

Delegation of Authority

Policy No.: 7.40

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1. AUTHORITY OF THE BOARD

Matters Reserved for the Board

The Gerard Lighting Board retains control over its statutory obligations and key strategic decisions, and to monitor issues that significantly impact the Company. These specific matters, as well as those issues which fall outside the scope of the Managing Director's delegated authority, are reserved to the Board for decision making purposes.

Delegations to Management and Staff

The Board of Gerard Lighting has delegated certain defined authorities to the CEO/Managing Director, certain managers and employees of the Company in order to efficiently operate the business, within an appropriate control framework.

Principles of Delegation

The principles by which the Board has delegated its authority to exercise powers are set out below

- The Board wishes to retain control over its statutory obligations and key strategic decisions, and to monitor issues that significantly impact the Company.
- The Board will delegate authority to the Managing Director, management and employees to facilitate efficient decision making.
- The delegations of the Board are made pursuant to the Corporations Act 2001 (Cth) and the Constitution of Gerard Lighting. These provide that the business of a corporation is to be managed by or under the direction of the directors and that the directors of a company may, by resolution, delegate any of their powers to the CEO and employees of the Company.
- The law requires the Board to remain accountable for matters for which it has delegated authority. Therefore, the Board has implemented a high level of control to all delegates who exercise authorities on behalf of the Board.
- Delegation limits are set by taking into account the balance between making efficient decisions close to the business activity and the need for the Board and management to oversee areas of significant impact on the Company in terms of strategic direction, risk and value. While there is no explicit formula to specify the delegation limits of the many business activities requiring a specific authority, delegation limits have been established over time in response to changing risk profiles and oversight expectations.
- A distinction is required between the authority to approve a transaction and the authority to execute a contract.

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2. DELEGATIONS TO MANAGEMENT

General Delegation to CEO/Managing Director (MD)

Except for the matters always reserved for the Board and any matter delegated to management above the specified limits, the Board delegates all of its powers to the MD to manage and operate the Company on a day to day basis.

Specific Delegations to Management

The Board delegates specific powers to the CEO/MD, management and employees up to the delegation limits as set out in Delegation Authorities below and other supporting policies.

3. FRAMEWORK OF CONTROL

The Gerard Lighting Board is responsible for the framework of control within the Company. In this regard it has established various Board Committees and has developed comprehensive policies, procedures and practices to assist it in its overall role.

In exercising a delegated authority to either approve a transaction or to execute a document a delegate must observe the following principles:

- a) The delegate must exercise their authority subject to and in accordance with the law, the Gerard Lighting Code of Conduct and Gerard Lighting's policies and procedures.
- b) In exercising their delegated authority a delegate must ensure that:
 - i. there is provision in the budget (or if beyond the term of the approved budget within the scope of the Corporate Plan) for the proposed expenditure or is otherwise approved by the Board;
 - ii. the expenditure is for a proper purpose in the conduct of business for Gerard Lighting;
 - iii. the authority does not relate to the delegate's own personal expenses;
 - iv. it is associated with their normal function and area of responsibility;
 - v. judgement should be exercised by the delegate by referring any matter within their delegated authority that should, because of its special nature or materiality, be referred to higher authority.
- c) Unless otherwise specified, powers are delegated to a position and not to a person.
- d) Unless otherwise specified, an authority delegated to a position extends to any person acting in the position.

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- e) A delegate must not exercise their delegated authority if in doing so they would personally benefit or it creates a conflict of interest.
- f) Delegation limits apply to the total value of the transaction (not to instalments).
- g) In the event that this Policy has omitted to specify a delegate who has the authority to execute a particular document, the delegate who has authority to approve the transaction is taken to also have authority to execute the document that evidences the transaction.
- h) In exercising a delegated authority to execute a contract, agreement or otherwise commit the Company, employees are to ensure that entry into the contract has been approved by a party with appropriate authority and also are to ensure that satisfactory legal and commercial due diligence has been undertaken.
- i) A person who approves a transaction beyond their delegation limit will be in breach of this Policy.
- j) The authority to approve a transaction is taken to include the authority to terminate or cancel a transaction including the authority to terminate a contract evidencing the transaction (subject to dispute settlement delegation limitations).
- k) In the event that there is an ambiguity as to what delegation might apply the delegate must apply a conservative approach and apply the lowest level of delegation that might apply.
- l) Where a position has been delegated authority and the title of that position has been changed or the duties have been transferred to another position (replacement position), the CEO/MD can approve that the delegated authority carries through to the replacement position.
- m) Where a position has a delegated authority, the managers above that position may also exercise the same authority, except where a particular qualification or other certification must be held by the delegate and is not held by the manager.