**

Health and Safety Policy <sup>(8)</sup>

Environment Policy <sup>(9)</sup>

### **Internal Audit**

Internal Audit Charter, annual internal audit plan and strategies <sup>(6)(7)</sup>

## **Insurance**

Insurance renewal strategy <sup>(7)</sup>

Annual review of insurance covers (including premiums and deductibles) <sup>(7)</sup>

## **Risk Management**

Board risk management oversight model <sup>(7)</sup>

Risk Appetite Statement

Policies in relation to Enterprise Risk Management and the Enterprise Risk Management Framework <sup>(7)</sup>

Risk Evaluation Matrix

Trading Risk Management Policy <sup>(5)</sup>

Policies in relation to financial risk management <sup>(5)</sup>

## **Stakeholder Liaison**

Stakeholder Engagement Strategy <sup>(7)</sup>

Policies in relation to stakeholder engagement

Annual Report theme and concepts <sup>(3)(4)</sup>

Quarterly Report to shareholding Ministers <sup>(4)</sup>

## **Strategy**

Stanwell's strategic context and strategy development process <sup>(7)</sup>

Statement of Corporate Intent and Corporate Plan <sup>(4)</sup>

## **Notes**

- (1) As detailed in the Board and Board Committee Charters, the Corporations Act, the Government Owned Corporations Act and various Government policies applicable to Government Owned Corporations
- (2) Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements V2
- (3) Corporations Act 2001 (Cth)
- (4) Government Owned Corporations Act 1993 (Qld)
- (5) Policies applied to GOC's by Government requiring Board approval and/or Guidelines applied by the Shareholder and Structural Policy division of Queensland Treasury.
- (6) Corporate Governance Guidelines for GOCs
- (7) Board or Board Committee Charter
- (8) Work Health and Safety Act 2011
- (9) Various State and Federal environmental legislation
- (10) Community Service Obligations – A Policy Framework
- (11) Shareholding Minister approval is required for: the establishment of standing Board committees; and the incorporation, acquisition, divestment or liquidation of subsidiaries or controlled entities.
- (12) Crime and Corruption Act 2001 (Qld)

## Appendix 2 – Financial Limits of Authority

- These financial limits of authority are subject to the Queensland Government - GOC Investment Guidelines and other notifications and correspondence received from Stanwell's shareholding Ministers from time to time.
- The financial limits of authority listed below prevail in the event of any inconsistency with delegation (and limits of authority) in other Stanwell policies (excluding the Board approved Stanwell Trading Risk Management or Financial Risk Management policies) and/or employee position descriptions.

	Category	Stanwell Shareholding Ministers – Level 1	Stanwell Board of Directors – Level 2	Stanwell Chief Executive Officer – Level 3
<b>1.</b>	<b>Major Investments</b>			
	1.1 Asset divestment or purchase	>\$15 million	\$5 million to \$15 million	\$5 million
	1.2 Leases – operating or finance, land or premises	>\$15 million	\$5 million to \$15 million	\$5 million
	1.3 Major projects – for example IT projects, overhauls, investments to achieve strategic objectives <sup>(1) (2) (3) (6)</sup>	>\$15 million  Notification via Quarterly Report	\$10 million to \$15 million  \$3 million to \$15 million (if expenditure is above the Board approved project capital budget)	\$10 million (if expenditure is within the Board approved capital budget)  \$3 million (if expenditure is above the Board approved project capital budget)
	1.4 Overhaul delegation – power station or mining plant and equipment – authority to approve expenditure or commitment	Not applicable <sup>(2)</sup>	Not applicable	Unlimited (if expenditure is within the Board approved capital budget)
	1.5 Contracts <sup>(4) (5) (6) (7)(8)</sup> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Supply</li> </ul>	>\$15 million	\$10 million to \$15 million	\$10 million

### Notes.

- 'Major Investment' means a project involving in aggregate (whether in one or a series of related transactions) commitments or expenditure that requires Level 1 or Level 1 and Level 2 approval.
- If the project is **within the Board approved capital budget**, only those projects in excess of \$10 million require Board approval. This requirement does not apply to power station or mining equipment overhauls. Once the Board has approved the capital budget, the overhaul expenditure component (for overhauls in excess of \$15M) must be provided to shareholding Ministers for approval.
- If the Board approved capital budget and financial limits of authority detailed above **are not exceeded**, capital expenditure in one area or expense element can be used for actual expenditure in another existing capital project. This does not mean that the capital budget can be used to fund any operational expenditure or vice versa. If the expenditure cannot be accommodated within the capital budget, it is considered to be **out of budget** and will require Board approval if in excess of \$3 million.
- Level 1 approval is required for all new (or renewed) contracts such as revenue contracts and coal and gas supply contracts. It **is not** required for new (or renewed) operating expense contracts, short to medium term energy contracts (defined as a contract of up to ten years in duration – see Note 7 below) or derivatives and regulated network support agreements greater than \$15 million.
- Level 2 approval **is** required for **all** new (or renewed) contracts, commitments or liabilities greater than \$10 million. This includes but is not limited to major contracts, operating expense contracts and regulated network support agreements greater than \$10 million (in aggregate, whether in one or a series of related transactions). This excludes all actions (including transactions) authorised by the Stanwell Trading Risk Management Policy and the Financial Risk Management Policy. It also excludes any standing offer or panel provider arrangements which confirm pricing and do not represent a commitment by Stanwell to quantities or minimum purchasing requirements.
- Shareholding Ministers must be notified of all investments exceeding \$10 million.
- Level 1 approval is required for energy contracts:
  - with a duration of in excess of ten years;



- that are comprised of a single contract, or are with a single counterparty, for in excess of 5% of Stanwell's installed capacity; and
  - Stanwell must notify shareholding Ministers of any contracts with a duration of in excess of five years in its quarterly report. The information provided should include details regarding the duration of the contract, the maximum/minimum MW contracted and the risk mitigation features of the contract/negotiation process.
- (8) Level 1 approval is required for all renewable Power Purchase Agreements:
- with a duration in excess of five (5) years; or
  - that are in excess of 50MW.

	Category	Stanwell Shareholding Ministers – Level 1	Stanwell Board of Directors – Level 2	Stanwell Chief Executive Officer – Level 3
<b>2.</b>	<b>Operational commitments or approvals</b> <sup>(9)</sup>			
	2.1 Within annual budget	Not applicable	Unlimited	\$10 million
	2.2 Above annual budget	Not applicable	>\$ 3 Million	\$ 3 million
	2.3 Operational commitments directly related to deriving electricity and coal export revenue – authority to approve expenditure <sup>(10)</sup>	Not applicable	Unlimited	Unlimited (if expenditure is within the annual Board approved operational expenditure budget)

**Notes:**

(9) As long as the **total** Board approved annual operating budget is **not exceeded**, operational expenditure budgeted in one operational area or expense element can be used for actual operational expenditure in other operational areas. This does not mean that the annual operating budget can be used to fund capital expenditure or vice versa. If the expenditure cannot be accommodated within the annual operational expenditure budget it is considered to be **out of budget** and will require Board approval if in excess of \$3 million.

(10) **Authority to approve** the following **operational commitments** is **delegated** to the **CEO**:

- Expenditure directly related to deriving electricity and coal export revenue (operating expenses). This includes but is not limited to, monthly invoices from the mining services contractor, contracted fuel purchases, long term pooling/tolling arrangements, transport costs associated with fuel purchases, water costs, network connection and access costs, employee wage and salary costs.
- Expenditure that complies with Stanwell policy and statutory legislation payments (such as the payment of taxes).

	Category	Stanwell Shareholding Ministers – Level 1	Stanwell Board of Directors – Level 2	Stanwell Chief Executive Officer – Level 3
<b>3.</b>	<b>Sponsorships and donations</b>	Not applicable	>\$70 thousand	\$70 thousand
<b>4.</b>	<b>Treasury</b>			
	<u>Financing and Debt Management</u>	Not applicable	As per the limits detailed in the Board approved Financial Risk Management Policy	As per the limits detailed in the Board approved Stanwell Financial Risk Management Policy
	4.1 Operating either Funding Facilities or Transactional Facilities within the terms of the facility documentation			
	4.2 Operation of existing bank accounts including approval of signatures for negotiable instruments			
	4.3 Approve draw-downs and repayments against approved loan agreements			
	4.4 Issuance of Long-term Debt including any roll-over of previously issued amounts			
	4.5 Approval of external bank loan	Not applicable	As per the limits detailed in the Board approved	As per the limits detailed in the Board approved

	Category	Stanwell Shareholding Ministers – Level 1	Stanwell Board of Directors – Level 2	Stanwell Chief Executive Officer – Level 3
			Stanwell Financial Risk Management Policy	Stanwell Financial Risk Management Policy
	4.6 Approval of guarantee, indemnity or letter of comfort	Not applicable	As per the limits detailed in the Board Approved Stanwell Financial Risk Management Policy	As per the limits detailed in the Board approved Stanwell Financial Risk Management Policy
	The following are <b>authorised to execute</b> documents in relation to new Transaction Facilities, extending or enlarging existing Transactional Facilities: <ul style="list-style-type: none"> <li>- any two directors, or</li> <li>- a director and company secretary</li> </ul>			
<b>5.</b>	<b>Assets (and Accounting - in accordance with Stanwell policy and procedures)</b>			
	5.1 Asset impairments and write-downs, write-ons/ups	Not applicable	>\$3 million	\$3 million
	5.2 Accounting journal entries (approve journal entries, prepayments, accruals, provisions and other accounting adjustments)	Not applicable	Not applicable	Unlimited
<b>6.</b>	<b>Legal</b>			
	6.1 <u>Insurance Claims</u> - settlement of insurance claim(s) <sup>(11)(12)</sup>	Not applicable	>\$5 million	\$ 5 million
	6.2 <u>Litigation</u> - commencement, defence or settlement of any proceeding <sup>(11)(12)</sup>	Not applicable	>\$2 million	\$2 million
<b>7.</b>	<b>Previous decisions made by the Board of Tarong Energy Corporation Pty Ltd</b>			
	Any approval, noting or delegation by the Board of Tarong Energy Corporation Pty Ltd regarding its or its subsidiaries' affairs prior to 1 July 2011 will continue in full force and effect and may continue to be relied upon and actioned to completion as if granted by the Board of Directors of Stanwell under this Policy or the CEO of Stanwell under the CEO Manual of Authorities.			
<b>8.</b>	<b>Miscellaneous</b>			
	Any matters not mentioned above that may have a material impact on, or incur a material liability or risk with respect to, the operations or financial condition of the Stanwell ('material' meaning \$10 million in aggregate, whether in one or a series of related transactions).			

**Notes:**

(11) In aggregate or a series of related claims.

(12) The commencement, defence or settlement of significant litigation or settlement of an insurance claim(s) not requiring Board approval must be reported to the next Board meeting ('Significant' means <\$1 million and includes in respect of litigation, significant impact on Stanwell's reputation).