



**Billabong  
International  
Limited**

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## **Statement of Matters Reserved for the Board**

**Billabong International Limited**

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Reviewed by the Board – 23 June 2017

## **Introduction**

This procedure is drafted pursuant to *Principle 1 – Lay solid foundations for management and oversight* of the Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) established by the ASX Corporate Governance Council. The procedure is to be posted on the Company’s corporate website.

In carrying out its responsibilities and powers as set out in this statement, the Board will at all times recognise overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of Billabong International Limited’s (BBG) shareholders as well as its employees, partners, and the community.

### **1. Responsibilities of the Board**

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- 1.1. The Board is responsible for setting strategic objectives, overseeing the effective management and control of the Company and its subsidiaries (together, the “Group”) and identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.
- 1.2. The Board has delegated certain responsibilities to standing committees for review and recommendation to the Board. All Committees operate in accordance with Charters approved by the Board. The permanent Committees of the Board are the Audit & Risk Committee, HR & Remuneration Committee and Nominations Committee. The Committees will assist the Board by focusing on the activities specified in their respective Charters, reporting to the Board on decisions and actions taken, and making any necessary recommendations.
- 1.3. The Board has delegated the day to day management of the business of the Group to management through the Chief Executive Officer subject to agreed authority limits applicable to the executive leadership team. However, the Board has established the below list of reserved matters pursuant to which it has reserved to itself control over certain matters of a strategic, sensitive or extraordinary nature or which exceed the thresholds set in the authority delegated to management.

### **2. Reserved Matters**

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The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated to a Committee of the Board, the Chairman, the Chief Executive Officer or any other nominated member of the executive leadership team.

#### **2.1. Appointments**

- (a) Appointments to the Board, following a review by the Board’s Nomination Committee.
- (b) The appointment of the Chairman, following a review by the Board’s Nomination Committee.
- (c) The appointment and review of the performance of the Chief Executive Officer and executive leadership following a review by the Board’s HR & Remuneration Committee.
- (d) The appointment of external auditors on the recommendation of the Board’s Audit & Risk Committee.
- (e) The appointment of the Company Secretary.

## **2.2. Strategy and Direction**

- (a) Providing input into and final approval to the Group's:
  - (i) overall strategic direction and strategic plans for each of the Group's major business units;
  - (ii) key business, financial and performance objectives; and
  - (iii) dividend policy and the approval of any dividend pursuant to that policy.
- (b) Acquisitions, disposals of assets or any significant Group expenditure which exceeds the authority limits delegated to the Chief Executive Officer or any other member of the executive leadership team.

## **2.3. Financial Controls, Legal and Regulatory Compliance and Risk Management**

- (a) Annual operating and capital expenditure budgets for the Group.
- (b) Treasury policies, including foreign currency exposure and policies on the use of financial derivatives.
- (c) Group's Delegation of Authority document detailing authority/approval limits, on the recommendation of the Audit & Risk Committee.
- (d) The Group's financial statements and published reports, including the Directors' report, the Group's corporate governance statement and other significant statements to the ASX, ASIC, shareholders and/or the media.
- (e) Acceptance of Audit Reports including management letters.
- (f) Setting the risk appetite in which the Board expects management to operate and the establishment and review of the effectiveness of the Group's systems of internal control and risk management processes.
- (g) Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- (h) Matters impacting on legal compliance, compliance with statutory and regulatory obligations which, if not complied with, would have a material affect on the business of the Group.
- (i) Any significant changes in accounting policies or procedures.
- (j) Borrowings or giving securities over assets.
- (k) Approving the Group's remuneration framework, on the recommendation of the HR & Remuneration Committee.
- (l) Overseeing the integrity of the Company's accounting and corporate reporting systems and the process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price of value of the Company's securities.
- (m) Monitoring the effectiveness of the Company's governance practices.

**2.4. Major transactions not included in the Business Plan or outside the ordinary course of business.**

**2.5. Corporate Structure**

Changes to the Group's capital structure, including reductions of share capital, share buy-backs or issue of new securities, other than in accordance with the terms of the Group's equity-based incentive plans.

**2.6. Delegation of Authority**

- (a) Changes to the membership or Charter of any committee of the Board.
- (b) Changes to the authority delegated to the Chief Executive Officer or executive leadership.
- (c) Matters which exceed the authority delegated to the Chief Executive Officer or executive leadership.

**2.7. Policies**

- (a) Group Code of Conduct for Directors and Employees.
- (b) Securities Trading Policy.
- (c) Group Health and Safety policies.
- (d) Environmental and Social responsibilities.
- (e) Risk Management policies, on the recommendation of the Audit & Risk Committee.
- (f) Continuous Disclosure and Communications Policies.
- (g) Independence of Directors.
- (h) Nomination and appointment of new Directors, on the recommendation of the Nominations Committee.

**2.8. Corporate Governance Matters**

- (a) Determining the independence of Non-Executive Directors.
- (b) Determining the remuneration of the Non-Executive Directors, on the recommendation of the HR and Remuneration Committee.
- (c) Undertaking assessments of the performance of the Board and standing Committees.
- (d) Resolutions and related documentation to be put to Members in a general meeting.
- (e) Approval of announcements and press releases concerning matters decided by Board including announcements relating to the operating performance of the Group.
- (f) Disclosure of Conflicts of Interests for Board and executive leadership team.

**2.9. Members' and Stakeholders' arrangements for the Annual General Meeting and other members' meetings**