

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Lovisa Holdings Limited is responsible for the corporate governance of the Group. The Lovisa Holdings Board of Directors is committed to achieving best practice in the area of corporate governance and business conduct. 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 27 September 2016 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 (<http://investors.lovisa.com.au/corporate-governance>).

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 Chief Executive Officer (CEO) and the CEO's 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 CEO;
- appointment of Directors to fill a vacancy or as 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 and CEO as directed by the Board (and by officers to whom the management function is properly delegated by the CEO). 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 Chief Executive Officer 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.

Following the recent changes to the composition of the Board a formal review is expected to occur in the 2017 financial 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 due to the Board and Management changes during the year. Following the changes 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 2016	Actual 2015
Board	20%	25%
Senior Management	50%	50%
Company	94%	95%

Senior management is defined as direct reports to the CEO or Global General Manager.

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 by the Remuneration and Nomination Committee, as part of its annual review of the effectiveness of this Policy.

Gender representation review

On an annual basis, the Remuneration and Nomination Committee 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 Succession planning

The Remuneration and Nomination Committee is responsible for the development and succession planning process for the Chief Executive Officer (CEO) and the CEO'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;
- 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 2016 Directors' Report, as well as the length of service relevant to each Director and their attendance at meetings held throughout the year.

The Board is made up of five Directors, comprising of three independent Non-Executive Directors (including the Chairman), one Non-Executive Director and one Executive Director (the CEO and 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), Paul Cave 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. Currently over half of the Directors are considered independent. Three of the five members of the Board (including the Chairman) are independent Non-Executive Directors. An additional Non-Executive Director, Tracey Blundy, is not considered to be independent whilst the board consists of one Executive Director (the CEO).

In relation to ASX Recommendation 2.4 the Company was not in compliance with this recommendation during the period from Neil Osborne ceasing to be a Director on 17 November 2015 to the appointment of James King on 17 May 3 April 2016 as there was 50% or less independent directors whilst the Board identified and appointed suitable independent Directors.

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.

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, and build on, includes:

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

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.

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 Chief Executive Officer.

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);
- Paul Cave;
- 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. From the beginning of the year until his resignation on 17 November 2015, Neil Osborne was chair of the Audit, Business Risk and Compliance Committee (independent non-executive Director) which complied with ASX Recommendation 4.1. From the date of his resignation until the appointment of James King on 17 May 2016, Paul Cave continued in office as Chairman of the Board and was also chair of the Audit, Business Risk and Compliance Committee. Since his appointment James King (independent non-executive Director) has taken up 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 7.

In accordance with ASX Recommendation 4.2 the Board received a declaration in accordance with section 295A of the Corporations Act from the Chief Executive Officer 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 2016 Directors' Report as well as their attendance at meetings held throughout the year.

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 Annual Report 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 7.

A formal review of the Company's risk management framework is yet to occur due to changes to the Board and Management during the year. The new CFO undertook a number of risk reviews following his appointment in April 2016 including treasury, foreign exchange, insurance and capital management. A formal risk review will be undertaken during the 2017 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 6.1) in the Review of Operations included in the Lovisa Holdings Limited 2016 Directors' report. It is the responsibility of the Remuneration and Nomination 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.

In relation to ASX Recommendation 7.1 the Company was not in compliance with this recommendation in the period from Neil Osborne ceasing to be a Director on 17 November 2015 to the appointment of Michael Kay on 13 April 2016 as there were not three members of the Board on the committee during this period or a majority of members who were considered independent. Post the appointment of Michael Kay to the committee, an additional independent Director was added to the committee in May 2016 (James King).

The experience and qualifications of each Committee member is included in the Lovisa Holdings Limited 2016 Directors' Report as well as their attendance at meetings held throughout the year. 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 CEO.

The responsibilities of the Remuneration and Nomination Committee are included as part of the responsibilities table on page 7.

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);
- Paul Cave;
- James King; and
- Tracey Blundy

ASX Recommendation 8.1 recommends that the remuneration committee should comprise a majority as independent Directors. Post independent non-executive Director Neil Osborne ceasing to be a Director on 17 November 2015 to the appointment of Michael Kay on 13 April 2016, the Remuneration and Nomination Committee consisted of one independent and one non-independent Director. This was required whilst the Board identified and appointed a suitable independent Director. Committee attendance information can be found in the Lovisa Holdings Limited 2016 Directors' report.

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.

Remuneration and Nomination Committee	Audit, Business Risk and Compliance Committee	
Responsibilities	Audit Responsibilities	Risk and Compliance Responsibilities
<ul style="list-style-type: none"> • 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 • 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 CEO, 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 • 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 • 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 • 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 • Reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time • Ensuring that an effective Director induction process is in place and regularly reviewing its effectiveness and providing appropriate professional development opportunities for Directors • 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 • 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 • Reviewing and recommending to the Board remuneration arrangements for the CEO, 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 • 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 • Approving the appointment of remuneration consultants for the purposes of the Corporations Act. 	<ul style="list-style-type: none"> • 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) • Assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices • 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) • 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 • 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 • Review management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices • 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 • Approve the scope of the audit for Board approval • Review the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary • Review the performance, independence and objectivity of the external auditors • Review the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners • Assume responsibility for the appointment (including the termination of an engagement), compensation, the terms of engagement and other contractual terms of the external auditors • 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 • 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. 	<ul style="list-style-type: none"> • 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 • 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 • Evaluating the structure and adequacy of the Group's Business Continuity Plans • Evaluating the structure and adequacy of the Group's own insurances on an annual basis • Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies • Overseeing the establishment and maintenance of processes to ensure that there is: <ul style="list-style-type: none"> ▪ An adequate system of internal control, management of business risks and safeguard of assets; ▪ A review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control; and ▪ A review, at least annually, of the Company's risk management framework • Evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance • Reviewing the Group's main corporate governance practices for completeness and accuracy • 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) • Evaluating any material exposure of the Company to economic, environmental and social sustainability risks and, if necessary, consider management of those risks • 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) • 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 • Reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards (including the Code of Conduct) • Reviewing and discussing with management and the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.