



**Billabong  
International  
Limited**

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# **Independence of Directors Policy**

**Billabong International Limited**

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*Reviewed by the Board – 23 June 2017*

## **1. Background**

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Billabong International Limited and each of its subsidiaries (the **Company**) is committed to adopting high standards of corporate governance.

This policy takes into consideration corporate governance developments in Australia, including the criteria for independence established by the Australian Securities Exchange Corporate Governance Council. The Board will have discretion to determine if a Director is independent.

## **2. Purpose**

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The purpose of this policy statement is to:

- Specify the test that will be used by the Board to assess the independence of each Director;
- Identify the information that will be collected from each Director to make the assessment of independence; and
- Outline the disclosure to shareholders of the assessment of independence of Directors, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of a Director.

## **3. Test of “Independence”**

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An assessment of Non-Executive Director’s independence is carried out annually or at any other time where the circumstances of a Director change such as to warrant reconsideration.

When determining the independence of Non-Executive Directors consideration is given to whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed or has previously been employed, in an executive capacity by the Company or by a subsidiary of the Company, and there has not been a period of at least three (3) years between ceasing such employment and serving on the Board;
- is, or has within the last three (3) years been, a principal of a material professional advisor or a material consultant to the Company or any of its subsidiaries, or an employee materially associated with such a service provider;
- is, or has been within the last three (3) years, in a material business relationship (e.g. as a supplier or customer) with the Company or any its subsidiaries, or an officer of or otherwise associated directly or indirectly with someone with such a relationship;
- has a material contractual relationship with the Company or a subsidiary of the Company other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director of the Company for such a period that his or her independence may have been compromised.

## **4. Information Collected by the Board to Assess Independence**

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Generally, all facts and circumstances will be considered in determining the independence of a Director under the above test. It is not possible to explicitly provide for all circumstances that will indicate a conflict of interest or a material relationship. However, a Director will normally be considered to be independent if he or she meets all of the criteria described above.

It should be noted that in certain circumstances a Director may be considered by the Board to be independent where the Director does not meet one or more of the criteria specified above, and the Board reserves its right to make such an assessment and disclose it as described in paragraph 5.

#### **4. Information Collected by the Board to Assess Independence (cont.)**

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The test of whether a relationship or business is “material” will be based on the nature, circumstances and activities of the Director having regard to the guidelines above. Materiality will be considered from the perspective of the Company, the persons or organisations with which the Director has an affiliation and from the perspective of the Director.

#### **5. Disclosure**

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The Board will make the following disclosure to shareholders in the Company’s Annual Report:

- Independent and non-independent Directors will be identified and the basis on which assessment of independence is determined will be stated;
- Any assessment of independence for a Director who does not meet the criteria above will be specifically explained; and
- Material relationships, associations and other business of each Director will be described (whether or not falling within the categories listed above). This will include details of any relationships or circumstances which the Board believes do not affect independence but which could be perceived as influencing the Director’s judgement, objectivity or ability to act in the best interests of the Company.
- The length of service of each Director.