



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 potential risks before they materialise (e.g. through workshops with identified 'risk champions' who specialise in specific risk areas and with business unit leadership teams).
2. Put plans in place to lower the chances of the risk eventuating (e.g. health and safety procedures).
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. 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.

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

THE BOARD

Directors oversee risk management and annually 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 CHAMPIONS

Risk champions have been identified for the following material risk areas in the business:

- Agility/Responding to external factors
- Brand Management
- Product Quality
- Transformation/Integration Management
- Key Customer Management
- Key Stakeholder Management
- Competition
- People, Health and Safety
- Material Compliance Obligations

These champions partner with the business units and managing directors to help manage material business risks, implement risk management processes and communicate to business leaders and the Board (via Lion Risk Assurance) how well they are managing risk in their area of expertise.

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

Business unit managing directors have primary responsibility for managing their business unit's risk. This includes identifying risks, implementing policies and operating procedures to mitigate them and help the business achieve its objectives. They are supported in their risk management responsibilities by the central functions of legal, finance, treasury, insurance, tax, business solutions and reporting and governance.

LION RISK ASSURANCE

Lion Risk Assurance (LRA) is a function, independent of the business units, that promotes a risk management culture. It conducts an annual program of material business risk reviews, assurance reviews, strategic and project reviews and fraud risk assessments. 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 KPMG to perform an assurance process on the content of this report and the systems and assumptions that lay behind it.

