

# LION'S CORPORATE GOVERNANCE FRAMEWORK

Lion's governance framework governs the relationship between:

- Kirin Holdings and the Lion Board
- The Lion Board and our Group Leadership Team (GLT)
- The GLT and business unit leadership teams. Each level of leadership is aware of its delegated responsibilities and is held accountable for them. As in all businesses, risk management helps us achieve our objectives. Our risks could be anything from a market downturn to a fire at a production facility. Having a strong risk management framework helps us to:
  1. Identify and anticipate potential risks before they occur (e.g. risk workshops leveraging key personnel are conducted to assess business strategies and key projects/initiatives)
  2. Put plans in place to lower the chances of the risk eventuating (e.g. health and safety procedures and regular training on legal compliance areas).
  3. Mitigate the effects of the risk should it eventuate (e.g. business continuity planning in the event of natural disasters).

In assessing how effective our governance and risk processes are, we review indicators such as whether or not we consistently meet our objectives, and whether residual risk ratings are reducing through the mitigation strategies we implement.

Most importantly, our governance framework and risk management processes help us achieve sustainable outcomes for the business, and continually improve our people's accountability and effective decision-making.

We use a mechanism called a Significant Incident Notification (SIN) for capturing and communicating actual or potential exposures arising from irregular events or transactions. There are usually significant incidents like product recalls or serious injuries to a team member or contractor. Our people can call a SIN hotline and speak to an operator who captures the details for all irregular incidents with an expected major or severe impact on the business. The relevant finance director or corporate functional leader is responsible for ensuring that the SIN is raised immediately. The SIN notifications are sent to the GLT and also a crisis committee for that particular business unit.

Overleaf is a brief summary of each element of the framework.

## THE BOARD

Directors oversee risk management and regularly evaluate the effectiveness of our risk management system.

## GROUP LEADERSHIP TEAM

Responsible for designing, implementing and monitoring group-wide policies to mitigate financial and business risks and comply with legal and regulatory requirements.

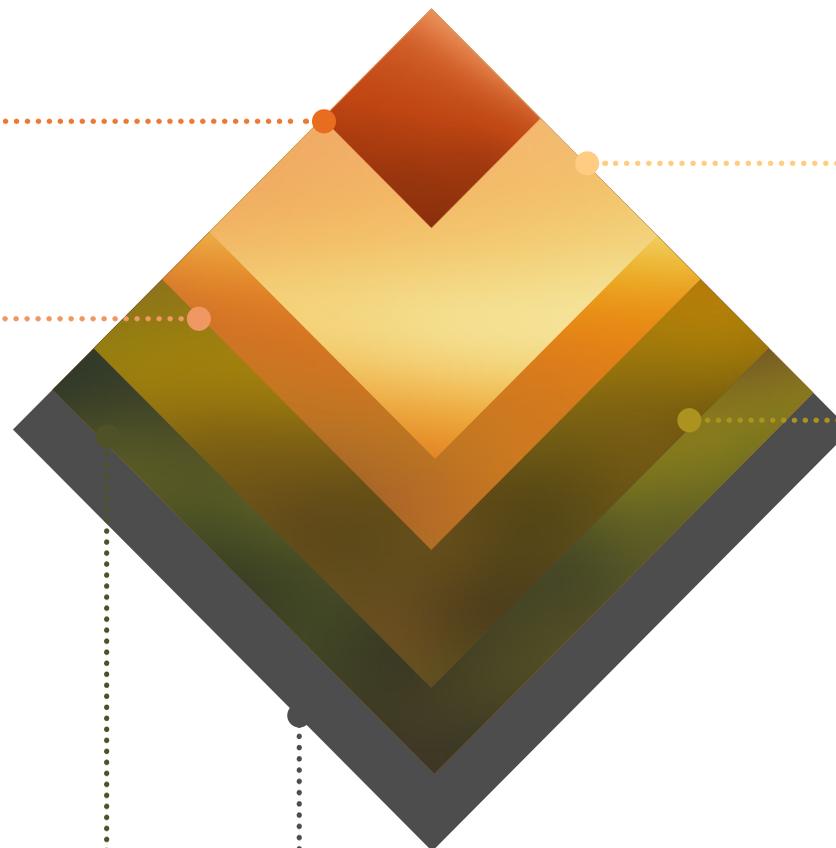
This includes:

- ensuring management reports regularly to the Board
- having a clearly defined organisation structure with approved delegated authority
- ensuring there are processes to manage capital expenditure, assets, and liabilities
- implementing appropriate due diligence procedures for corporate mergers and acquisitions.

Lion's CEO and CFO supplement the compliance program by annually certifying the financial statements' integrity to the audit finance and risk committee. This is supported by a sound system of risk management and internal compliance and control systems.

## RISK SUBJECT MATTER EXPERTS (SMES)

Lion has a range of SMEs (e.g. legal, tax, treasury, safety) that support the business manage key risk areas as well as identify emerging risks. SMEs partner closely with the business and provide input into Lion's risk management process.



## AUDIT FINANCE AND RISK COMMITTEE

Helps the Board by providing an independent review of our financial reporting processes, audit function, and internal compliance and control systems to ensure financial and business risks are effectively managed and comply with legal and regulatory requirements.

## BUSINESS LEADERS

Senior Leadership Teams (SLTs) are responsible for owning and managing risk in their respective business unit or function. This includes identifying and assessing risks, maintaining effective controls and implementing mitigating actions to manage risks down to an acceptable level.

Business unit SLTs are supported in their risk management responsibilities with challenge, guidance and specialist expertise provided by central functions. These functions include legal, people & culture, finance, treasury, insurance, risk, group strategy, IT and shared services.

## LION RISK ASSURANCE

Lion Risk Assurance (LRA) is a function that aims to promote a risk aware culture and includes an independent Internal Audit/Assurance team and a Risk team.

LRA's program of works include testing the effectiveness of internal controls, facilitating risk assessments against business strategy and projects and supporting good governance practices.

In carrying out its work it has access to all necessary information and people, including the audit finance and risk committee. The leader of LRA meets with the committee to discuss findings from reviews on a regular basis and also has the option to escalate issues to the CFO, CEO or directly to the chair of the AF&RC, as appropriate.

## EXTERNAL AUDIT

Lion's external auditors conduct independent audits of the annual financial reports to express an opinion as to whether they are in accordance with the Corporations Act 2001 and relevant accounting standards. These audits involve assessing how internal control systems relating to financial reporting are managed. Lion also uses their External Auditor to perform an assurance process over the content of this report and the systems and assumptions that lay behind it.