

Delegation of Authority

1. Purpose

The purpose of this policy is to ensure the efficient operation of all business entities while accomplishing the following objectives:

- Maintain fiscal and policy integrity through the careful delegation of authority;
- Ensure company and business group CEOs are empowered to accomplish their business objectives;
- Differentiate delegation for financial responsibility from delegation of authority for strategic actions and other commitments for the various operational functions including: finance, human resources, legal, and strategy.

The procedures outlined herein identify those situations in which it is appropriate to use delegations of authority and the procedures that should be followed to make such delegations.

Accountability for the management of the property, assets, financial and human resources of each subsidiary ultimately rests with the Chief Executive Officer of each company, who expects those delegated authority under the terms of this policy to safeguard Company resources by establishing and maintaining sound business controls that deter and detect any potential misuse of resources.

2. Scope

Delegations of authority should be limited both in scope and number to those which are necessary to achieve efficiency while maintaining accountability.

3. Delegation Guidelines

Delegations of authority are appropriate in the following situations:

- A. The delegation will enhance the effectiveness and efficiency of the operation without risking the integrity of the internal control necessary for accountability; and
- B. The manager receiving the delegation requires such authority to efficiently and effectively carry out his/her job responsibilities; and
- C. The manager receiving the delegation has the expertise to use the delegated authority appropriately and knowledgeably; and
- D. The risk of abuse of a delegated authority is minimal or where it can reasonably be managed to reduce the risk to an acceptable level; and
- E. There is a method in place to ensure proper exercise of the delegation of authority including a monitoring and periodic review/audit of the system.

4. Delegation Approval Process: Attached.

5. Clarification

If there is a need for clarification of proper process, please contact the individual company's head of finance, the Human Resources Manager/Director, or the General Counsel.

6. Effective Date: This policy is effective [Date].

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No Holding Approval Needed					

R(equest); C(onfirm); A(pproval); I(nform)

Finance

Activities & Value	Required Information/ Activities	Head of Department	Subsidiary Head of Finance	Subsidiary CEO	Holding Head of Finance	General Counsel	Head of Holding Co.	Chair/Board of Directors
F1 General Goods & Services—Purchases by any Company Department								
\$5,000 or less than	PO	A	I					
\$5,001 - \$49,999	PO	R	I	A				
\$50,000 - \$100,000	PAR	R	C	C	C		A	
Greater than \$100,000	PAR	R	C	C	C		A	I
F2 Material for Inventory								
\$25,000 or less than	PO	R	I	A				
\$25,001 - \$350,000	PO or PAR		I	A				
Greater than \$350,000	PO or PAR	R	C	A	I		I	
F3 Capital Expenditures—Purchases by any Company Department								
\$5,000 or less than	PO	A	I					
\$5,001 - \$100,000	PO	R	I	A				
Greater than \$100,000	PAR ROI analysis	R	C	C	C		C	A
F4 Engagement								
Audit, tax, valuation, TP study, etc.	PAR/Contract		R	C	C	C	A	
F5 Promotion or Event								
\$25,000 or less than	PO	R	I	A				
\$25,001 - \$100,000	PO	R	I	A				
Greater than \$100,000	PAR	R	C	C	C		A	
F6 Commission or Royalty								
\$100,000 or less than	Contract		I	A		C		
\$100,001 - \$250,000	PAR/Contract	R	C	A	I	C		
Greater than \$250,000	PAR/Contract		C	R	C	C	C	A
F7 Financial Write-off								
\$5,000 or less than	PAR	R	I	A				
\$5,001 - \$50,000	PAR	R	C	A	I		I	
\$50,001 - \$100,000	PAR	R	C	C	C		A	
Greater than \$100,000	PAR	R	C	C	C		A	I

R(equest); C(onfirm); A(pproval); I(nform)

F8 Borrowing								
Less than \$300,000	PAR		R	A	I		I	
Greater than \$300,000	PAR		R	C	C		C	A
F9 Loan Payoff								
Less than \$300,000	PAR		I	A	I		I	
Greater than \$300,000	PAR		R	C	C		C	A
F10 Budget								
Annual Budget approval & revision	PAR Business Plan		I	R	C		C	A
F11 Deposit & Prepaid Expenses								
Same as F1 "General goods & Services"								
F12 Line of Credit: Opening or Closing								
Less than \$300,000	PAR		R	A	I			
\$300,000 or more	PAR		R	C	C		C	A
Renewal & Payoff	PAR		R	A	I		I	
F13 Bank Account Management								
Check signer	PAR		R	A	I		I	
Account setup, close & changes	PAR		R	A	I		I	
Account balance transfer	Supporting docs.		R	A				
F14 Tax Payment								
Less than \$100,000	Tax return report		R		C		A	
\$100,000 or more	Tax return Report		R		C		C	A
F15 Intercompany Transfers								
Less than \$300,000	PAR		R		C		A	I
\$300,000 or more	PAR		R		C		C	A

R(equest); C(onfirm); A(pproval); I(nform)

Human Resources

Activities & Value	Required Documents	Head of Department	Head of Finance	Subsidiary CEO	Head of HR	Holding Head of Finance	General Counsel	Head of Holding Co.	Chair/Board of Directors
H1 BSC/Final Evaluation									
Staff Results	BSC	R		A	C				
Results of CEO	BSC			I	I			R	A
H2 Annual Salary Planning & Increase	PAR Budget Doc.		I	R	C			C	A
H3 STIP/Bonus Programs	PAR Support Doc.		I	C	R	I		C	A
H4 Annual STIP/Bonus Payout	PAR Support Doc.		I	R	C	I		C	A
H5 Salary Adjustments:									
Staff	Change Authorization	R		A	C				
Manager / Director	PAR/Change Authorization	R	I	A	C				
Executive	PAR/Change Authorization		I	R	C			C	A
CEO	PAR/Change Authorization		I		I			R	A
H6 Offer Letter/Hiring/ Employment Contract									
Staff	Hiring Req.	R		A	C				
Manager/Director	PAR/Chg Auth	R	I	A	C				
Executive	PAR/Hiring Req/Contract		I	R	C		C	C	A
CEO	PAR/Hiring Req/Contract		I		I		C	R	A
H7 Termination & Severance Agreement									
Staff	Support docs.	R		A	C				
Manager / Director	Support docs.	R	I	A	C		C		
Executive	Support docs.		I	R	C		C	C	A
CEO	Support docs.		I	I	I		C	R	A
H8 Benefit Plans	PAR/Support docs.		I	C	R	I	C	A	I
H9 Promotions/Transfers									
Employee (To Staff or Supervisor)	Change Authorization	R		A	C				
To Manager / Director	PAR/Change Authorization		I	A	I				
To Executive	PAR/Change Authorization		I	R	C		C	C	A
To President/CEO	PAR/Change Authorization		I		I		C	R	A

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Activities & Value	Required Documents	Head of Department	Head of Finance	Subsidiary CEO	Head of HR	Holding Head of Finance	General Counsel	Head of Holding Co.	Chair/Board of Directors
H10 Outsourcing									
<i>Temporary Labor (Agency)</i>									
Up to \$40/hour	Hiring Req. / Fee Agreement	R		A	C				
>\$40/hour	Hiring Req. / Fee Agreement	R		A	C				
<i>Independent Contractor</i>									
Less than \$50,000/year	PO or Agreement	R		A	C				
\$50,000-\$100,000/year	PAR/Agreement	R		C	C		C	A	
Over \$100,000/year	PAR/Agreement	R		C	C		C	C	A

R(request); C(confirm); A(approval); I(nform)

Legal/Compliance

Activities & Value	Required Documents	Manager / Director	VP	Subsidiary CEO	Holding Head of Finance	General Counsel	Head of Holding Co.	Chair/Board of Directors
L1 Intellectual Property								
Patent Application	Support Docs.	R	R	A		I		
Trademark Application	Support Docs.	R	R			A		
Patent & Trademark Assignment	Support Docs.		R	C		A		
IP License In/Out	Support Docs.			R		A		
IP Prosecution Litigation (Opposition/Cancellation)	Support Docs.			R	R	A	I	
Confidentiality Agreement	Agreement	R	R			A		
L2 Real Estate Lease Agreement								
Less than \$100,000 or 1 yr	PAR Contract		R	R	C	C	A	
More than \$100,000 or 1 yr	PAR Contract			R	C	C	C	A
L3 Real Estate Purchase / Sale Agreement – Any Amount								
	PAR Contract			R	C	C	C	A
L4 Mergers & Acquisitions								
	PAR/Business Plan/Contract			R	C	C	C	A
L5 Customer Sales/Supply Contracts								
	PAR/Contract	R	R	C	I	A		
L6 Law Suits/Settlements								
Institute Legal Action - All	Support Docs.	R	R	C		C	C	A
Settle Legal Action: Payments								
Less than \$100,000	PAR / Agreement	R	R	A	I	C	I	
Greater than \$100,000	PAR / Agreement			R	C	C	C	A
L7 Joint Ventures								
Greater than \$100,000/year	PAR/Agreement	R	R	C	I	C	C	A
L8 Legal Bills								
	Invoice							
Less than \$100,000	Support Docs.			R		A		
Greater than \$100,000	Support Docs.			R	C	C	I	A
L9 Vendor Agreements/Bulk Sale Agreements/Other General Contracts								
Less than \$25,000	Contract	R	A			C		
\$25,001 - \$100,000	Contract		R	A		C		

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Activities & Value	Required Documents	Manager / Director	VP	Subsidiary CEO	Holding Head of Finance	General Counsel	Head of Holding Co.	Chair/Board of Directors
\$100,001 - \$250,000	PAR Contract	R	R	A	I	C	I	
Greater than \$250,000	PAR Contract	R	R	A	I	C	I	I
L10 Rules & Policy†								
DOA Creation, Amendment & Mgmt.	PAR/Docs				I	R/C	C	A
Finance Rules & Policy, Approval & Revision	PAR	R*	R*	R*	C	C	A	I
HR Policies	PAR				R**	C	A	
Other Department Policies	PAR	R*	R*	A		I	I	

†Holding Co. Legal/Compliance will hold a repository of all company policies for reference of all employees.

*As Appropriate

**Request by Head of HR (not Holding Head of Finance)

R(equest); C(onfirm); A(pproval); I(nform)

Strategy & Other

Activities & Value	Required Documents	Head of Department	Head of Finance	Subsidiary CEO	Head of Finance	Head of HR	Head of Holding Co.	Chair/Board of Directors
S1 Mid & Long-term Strategy	PAR/Docs		I	R			C	A
S2 Mid-Year Corporate Business Goal & KPI Revision	PAR/Docs		I	R			C	A
S3 Major Organizational Restructure (e.g., M&A; Company relocation)	PAR/Docs		I	R		C	C	A
S4 Internal Organizational Restructuring (e.g., New Department; Merging or Dividing Departments)	PAR/Docs	R	I	C		C	C	A
S5 New Unbudgeted Project Plan								
Less than \$100,000	PAR/Docs			R	C		A	
Greater than \$100,000	PAR/Docs			R	C		A	
S6 Donation								
Less than \$50,000	PAR	R	I	A	I		C	
Greater than \$50,000	PAR		I	R	I		C	A
S7 Insurance								
Renewal, Policy, & Management	PAR/Docs	R		C	C	C	A	

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