

DELEGATION OF POWERS POLICY

PURPOSE

To formally establish the functions and powers reserved to the board and those delegated to the **Chief Executive**.

POLICY STATEMENT

The powers listed in the section “Powers Reserved to the Board” are reserved by the Board of Directors and are not delegated to the Chief Executive.

IMPLEMENTATION

The role, powers and duties of the Directors of a company within the Ergon Energy Group of companies are subject to the *Corporations Act 2001*, the *Government Owned Corporations Act 1993* (GOC Act) and the applicable company constitution.

The GOC Act defines the role of the Directors in Part 5 Section 88 to include the following matters;

- a) Responsibility for the GOC’s commercial policy and management;
- b) Ensuring that, as far as possible, the GOC achieves, and acts in accordance with, its statement of corporate intent and carries out the objectives outlined in its statement of corporate intent;
- c) Accounting to the GOC’s shareholders for its performance as required by the GOC Act and other laws applying to the GOC;
- d) Ensuring that the GOC otherwise performs its functions in a proper, effective and efficient way.

The *Corporations Act 2001* provides in Section 198D that unless the constitution provides otherwise, the directors may delegate any of their powers to a committee of directors, a director, an employee of the company or any other person.

The directors have by resolution in September 2003 (EECL paper 0310-4-7,), and as amended from time to time, reserved the powers listed in the section “Powers Reserved to the Board”. In doing so, matters not referred to in that section are delegated to the **Chief Executive** unless the Board subsequently decides otherwise.

The **Chief Executive** is authorised by virtue of the director’s resolution (EECL paper 0405-3-11 June 2004) to approve financial delegations for Level 1 Managers and other officers up to but not exceeding the Chief Executive’s delegation levels.

In turn, Level 1 Managers and other officers are authorised to approve financial delegations to their direct reports, up to but not exceeding their own delegation levels.

The following specific delegations are the subject of separate policies.

EP14 Delegation of Financial Authority Policy

EP15 Legal Delegation and Powers of Attorney Policy

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POWERS RESERVED BY THE BOARD

The following matters are reserved by the Board of Directors and are **not** delegated to the **Chief Executive**.

1.1. Appointments

Appointment or removal of the Chief Executive;
Appointment or removal of the Secretary to the Board;
Membership and Terms of Reference of Board Committees.

1.2. Board and Senior Management

Delegations of authority to the Chief Executive;
Ratification of the Organisation Structure;
Approval of remuneration and incentive policies;
Monitoring of high level succession plan;
Disclosure of conflicts of interest;
Assessment of the Organisation's and Chief Executive's performance;
Assessment of Board performance;
Matters concerning the governance of the Organisation.

1.3. Relations with the Shareholding Ministers and Stakeholders

Responsible to Shareholding Ministers for the conduct of the Company;
Approval of Statement of Corporate Intent and Corporate Plans;

1.4. Financial Matters

Approval of Annual Accounts and Director's Reports;
Approval of accounting policies;
Approval of internal audit plan;
Approval of security over any assets;
Treasury policies including electricity risk management, foreign currency and interest rates;
Acceptance of audit reports including management letters.
Expenditure in excess of the delegations to the Chief Executive as listed in the Schedule of Delegated Financial Authorities.

1.5. Approvals outside delegations to the Chief Executive, including;

Capital expenditure;
Lease or purchase of buildings in excess of annual rental of \$500,000 (lease) and \$1,500,000 (purchase);
Major transactions not included in the Budget or outside the ordinary course of business.
Actions or transactions which might involve questions of legality or proprietary or are particularly sensitive in nature due to their regional, industrial, political or accountability implications, and those which might be contrary to Queensland Government policy.

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1.6. Business Strategy

Setting of strategic objectives;

Approval of strategic plan;

Approval of proposals for major expansions, acquisitions, disposals and closures;

Approval of corporate plan and budgets;

Approval of brand strategy;

Approval of priorities and performance indicators.

1.7. Approving policies on:

Internal controls and reporting systems;

Risk management and insurance;

Donations and Sponsorships.

1.8. Approving use of Seal.

REFERENCES

Corporations Act 2001

Government Owned Corporations Act 1993

Schedule of Delegated Financial Authorities

DEFINITIONS

“**Level 1 Manager**” means a person who is a direct report to the Chief Executive of Ergon Energy.

“**Ergon Energy Group**” means Ergon Energy Corporation Limited and wholly owned subsidiaries.

ENFORCEMENT

Executive Officers of the company must **not** exercise any of the powers listed in the section “Powers Reserved to the Board” without prior approval of the Board of Directors.

This policy applies to all companies within the Ergon Energy Group.

CATEGORY

Governance.