



**Billabong  
International  
Limited**

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# **Policy and Procedures for Selection, Appointment and Re-Election of Non-Executive Directors**

**Billabong International Limited**

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*Reviewed by the Board – 2 May 2017*

## 1. Introduction

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This procedure is drafted pursuant to *Principle 1 – Lay Solid Foundations for Management and Oversight* established by the ASX Corporate Governance Council. The procedure is to be posted on the Company's corporate website.

## 2. Procedure for the Nomination, Selection and Appointment of New Non-Executive Directors

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Billabong International Limited's (the **Company**) Board procedure when selecting and appointing new directors varies depending upon the circumstances of the Company at the particular time. Generally, however, the procedure for the selection and appointment of a new director is a formal, rigorous and transparent procedure, which requires the Nominations Committee to undertake the following steps:

- The Committee will periodically assess the skills required to discharge competently the Board's duties, having regard to the strategic direction of the Company, and the skills, experience, independence and knowledge, currently represented on the Board.
- This periodic assessment enables the identification of the particular competencies and perspectives that will best increase the Board's effectiveness.
- Where a specific need is identified or arises, the Committee will commence a search process across a diverse candidate pool. This may involve engaging third parties to assist in identifying potential appointees.
- The Committee will develop a short list of potential appointees for detailed consideration and screening by the Committee, taking into account matters including the following:
  - the qualifications, skills, experience and personal attributes of the potential appointees;
  - each potential appointee's ability to match the needs of the Board;
  - the time commitment required by a director to effectively discharge his or her duties to the Company;
  - the number of existing directorships and other commitments that may demand the attention of the potential appointee;
  - the nature of existing positions, directorships or other relationships and the impact that each may have on the potential appointee's ability to exercise an independent judgement;
  - the extent to which the potential appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board; and
- The Committee will endeavour to ensure there is a diverse shortlist of potential appointees, being particularly mindful of gender balance.
- The Committee will conduct interviews upon finalisation of the shortlist, wherever practical ensuring there is at least one male and one female on the interview panel.
- The Committee will identify and present to the Board the most appropriate person(s) from the short list of potential appointees and will arrange for those person(s) to meet with members of the Board and the CEO.
- Prior to appointment, the final shortlisted candidates:
  - are required to meet with members of the Board and the CEO;
  - must disclose the nature and extent of their other appointments and activities;
  - must provide the Nominations Committee with a consent for the Company to conduct any background or other checks the Company would normally conduct; and
  - must demonstrate they understand what is expected of them and confirm that they are willing to make the necessary commitments, and will have the available time required, to discharge their responsibilities as a director.
- The Committee will recommend to the Board the most appropriate person(s) from the short list of potential appointees to be invited to become a director of the Company.
- The Company will undertake appropriate checks prior to appointing a new director.
- Any decision on the appointment of a new non-executive director will be made by the Board.

### **3. Election and Re-election of Directors**

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Under the Company's constitution:

- a director must retire from office no later than the longer of:
  - the third annual general meeting of the Company; or
  - three years,following that director's last election or appointment;
- if the Company has three or more directors, one third of the directors (rounded down to the nearest whole number) must retire at each annual general meeting; and
- the director(s) to retire from office are:
  - those who have held their office as director for the longest period of time since their last election or appointment to that office; and
  - if two or more directors have held office for the same period of time, those directors determined by lot, unless those directors agree otherwise.

Any newly appointed director will retire at the next annual general meeting of the Company and be eligible for re-election at that meeting.

The Company will undertake appropriate checks before putting any candidate for election or re-election to shareholders.

Prior to each annual general meeting, the Board is to determine whether it will recommend to shareholders that they vote in favour of the election or re-election (as the case may be) of each non-executive director standing for election or re-election, having regard to any matter the Board considers relevant, including the director's annual performance assessment and the length of the director's tenure.

Each notice of meeting involving the election or re-election of directors will contain a range of information about the person recommended for election as a director, including the matters set out in the ASX Corporate Governance Principles and Recommendations and any other information considered relevant for shareholders to make an informed decision.

### **4. Following Appointment as a Director**

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New directors are required to sign and return a letter of appointment, which sets out the key terms of appointment.

When appointed to the Board, all new directors will receive an induction appropriate to their experience to enable new directors to actively participate in decision-making as soon as possible, including familiarisation with the Company's strategic, financial, operational and risk management issues.

A non-executive director should inform the Chair of the Board and the Chair of the Nomination Committee before accepting any new appointment as a director of another listed entity, any other material directorship or any other position with a significant time commitment attached.

Each director is also required to enter into a Directors' Deed which (among other things) provides the director with certain indemnities and rights of access to Company information following retirement.