



carbon
Zero
PAS 2050
certified
product



2019

ENVIRONMENT REPORT



LION

Welcome to Lion's 2019 environment report

An essential part of Lion's purpose is helping people to live well. In today's world that means minimising the impact of our activities on the environment and ensuring that we place sustainability at the core of everything we do.

We're lucky to be the beneficiaries of the legacy left by generations of craftspeople before us, and it's our responsibility to those who'll come after us to ensure that our operations are genuinely sustainable.

As a company, we take the challenge of climate change seriously, which is why from 2020 we are becoming Australia's first large-scale carbon neutral brewer, and why we've committed to brewing all our beers

with 100% renewable energy by 2025. We're also highly conscious of the burden that decades of consumer waste has placed on landfill and marine ecosystems, and we're working to make all of our packaging 100% recyclable, with at least 50% recycled content.

This document is a snapshot of the progress we made towards our environmental goals in 2019.

(Please note that at the time of writing, the Dairy & Drinks business remains part of Lion and is included in all reporting.)



Stuart Irvine
CEO



Libby Davidson
Group General
Counsel & External
Relations Director



Our impact in action

Embracing a low carbon future

In 2019 Lion announced its intent to be a certified carbon neutral organisation commencing in 2020, making us the first large-scale brewer in Australia to do so. This follows years of strong performance in the areas of energy efficiency, on-site biogas recovery from waste water treatment and, more recently, on-site solar and large-scale renewable electricity procurement.

Our efforts are paying dividends: since 2015 Lion has achieved a 28% reduction in scope 1 and 2 emissions, against our target of 30% reduction by 2025.

We also announced a commitment to power our Australian and New Zealand breweries with 100% renewable electricity by 2025. To support this initiative, we're rolling out solar Photovoltaic systems across a number of our brewery sites. During 2018, we commenced the installation of a \$2 million project to install 2,200 solar panels on the roof of Lion's XXXX Brewery in Queensland. The 858-kW system was commissioned in mid-2019 and is generating 1,368 MWh annually, reducing the site's emissions by approximately 1,260 tonnes - the equivalent of 7% of the carbon footprint associated with electricity consumption at the brewery.

Work is also underway on the installation of our second solar project at Little Creatures Geelong Brewery; a 650 kW system which is expected to reduce Little Creatures Geelong's carbon emissions by 955 tonnes per year (representing 25% of emissions from electricity).

In late 2019, Lion entered into an aggregated Power Purchase Agreement (PPA) with the Australian Hotels Association NSW to secure cheaper, greener electricity for Lion's NSW operations and participating hotels. This is the world's first industrial-scale aggregated PPA, and will reduce Lion's emissions in NSW by 40%.

2019 was also a landmark year for Lion's emissions reduction efforts in NZ, with the

Kiwi Pale Ale from our Fermentist Brewery, located in Christchurch, becoming the country's first carbon zero certified beer. The certification process considered all emissions in the product's lifecycle - from the fertilizer used to grow the grain right through to refrigeration at the consumer's home. To cover those emissions that could not be eliminated, we are now supporting native forest restoration in the Hinewai Reserve on the Banks Peninsula near Christchurch. The Kiwi Pale Ale uses local Southern Cross and Motueka hops balanced with 100% New Zealand malt, helping reduce its carbon footprint by avoiding emissions associated within the transport of raw materials within the supply chain.



Our impact in action

Circular economy

We previously committed to using an average of 50% recycled content in our packaging materials, and all of that packaging to be recyclable, compostable or reusable by 2025. We're proud to say that we're on track to meet that goal.

Lion became a partner of REDcycle in 2018, and in 2019 the REDcycle logo was added to a number of our alcohol products to promote recycling of soft plastic packaging. At the 2019 Melbourne Cup, Lion launched a Round II Bar, a service bar made entirely from recycled soft plastics, which will promote the circular economy at our community and corporate hospitality events into the future.

Lion Dairy & Drinks also adopted the Australasian Recycling Label (ARL) during 2019 and commenced rollout on new SKUs. Other packaging projects implemented throughout

the year, such as the Juice Brothers 1.5 litre bottles which are 50% recycled PET and are 100% recyclable. The Lion Dairy & Drinks business has also removed more than 1,300 tonnes of High Density Polyethylene (HDPE) plastics during the year.

Across our alcohol operations, we eliminated approximately 10% of our shrink wrap usage through light-weight designs for beer products, reducing our plastic usage by approximately 100 tonnes per year. We were also able to remove plastic packaging for label reels, avoiding the use of an additional 65,000 plastic bags per year in our breweries.

A number of other projects are underway to support increased use of recycled content, including the addition of recycled material in PET and HDPE milk and juice bottles. The majority of Lion's product and transport packaging is now recoverable through existing collection mechanisms, such as kerbside recycling, and we are working through the small amount of materials which aren't suitable for recovery with the goal of transitioning them by 2025.

QUINCY



Stay tuned

We're excited to be able to share with you our renewed vision for the sustainability of our business and the progress we've made in pursuit of that vision. As we continue to work towards our key commitments to 100% renewable electricity and recyclable packaging, we'll have more news to share regarding our achievements in Australia and New Zealand in 2020, particularly around the carbon certification process and further detail around our offset projects.



LION