**MERINO & CO LTD**

**DELEGATIONS POLICY**

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|  | Merino & Co Ltd – Delegations Policy |
| Version | 1.0 |
| Entity | Merino & Co Ltd |
| Date Effective | August 17, 2023 |
| Approved by | Merino & Co Ltd - Board |
| Review Requirement | Annual Review |

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| **Version** | **Description / Amendment** | **Prepared by** | **Date Approved by Board of Directors** |
| 1.0 | New document created | Joey Zhou | August 17, 2023 |
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1. **Introduction**

This policy applies to Merino & Co Limited and subsidiaries.

The Board of Directors is the overall and final body responsible for all decision making for the Company.

In order to operate efficiently and effectively, the Board empowers the officers of the organisation with appropriate delegations to discharge their responsibilities.

This policy details the delegation framework and authorities.

1. **compliance**

It is the responsibility of senior employees to familiarise themselves with this policy and ensure their own compliance and that of their direct reports.

Adherence to the policy is compulsory and any non-compliance should be immediately reported to the Chief Executive Officer (CEO) or the Chief Financial Officer (CFO) who are then expected to take appropriate action which may include ensuring the non-compliance is corrected, reporting non-compliance to the Board, or taking disciplinary action.

If any employees are uncomfortable in raising issues, Merino & Co Limited operates a ‘Whistle Blower’ policy that may provide an appropriate way to raise issues.

1. **Management**

The Chief Financial Officer (CFO) or equivalent position shall manage the delegations framework and report to the Board for that purpose.

1. **role and alignment**

Delegation occurs through a cascading mechanism. The Board delegates certain authorities to the CEO and CFO who, in turn, delegate authorities to the senior managers who, in turn sub-delegate where appropriate.

Therefore, delegations should mirror the organisational structure of the Company and the authorities/delegations will be closely aligned to responsibilities.

Delegations are attached to positions. Any manager appointed to or ‘acting’ in a position is entitled to be granted the delegations of that position.

1. **delegation authority framework**
   1. **Authorisation**

The Delegations Policy applies to all staff and contractors of the Company.

The Group Delegated Authorities schedule is set out in Annexure 2 which includes the maximum amounts managers are entitled to spend and/or commit to spend.

* 1. **Principles**

In applying this delegation framework, consideration is to be given to the following principles:

**Accountability**

It is stressed that with the delegation of authority there is a delegation of responsibility and accountability and the employee making a decision under a delegated authority must operate with integrity.

**Transparency**

Delegations should be managed and applied with consideration to transparency and a policy of no surprises.

**Personal benefit**

No person may use their delegated authorities to approve a payment or activity for which they, or a closely related party, will personally benefit.

1. **delegated authorities**
   1. **Financial Delegations**

**Operating Expenditure**

The most common delegated financial authority applies to all operating expenditure, which is expenditure that is shown on the company Profit and Loss Statement and generally represents items with a consumption period of less than a year. This includes personnel related costs.

**Capital Expenditure**

Capital expenditure includes expenditure which is shown on the Company balance sheet and which generally represents items with an economic life in excess of one year.

**Leases and Contractual Expenditure**

In determining the delegated authority for approval of leases and long term contracts, the total lease commitment or total contractual expenditure should be considered rather than individual payments or annual expenditure.

**Supplier Agreements**

The CEO and senior managers are authorised to enter supplier agreements for the ordinary course of business in order to improve effectiveness and efficiency. These agreements must operate in accordance with this policy.

**Treasury**

Treasury includes Electronic Fund Transfer (EFT), International Monetary Transfers, Internal Fund Transfers, and Company debit card transactions.

**The Board**

The Delegations Policy encompasses authorisation for all expenditure by the Board including discretionary expenditure.

* 1. **Other Delegations**

**Related party matters**

By virtue of its nature, staff of the Company are exposed to a variety of related party matters which are best managed through full transparency.

Refer to the separate Related Party Transactions Policy which outlines related party transactions which are to be notified to the Company Secretary and also the ‘Pre-approved’ related party transactions which do not require to be notified.

Subject to the requirements of the Related Party Transactions Policy, the CEO and Senior Managers are authorised to engage in related party transactions in the normal course of business, on terms and conditions that are fair and reasonable and in accordance with these delegated authorities.

**Accounting policies and appointment of auditor**

All financial reporting by the Company is expected to comply with the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’). Accounting policies should be consistent with these standards and should be applied consistently from year to year unless a change is warranted.

The Auditor shall be appointed by the Board if no appointment has been made at a general meeting of the Company.

**Legal, litigation, compliance and regulatory matters**

All litigation, compliance, regulatory or similar investigations or claims received or made (threatened and actual) must be notified to the Chief Executive Officer (CEO). The CEO is delegated authority to act on lesser issues but shall report all matters of significance (over $50,000) to The Board for approval.

6.4 **Related documents**

In acting within delegated authorities, Managers shall have regard to other policies that may exist from time to time, such as:

* Related Party Transaction Policy
* Travel and Entertainment Policy
* Whistle blower Policy
* Anti Bribery and Corruption Policy
* Code of Conduct

6.3 **Control mechanism**

An Annual Budget is to be prepared and a financial report is to be provided to the Board on a monthly basis with any areas of concern and areas of significant variation between actual and budgeted expenditure highlighted.

1. **Review of Policy and Guidance** 
   1. The Audit & Risk Management Committee (or Board, as applicable) will review this Policy annually.
   2. Compliance with the law and the requirements set out in this Policy is the responsibility of all Directors, officers, employees and consultants of the Company. Any guidance provided in or under this Policy does not affect individual responsibility.
2. **Definitions and Interpretation**
   1. Definitions

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| **AASB** | means Australian Accounting Standards Board |
| **Board** | means the Company’s board. |
| **CFO** | Means the Chief Financial Officer or in the absence of a CFO a senior finance role such as the Financial controller |
| **Company** | means Merino & Co Ltd (ACN 629 754 874) and, as the context requires, the entities it controls. |
| **Company**  **Secretary** | means the company secretary of the Company. |
| **DFA** | means Delegated Financial Authority |
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| **Employee** | includes executive Directors, managers and all other staff engaged on a contract of employment or a salaried basis, and where the context requires, non-executive Directors. |

**ANNEXURE 1 – DELEGATED FINANCIAL AUTHORITY TEMPLATE**

**Delegated Financial Authority**

a) Sub-delegation

Company:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Delegee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Delegated Financial Authority:

As per Delegations Schedule

Notes or Limitations in Relation to the Above:

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Declaration:

I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (delegee name) hereby acknowledge that I have been delegated the above noted DFA by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in accordance with the Merino & Co Limited Delegations Policy. I have read said policy and I undertake to comply with the terms thereof.

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Manager: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ hereby acknowledge that I have authorised the above recorded sub-delegation effective from the above date. The sub-delegation is properly made in accordance with Merino & Co Limited Delegations Policy.

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ANNEXURE 2**

**Refer separate document**