

**Beyond International Limited**  
**Corporate Governance Statement**  
**30 June 2015**

This Corporate Governance Statement of Beyond International Limited (the 'company') has been prepared in accordance with the 3<sup>rd</sup> Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations'). The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, our website or Annual Report, is contained on our website at <http://www.beyond.com.au/corporate/corporate-governance>.

This statement has been approved by the company's Board of Directors ('Board') and is current as at 27 August 2015.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

**Principle 1: Lay solid foundations for management and oversight**

***Recommendation 1.1 - A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.***

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought the Board's attention. They must operate within the risk and authorisation parameters set by the Board.

***Recommendation 1.2 - A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

The company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

***Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.***

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

***Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.***

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

**Recommendation 1.5 - A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The company does not have a formal diversity policy. The company however undertakes to assess an individual's credentials on their merit, with complete objectivity and without bias so that the company may attract, appoint and retain the best people to work within the company where all persons have equal opportunity.

As at the date of this report, 51% of the organisation were women (49% men); and 56% of senior executive positions were occupied by women (44% men). For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators to be disclosed.

**Recommendation 1.6 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The company does not currently have a formal process for evaluating the performance of the Board, its committees or individual directors. The Board conducts an introspective annual discussion of its performance on a collective basis to identify general aspects of its performance that could be improved upon, and such analysis includes the roles played by each Board member. Such reviews therefore encapsulate collective discussion around the performance of individual Board members, their roles on specific projects during the financial year, and where relevant, how their role could be modified or suggestions for individual development or performance improvement for the future.

Until such time as the company expands to justify an expansion of Board members, the Board is of the current opinion that such performance evaluation is suitable for the company.

**Recommendation 1.7 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the company. Such reviews are conducted during the first quarter of a new financial year.

**Principle 2: Structure the board to add value**

***Recommendation 2.1 - The board of a listed entity should:***

***(a) have a nomination committee which:***

***(1) has at least three members, a majority of whom are independent directors; and***

***(2) is chaired by an independent director,***

***and disclose:***

***(3) the charter of the committee;***

***(4) the members of the committee; and***

***(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or***

***(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.***

The Board does not maintain a Nomination Committee as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board therefore performs the function of such a committee which includes the identification of skills and competencies required for the Board and related committees, as well as nomination, selection and performance evaluation of non-executive directors. The Board does not actively manage succession planning and instead relies upon the Board's extensive networking capabilities and/or executive recruitment firms to identify appropriate candidates when a Board vacancy occurs or when a vacancy is otherwise envisaged. Attributes of candidates put forward will be considered for 'best-fit' to the needs of the Board which are assessed at the time of the vacancy.

***Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.***

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR, policy development, international business and customer relationship. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

**Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.**

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

| Director's name | Appointment date  | Length of service at reporting date | Independence status       |
|-----------------|-------------------|-------------------------------------|---------------------------|
| Ian Robertson   | 27 September 2005 | 9 years                             | Independent Non-executive |

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

**Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.**

There are currently 4 members on the company's Board. Having regard to the company's response to Recommendation 2.3 above, the majority of the Board are not independent. The Board considers that the company is reliant upon the business relationships and interests that it has with the non-independent directors in order to achieve its objectives at this time. Until such time as the company is of a size that warrants the appointment of additional non-executive and independent directors, the Board is of the view that the absence of a majority of independent directors is not an impediment to its operations, shareholders or other stakeholders

**Recommendation 2.5 - The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.**

The roles of the Chair of the Board and Chief Executive Officer are separate. Ian Ingram is Chair of the Board and is not considered to be an independent director of the company. Mikael Borglund is the CEO. The Board acknowledges the ASX Recommendation that the Chair of the Board be an independent director, however the Board has formed the view that Mr Ingram is the most appropriate person to lead the Board given his experience and skills.

**Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the company's operations and background. A director development program is also available to ensure that directors can enhance their skills and remain abreast of important developments.

### **Principle 3: Act ethically and responsibly**

**Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.**

The company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires that each person act honestly, in good faith and in the best interests of the company; exercise a duty of care; use the powers of office in the best interests of the company and not for personal gain, declare any conflict of interest; safeguard company's assets and information and undertake any action that may jeopardise the reputation of company.

That code is available on the company's website.

#### Principle 4: Safeguard integrity in corporate reporting

**Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

The Board maintains a combined Audit and Risk Committee, the members of which are:-

| Director's Name     | Executive Status | Independence Status |
|---------------------|------------------|---------------------|
| Anthony Lee - Chair | Non-Executive    | Not independent     |
| Ian Ingram          | Non-Executive    | Not independent     |

The majority of the Committee members and the Chair are not independent. The current size of the Board does not allow for this recommendation to be met.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

**Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

For the financial year ended 30 June 2015 and the half-year ended 31 December 2014, the company's CEO and CFO provided the Board with the required declarations.

**Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

#### Principle 5: Make timely and balanced disclosure

**Recommendation 5.1 - A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.**

The company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The Company Secretary is required to consult with the CEO in relation to matters brought to his or her attention for potential announcement. Generally, the CEO is ultimately responsible for decisions relating to the making of market announcements. The Board is required to authorise announcements of significance to the company. No member of the company shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

**Principle 6: Respect the rights of security holders**

***Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.***

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

***Recommendations 6.2 and 6.3***

***A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).***

***A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).***

In order for the investors to gain a greater understanding of the company's business and activities, the company schedules regular interactions between the CEO, CFO and/or Managing Director where it engages with institutional and private investors, analysts and the financial media. These meetings are not held within a four week blackout period in advance of the release of interim or full-year results. The company encourages shareholders to attend its AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to. Written transcripts of the meeting are made available on the company's website.

***Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.***

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Australia Limited at <https://www-au.computershare.com/investor/?gcc=au>.

**Principle 7: Recognise and manage risk**

***Recommendations 7.1 & 7.2***

***The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).***

***The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).***

The Board maintains a combined Audit and Risk Committee. The members of the Committee are detailed in Recommendation 4.2 above.

The charter of the Risk Committee can be found on the company's website.

The Audit and Risk Committee reviews the company's risk management framework annually to ensure that it is still suitable to the company's operations and objectives and that the company is operating within the risk parameters set by the Board. As a consequence of the last review undertaken for the year ended 30 June 2015, there were no significant recommendations made.

The Board acknowledges that it has not followed the ASX Recommendations in relation to the number of members and independence due to the size of the Board. The company maintains internal controls which assist in managing enterprise risk, and these are reviewed as part of the scope of the external audit, with the auditor providing the Board with

commentary on their effectiveness and the need for any additional controls. The Managing Director and CEO are responsible for monitoring operational risk, ensuring all relevant insurances are in place, and ensuring that all regulatory and compliance obligations of the company are satisfied.

**Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

The company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the Managing Director and CFO who continually monitor the company's internal and external risk environment. Necessary action is taken to protect the integrity of the company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of company assets.

**Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**

Refer to the company's Annual Report for disclosures relating to the company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

#### **Principle 8: Remunerate fairly and responsibly**

**Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

The Board maintains a combined Nomination and Remuneration Committee. The members of the Committee are detailed below.

| <b>Director's Name</b> | <b>Executive Status</b> | <b>Independence Status</b> |
|------------------------|-------------------------|----------------------------|
| Ian Robertson - Chair  | Non-Executive           | Independent                |
| Anthony Lee            | Non-Executive           | Not independent            |
| Ian Ingram             | Non-Executive           | Not independent            |

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Remuneration Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees. The committee's charter sets out the roles and responsibilities, composition and structure of the Committee and is available on the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

The Board acknowledges that it has not followed the ASX Recommendations in relation to the number of members and independence due to the size of the Board.

**Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

Non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees. The level of remuneration reflects the anticipated time commitments and responsibilities of the position. Performance based incentives are not available to non-executive directors. Executive directors and other senior

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executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

***Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it***

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.