

# LION LITTLE WORLD BEVERAGES UK TAX STRATEGY - 31 DECEMBER 2018



## Introduction

The Lion Little World Beverages (**LWB**) UK Tax Strategy is reviewed annually and applies to all Lion LWB companies operating in the UK, being:

- Lion – Beer, Spirits & Wine (UK) Ltd
- Fourpure Holdco Limited
- Fourpure Limited

Lion LWB UK regards this publication as meeting the statutory requirement under Part 2 of Schedule 19 Finance Act 2016.

## 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
- LWB.

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).

## Little World Beverages - UK

Lion Little World Beverages 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 Lion acquired UK craft beer brand “Fourpure”.

## 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 page 4 of "Lion's 2018 Tax Transparency Report". Refer: [https://www.lionco.com/content/1911\\_lion\\_tax\\_transparency\\_report\\_03A%20%28004%29.pdf](https://www.lionco.com/content/1911_lion_tax_transparency_report_03A%20%28004%29.pdf)

### 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, 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 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.

## Further information

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

[taxtransparency.au@lionco.com](mailto: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.pdf](https://www.lionco.com/content/1911_lion_tax_transparency_report_03A%20%28004%29.pdf)
- Lion's Sustainability Reports - <https://www.lionco.com/sustainability/sustainability-reports>