



LOVISA HOLDINGS LIMITED

MODERN SLAVERY STATEMENT FY2020



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This statement was prepared by the reporting entity Lovisa Holdings Limited ('Lovisa', 'the Company') (ACN: 602 304 503). Lovisa is an Australian public company listed on the Australian Securities Exchange (ASX code: LOV). The Company's registered office and principal place of business is Level 1, 818 Glenferrie Road, Hawthorn, Victoria, Australia.

This statement has been prepared in accordance with the Modern Slavery Act (Cth) 2018 ('the Act') and outlines the actions taken by Lovisa to identify, assess, and address modern slavery risks across our operations and supply chain for the financial year ended 28 June 2020.

Lovisa Holdings Limited makes this single joint statement on behalf of all reporting entities in the Lovisa Group and all other owned and controlled entities who have each been consulted in its preparation. In addition to Lovisa Holdings Limited, Lovisa Australia Pty Ltd and Lovisa Pty Ltd are also considered reporting entities under the Act.

INTRODUCTION



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This statement, pursuant to the Modern Slavery Act 2018, details the risks of modern slavery in the operations and supply chains of Lovisa Holdings Limited. This statement includes information about actions taken to address these risks for the financial year ended 28th June 2020.

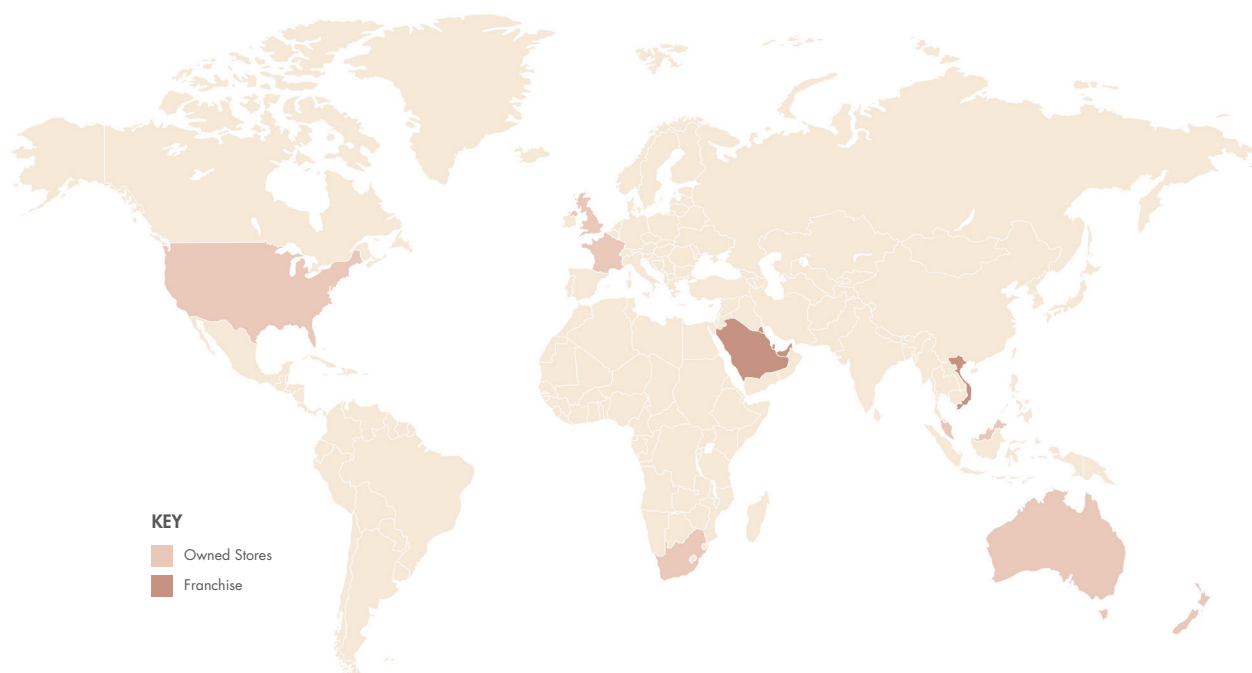
Lovisa acknowledge the challenges and risks of modern slavery in our business and the markets that we operate, primarily related to the jewellery manufacturing sector. These modern slavery risks include human trafficking, forced labour, excessive working hours, child labour, debt bondage, delayed payment of wages and/or benefits, hazardous forms of work, and deceptive recruitment for labour or services.

We currently engage in a program of compliance audits to identify the risks that are present in our operations and supply chain, however we recognise the need to enhance our efforts to manage the risks associated with modern slavery and review the effectiveness and efficiency of our systems and processes to understand, analyse and manage these risks.

Lovisa is committed to pursuing an effective approach to ethical, legal, and responsible risk management to support us in achieving high standards of corporate governance and safeguarding our business operations and our global supply chain against the risks of modern slavery.

We realise that the restrictions on travel and social interaction brought about by the COVID-19 pandemic limited our visibility of our suppliers and could have resulted in an increase in the risks of modern slavery in our supply chains. We are taking a proactive approach to add steps in our risk management systems and processes to address this.

OUR BUSINESS



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'Bringing brilliantly affordable fashion jewellery to the world.'

Established in 2010, listed on the stock exchange in 2014 and trading from 435 stores in 15 Countries at 28 June 2020, Lovisa utilises daily inventory monitoring software and airfreight to move product to store locations within 48 hours from our centrally located warehouses in Melbourne and China.

Lovisa was born from a desire to fill the void for fashion forward and directional jewellery that is brilliantly affordable.

STORE NUMBERS

Owned		FY20	FY19	Franchise		FY20	FY19
Aus/NZ	Australia	152	154	Asia		7	8
	New Zealand	23	22		Middle East	34	28
Asia	Singapore	19	18	Total Franchise	41	36	
	Malaysia	27	25	TOTAL STORES	435	390	
Africa	South Africa	62	61				
Europe	UK	42	38				
	Spain	-	9				
	France	21	8				
USA		48	19				
Total Owned		394	354				

OUR SUPPLY CHAIN

We design, source, and deliver a diverse range of jewellery products to over 435 stores in 15 countries.

In 2020, our supplier base was comprised of 61 factories in 7 production countries with 18 factories contributing 83% of the value of goods delivered to our stores. These 18 factories represent 30% of our total active factories.

SUPPLIER COUNTRY BASE	VALUE CONTRIBUTION %
CHINA	87%
THAILAND	7%
INDIA	3%
USA	2%
ITALY	0.18%
TAIWAN	0.05%
UNITED KINGDOM	0.01%

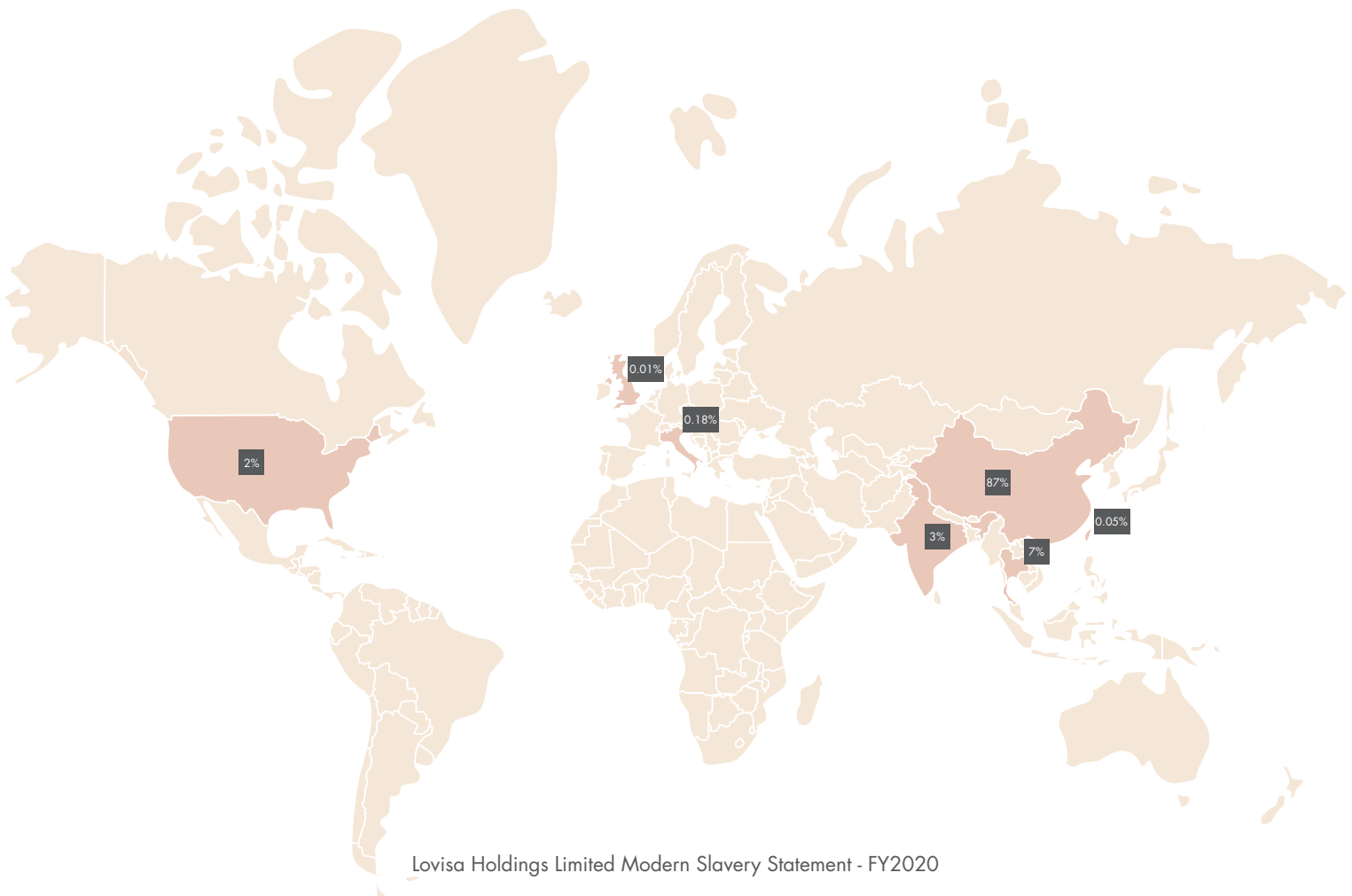
We maintain long-term relationships with our suppliers, with 70% of suppliers having worked with us for more than 10 years. We believe that long-term relationships with suppliers can enhance performance along the supply chain.

We obtain Ethical Trade Audit and Occupation Health & Safety Audit reports annually from 95% of our supplier base to understand their operations and the demographics of workers in our supply chain.

We monitor our suppliers' raw materials processing to ensure that our products don't contain harmful substances. We provide suppliers with our Supplier Compliance Manual, which itemises the requirements and standard to comply with in relation to our finished products and their raw materials. Our suppliers regularly submit Test Reports from our nominated test agency. Only products that meet our standards and requirements can be delivered to our warehouses.

We expect our suppliers to continuously improve their performance and provide a high standard of safe and fair workplaces for all workers in the supply chain.

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IDENTIFIED RISKS IN SUPPLY CHAIN & OPERATIONS

RISK RATING

Table 1 below provides a summary of the risk rating identified in our supply chain, based on the audit reports that we have obtained in relation to 95% of our supplier base.

MERCHANDISE SUPPLIERS

COUNTRY	INHERENT RISK	MODERN SLAVERY RISKS IDENTIFIED	PRIORITY
CHINA	MEDIUM	Inherent risks of modern slavery are present in the jewellery manufacturing sector. Most of the suppliers in China generally have a mature understanding of requirements and standards of ethical supply chains and have established transparency with their occupational health & safety and ethical audit reports and certifications.	MEDIUM: perform further due diligence in the next 12-24 months
THAILAND	MEDIUM	Inherent risks of modern slavery are present in the jewellery manufacturing sector. Thailand is more vulnerable to risk factors and lacks transparency with their operations.	MEDIUM: perform further due diligence in the next 12-24 months
INDIA	HIGH	Inherent risks of modern slavery are present in the jewellery manufacturing sector. India is more vulnerable to risk factors due to a less mature governance framework than other manufacturing regions.	HIGH: perform immediate further due diligence
ITALY	LOW	Inherent risks of modern slavery are present in the jewellery manufacturing sector. Our single supplier in Italy generally has a mature understanding of requirements and standards of ethical supply chains.	LOW: continue with current approach to supplier monitoring

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OTHER SUPPLIERS

Outside our supply chain, our operations primarily comprise our store operations around the world, warehouse operations in Australia & China, and our office employees in Australia & overseas. Our employment framework complies with the laws of each jurisdiction we operate in. Our employees are governed by a sound policy framework that governs our corporate behaviour.

For these reasons, we consider the risk of modern slavery in our operations to be low.

OPERATION BASE	INHERENT RISK	MODERN SLAVERY RISKS IDENTIFIED	PRIORITY
SUPPORT OFFICE AUSTRALIA	LOW	Limited risk factors identified. We have developed comprehensive recruitment and employee onboarding processes compliant with Australian workers’ rights and safe workplace regulations.	LOW: perform further assessment of risks before planning further due diligence
GLOBAL OFFICES	LOW	Limited risk factors identified. We have developed comprehensive recruitment and employee onboarding processes in line with workers’ rights and safe workplace regulations compliant with the countries where we operate.	LOW: perform further assessment of risks before planning further due diligence
LOGISTICS & WAREHOUSES	MODERATE	Inherent risks of modern slavery are identified with logistics functions such as transport, warehousing and distribution activities across the world. Often these risks stem from the use of labour hire services which have been associated with deceptive recruitment process, particularly from vulnerable populations including migrant and low skilled workers.	MEDIUM: perform further due diligence in the next 12-24 months
STORE OPERATIONS	LOW	Compliance with workforce laws are required within each jurisdiction we operate in therefore risk factors are considered low.	LOW: perform further assessment of risks before planning further due diligence

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OUR APPROACH TO MANAGING RISKS

We currently undertake a solid and effective system of risk management practices and internal control processes.

Outlined following are 3 Key Approaches that support us in maintaining and improving our corporate governance in compliance with applicable laws and regulations in Australia and in all the other markets where we operate.

KEY APPROACH 1: RISK ASSESSMENT

We acknowledge the modern slavery risks that exist in our industry and in the markets where we operate.

We undertake to proactively understand, assess and analyse these risks.

As modern slavery risks continue to evolve and emerge in the midst of changing social, economic and political trends, it is imperative that we use knowledge and insights from our stakeholders and suppliers to actively stay on top of developments.

We continue to conduct regular mapping of our supply chain to review high-level risks along with mitigation and prevention strategies.

KEY APPROACH 2: RISK MITIGATION STRATEGIES & PROCEDURES

We proactively adopt strategies and procedures that will further improve our responsible and ethical sourcing practices. We will promote learning and awareness within the business and build stronger relationships with our suppliers that will enable them to engage with our risk mitigation procedures, including:

1. DIALOGUE & TRAINING

Internal training across the Company is crucial to drive effective corporate practices to mitigate modern slavery. We will raise awareness by providing training on modern slavery to all employees and promoting responsible recruitment within our organization.

We will review the opportunity for dialogue and training for suppliers to better understand how to implement effective practices.

2. LOVISA MERCHANDISE SUPPLIER COMPLIANCE MANUAL

We continue to review and enhance our compliance and on-boarding manual in the context of modern slavery.

All suppliers are required to sign and acknowledge their acceptance and agreement to supply product that fulfills the compliance requirements of Lovisa.

3. ETHICAL, SOCIAL, SAFETY & COMPLIANCE AUDITS

The scale and complexity of the challenge of ending modern slavery requires proactive action and collaboration among stakeholders including governments, international organisations, civil society and the private sector. We will review our audit frequency and process to ensure we are undertaking these audits with specialised knowledge of appropriate ethical, social, safety and compliance measures.

KEY APPROACH 3: DUE DILIGENCE & REMEDIATION PROCESSES

We regularly review our monitoring processes to build a more efficient and effective set of due diligence processes in our supply chain.

We currently conduct on-site audits annually and according to the suppliers' level of risk.

1. MONITORING SYSTEMS

Providing monitoring systems for factories is a critical component of ensuring factories achieve sustainable improvement and compliance with the Supplier Compliance Manual.

As part of the monitoring system, we will review our timelines for audits. Enhancement of our audit process will be reviewed to include unannounced spot checks on factories, particularly those with increased risk factors such as lack of transparency, in order to provide greater focus on their inherent modern slavery risk of child labour, forced labour and excessive overtime. Worker interviews will be conducted to illuminate the real conditions faced by workers.

2. REMEDIATION PROGRAM

We will implement a remediation program to continuously improve performance in our supply chain. When non-compliances are identified through audits, these will be discussed with the identified factory and measures will be required to be developed for a corrective action plan focused on prevention. Progress on the action plan will be monitored by Lovisa. Any supplier who refuses to co-operate with this program will be phased out of the business.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Whilst we have historically conducted a program of supplier due diligence we continue to assess the effectiveness of our practices to ensure that our processes meet requirements of the Act.

Looking to the rest of 2021 and toward 2022, we realise that various challenges related to the COVID-19 pandemic will continue to cause disruptions to our business and supply chain and will stand in the way of progress. We will need to be innovative on how we can continue progress in mitigating modern slavery rises in our supply chain despite travel restrictions and physical distancing.

We will continue to assess the effectiveness of our efforts to eradicate modern slavery, and are committed to expanding our industry collaboration and to equip our business operations and our factories in our supply chain with the required tools to identify and mitigate all forms of modern slavery.



FUTURE FOCUS

As encouraged by the Act, we are committed to making progress in the coming two years on actions that will address modern slavery risks through focus areas of training, policy setting, due diligence and good governance.

1. TRAINING

We will engage with our employees, colleagues, partners and suppliers to gain a deeper understanding of how we can eradicate the risks of modern slavery in our operations and our supply chain.

2. FORMAL POLICY SETTING

We will continue to enhance our Supplier Compliance manual with provisions on our expectations of responsible, legal and ethical practices, with particular focus on modern slavery risk management.

3. TARGETED DUE DILIGENCE IN HIGHER RISK SUPPLY CHAINS

We will implement proactive ethical and social compliance audits in our supply chain with a focus on identified higher risk supply chain areas.

4. GOOD GOVERNANCE THROUGH MONITORING SYSTEMS & REMEDIATION PLANS

We will provide monitoring systems and remediation plans to factories to support them in achieving sustainable improvement.

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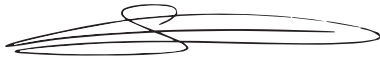


GOVERNANCE

This is Lovisa's first Modern Slavery statement.
This disclosure statement is published pursuant to the Australian Commonwealth Modern Slavery Act 2018.

The statement is fully supported and approved by our Board of Directors and signed by our Managing Director, Shane Fallscheer.

This statement was approved by the Lovisa Board of Directors on 29th March 2021.



Shane Fallscheer
Managing Director



LOVISA



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