

2019 MODERN SLAVERY STATEMENT



Introduction

This is Lion's second modern slavery statement in accordance with the Modern Slavery Act 2015 (UK) and is published on behalf of Lion's Australian and New Zealand adult beverage businesses, being Lion-Beer, Spirits & Wine Pty Ltd and Lion NZ Limited.

During 2018 and 2019, the Lion Group acquired United Kingdom based Magic Rock Brewing and Fourpure Brewery and whilst these entities are not mandatory reporters under the act, we have voluntarily reported on them within this statement due to their nexus to the UK and our commitment to full transparency within our supply chain.

Our Business

Lion is a leading beverage company with a proud history extending back to 1840. We have a global manufacturing footprint headquartered in Sydney, Australia which involves large and craft breweries, wineries and hospitality venues. More information about us can be found on our website: lionco.com/about-us.

Our Commitment

Lion is committed to preventing and eradicating all forms of slavery within our organisation and our supply chains. We consider one of the first steps in this commitment is acting with integrity to build a transparent and ethical supply chain.

Our commitment extends to respecting and upholding business ethics, implementing sustainable practices, and protecting the human rights of our own employees, as well as other people working within by our extended value chains.

Put simply, Lion is committed to doing the right thing for the long term.



Our Policies

The Lion Group's policy framework seeks to ensure human rights are always upheld. In particular, our policy framework is guided by the UN guiding principles on Business and Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.

Lion is in the process of integrating its newly acquired businesses into the Lion Group including supporting these businesses to become fully compliant with Lion Group policies.

We recognise that we have an obligation to protect and preserve human rights not just in our own workplace, but also through our value chain. Lion's Procurement Policy and Responsible Sourcing Code outline our expectations of our suppliers, joint venture and distribution partners in relation to human rights as well as other ethical and environmental considerations.

In 2019, we reviewed and developed a new Responsible Sourcing Code which is set to be launched externally during Quarter 4 2020 with the aim to continually increase the transparency of our supply chain and give our customers confidence that their trusted brands are being sourced responsibly and from sustainable sources without slavery.

As part of the 2020 launch we will work with Magic Rock Brewing and Fourpure Brewery to build capability and compliance with the Responsible Sourcing Code.

Compliance with these values are enshrined in our contractual standard terms and conditions which requires suppliers to monitor and record their compliance with Lion's responsible sourcing policies.

Lion also has a dedicated Whistle-blower Hotline which is available to all Lion personnel globally as well as all personnel within our extended supply chain. Individuals can confidentially report to Lion any breaches of any Lion policy they may have observed or experienced or other concerns relating to modern slavery.

Our key policies are available on our Corporate website within the [sustainability microsite](#).



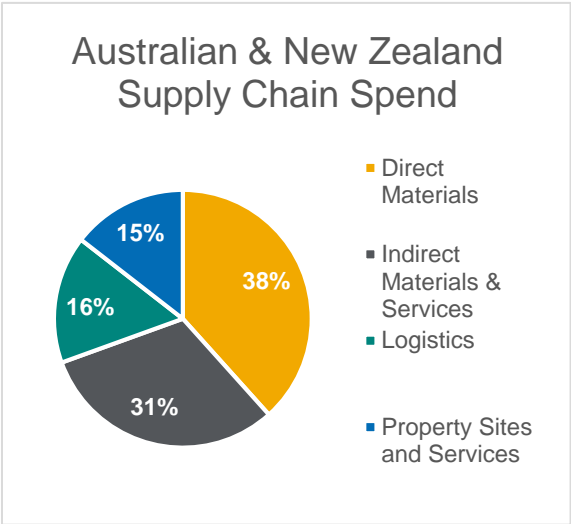
Our Supply Chain

In order to deliver sustainable commercial outcomes and corporate responsibility in the procuring of goods and services, we seek to promote our practices across our global organisation and to build long-term productive relationships with our suppliers.

We predominately purchase from established and trusted suppliers with well-developed systems and processes to minimise the risk of modern slavery. 98% of all suppliers to our domestic business are based within the Trans-Tasman region.

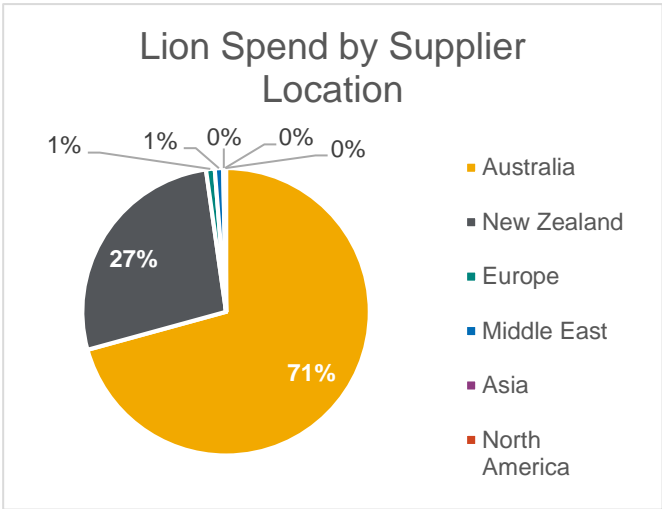
For the reporting period, Lion’s Australian and New Zealand operations engaged with more than 5,800 suppliers from 25 countries with approximately 80% of spend concentrated with 135 suppliers.

Supplier Risk Management



Our largest category of spend is sourcing direct materials which are used in the manufacture of our consumer products, including our raw agricultural products such as barley and hops that are used to brew beer and packaging materials including glass bottles, aluminium cans, corrugate and paperboard cartons which are used to package our products.

Indirect materials & services are our next largest category of spend and includes IT equipment and software, sales and marketing material, advertising, engineering and site services as well as transportation and logistics services to store and delivery product to customers around the globe.





Suppliers to Lion are assessed against key risk factors including Operational/Performance, Commercial, Business Continuity, Quality requirements related to Health & Safety, Anti-Bribery & Corruption, Human Rights & Labour Standards and Environmental Practices.

Additionally, Lion's standard terms and conditions provide Lion with the right to audit its suppliers' compliance with its contractual commitments regarding responsible sourcing which includes observing the rights of workers.

Lion considers the following areas of modern slavery risk to be most relevant to its value chain:

- Location of manufacturing (low risk v high risk countries)
- Category of spend, for example:
 - Migrant labour (in the agricultural sector)
 - Contract labour hire
 - Purchase of corporate clothing, sales merchandise and stationery
 - Purchase of IT hardware & equipment

Suppliers which are assessed as having an elevated risk within their supply chain are considered "high priority" and are requested join the Supplier Ethical Data Exchange or 'SEDEX' and complete a self-assessment questionnaire. We also reserve the right to audit suppliers where we perceive an elevated risk.

As at 30 December 2019, 65% of Lion's high priority suppliers had completed the SEDEX on-boarding process (an improvement from 9% which had been onboarded at the start of 2019).

For 2020, we are working towards ensuring more of our high priority suppliers are risk assessed in SEDEX with an internal target of >95%.

In the reporting period, we have not identified any incidences modern slavery or human rights violations in our supply base. In any case where we do identify an incidence of modern slavery or human rights violations, we would engage the supplier's senior management to develop a remediation plan or in severe cases potentially suspend the contract.



Lion UK

During 2018 and 2019, Lion expanded its international business by acquiring the UK based Magic Rock and Fourpure craft breweries which employ over 140 people. For each of these acquisitions, Lion placed a high emphasis in ensuring the breweries aligned with Lion's commitment to 'doing the right thing' during the due diligence phase.

In terms of the supply base, our UK operations predominately purchase from local (UK or Europe based), established and trusted suppliers with well-developed systems and processes to minimise the risk of modern slavery. Where possible, they leverage global agreements where a risk assessment has already been completed.

Like Australia and New Zealand, the largest category of spend is direct materials used in the manufacture of our consumer products, including our raw agricultural products such as barley and hops that are used to brew beer and packaging materials including glass bottles, aluminium cans, corrugate and paperboard cartons which are used to package our products.

Both Magic Rock and Fourpure are members of SEDEX, the management tool used to help Lion identify potential human rights and modern slavery risk in our supply chain. During 2020-2021 we will put in place a process to ensure risk assessments are undertaken on our current suppliers, and ensure the same process is used to onboard new suppliers, with a priority given to higher-risk geographies and sectors. This includes all our direct material providers, as well as suppliers who operate in geographies or sectors where there is an increased risk of modern slavery occurring.

We will also identify opportunities to improve processes to ensure that each part of Lion's business is equally committed to eliminating modern slavery within its supply chain. One such example is Fourpure implementing a 'New Supplier Form' in 2019 in which all new suppliers must provide Fourpure with information on areas of quality, working conditions, environmental impact and modern slavery risk.

Review and Approval

This statement has been approved by the Lion Board.

Stuart Irvine

Chief Executive

Date: 31 August 2020