



Authority Levels and Delegation Policy

Description	This policy sets out the financial authority limits for specific levels of management relating to approval of financial or contractual business commitments. All limits are expressed as GST exclusive, unless otherwise stated.
Who	Responsible – Management, as stipulated within the document Accountable – Board
When	As required
Requirements / Documentation	Management Process – Authority Levels Matrix (POL-10-002) Form – Authority Levels – Specimen Signature (F-10-023)

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1. General Principles

This document provides defined authority levels supported by internal controls, transparent reporting and clear accountability to ensure adherence to good corporate governance principles.

- 1.1 Transaction Splitting** A single transaction cannot be split into smaller values to reduce the level of authority required for approval.

- 1.2 Conflict of Interest** A delegation cannot be exercised in relation to any matter where the individual has an actual or perceived conflict of interest. This includes, but is not limited to, situations where exercise of the delegated authority would result, either directly or indirectly, in any tangible benefit to him or her or to an associate.

- 1.3 Approval of personal actions or transactions** A person or delegate cannot approve an action or transaction with respect of themselves or their position. For example, they cannot approve their own appointment, remuneration or own travel expenses. Delegates will need approval from their Manager if there is deemed any personal benefit.

- 1.4 Approval authority** Approvals can only be sought by individuals with the equivalent or higher authority level than the Initiator. For example, a Manager cannot request their direct report to authorise a transaction they have initiated.

- 1.5 Approval by email** Where approval is given by email, the email must be sent from the Authoriser. Email CCs or emails sent on behalf of an authorised delegate, cannot be used as acceptance or approval.

- 1.6 Segregation of duties** The staff member who authorises a Purchase Order cannot raise the Purchase Order.
The staff member who raises a Purchase Order, cannot approve its payment (unless it is listed as an exception within the Invoice Payment matching process – refer 7.4)
Purchase Orders are raised by Finance Administration and Invoices are paid by Accounts Payable.
For further information on the matching process, refer to Section 7.4.

- 1.7 Temporary or acting appointments** A person appointed as a temporary or acting occupant of a position, has the authority delegated to the position in which he/she is acting.

- 1.8 Delegation** Authority that has already been delegated cannot be delegated further (ie cannot delegate delegated authority).

- 1.9 Accounts Payable responsibility** A person who processes payments or expenditures must have a reasonable belief that this policy has been correctly applied before making the payment, e.g. ensuring evidence of signatures and supporting documents are attached to the payment request.

- 1.10 Area of Responsibility** A person can only approve outside their own function area when the Executive (direct report of CEO) from the relevant function area is not physically in a position to approve when approval is required, and that Executive member’s direct reports have approved the commitment. In this instance, it is preferred that it is the CEO or CFO is the approver where practical.

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11 Specimen Signature All management covered by the Authority Levels and Delegation policy, must complete an Authority Levels - Specimen Signature Form (F-10-023). This is used by Finance Administration to validate authorisation of Purchase Orders or Invoices prior to payment.

2. Delegation of Authority

2.1 Written approval Authority levels may only be delegated with the prior written approval of the person who is the delegating authority.

Delegations are to be emailed from the delegator to the delegate with a CC to Finance Administration.

Emails setting out a delegation must clearly state:

- the delegators full name, position title and department
- the delegates full name, position title and department
- the period of delegation (the date cannot be retrospective and cannot exceed six months
- the reason for delegation
- the amount to be delegated; and
- details of what is being delegated (ie. approval of expenses, approval of capital etc)

The list of current delegations in place must be reviewed and signed off by the CFO each quarter

2.2 Restrictions on delegation A person’s approval authority can only be delegated by that person, or their manager, and to that person’s direct report.

2.3 Ultimate responsibility Persons who delegate their authority do not delegate ultimate responsibility for approvals made under that delegation.

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3. Project Initiation

3.1 Overview

A Project refers to all capital expenditure and operating expenditure constituting a body of work to achieve a specific aim that is outside standard production, production support and administrative support activities.

This includes:

- All research and development (R&D) activities
- Specific marketing campaigns
- Business development projects, including business expansion projects, project to complete policies and procedures, IT systems reviews

It does not include routine or unavoidable business-as-usual activities or expenditure whose nature is ongoing and recurring. This includes:

- Specialist fees (Audit, Legal)
- Facility repairs and maintenance
- OH&S ongoing costs
- ISO/TS compliance
- IT support

In order to proceed, it is mandatory to complete a Project Initiation Request.

A project can comprise of capital expenditure, operating expenditure and research and development expenditure (which may be defined as capital or operating). The project cost is the total cost of the project including capex, opex, write offs and any ongoing costs.

Purchase Orders and Invoices can be approved by an assigned delegate where written delegation has been provided as part of the Project Approval. Or if there is no delegation, Purchase Orders and Invoices are to be approved in line with the Capital/Expense Authority Levels in this document.

3.2 Approval of Projects

Approved by	Level of Project Expenditure	
	Budgeted	Unbudgeted
Board	\$500,000 or more	\$100,000 or more
Chief Executive Officer	Up to \$500,000	Up to \$100,000
Chief Financial Officer	Up to \$150,000	Up to \$50,000
Functional Head / Executive Director	Up to \$50,000	Up to \$20,000

3.3 Cost Variations

Once a project is approved, any variance greater than 10% or \$50,000 must be addressed as follows:

- If the project is ongoing, complete a 'Capital Approval Extension Request' and submit for approval.
 - The additional request of funds must be added to the originally approved amount to determine the appropriate authority level.
- If the project has ended, complete a 'Project Cost Overrun Form' and submit with the monthly Project Report to the CEO and CFO.

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4. Contracts, Agreements and creation of Blanket Purchase Orders

4.1 Overview

A contract or agreement refers to any documents or arrangements committing Carbon Revolution to legally binding obligations, such as professional engagements, consultancy agreements, terms and conditions of supply, equipment supply agreements, material supply agreements etc but excludes employment contracts which is covered under Section 8 People Management.

Some contracts or agreements may relate to Projects (see section 3) or Capital items (see section 5) which are specifically covered elsewhere in this Policy. Separate approval authority levels apply depending on whether the contract has been contemplated in the Project or Capital approval and is in line with that approval.

This also covers the initial creation of a Blanket PO. A Blanket Purchase Order (PO) is raised for selected raw materials within the production process that fulfil the following criteria:

- The material is agreed within a formal Bill of Materials.
- The material has an agreed negotiated price.
- The material is of significant volume and a repeat order.

A Purchase Order is created upfront and then the PO Number is utilised to re-order the items on a recurring basis. Further information on this process is detailed on WI-10-018 Raising Purchase Orders - Blanket POs.

Ideally Blanket POs are in any case covered by a separate contract in place with the relevant supplier.

An approval relates to the negotiation of approval of contracts and does not apply to the execution. The execution must be in accordance with the Contract Execution Process detailed below.

4.2 Approval of Contracts / Agreements (monetary or non-monetary) / creation of Blanket PO

Approved by	Creation of blanket PO/Supply Chain Materials Contract	Contracts/Agreements related to approved projects	Other Contracts/Agreements
Board	\$2m or more <u>OR</u> A term of 2 years or more	\$2m or more <u>OR</u> A term of 5 years or more	\$250,000 or more <u>OR</u> A term of 5 years or more
Chief Executive Officer	Up to \$2m <u>AND</u> For a term of up to 2 years	Up to \$2m <u>AND</u> For a term of up to 5 years	Up to \$250,000 <u>AND</u> For a term of up to 5 years
Chief Financial Officer	Up to \$1m <u>AND</u> For a term of up to 1 year	Up to \$150,000 <u>AND</u> For a term of up to 3 years	Up to \$100,000 <u>AND</u> For a term of up to 3 years
Member of the Executive Team	Up to \$500,000 <u>AND</u> For a term of up to 1 year	Up to \$50,000 <u>AND</u> For a term of up to 2 years	Up to \$50,000 <u>AND</u> For a term of up to 2 years
Supply Chain Manager	Up to \$1m <u>AND</u> For a term of up to 1 year		

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4.3 Approval of OE Programs / Pricing and Discounts

Approved by	OE Programs	Pricing / Discounts
Board	All (regardless of \$ value)	20% or more
Chief Executive Officer		Up to 20%
Functional Head / Executive Director		Up to 5%

4.4 Variations and Extensions

Where there is a cost variation to any contract /agreement or arrangement exceeding 10% or \$50,000 (whichever is higher), the variation must be referred to the appropriate level for approval.

Contract extensions are regarded as new contracts and therefore must be referred to the appropriate level for approval

4.5 Contract Execution Process

Contracts must be reviewed by Legal prior to execution and can be executed in accordance with the Delegation of Authority framework/limits in this policy.

For NDAs or other agreements that are outside the delegation of authority framework, these must be signed in accordance with the relevant company policy.

5. Capital

5.1 Overview

Capital expenditure is defined as the purchase of property, plant, equipment, tooling or other asset, which has a probable future economic benefit of greater than one year and a cost of \$1,000 or more.

All capital expenditure needs to be approved in the first instance via the project approval process. Only then can a Purchase Order Requisition be raised for any capital expenditure.

Purchase Order Requisitions can be completed by any staff member, however, the Purchase Order can only be authorised by the approval level set out below.

5.2 Approval of Capital

Approved by	Level of Commitment
Board	Not applicable
Chief Executive Officer	\$300,000 or more
Chief Financial Officer	Up to \$300,000
Member of the Executive Team	Up to \$150,000
Plant Manager / Supply Chain Manager	Up to \$50,000
Manager/Financial Controller	Up to \$20,000



6. Expenses

6.1 Overview

Operating expenditure (opex) can be defined as any expenditure which is not capital.

Some operating expenditures will also be defined as a project and therefore will require project pre-approval, prior to incurring the expenditure. This would typically include R&D projects and other expenditures which are not usual, routine or unavoidable business-as-usual activities. Refer to Section 3 Project Approval for further guidance.

Purchase Order Requisitions can be completed by any staff member, however the Purchase Order can only be authorised by the approval level set out below.

6.2 Approval of Expenses

Approved by	Raw Materials, Production consumables, Direct production costs		All other expenses~ (including R&D)
	Existing Blanket PO	Other	
Board	not applicable	not applicable	\$300,000 or more
Chief Executive Officer	\$500,000 or more	350,000 or more	Up to \$300,000
Chief Financial Officer	Up to \$500,000	Up to \$350,000	Up to \$200,000
Member of the Executive Team	Up to \$500,000	Up to \$350,000	Up to \$100,000
Plant Manager / Supply Chain Manager	Up to \$500,000	Up to \$350,000	Up to \$20,000
Manager/Financial Controller	Up to \$100,000	Up to \$30,000	Up to \$20,000
Supervisor	Up to \$20,000	Up to \$20,000	
Storeman / Nominated Staff Member		Up to \$5,000	

All Other Expenses~ includes IT purchases, marketing expenses, cleaning, maintenance, equipment hire, legal services, accounting services, electrical works, CAD services, external testing etc.

6.3 Approval of Petty Cash

Approved by	Petty Cash
CFO or Financial Controller	Up to \$500 (GST inclusive)

Petty cash can be used to pay for small legitimate business expenses (such as milk or coffee purchases) where payments through accounts payable or company credit card is not accepted or available.

Claims for petty cash must be supported by a tax invoice or receipt and a transaction cannot be split to be below the threshold.

For further information on the petty cash process, refer to WI-10-019 Petty Cash Administration.

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7. Finance

7.1 Overview

Describes the authority of finance related activities, including banking.

7.2 Approval of Finance Activities

Approved by	Early payments / Prepayments *	Bank drawdowns / Repayments	New financial facilities
Board	Not applicable	Not applicable	\$1,000,000 or more
Chief Executive Officer	\$100,000 or more	\$250,000 or more	Up to \$1,000,000
Chief Financial Officer	Up to \$100,000	Up to \$250,000	Up to \$1,000,000
Financial Controller	Up to \$10,000	Up to \$10,000	

* Includes any repayment penalties

Approved by	Payroll and Tax Payments
Chief Financial Officer AND Financial Controller	Fortnightly payroll payment Monthly GST payment
Chief Financial Officer OR Financial Controller	PAYG / Payroll Tax / Superannuation / Withholding Tax Monthly Payroll Tax Payment
Chief Financial Officer OR Chief Executive Officer	Annual Income tax balancing payment

7.3 Approval of Banking Activities

Approved by	Bank accounts
Two Directors	Opening a bank account
	Closing a bank account (Bank will require a letter signed by two Authorised Signatories confirming closure)
	Variations to bank accounts
Financial Controller	Updating MYOB Chart of Accounts for new bank accounts
	Administering the closure of a bank account (complete transactions; lodge a letter confirming bank account closure; update the financial system)

Approved by	Internet Bank Payments	Transfers between CR bank accounts	Cheques
Chief Executive Officer	Up to \$1,000		Two authorisers from:
Chief Financial Officer	One authoriser		Chief Financial Officer
Nominated authoriser*/Financial Controller	OR	One authoriser	Chief Executive Officer
Administration Manager	\$1,000 or more		Financial Controller

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Two authorisers

Local payments are made using electronic funds transfer (EFT) and overseas payments by telegraphic transfers (TT). Cheques will be issued by exception.

For online banking transactions, an Authoriser will require a Login ID, Password and a Security Token which issues a pin code for each transaction. Only the Authoriser can use their Security Token and they must ensure it is stored securely.

*A nominated authoriser requires dual approval from a director (including CEO) and the CFO

7.4 Credit Cards

The preferred method for transacting with suppliers is through the purchase order process, regardless of the dollar amount. Credit cards should only be used where this is not possible or practical. Examples include travel, and purchase of emergency production supplies up to \$500.

The CEO and CFO must authorise the issuance of a new business credit card, or permanent increases to the limit.

Approved by	Issue of Credit Card	Permanent Increase in Limit	Temporary Increase in Limit
Chief Executive Officer	Dual approval	Dual approval	
Chief Financial Officer	CEO and CFO	CEO and CFO	
Nominated authoriser*/Financial Controller			One authoriser

Cardholder use of a business Credit Card

- Cardholder must ensure they do not exceed the card's monthly credit limit.
- Cardholder must not use the card for personal use.
- Cardholder is responsible for all purchases on their card and must not provide their card to another staff member.
- Cash advances are not permitted without prior authorisation by the CFO.
- Cardholders must report any stolen business credit cards to the Financial Controller who will liaise with the card issuer and arrange for cancellation and reissue of a replacement card.
- Cardholders must ensure a supplier's website is secure when placing orders online.
- If any fraudulent activity is noticed on the corporate credit card, Cardholder must report immediately to the financial controller and the issuing bank.
- Cardholders who leave the business will be required to enter any transactions outstanding prior to departure.

By the last day of each calendar month, each cardholder is required to enter transactions into the Accounting system (Netsuite - via Employee Expenses module), ensuring that each transaction is supported by an uploaded receipt.

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Tax receipts are required for all transactions. A valid tax invoice is required by the business to claim any valid GST credits and to allow the business to claim a tax deduction. These can be identified as follows

- ✓ The words “Tax invoice” on the invoice somewhere
- ✓ The name and ABN of the business where the purchase has been made
- ✓ Provides details about what the purchase us (usually by listing the items purchased)
- ✓ The total amount of the transaction
- ✓ The GST on the purchase

Non adherence to the above requirements will result in cancellation of the corporate card.

Approval of business Credit Card transactions

It is the responsibility of the approver (in most cases the supervisor) to ensure that they carefully check the transactions entered, ensure that appropriate support/tax invoices are attached, and approve credit card transactions via the Netsuite approval process. This must be done within 1 day of the credit card holder submitting their transactions for approval.

If an approver is on leave, they must delegate this approval to a relevant approver.

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7.5 Invoice Payment Matching Process

Three Way Match

Applies where there is a written PO or written approval (eg. Email or signed Agreement etc)

1. Delivery Docket must be verified and signed by a staff member independent of the Purchase Order Initiator who initially requisitioned the item.
2. Upon delivery of goods, Delivery Docket is submitted to Finance Administration who ensure a three-way match against the original signed Purchase Order and Invoice.
3. Upon confirmation of a three-way match, Finance Administration will request the PO Initiator to review and authorise the physical invoice and obtain additional Authorisation as per the Authority Levels.

Exception:

Raw materials - If the invoice is under \$100,000 and there is a three-way match, there is no requirement to obtain the additional authorisation.

Other – if the invoice is under \$30,000 and there is a three-way match, there is no requirement to obtain the additional authorisation.

4. If there is no three-way match, Finance Administration to highlight the difference to Initiator or Authoriser and document an explanation.

Two Way match

Applies to Storeman / Nominated Maintenance staff member who have been issued a designated PO number OR critical maintenance requirements.

1. If available, Delivery Docket must be verified and signed by a staff member independent of the Initiator who requisitioned the item.
2. Upon delivery of goods, Delivery Docket is submitted to Finance Administration who ensure a two-way match against the Invoice.
3. Upon confirmation of a two-way match, Finance Administration will request the Initiator to review and authorise the physical invoice and obtain additional Authorisation at the next level. NOTE: This is a variation to 'Principle 1.4 Approval Authority' because there is no approval of the PO when initially raised.
4. If there is no two-way match, Finance Administration to highlight the difference to Initiator or Authoriser and document an explanation.

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8. People Management

8.1 Overview

Describes the authority levels for human resource related activities.

8.2 Approval of People Management

Approved by	Expense Reimbursement Claims	Appointment, Promotions, Demotions, Terminations	Travel Requests	Annual Remuneration Review*
Board	\$50,000 or more	C-suite	\$30,000 or more	C-suite
Chief Executive Officer	Up to \$50,000 [^]	Up to C-suite	Up to \$30,000	Up to C-suite and 5% or more
CFO/Member of Executive Team	Up to \$15,000	Up to \$100,000	Up to \$5,000	Up to \$100,000 FAR <u>AND</u> up to 5% (Joint approval with CFO)
Manager	Up to \$5,000			
Supervisor	Up to \$250			

[^] **Chief Executive Officer Expense Reimbursement Claims**, can be approved by CFO up to \$5,000. Claims in excess of \$5,000 must be authorised by the Chairman.

* **Annual Remuneration Review** is presented to the Remuneration Committee for review who will make a recommendation to the Board for approval.

Approved by	Organisational Structure Changes	Position Descriptions
Board	All other structural changes	
Chief Executive Officer	Within a function	All changes