

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Lovisa Holdings Limited

ABN / ARBN:

34602304503

Financial year ended:

1 July 2018

Our corporate governance statement for the above period above can be found at:

This URL on our website: <https://www.lovisa.com/pages/shareholder-information>

The Corporate Governance Statement is accurate and up to date as at 21 August 2018 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 28 September 2018

Name of Director or Secretary authorising lodgement: Chris Lauder

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## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <p>... and the information referred to in paragraph (b):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <p>... and the information referred to in paragraph (b):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://cdn.shopify.com/s/files/1/0023/1512/4788/files/9._Remuneration_and_Nomination_Committee_Charter.pdf?15007220070831679569">https://cdn.shopify.com/s/files/1/0023/1512/4788/files/9._Remuneration_and_Nomination_Committee_Charter.pdf?15007220070831679569</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
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.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in the Directors' report contained within the Company's Annual Report</p>	
2.4	A majority of the board of a listed entity should be independent directors.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
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.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> at <a href="https://cdn.shopify.com/s/files/1/0023/1512/4788/files/4._Code_of_Conduct.pdf?15007220070831679569">https://cdn.shopify.com/s/files/1/0023/1512/4788/files/4._Code_of_Conduct.pdf?15007220070831679569</a>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://cdn.shopify.com/s/files/1/0023/1512/4788/files/2._Governance_Audit_Business_Risk_and_Compliance_Committee_Charter.pdf?15007220070831679569">https://cdn.shopify.com/s/files/1/0023/1512/4788/files/2._Governance_Audit_Business_Risk_and_Compliance_Committee_Charter.pdf?15007220070831679569</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
4.3	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
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.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> at <a href="https://cdn.shopify.com/s/files/1/0023/1512/4788/files/6._Continuous_disclosure_policy.pdf?15007220070831679569">https://cdn.shopify.com/s/files/1/0023/1512/4788/files/6._Continuous_disclosure_policy.pdf?15007220070831679569</a>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> <a href="https://www.lovisa.com/pages/shareholder-information">https://www.lovisa.com/pages/shareholder-information</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://cdn.shopify.com/s/files/1/0023/1512/4788/files/2._Governance_Audit_Business_Risk_and_Compliance_Committee_Charter.pdf?15007220070831679569">https://cdn.shopify.com/s/files/1/0023/1512/4788/files/2._Governance_Audit_Business_Risk_and_Compliance_Committee_Charter.pdf?15007220070831679569</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://cdn.shopify.com/s/files/1/0023/1512/4788/files/9._Remuneration_and_Nomination_Committee_Charter.pdf?15007220070831679569">https://cdn.shopify.com/s/files/1/0023/1512/4788/files/9._Remuneration_and_Nomination_Committee_Charter.pdf?15007220070831679569</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
8.2	<p>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.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="https://cdn.shopify.com/s/files/1/0023/1512/4788/files/10._Policy_for_dealing_in_securities.pdf?15007220070831679569">https://cdn.shopify.com/s/files/1/0023/1512/4788/files/10._Policy_for_dealing_in_securities.pdf?15007220070831679569</a></p>	

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Lovisa Holdings Limited is responsible for the corporate governance of the Group. This statement outlines the main corporate governance principles and practices followed by Lovisa Holdings Limited. These policies and practices are in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) unless otherwise stated.

Below are the main corporate governance practices in place throughout the reporting period (unless otherwise stated) in relation to the corporate governance principles and recommendations published by the ASX Corporate Governance Council and are current as at 21 August 2018 and have been approved by the Board. The Board is comfortable that the practices are appropriate for a company of Lovisa Holdings' size. Details of the Company's key policies and practices and the charters for the Board and each of its committees are available on the Company's website (<https://www.lovisa.com/pages/shareholder-information>).

The individual attendances of the directors at board and committee meetings held during the year were as follows:

Director	Board		Audit, Business Risk and Compliance		Remuneration & Nomination	
	Number attended	Number held	Number attended	Number held	Number attended	Number held
Michael Kay	10	10	4	4	6	6
Tracey Blundy	9	10	3	4	5	6
Paul Cave	3	3	1	1	1	1
Shane Fallscheer	10	10	-	-	-	-
James King	10	10	4	4	6	6
Brett Blundy	1	3	-	-	-	-

Paul Cave was a Director of Lovisa Holdings Limited during the year until his resignation on 31 October 2017. Brett Blundy was appointed as Alternate Director to Tracey Blundy on 16 April 2018.

### Principle 1

#### Lay solid foundations for management and oversight

The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic objectives, plans and budgets of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company. The Board's responsibilities are defined in the Board Charter.

A copy of the Board Charter is available on the Company's website.

The Charter includes an overview of:

- Board composition and process;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise the Company's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and ensure that Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

The responsibilities/functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Managing Director (MD) and his direct reports;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;

- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies; and
- performing such other functions as are prescribed by law or are assigned to the Board.

Matters which are specifically reserved for the Board or its committees include:

- appointment of a Chair;
- appointment and removal of the Managing Director;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board (and by officers to whom the management function is properly delegated by the Managing Director). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate. Ultimate responsibility for strategy and control rests with the Directors.

The Company undertakes appropriate checks before appointing a person as a Director and undertakes to 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 has written agreements in place with each Director and senior executive setting out the terms of their appointment.

The Company Secretary is accountable to the Board. The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings. All Directors have direct access to the Company Secretary.

The following performance evaluation procedures are to occur in order to periodically evaluate the performance of the Board, its Committees and individual Directors:

- On an annual basis, Directors will provide written feedback in relation to the performance of the Board and its Committees against a set of agreed criteria.
- Feedback will be collected by the Chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.
- The Managing Director will also provide feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

A formal review of the board occurred during the past year.

The Board has delegated authority for the formal review of senior management performance assessment processes and results to the Remuneration and Nomination Committee. This involves periodically reviewing the senior management performance assessment processes and results as they reflect the capability of management to realise the business strategy. Review of the performance of senior management occurs in each meeting of the Remuneration and Nomination Committee.

The Board has formally approved a Diversity Policy in order to address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. Measurable objectives have not been formally set under the Diversity Policy. The Board considers female representation across the Company appropriate for Lovisa's stage of development.

The Board has included a summary of the Company's proportion of women across the company.

Proportion of women	Actual 2018	Actual 2017
Board	25%	20%
Senior Management	54%	55%
Company	96%	96%

*Senior management is defined as direct reports to the Managing Director.*

Lovisa Holdings Limited is deemed to be a 'relevant employer' under the *Workplace Gender Equality Act 2002*, and has received notification that it is compliant with the provisions of the Act for the 2017-18 reporting period. A copy of the Company's most recent report can be found on the Corporate Governance page of our website.

## Diversity Policy

### Overview

The Board of Directors of Lovisa Holdings Limited (Company) is responsible for the overall management of the Group, including guidance as to strategic direction, ensuring best practice corporate governance and oversight of management. The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity.

Diversity drives the Company's ability to attract, retain, motivate and develop the best talent, create an engaged workforce, deliver the highest quality

services to its customers and continue to grow the business.

The Board has formally approved this Diversity Policy (Policy) in order to address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure.

### **Scope**

The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as a key area of focus for the Company. Accordingly, the primary focus of this Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board.

The strategies outlined below aim to achieve the objectives of this Policy by:

- setting measurable objectives relating to gender at all senior management and leadership levels;
- broadening the field of potential candidates for senior management and board appointments;
- increasing the transparency of the board appointment process; and
- embedding the extent to which the Board has achieved the objective of this Policy in the evaluation criteria for the annual Board performance evaluation.

### **Promoting diversity**

In order to facilitate greater diversity in management and leadership roles, the Company will:

- implement policies which address impediments to diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities), and review these policies to ensure that they are available to and utilised by employees; and
- monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented employees from a diverse range of backgrounds.

### **Measurable objectives**

The Board will set measurable objectives with a view to progressing towards a balanced representation of women at a Board and senior management level.

Performance against these objectives will be reviewed annually, as part of its annual review of the effectiveness of this Policy.

### **Gender representation review**

On an annual basis, the Board will review the proportion of women who are employed by the Company as a whole, in senior management positions and who are on the Board.

### **Recruitment, selection and succession planning**

The Remuneration and Nomination Committee is responsible for the development and succession planning process for the Managing Director (MD) and the MD's direct reports. In discharging this responsibility, the Remuneration and Nomination Committee will have regard to diversity criteria.

### **Board appointment process**

Whilst skills such as leadership and previous experience as a chief executive, chair or board member of a large organisation with international operations have traditionally been prerequisites to appointment as a Director, the Board recognises that other skills gained from experience in the following areas are key skills and experience which the Board as a whole should comprise:

- marketing and sales;
- financial management;
- policy and regulatory development and reform;
- health, safety and environment and social responsibility; and
- human resources.

In identifying candidates for the Board, the Remuneration and Nomination Committee will have regard to the selection criteria set out in the board appointment process, which will include:

- skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors;
- diversity; and
- the extent to which the candidate would fill a present need on the Board.

### **Review of Policy**

The Remuneration and Nomination Committee is responsible for the review and oversight of this Policy and will review on an annual basis:

- the effectiveness of this Policy; and
- the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation; and
- report to the Board on the outcomes of its review, including any recommendations for changes to those strategies or the way in which they are implemented.

A full copy of the Diversity policy is available on the Company's website.

## Principle 2

### Structure the Board to add value

The experience and qualifications relevant to the position of Director held by each Director in office at the date of the annual report is included in the Lovisa Holdings Limited 2018 Directors' Report, as well as the length of service relevant to each Director. Their attendance at meetings held throughout the year is detailed on page 1.

The Board is currently made up of four Directors, comprising of two independent Non-Executive Directors (including the Chairman), one Non-Executive Director and one Executive Director (the Managing Director).

The Board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgment. The Board will consider the materiality of any given relationship on a case by case basis. The Board reviews the independence of each Director in light of interests disclosed to the Board.

The Board considers that each of Michael Kay (Chairman) and James King are free from any business or any other relationship that could materially interfere with the independent exercise of their judgement and are able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

Tracey Blundy is currently considered by the Board not to be independent because she is the nominee of a substantial shareholder of the Company, BB Retail Capital. Despite her role at BB Retail Capital, the Board considers that Ms Blundy adds significant value to Board deliberations given her extensive experience and skills in leading retail organisations.

Shane Fallscheer is an Executive Director and is considered not to be independent.

ASX Recommendation 2.4 provides that a majority of the board of a listed entity should be independent non-executive Directors. For the period from the start of the financial year to 31 October 2017, a majority of the Board were independent Directors. From 31 October 2017 onwards, following the retirement of Paul Cave as a Director the Board comprised two independent Directors and two non-independent Directors, and therefore comprised equal representation of independent and non-independent Directors. As announced by the Company, it is intended that Michael Kay will retire at the 2018 Annual General Meeting, and that Brett Blundy be appointed as a Director and Chairman from that date. Mr Blundy will not be considered by the Board to be independent as a result of his relationship with BB Retail Capital. Again, the Board considers that Mr Blundy will add significant value to the Board given his extensive experience and skills in leading retail organisations.

A Remuneration and Nomination Committee is in place, chaired by an Independent Director (Michael Kay). Further detail surrounding the Remuneration and Nomination Committee and its Charter can be found in the Principle 8 'Remunerate fairly and responsibly' section. Part of the responsibilities of the committee involves assisting the Board to develop 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 as detailed below. Additionally, the Remuneration and Nomination Committee is responsible for ensuring that an effective Director induction process is in place and regularly review its effectiveness and provide appropriate professional development opportunities for Directors.

A copy of the Committee's charter is available on the Company's website.

To maintain the balance between independent and non-independent Directors, it is the Board's intention that this structure will be achieved via the appointment of two additional independent non-executive Directors to increase the number for Directors on the Board from four to six, with a target of at least three independent directors. As announced on 31 August 2018, John Armstrong has agreed to join the Board as an independent non-executive Director effective from 25 September 2018, taking the Board composition to five directors from that date including two considered to be independent.

The Board believes that a highly credentialed Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for the Company and value for the Company's shareholders. The mix of skills comprised in the current Board, and that the Board would look to maintain with any new appointments, and build on, includes:

- Extensive retail expertise
- High level of business acumen
- Technical expertise (including finance and compliance)
- Ability to think strategically
- International business development experience
- Supply chain and procurement management
- Governance experience and expertise

The Board aspires to have a Board comprised of individuals diverse in gender, geographic location, culture, background, perspectives and experience and will be mindful of this when making appointments which will also be based on merit. Whilst the objective of maintaining at least equal representation of independent and non-independent Directors is not in compliance with ASX Recommendation 2.4, the Board are of the view that having Directors with significant retail experience combined with significant ownership interests in the Company is important for delivering the long term growth potential of the Company. As set out in this document, the Board is satisfied that its corporate governance policies and practices are sound and operate effectively within this Board structure.

## Principle 3

### Act ethically and responsibly

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of the Company (including temporary employees, contractors and Directors) must comply with the Code of Conduct.

The Code is designed to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company's business reputation and corporate image within the community; and

- make Directors and employees aware of the consequences if they breach the Policy.

A copy of the Code of Conduct is available on the Company's website.

The Company has adopted a Policy for Dealing in Securities which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company and Directors and employees against the misuse of unpublished information which could materially affect the value of securities. The Policy applies to all Directors, officers and senior executives of the Company and its related bodies corporate and their connected persons.

The Policy provides that relevant persons must not deal in the Company's securities:

- when they are in possession of material price-sensitive or 'inside' information;
- on a short-term trading basis; and
- during trading blackout periods (except in exceptional circumstances).

Otherwise trading will only be permitted in trading windows or in all other periods by:

- Directors with prior approval from the Chairman of the Board;
- the Chairman of the Board with prior approval from the Board or the chair of the Audit, Business Risk and Compliance Committee; and
- senior executives with prior approval from the Managing Director.

A copy of the Policy for Dealing in Securities is available on the Company's website.

## Principle 4

### **Safeguard integrity in corporate reporting**

The Audit, Business Risk and Compliance Committee will assist the Board in carrying out its accounting, auditing, and financial reporting responsibilities including:

- overseeing the Company's relationship with the external auditor and the external audit function generally;
- overseeing the preparation of the financial statements and reports;
- overseeing the Company's financial controls and systems; and
- managing the process of identification and management of financial risk.

The Committee's charter provides that the Committee must comprise of only Non-Executive Directors and a minimum of three members of the Board. The Audit, Business Risk and Compliance Committee currently comprises:

- James King (chair);
- Michael Kay; and
- Tracey Blundy.

Non-committee members, including members of management and the external auditor, may attend meetings of the committee by invitation of the committee chair.

ASX Recommendation 4.1 provides that the board of a listed entity should have an audit committee which is chaired by an independent Director, who is not the chair of the board. James King (independent non-executive Director) holds the position of chair of the Audit, Business Risk and Compliance Committee meaning the company is currently in compliance with ASX Recommendation 4.1.

The Committee's primary roles with respect to the audit function are:

- to assist the Board in relation to the reporting of financial information;
- the appropriate application and amendment of accounting policies;
- the appointment, independence and remuneration of the external auditor; and
- to provide a link between the external auditors, the Board and management of the Company.

The Committee's audit responsibilities are included as part of the responsibilities table on page 8.

In accordance with ASX Recommendation 4.2 the Board received a declaration in accordance with section 295A of the Corporations Act from the Managing Director and the Chief Financial Officer that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with Australian 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.

In accordance with ASX Recommendation 4.3, the Company's external auditor attends each annual general meeting and is available to answer questions from security holders relevant to the audit.

The experience and qualifications of each Committee member is included in the Lovisa Holdings Limited 2018 Directors' Report. Their attendance at meetings held throughout the year is detailed on page 1.

A copy of the Committee's charter is available on the Company's website.

## Principle 5

### **Make timely and balanced disclosure**

The Company places a high priority on communication with Shareholders and is aware of the obligations it has under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy which establishes procedures to ensure that Directors and senior management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

A copy of the Continuous Disclosure Policy is available on the Company's website.

## Principle 6

### Respect the rights of security holders

The Company's aim is to ensure that Shareholders (and other stakeholders) are kept informed of all major developments affecting the state of affairs of the Company. In order to achieve this the Company regularly communicates information through a range of forums, publications and the Company's website.

The Company's website contains all ASX announcements (as soon as practicable following the release by the ASX) made to the market, including the annual and half year financial results, the full text of all notices of meetings and explanatory material, the Company's Preliminary & Annual Report's and copies of all media briefings and investor presentations made to analysts. The website also contains a facility for shareholders to direct inquiries to the Company and to elect to receive communications from the Company via email (or to elect to discontinue receiving email communications from the Company). Shareholders are encouraged to attend the Group's AGM and use this opportunity to ask questions.

A copy of the Communication Strategy is available on the Company's website.

## Principle 7

### Recognise and manage risk

The Audit, Business Risk and Compliance Committee will assist the Board in carrying out its accounting, auditing, and financial reporting responsibilities as per details contained in Principle 4.

The Committee's specific function with respect to risk management is to review and report to the Board that:

- a. the Company's ongoing risk management program effectively identifies all areas of potential risk;
- b. adequate policies and procedures have been designed and implemented to manage identified risks;
- c. a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- d. proper remedial action is undertaken to redress areas of weakness.

The Committee's risk and compliance responsibilities are included as part of the responsibilities table on page 8.

A formal review of the Company's risk management framework occurred during the 2018 financial year.

The Board, having regard for the Company's stage of development does not consider a separate internal audit function is necessary at this stage. One of the Audit, Business Risk and Compliance Committee's responsibilities is to evaluate and continually improve the effectiveness of its risk management and internal control processes.

Material risks and their associated mitigating factors applying to Lovisa have been detailed in Business Risks (section 6) in the Review of Operations included in the Lovisa Holdings Limited 2018 Directors' report. It is the responsibility of the Audit, Business Risk and Compliance Committee to identify, monitor and assess these and other potential economic, environmental and social sustainability risks on an ongoing basis and ensure action is taken as necessary.

The Company was in compliance with ASX Recommendation 7.1 during the period with at least three members of the Audit, Business Risk and Compliance Committee during the year, two of whom are considered independent. The committee is also chaired by an independent director (James King).

The experience and qualifications of each Committee member is included in the Lovisa Holdings Limited 2018 Directors' Report. Their attendance at meetings held throughout the year is detailed on page 1. A copy of the Committee's charter is available on the Company's website.

## Principle 8

### Remunerate fairly and responsibly

The Board recognises that the performance of the Group depends on the quality and motivation of its team members employed by the Group across Australia and internationally. The Group remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels of the business, but in particular for management and key executives. The Board aims to achieve this by establishing executive remuneration packages that include a mix of fixed remuneration, short term incentives and long term incentives.

The Remuneration and Nomination Committee is responsible for matters relating to succession planning, nomination and remuneration of the Directors and the Managing Director.

The responsibilities of the Remuneration and Nomination Committee are included as part of the responsibilities table on page 8.

In discharging its responsibilities, the Committee must have regard to the following policy objectives:

- a. to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and having regard to relevant Company policies;
  - to attract and retain skilled executives;
  - to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
  - to ensure any termination benefits are justified and appropriate.
- b. In the discharge of the Committee's responsibilities, no executive should be directly involved in determining their own remuneration.
- c. The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain.
- d. The Committee chair or if they are not available, a Committee member should attend the Annual General Meeting and make themselves available to answer any questions from shareholders about the Committee's activities or, if appropriate, the Company's remuneration arrangements.

A copy of the Committee's charter is available on the Company's website.



The Committee's charter provides that the Committee must consist of only Non-Executive Directors and a minimum of three Directors. The current members of the Committee are:

- Michael Kay (chair);
- James King; and
- Tracey Blundy.

The Company was in compliance with ASX Recommendation 8.1 during the period with at least three members of the Remuneration and Nomination Committee, two of whom are considered independent. The committee is also chaired by an independent director (Michael Kay). Committee attendance information is detailed on page 1.

Directors' and executives' remuneration has been disclosed in the remuneration report section of the annual report.

The company has a policy in relation to the hedging of Company securities as detailed within section 3.5 of the Policy for Dealing in Securities, available on the Company's website.

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Remuneration and Nomination Committee	Audit, Business Risk and Compliance Committee	
<p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>Assisting the Board in developing 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</li> <li>Reviewing and recommending to the Board the size and composition of the Board, including reviewing Board succession plans and the succession of the Chairman and Managing Director, having regard to the objective that the Board comprise Directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender</li> <li>Reviewing and recommending to the Board the criteria for Board membership, including the necessary and desirable competencies of Board members and the time expected to be devoted by Non-Executive Directors in relation to the Company's affairs</li> <li>Reviewing and recommending to the Board the composition and membership of the Board, including making recommendations for the re-election of Directors and assisting the Board to identify individuals who are qualified to become Board members</li> <li>Assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies</li> <li>Reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time</li> <li>Ensuring that an effective Director induction process is in place and regularly reviewing its effectiveness and providing appropriate professional development opportunities for Directors</li> <li>On an annual basis, reviewing the effectiveness of the Board Diversity Policy by assessing the Company's progress towards the achievement of measurable objectives and any strategies aimed at achieving the objectives and reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented</li> <li>In accordance with the Board Diversity Policy, on an annual basis, reviewing the relative proportion of women and men in the workforce at all levels of the Company, and submitting a report to the Board, which outlines the committee's findings or, if applicable, providing the Board with the Company's most recent indicators as required by the Workplace Gender Equality Act 2012</li> <li>Reviewing and recommending to the Board remuneration arrangements for the Managing Director, executive Directors and other members of senior management, including contract terms, annual remuneration, and participation in the Company's short and long term incentive plans</li> <li>Review and recommend to the Board the remuneration arrangements for the Chairman and the non-executive Directors of the Board, including fees, travel and other benefits</li> <li>Approving the appointment of remuneration consultants for the purposes of the Corporations Act.</li> </ul>	<p><b>Audit Responsibilities</b></p> <ul style="list-style-type: none"> <li>Engage in the proactive oversight of the Company's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process (including review of the Company's financial statements for accuracy and to ensure they reflect a true and fair view, as a basis for recommendation to and adoption by the Board)</li> <li>Assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices</li> <li>Review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results and oversee the financial reports and the results of external audit of those reports (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs)</li> <li>Review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess the management processes supporting external reporting</li> <li>Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters</li> <li>Review management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices</li> <li>Ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management</li> <li>Approve the scope of the audit for Board approval</li> <li>Review the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary</li> <li>Review the performance, independence and objectivity of the external auditors</li> <li>Review the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners</li> <li>Assume responsibility for the appointment (including the termination of an engagement), compensation, the terms of engagement and other contractual terms of the external auditors</li> <li>Develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non audit services and ensure compliance with that policy</li> <li>Provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the Corporations Act 2001 (Cth) to be included in the Company's annual report.</li> </ul>	<p><b>Risk and Compliance Responsibilities</b></p> <ul style="list-style-type: none"> <li>Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks</li> <li>Evaluating the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors</li> <li>Evaluating the structure and adequacy of the Group's Business Continuity Plans</li> <li>Evaluating the structure and adequacy of the Group's own insurances on an annual basis</li> <li>Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies</li> <li>Overseeing the establishment and maintenance of processes to ensure that there is:             <ul style="list-style-type: none"> <li>An adequate system of internal control, management of business risks and safeguard of assets;</li> <li>A review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control; and</li> <li>A review, at least annually, of the Company's risk management framework</li> </ul> </li> <li>Evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance</li> <li>Reviewing the Group's main corporate governance practices for completeness and accuracy</li> <li>Reviewing the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, and the environment)</li> <li>Evaluating any material exposure of the Company to economic, environmental and social sustainability risks and, if necessary, consider management of those risks</li> <li>Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements)</li> <li>Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework</li> <li>Reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards (including the Code of Conduct)</li> <li>Reviewing and discussing with management and the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.</li> </ul>