



**STATEMENT OF DELEGATED AUTHORITY**

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## 1. AUTHORITY DELEGATED TO SENIOR MANAGEMENT

### 1.1 Chief Executive Officer (CEO)

The CEO is responsible for the executive management of Compass Hotel Group Limited ACN 127 909 835 ("Compass"), and is accountable to the Board for the day to day operations. The CEO is authorised to delegate such of the powers conferred on him as he deems appropriate. The delegation of powers by the CEO is subject to the limits and restrictions determined by the Board from time to time.

### 1.2 Delegation to the CEO

The Board has delegated to the CEO authority over the day to day management of Compass, its subsidiaries and their respective operations. This delegation of authority includes responsibility for:

- (a) developing business plans, budgets and company strategies for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) identifying and managing operational risks on a daily basis and, where those risks could have a material impact on Compass's businesses, formulating strategies for managing these risks for consideration by Board;
- (c) managing Compass's current financial and other reporting mechanisms as well as its control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- (d) ensuring that the Board and its various committees are provided with sufficient information on a timely basis in regard to Compass's businesses and, in particular, with respect to the Company's performance, financial condition, operating results and prospects, to enable the Board and those committees to fulfill their governance responsibilities; and
- (e) implementing the policies, processes and codes of conduct approved by the Board.

### 1.3 Reserved Powers

Any responsibilities not specifically delegated by the Board to the CEO or through him to Heads of Department, remain the responsibility of the Board - see Attachment A.

## 2. FRAMEWORK OF CONTROL

While the Board is responsible for the framework of control, it has developed a set of policies, procedures and practices and established various committees to assist it in effecting and monitoring compliance.

These controls have been designed to be, and are intended to be, practical and cost effective. They are not intended to limit initiative or flexibility in conducting business.

The framework of control comprises several elements, including the following:

- (a) (Authorisations) All employees need to understand the powers that have been assigned to their position and the point at which a decision must be referred to others;
- (b) (Segregation of Duties) To the extent practicable, one person should not be permitted to both authorise and execute a transaction;
- (c) (Policies and Procedures) Policies assist people to make decisions with confidence that those decisions will be consistent with the objectives of Compass and their own business unit;
- (d) (Standards of Performance) Standards of performance permit comparison of results with what was planned, or with some other benchmark; and
- (e) (Internal Audit of Risk Management) Internal audit of management operates by evaluating the effectiveness of the other elements of control and by appraising compliance and risk.

### **3. INFORMING THE BOARD**

The system of delegation of authority and the exercise of that authority is predicated on an assumption that directors of Compass are appropriately and fully informed on all material issues. This means that appropriate and sufficiently detailed reports must be furnished at regular intervals including:

- (a) decisions, exercise of powers, or issues, considered to be material;
- (b) a summary of activities in the business units;
- (c) information that gives assurance that appropriate accounting systems, information systems, controls, and procedures are being maintained; and
- (d) accounting and related information that sets out current, and forecast, status of the business.

This information must be in a form, timeframe and quality that enables the Board to discharge its duties effectively.

The Board will therefore review the terms of the Authorities not only in light of the affairs of Compass and the performance of its delegates from time to time, but also the quality of information it is receiving from the delegates.

### **4. COMPANY SECRETARY**

The Company Secretary of each Compass group entity shall have authority to counter-sign documents of that company, provided that the Company Secretary is first satisfied that:

- (a) the document has been properly authorised for signature;
- (b) the document has been signed by a director of that company; and
- (c) where required, as in the case of Board Reserved Powers, all directors of that company have been notified of the need for execution of the relevant

document prior to its counter-execution by the Company Secretary.

## **5. AUTHORISATIONS**

- (a) The Authorisations as determined by the Board from time to time, are established on the basis that the Board will:
  - (i) perform the tasks and responsibilities set out in the Board Charter;
  - (ii) receive appropriate and sufficient reports on the conduct of the business and material issues in the manner contemplated by the Board Charter; and

therefore does not need to be involved in day-to-day operations.
- (b) Authorisations are primarily concerned with the powers to bind or create an obligation on Compass.
- (c) Unless specified otherwise, powers are delegated to a position and not to a person.
- (d) An occupant of a position assumes the powers delegated to subordinates within their designated span of control.
- (e) Employees can only exercise assigned powers related to their area or functional responsibility.
- (f) Temporary delegations (to cover extended leave or absence of the usual occupant of the position) must be formally approved and promulgated.
- (g) Heads of Departments will necessarily need to delegate specific and significant powers and responsibilities to the next level of management. Authority should be driven down through the organisation to ensure people at every level are empowered to make timely and effective decisions relevant to their activities.
- (h) Authorisations apply to all business units and divisions throughout the Compass group. They can only be altered with approval of the Board.

## **6. REVIEW OF AUTHORISATIONS**

- (a) The Authorisations must be reviewed annually to ensure the content and levels of authority remain relevant. The review will include a check for compliance.
- (b) The Authorisation should also be reviewed when any significant event occurs that could change the way the Authorisations are applied or interpreted (e.g. after a restructure of the Compass group, or an acquisition, or when there is a significant change in the business environment, etc).
- (c) Each Head of Department will conduct a review of the Authorisations in liaison with the Chief Executive Officer.

## **7. REVIEW OF DELEGATED AUTHORITY**

- (a) The Chairman of Compass will be the arbiter for interpretation and/or

clarification of this Statement of Delegated Authority. Omissions should also be brought to the attention of the Chairman.

- (b) This Statement of Delegated Authority is intended to be read in conjunction with the Board Charter.
- (c) This Statement of Delegated Authority is subject to amendment by the Board. The Board intends to review its terms periodically.

**ATTACHMENT - AUTHORISATIONS****MATTERS ALWAYS REQUIRING BOARD APPROVAL, AUTHORITY AND NOTIFICATION**

1. Subsidiaries and Business entities
  - Formation, divestment or acquisition of business entities and subsidiaries.
  - Composition and powers of boards.
  - Performance of business entities and subsidiaries.
  - Restructure, winding up or sale of business entities, divisions and subsidiaries.
  - Purchase or sale of shares in other companies.
2. Financial
  - Determination of approved classes of investments.
  - Investment/divestments in approved classes.
  - All hedging policies and variations from them.
  - Borrowings:
    - (i) new borrowings; and
    - (ii) rollover of existing borrowings.
  - Guarantees:
    - (i) liabilities to third parties; and
    - (ii) parent guarantees to subsidiaries/related business entities.
3. Purchase/sale of real property
4. Purchase/sale of Intellectual property
  - Capital expenditure:
    - (i) approval of annual capex plan; and
    - (ii) capex status report including project completions and evaluations.
5. Strategic Planning
  - Approval of Strategic plan:
    - (i) Performance to plan.
  - Approval of Operating budget:
    - (i) Performance to budget.
6. Other
  - All related party transactions
7. Financial Authorities and Delegations
  - Reviewing the performance of, and removing.
  - Any matter not specifically otherwise delegated