

smwgroup

engineering continuous improvement

SMW Group Limited

Delegations of Authority Policy and Guidelines

Adopted by the Board on 4 August 2020

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1. Introduction

The Board is accountable to the company's shareholders. It is responsible for providing strategic direction, implementation of governance policies, adherence to regulatory obligations and oversight of company performance and management activities.

The CEO, with assistance from the senior management team, is responsible to the Board for overall management and performance of the Company.

The Board delegates some of its authority to the CEO and the Management Team to allow them to fulfil their responsibility of managing the Company. The scope of this policy is to articulate and communicate those delegations of authority.

2. Responsibilities

The board will maintain oversight of the adherence to this policy. The CEO is responsible for ensuring relevant employees know and adhere to these delegations.

3. Guidelines and Delegations

3.1 General Guidelines

a. Combining Transactions

The combining or unbundling of transactions in order to subvert the intent of this policy is unacceptable. All transactions contemplated at the time should be considered as a combined transaction.

b. Related Entities

Board approval is required prior to any material agreement or termination of any material agreement between the company and any shareholder, body corporate or any related parties of a shareholder.

c. Delegation of Authority to Subordinates

The CEO shall delegate authorities as seen fit in order to comply with this policy. This will be done by a delegations of authority matrix which will be subject to final Board approval.

d. Compliance Documentation

The audit report and any document that binds the Company shall be executed by the Board.

e. Policy Interpretations and amendments

All policies require Board approval, including interpretations and amendments. Such policies shall be prepared by the CEO and the management team for the Board's approval.

f. Perceived conflict of interest

In any of these delegations, where the perception of a conflict of interest could arise, then the matter should be raised with the CEO as soon as possible and the CEO should raise the matter with the Board as appropriate. Any perceived conflict of interest involving the CEO should be raised directly with the Chairman.

3.2 Banking and Investment

The CFO is required to inform the Board if at any time the CFO believes the cash immediately available to the company is or is likely to become less than the 'Liquidity Buffer' established by the Board.

a. Borrowing Funds

The following limits for borrowing of funds apply and any increase to these limits must be approved by the Board prior to any changes occurring;

- Individual credit card limit \$ 10,000
- Aggregate credit card limit \$150,000
- All other facilities, including overdrafts, must be approved by the Board.

b. Bank Guarantee Facilities

The Board is to approve the provision or cancellation of any bank guarantees.

c. Opening / Closing Bank accounts

The CEO is authorised to change banking relationships including opening and closing accounts however the Board must be notified of any such changes.

d. Letters of credit

The is to approve the provision of any Letters of Credit.

e. Investments

Funds can be invested at any time that they are not immediately needed. The CEO and the CFO are authorised to invest funds within the traditional banking facilities such as term deposits. Approval to invest funds outside of these facilities is required from the Board.

f. Transaction approvals

All financial transactions are required to have two authorisers. The authorisers are to be independent of each other. Board approval is required if for any reason two authorisers are not to be used on any account. This does not include credit card accounts issued to individuals. Credit card accounts are to be approved by both the CEO and the CFO, however will only have one authoriser at point of sale.

3.3 Expenditure Authority

a. Disbursement Authorisation

All project related expenditure is to be approved as delegated by the CEO. All over budget items are to be approved by the CEO.

b. Capital expenditure

The CEO is authorised to approve all unbudgeted capex below \$50k and all budgeted capex below \$100k. Such approvals must be jointly approved by the CFO. All other capex must be approved by the Board.

c. Operating Expenses

The CEO is authorised to approve all operating expenses.

d. General and Administrative Expenses

The CEO is authorised to approve all general and administrative expenses.

3.4 Sales and Marketing

a. Sales of assets

The CEO, in conjunction with the CFO, is authorised to approve the sale of assets with an original purchase value up to \$150k. All other asset sales must be approved by the Board prior to sale.

b. Terms and conditions

All terms and conditions of contract are to be approved by CEO unless they pose an unacceptable risk to the Company as assessed by the risk assessment. Such terms and conditions must be referred to the ARC thence the Board.

c. Tenders

The CEO is authorised to approve all tenders which do not pose an unacceptable risk to the Company as assessed by the risk assessment. For all tenders a risk assessment is to be done, if the risk assessment determines that the risk is within the realm of approval by the Board as determined by the risk management policy, then Board approval is required prior to the tender being submitted.

d. Media Releases

The CEO is authorised to approve all marketing material media releases.

e. Core Business

Approval from the Board is required prior to any significant change to or cessation of a core business activity.

3.5 Human Resources

a. Hiring and firing of employees

The CEO is authorised to approve all hiring and firing except the hiring and firing of senior executives, which must be referred to the Board.

b. Employee Agreements and certain offers of employment

Senior executive employment agreements and employment agreement templates are to be approved by the Board. The CEO is authorised to approve all other employment agreements.

The method of recruitment of all staff is at the discretion of the CEO.

c. Travel

The CEO is authorised to approve all travel except that approval from the Board is required for all international travel by the CEO.

d. Absence from work

The CEO is authorised to approve all absences from work.

3.6 Legal matters

a. Settling Claims

The CEO is authorised to settle any claims less than \$50k.

b. Formation / dissolution of new legal entities

The CEO is authorised to establish unincorporated joint ventures for a contracts where the risk policy does not put the level of risk as such that it is within the realm of the Board. The formation and dissolution of all other legal entities shall be approved by the Board.

c. Legal Proceedings

The CEO is authorised to approve all legal proceedings except where such proceedings have the potential of impacting on the strategy of the company when such proceedings must be referred to the Board.

3.7 Acquisitions / Divestures

Approval from the Board is required for the acquisition or divesture of any business.

3.8 Contributions

a. Political Donations

Board approval is required for any donations of any kind to a political party.

b. Charitable donations.

The CEO is authorised to approve all budgeted donations less than \$5k.

c. Client Functions or Gratuities.

The CEO is authorised to approve all budgeted client functions and gratuities less than \$10k.

d. Sponsorships.

The CEO is authorised to approve sponsorships less than \$10k.

	Approved by	Date
1.0	The Board	4 August 2020