



Lion Responsible Sourcing Code

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1

INTRODUCTION TO THE CODE

Making the Moment Mean More. It's our purpose that drives us to ensure that everything we do creates positive change and builds a pathway to tackle some of the biggest social and environmental challenges in the world today.

It's about building a plan that looks after the wellbeing and future of our communities, protects our environment for generations to come, and strengthens and safeguards how we operate so that our brands can continue to bring joy to every adult social occasion.

So, what does Lion want to stand for? We want to be known as a *force for good* for society and the environment. We want to be known as a business that does the *right thing for the long term*, thinks beyond, promotes fairness for all, and gives back to the community.

For us, being a *force for good* means:

- Demonstrating brave and enduring **Environmental** leadership
- Creating long-term positive **Social** impact
- Strengthening and safeguarding our **Governance**

In our latest materiality assessment, **sustainable procurement** and **human rights** were selected as one of the key material topics likely to affect our business now and in the future. Lion is committed to sustainable, ethical, and transparent business practices across its operations and supply chain. We rely on thousands of suppliers to support our manufacturing and business operations. We recognise that the actions of our suppliers, and our interactions with them, support Lion in its efforts to drive positive social, environmental, and economic outcomes in the communities we live and work.

Our [Procurement Policy](#), [Human Rights Policy](#) and Responsible Sourcing Code ("the Code") guide our purchasing decisions. These documents capture Lion's commitment to responsible sourcing through three core principles:

1. Respecting human rights
2. Promoting sustainable & ethical sourcing
3. Building strong commercial outcomes and productive partnerships

Our Procurement Policy and Supplier Responsible Sourcing Code embrace the Ethical Trade Initiative (ETI) Base Code, the International Bill of Human Rights¹, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work² and the [UN Guiding Principles on Business and Human Rights](#)³. As a signatory to the [UN Global Compact](#), we are committed to upholding its 10 principles related to human rights, labour standards, the environment and anti-corruption.

¹ The International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenants on Economic, Social and Cultural Rights. It is widely regarded as the fundamental human rights framework in the international community.

² The Declaration on Fundamental Principles and Rights at Work refers to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

³ The United Nations Guiding Principles on Business and Human Rights, endorsed by the United Nations Human Rights Council in 2011, are the authoritative global standard for States and business to prevent and address the risk of adverse impact on human rights linked to business activity.



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PURPOSE OF THE CODE

Lion seeks to conduct business with organisations which share our core values and help support our commitments to operate in an ethical, social, and environmentally responsible manner.

The Code's purpose is to:

- set expectations of our suppliers and their subsequent suppliers in providing goods and services to Lion; and
- support suppliers to identify, mitigate and manage their sustainability (including environmental, social human rights, modern slavery, and governance) risks.

The size and complex nature of our supply chain makes it impractical for us to directly monitor compliance of every supplier in our extended supply chain. Consequently, we require our direct suppliers to ensure that the standards outlined in this Code are upheld within their supply chains to ensure human rights and ESG (Environment, Social & Governance) risks are mitigated.

Our aim is to continually increase the transparency of our supply chain and give our customers confidence that their trusted brands are being sourced responsibly and sustainably.

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SCOPE

The Requirements set out in section 4 of this Code apply to all first-tier suppliers who supply to Lion Group (including brokers, agents and co-manufacturers) and their suppliers in all geographic locations unless otherwise specified.

First tier suppliers are those with a direct supply relationship, contract, or purchase orders with a member of the Lion Group.

Additional material specific requirements may apply to the suppliers of materials detailed in Section 4.5. This list is not exhaustive and may be updated from time to time.



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REQUIREMENTS

As part of Lion’s standard purchasing terms, suppliers are required to comply to the standards set by this Code.

Without limiting the contractual rights available to Lion, should suppliers consistently fail to live up to these standards and be unwilling to institute appropriate and reasonable improvements, Lion will take actions available to it, which may involve terminating contracts and ceasing to trade.

Reporting related to the supplier implementation or performance against the Code may be requested on reasonable notice.

4.1 Legal & Contract Compliance & Risk Management

4.1.1



Suppliers must comply with all applicable local laws as their first obligation. Where local laws and regulations conflict with or set a different standard of protection to the international standards, such as applicable ILO or United Nations Conventions, our business partners shall abide by the principles that provide the highest protection to the workers and environment.

Suppliers must identify, mitigate and manage their risks, vulnerabilities and compliance obligations, including risks that the supplier’s actions may pose to people and the environment.

4.2 Business Integrity

4.2.1



Suppliers must establish their own internal processes and policies setting out appropriate standards of business integrity including but not limited to policies in relation to anti-bribery and corruption, conflicts of interest, respect and conduct and privacy.

4.3 Human Rights & Labour Relations

4.3.1



Suppliers must respect all internationally recognised human rights through their operations and business relationships, including their supply chain, and address any adverse human rights impacts. See [Lion’s Human Rights Policy](#).

Suppliers must ensure they have policies and/or processes in place to identify, mitigate and address any form of modern slavery within their operations and supply chain, including human trafficking, slavery, servitude, forced labour, bonded labour, deceptive recruitment, forced marriage and the worst forms of child labour.

Lion considers the [ETI Base Code](#) as the reference standard for labour standards to keep workers safe and free from exploitation. Our expectation is that our suppliers adopt the same. The provisions of the Base Code constitute minimum, not maximum standards. Where the law and the Base Code address the same subject, companies are expected to apply the provisions that affords the greater protection to workers.



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REQUIREMENTS Continued

4.3 Human Rights & Labour Relations Continued

4.3.2

Additional requirements for overseas workers in Australia and New Zealand



In addition to the human rights and labour standards under sections 4.3.1, the following standards apply to suppliers operating within Australia and/or New Zealand. All people working in Australia or New Zealand are entitled to basic rights and protections in the workplace. This includes overseas workers, which refers to workers who are not Australian or New Zealand citizens or permanent residents, and may include 'backpackers', seasonal workers, or international students.

To work in Australia or New Zealand, workers must have a current visa with the right to work in that country. It is a criminal offence to hire or refer illegal workers. Fines apply to employers, labour hire companies, employment agencies and anyone who allows illegal workers to work or refers them for work.

Suppliers must validate the legal right to work in the country of employment for workers in their facilities or providing a service to Lion at Lion's sites regardless of whether the workers are employed directly by the supplier or through a labour hire intermediary. In Australia, suppliers can verify legal right to work using the free service [Visa Entitlement Verification Online \(VEVO\)](#). In New Zealand, suppliers can use the [VisaView](#) check.

Employment conditions of all workers (including overseas workers) must meet or exceed the minimum employment rights set out by the relevant authorities:

- [Fair Work Australia](#)
- [Employment New Zealand](#)

All overseas workers must receive an induction before starting work, in a language they understand or with an interpreter present. The induction as a minimum must include an explanation of workers' basic rights, safety at work.

All overseas workers engaged to work in Australia must be provided a copy of the Fair Work Information Statement and 'My employment checklist' available from www.fairwork.gov.au in a language they understand. All overseas workers engaged to work in New Zealand must be provided a copy of Employment New Zealand's the [Minimum Employment Rights and Responsibilities](#) in a language they understand.







Suppliers who engage overseas workers either employed directly or through a third party labour hire company must:

- have documented management systems and processes in place for monitoring compliance with workplace laws with respect to overseas workers, including, without limitation, the minimum rights and conditions at work outlined above; and
- implement processes to enable adequate oversight of any labour hire companies, contractors or sub-contractors they use with regards to compliance with workplace laws, correct rates of pay, hours of work and the minimum rights and conditions at work.



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REQUIREMENTS Continued

4.4 Protection of the Environment	
<p>4.4.1 Environmental Permits</p> 	<p>The Supplier shall obtain and ensure the currency of all relevant environmental permits for its operations and facilities as required by national and local laws.</p> <p>The Supplier shall comply with the requirements of all its environmental permits and national and local environmental laws and regulations.</p>
<p>4.4.2 Environmental Management Systems</p> 	<p>The Supplier shall develop, document and implement an effective environmental management system based on ISO 14001:2015 or a similar internationally recognised standard for its facilities that supply Lion.</p> <p>The environmental management system must identify and document key environmental impacts and implement controls to eliminate or minimise impact on the environment, as a minimum, with respect to:</p> <ul style="list-style-type: none"> • waste reduction, reuse, recycling and disposal; • hazardous chemicals storage and management; • air and water emissions; • energy use and carbon emissions; and • water use and wastewater discharge
<p>4.4.3 Water</p> 	<p>Suppliers who are operating in water-stressed regions either via their direct operations or in their sourcing of raw materials, shall maintain an active and up to date Water Management Plan for each region including a water target (referencing scope, % water savings and/or replenishment and target year) and share their targets and results with Lion.</p> <p>Suppliers shall engage with their own suppliers operating in water -stressed regions to ensure these principles are mirrored in their suppliers' operations.</p> <p>Suppliers shall provide employees with access to safe drinking water, adequate sanitation, and hygiene awareness in the workplace.</p>
4.5 Material Specific Requirements	
<p>4.5.1 Agricultural Commodities</p> 	<p>At a minimum, all suppliers of agricultural commodities must demonstrate that they have processes to monitor, identify, remedy and report any use of forced labour and child labour. Lion reserves the right to request independent audits of suppliers' processes.</p>
<p>4.5.2 Animal Welfare</p> 	<p>Lion places significant importance on the welfare of the animals. Lion will only source animal products from farms that have implemented animal welfare standards and comply with relevant federal and state animal welfare legislation.</p>
<p>4.5.3 Sugar</p> 	<p>All cane sugar supplied to Lion must be Bonsucro certified or Smartcane Best Practice accredited, inclusive of all modules of the Smartcane Best Management Practice program.</p> <p>Lion may accept alternative certification schemes, if deemed equivalent, at its discretion.</p>



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REQUIREMENTS Continued

4.5 Material Specific Requirements continued	
<p>4.5.4 Coffee</p> 	<p>All coffee product suppliers, including brokers, must provide evidence of sustainable coffee production including complete transparency of the upstream value chain from farm to Lion. If a supplier does not have its own supply chain traceability program, Lion may accept Fairtrade or Rainforest Alliance (including UTZ) certification. Lion may accept alternative certification schemes, if deemed equivalent, at its discretion.</p>
<p>4.5.5 Packaging</p> 	<p>Lion is adopting the principles of a circular economy, reducing waste and reliance on natural resources, improving packaging design and reducing costs. This means designing products and processes so that resources can be used in a 'closed loop' system to reduce demand on natural resources.</p> <p>Any primary packaging with recycled content must meet food safety requirements and not adversely impact packaging functionality and shelf-life. All packaging must be recyclable as defined by the PREP tool https://prep.org.au/main/content/home</p> <p>All packaging must either have at least 50% post-consumer recycled content (defined by ISO 14021) or provide a time bound plan to achieve at least 50% post-consumer recycled content within the term of the supply contract.</p> <p>Virgin content in paper and board must be certified under the Forest Stewardship Council (FSC) certification or Program for Endorsement of Forest Certification (PEFC).</p> <p>All packaging suppliers shall refer to and integrate the ten sustainable packaging principles from APCO's sustainable packaging guidelines.</p>
<p>4.5.6 Carbon Intensive Supplied Materials or Services</p> 	<p>Lion has science-based targets for scope 3 emission reduction and net zero emissions by 2050.</p> <p>For suppliers providing carbon intensive products or services, Lion may request emission data and details of decarbonisation plans to support Lion's disclosure on scope 3 emissions and our credible transition plan to net zero.</p> <p>Emission data should be updated annually and where possible, derived from direct measurement aligned to regulatory standards or industry protocols, and assured. Supplier data will be treated as confidential and only disclosed in an aggregated form with other scope 3 data.</p> <p>Lion recognises some emission reduction can only be achieved through collaboration along the value chain of our products and would welcome the opportunity to work together with suppliers for this purpose.</p>
<p>4.5.7 Palm Oil</p> 	<p>Lion avoids the use of Palm Oil or its derivatives wherever possible in all its products. If the product you supply Lion contains any Palm Oil or its derivatives, please notify Lion to assess if this is suitable to use.</p> <p>At a minimum it must be RSPO (Roundtable on Sustainable Palm Oil https://rspo.org/) certified, complying with one of the following supply chain models: IP (Identity Preserved), SG (Segregation), or MB (Mass Balance) or B&C (Book and Claim)</p>



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Our Responsible Sourcing program embeds important risk management principles to ensure our supplier relationships and their subsequent supplier relationships mitigate environmental, social and governance (ESG) risks in our supply chain, including salient issues such as climate change, human rights, and modern slavery.

5.1 Risk Assessment

Lion takes a risk-based approach to manage our suppliers within our Responsible Sourcing program. The risk assessment considers several factors including geographical risk, category or commodity risk, the nature of Lion's commercial relationship and potential brand exposure. The resulting segmentation informs how we manage and monitor compliance with the program. It allows us to focus our resources where there is a greater risk of labour or human rights violations.

5.2 Ongoing monitoring and verification

Lion uses external ethical sourcing platform (currently, SEDEX) for ongoing monitoring and verification of ethical risk. At Lions request suppliers must join SEDEX and complete a SEDEX self-assessment questionnaire (SAQ) for all their sites that supply product or service to Lion. Brokers and agents must ensure their suppliers complete the SEDEX SAQ for all facilities that Lion is supplied from.

Lion may also choose to use independent audits to verify suppliers' compliance with this Code. The audits we accept are based on the conventions of the International Labour Organisation and the [Ethical Trading Initiative Base Code](#). Independent audits must be conducted by an [APSCA](#) or [BSCI-amfori](#) enrolled or certified auditor. Suppliers must use all reasonable endeavours to assist Lion in conducting such an audit, including, without limitation, allowing site access to Lion's representatives and supplying all relevant requested evidence of certifications and compliance.

For materials where Lion requires specific certification(s), suppliers are required to provide evidence of the relevant certification(s).



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GRIEVANCE MECHANISM

Further Information & Reporting Breaches

If you have any questions regarding this Code including compliance issues, please contact Procurement@lionco.com or speak to your nominated Lion representative.

If you are unsatisfied with the response or would like to anonymously report breaches, please consider using drawtheline, Lion's whistleblower hotline. Drawtheline is a confidential service, offered by Deloitte, for Lion team members and related parties including suppliers to raise concerns of suspected or actual misconduct in the workplace. Examples include fraud, theft, harassment, modern slavery issues or any other unethical behaviour. For further information including contact details for making a disclosure, and the protections available to eligible whistleblowers, please refer to [Lion's Whistleblower Policy](#).



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GLOSSARY

Glossary of terms and definitions

Terms	Definitions
Lion or Lion Group	Lion Pty Ltd and its related bodies corporate (as defined in the Corporations Act 2001 (Cth)).
UN Global Compact	The UN Global Compact (UNGC) is a voluntary initiative based on CEO commitments universal sustainability principles and align strategies and operations with universal principles of human rights, labour, environment and anti-corruption.
UN Guiding principles on Business and Human Rights	The UN Guiding principles on Business and Human Rights are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. The guidelines were endorsed by the UN Human Rights Council in June 2011.
First tier supplier	First tier suppliers are those with a direct contractual relationship with a member of the Lion Group
SEDEX	The Supplier Ethical Data Exchange (SEDEX) is an online data sharing platform enabling buyers, suppliers and auditors to store, share and report on social, ethical and environmental policies, practices and performance.
SAQ	Self-assessment questionnaire. SEDEX has a set of questions tailored to industry sectors that suppliers complete and share with their customers to enable customers to assess suppliers based on their self-assessment.
APSCA accredited	Auditing companies accredited by the Association of Professional Social Compliance Auditors
BSCI authorised	Audit companies authorized by the Business Social Compliance Initiative (BSCI) to conduct BSCI audits.
Forced labour	Forced labour refers to any form of indentured servitude such as the use of physical punishment, confinement, threats of violence as a method of discipline or control such as retaining employees' identification, passports, work permits or deposits as a condition of employment. Where the Supplier is using migrant or prison labourers under a legal framework, Lion Pty Ltd must be made aware to review appropriate documentation maintained by the Supplier.
ILO	The International Labour Organisation (ILO) is a United Nations agency dealing with labour issues, setting international labour standards, developing policies programs to promote decent work opportunities for all. The ILO has 187 member states (including Australia and New Zealand).
Child labour	Child labour refers to work that: <ul style="list-style-type: none">• is mentally, physically, or morally harmful to children;• can negatively affect their mental, physical, or social development, and• interferes with their schooling:<ul style="list-style-type: none">○ by depriving them of the opportunity to attend school;○ by obliging them to leave school prematurely; or○ by requiring them to attempt to combine school attendance with excessively long and heavy work.



Glossary of terms and definitions continued...

Terms	Definitions
Environmental Management System	An Environmental Management System (EMS) is a set of processes and practices that enable an organisation to reduce its environmental impacts and increase its operating efficiency. An effective EMS should be based on 'Plan-Do-Act-Check' cycle and should include the organisational structure, planning and resources for developing, implementing and monitoring objectives for the protection of the environment.
ISO 14001	ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS).
Bonsucro	Bonsucro is an international not for-profit, multi-stakeholder organization established in 2008 to promote sustainable sugar cane. Its aim is to reduce 'the environmental and social impacts of sugarcane production while recognising the need for economic viability. It does this through setting sustainability standards and certifying sugar cane products including ethanol, sugar and molasses.
Smartcane Best Management Practice (BMP)	The Smartcane BMP is an industry-led, voluntary program available to all sugarcane growers across the state of Queensland. Smartcane BMP assists growers to document, benchmark and continuously improve their on-farm practices for productivity, profitability and stewardship. Smartcane BMP has been benchmarked against the Bonsucro Production Standard, demonstrating full alignment with the Standard's indicators.
Fairtrade	Fairtrade is a non-profit organisation aiming to help primary producers in developing countries achieve better trading terms and to promote sustainable farming. Fairtrade focuses on certification of commodities, or products which are typically produced in developing countries and exported to developed countries such as coffee, cocoa, sugar, chocolate, fresh fruit, flowers and so on.
Rainforest Alliance Certification Program	The Rainforest Alliance is an international non-profit organisation working to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices. A Rainforest Alliance Certified farm is one that complies with 10 standards set in place by the Sustainable Agriculture Network (SAN). These standards include ecosystem conservation, wildlife protection, and fair treatment and good working conditions for workers.
UTZ certified	With the launch of the 2020 Rainforest Alliance Certification Program, UTZ certification is being phased out.
Circular economy	A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.
Recyclable	Consumer packaging material that can be recycled through kerbside recycling services available to most households in Australia and New Zealand.
Recycled content	ISO 14021 defines recycled content as the proportion, by mass, of recycled material in a product or packaging. Only pre-consumer and post-consumer materials shall be considered as recycled content. Pre-consumer materials are those diverted from the waste stream during a manufacturing process. Post-consumer materials are those generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product.
FSC certified	Forest Stewardship Council (FSC) is a global non-profit organisation setting standards for sustainable forest management. FSC certification and its label gives consumers confidence that the paper/board products they buy has come from a forest and supply chain that is responsibly managed.
PEFC certified	Programme for the Endorsement of Forest Certification (PEFC) is a global non-profit organisation promoting sustainable forest management through independent third party certification.
ETI Base Code	The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice.