

LION LITTLE WORLD BEVERAGES UK TAX STRATEGY - 31 DECEMBER 2020



Introduction

The Lion Little World Beverages (**LLWB**) UK Tax Strategy applies to all LLWB companies operating in the UK, being:

- Lion – Beer, Spirits & Wine (UK) Ltd (**LBSW UK**)
- Fourpure Holdco Limited
- Fourpure Limited
- Magic Rock Brewing Company Limited

This UK Tax Strategy applies to the financial year ending 31 December 2020.

Overview – Lion’s business

Lion Pty Ltd’s (**Lion**) principal business activities are the production, marketing and distribution of branded beverage and food products.

Lion’s global operations are focused in North America, UK & Europe and Asia Pacific.

Lion has people and facilities across the United States (wine and beer) and operates multiple hospitality venues. In the UK, Lion operates two craft breweries and has hospitality sites focused in London and Northern England. In Asia Pacific, in addition to Australia and New Zealand, Lion has offices in Singapore and Shanghai and operates hospitality venues in Singapore and Hong Kong.

Lion operates various businesses under the following four key segments:

- Lion Beer Australia
- Lion NZ
- Lion Dairy and Drinks
- LLWB.

These businesses operate (i.e. manufacture, market and/or distribute) across two broad-based product portfolios:

- Alcoholic beverages (primarily beer, cider, wine and spirits)
- Dairy and drinks products (milk-based beverages, cheese, yoghurt, cream, custard, juice and water ice).

LLWB - UK

Lion Global Craft Beverages Pty Limited (the sister company to Lion) is the Australian holding company that wholly owns the LLWB UK entity structure.

LLWB was first established as “Lion Global Markets” in 2015 and is focused on growing a portfolio of premium, crafted beverages in new markets outside Australia, New Zealand and Japan (principally the UK and US).

Lion established its presence in the UK in late 2017 (with the incorporation of Lion – Beer, Spirits & Wine (UK) Ltd). Following this, in 2018 and 2019 respectively, Lion acquired UK craft beer brands “Fourpure” and “Magic Rock”.



Kirin overview

Lion is wholly owned by Kirin Holdings Company, Limited (**Kirin**). Kirin is the head company of the Kirin group of companies (the **Kirin Group**). The Kirin Group is headquartered in Japan and Kirin is tax resident in Japan. The Kirin Group is one of the leading alcoholic and non-alcoholic beverage companies in Japan. Its products include beer, fruit juices, wine, whiskey, spirits, dairy products and soft drinks. The company is also involved in several other sectors including food products, pharmaceuticals, bio-chemicals and food industry related engineering businesses.

Lion's Approach to Tax

Approach to risk management and governance arrangements in relation to UK taxation

The primary role of the Lion Group Tax team is to ensure the group complies with all tax laws and its statutory obligations, whilst the business pursues its commercial objectives.

Lion's tax risk management framework and governance approach has been approved by the Board and aligns to our Corporate Governance Framework.

The roles, responsibilities and approval structure under Lion's Corporate Governance Framework are summarised in the diagram at Annexure 1.

Attitude to tax planning

Lion's approach to tax planning is to operate, file and pay taxes on time and in accordance with the laws in the relevant jurisdictions in which it operates (in the present case, the UK).

Consistent with Lion's Risk Management Framework, Lion does not engage in aggressive tax planning. Lion does not operate in tax havens or in low tax jurisdictions.

Tax laws are inherently complex and subject to change and interpretation over time. Where necessary, Lion consults with HMRC for clarity on the operation of the tax laws in the UK.

Lion also seeks independent specialist tax advice as appropriate to ensure identifiable tax risks are managed and documented. This could relate to one-off significant business transactions or day-to-day compliance obligations.

Level of risk in relation to UK taxation that Lion is willing to accept

Lion's internal tax guidelines provide a formal mechanism to escalate perceived and actual tax risks to the Lion Group Tax team. Under these guidelines, the Lion Group Tax team is required to review and assess tax risks prior to signing off on the below transactions:

- Mergers, acquisitions & divestments;
- Organisational restructures (including change in shareholdings, amalgamations, liquidations, commencing operations in a new jurisdiction or existing an existing jurisdiction); and



- Cross border transactions relating to inventory, licensing, funding and services.

The Lion Group Tax team advises the business on the tax consequences and risk mitigation options, based on commercial considerations and the underlying economic substance.

Where material tax issues are identified by the Lion Group Tax team, the Lion Group Tax Director is then required to report this to senior management, the Audit Finance and Risk Committee and/or the Board.

Approach to dealings with HMRC

The Lion Group Tax team actively engages with our HMRC Customer Compliance Manager in an open, constructive and transparent manner to help HMRC understand our business, our approach to risk management and our governance arrangements.

This helps to ensure Lion's compliance with ongoing UK tax obligations, allows us to provide significant transaction updates to HMRC and allows us to provide timely responses to specific taxation reviews and/or queries raised by HMRC.

Transparency

Lion takes seriously its responsibilities under the UK's Corporate Criminal Offences regime (Part 3 of the Criminal Finances Act 2017), regarding preventing the facilitation of tax evasion and has appointed a Senior Accounting Officer to ensure that the LLWB UK entities maintain appropriate tax accounting arrangements.

This UK Tax Strategy is reviewed annually and applies to all of the LLWB UK entities listed in the section headed "Introduction". Lion regards this publication as complying with its obligation under paragraph 19(2) Schedule 19, Finance Act 2016.

The UK Tax Strategy was last approved by the Board of Lion – Beer, Spirits and Wine (UK) Limited (the UK holding company) on 15 September 2020 and published on the Lion corporate website on 16 September 2020. It reflects the strategy applied during the year ending 31 December 2020.

Further information

If you would like to provide any feedback, please don't hesitate to contact us at:

taxtransparency.au@lionco.com

More information is also available through the following links:

- Lion's 2018 Tax Transparency Report – https://www.lionco.com/content/1911_lion_tax_transparency_report_03A%20%28004%29.pdf¹
- Lion's Sustainability Reports - <https://www.lionco.com/sustainability/sustainability-reports>

¹ As at the time of publishing this UK Strategy, this link is to the most recent Lion Tax Transparency Report available to the public (published on the Lion website).



Tax policy, strategy and governance summary

Lion's approach to risk management and governance arrangements

The primary role of the Lion Group Tax team is to ensure the group complies with all tax laws and its statutory obligations whilst the business pursues its commercial objectives.

Lion's tax risk management framework and governance approach has been approved by the Board and aligns to our Corporate Governance Framework. The roles, responsibilities and approval structure under Lion's Corporate Governance Framework are summarised in the following diagram:





Annexure 1 – Lion Tax Policy, strategy and governance summary (cont.)

Tax policy, strategy and governance summary (continued)

Lion's tax policy / guidelines

Lion's internal tax guidelines provide a formal mechanism to escalate perceived and actual tax risks to the Group Tax team. Under these guidelines, the Group Tax team is required to review and assess tax risks prior to signing off the below transactions:

- › Mergers, Acquisitions & Divestments;
- › Organisational restructures (including change in shareholdings, amalgamations, liquidations, commencing operations in a new jurisdiction or exiting an existing jurisdiction); and
- › Cross Border Transactions relating to inventory, licensing, funding, and services.

The Group Tax team advises the business on the tax consequences and risk mitigation options, based on commercial considerations and the underlying economic substance. Where material tax issues are identified by the Group Tax team, the Lion Group Tax Director is then required to report this to senior management, the Audit Finance & Risk Committee and/or the Board.

Lion's attitude to tax planning

Lion's approach to tax planning is to operate, file and pay taxes on time and in accordance with the laws in the relevant jurisdictions. Consistent with Lion's Risk Management Framework, we do not engage in aggressive tax planning. Lion does not operate in tax havens or in low tax jurisdictions.

Tax laws are inherently complex and subject to change and interpretation over time. Where necessary, Lion consults with the relevant tax authorities for clarity on the operation of the tax laws. Lion also seeks independent specialist tax advice as appropriate to ensure all identifiable tax risks are managed and documented. This could relate to one-off significant business transactions or day-to-day compliance obligations.

Engagement with tax authorities

Lion actively engages with the tax authorities in relevant jurisdictions to ensure compliance with ongoing tax obligations, the provision of significant transaction updates and

responding to specific reviews and queries. For example, Lion engages regularly with the Australian Taxation Office ("ATO") through the Pre-Compliance Lodgement Review to provide transparency on material transactions undertaken, ongoing assurance over our tax governance practices and to ensure that tax calculations and payments accord with Australia's tax laws.

Consistent with other companies of the size of Lion, the Group is subject to periodic review and audits by tax authorities. The ATO is currently undertaking a tax audit of Lion for the 2013 to 2016 income years in connection with the tax treatment of a historical transaction. Lion is engaging transparently and cooperatively with the ATO on these matters.

In the UK, we are classified as a large business and work cooperatively with HMRC to help them understand our business, our approach to risk management and our governance arrangements.