



Policy on non audit services
provided by the
independent external
auditors

Lovisa Holdings Limited

ACN 602 304 503

Adopted by the Board on 21st November 2014

1 Role of the Committee

The Audit, Business Risk and Compliance Committee (**Committee**) is responsible for the development and oversight of the Company's policy on the engagement of the external auditor to supply non audit services and ensure compliance with this policy.

2 What are non audit services?

'Non audit services' means any services provided by the external auditor which are not included in, or are not necessarily incidental to, the terms of the audit engagement. 'Non audit services' do not include 'prohibited non audit services' that are referred to in sections 3 and 4 of this policy.

3 What are prohibited non audit services?

'Prohibited non audit services' are services that, if provided by the external auditor to the Company, would create a real or perceived threat to the independence of the external auditor.

4 External auditor may not provide prohibited non audit services

As a general rule, the external auditor may not provide any prohibited non audit services to the Company.

Unless the Committee decides otherwise, the external auditor is prohibited from:

- providing appraisal or valuation and fairness opinions;
- performing internal audit services;
- providing advice on deal structuring and related documentation;
- providing tax planning and strategic advice;
- providing IT systems services;
- performing executive recruitment or extensive human resources functions;
- acting as a broker dealer, promoter or underwriter; or
- providing legal services.

However, even if a non audit service is not listed above, it will still be prohibited if it creates a real or perceived threat to the independence of the external auditor.

5 CFO must approve all non audit services

To ensure auditor independence is maintained, the Company requires all engagements of the external auditor to provide non audit services to be approved in writing by the Chief Financial Officer (**CFO**).

6 CFO needs Committee approval for certain non audit services

The CFO must obtain the prior written approval of the Committee before the external auditor can be engaged to perform non audit services where:

- the fee for the particular engagement exceeds \$50,000; or
- the annual fees for all non audit services exceed, or are likely to exceed, 50% of the auditor's annual audit fees.

7 Factors to be considered by the CFO/Committee when granting approval

In assessing a request for non audit services, the CFO/Committee is required to give consideration to:

- the nature of the service provided;
- the dollar value and period of engagement;
- the availability of alternate service providers and the reasoning for recommending the external auditor;
- the audit firm's self assessment of its independence risk, including safeguards to mitigate perceived risks; and
- any other circumstances relevant to the engagement.

8 Monitoring and reporting

Internal Audit

Internal Audit will monitor whether this policy is being complied with and periodically report to the Committee as to compliance. Internal Audit must promptly report any breach of this policy to the chair of the Committee.

CFO

The Chief Financial Officer must report to the Committee on a periodic basis regarding:

- any non audit services provided by the auditor; and
- the amounts paid to the external auditor for those services.

Committee

The Committee must provide an annual report to the Board with respect to the non audit services provided by the external auditor during the year. The report must include:

- the amounts paid or payable to the external auditor for non audit services provided during the year;
- a statement whether the Committee is satisfied that the provision of those services during the year is compatible with the general standard of independence for auditors; and
- the reasons for the Committee's opinion.