



LION

SUSTAINABILITY

SNAPSHOT 2018

WELCOME TO LION'S 2018 SUSTAINABILITY SNAPSHOT



*Lion exists to champion sociability
and help people to live well.*

For almost 180 years, Lion has crafted some of Australia and New Zealand's most loved brands in beer, wine, dairy and juice. It's critical that in creating quality food and beverages we also tread lightly on the planet and ensure that our people, customers, suppliers and communities all thrive and prosper now and in the future.

For us at Lion, sustainability is about doing the right thing for the long term. 'For the Long Term' is our vehicle for integrating the UN's Sustainable Development Goals into our value chain and for creating shared value so that our people, customers, suppliers, and the communities we touch thrive and prosper.

In 2018, Lion undertook a strategic review of its Dairy & Drinks business, leading to a decision to sell that business. Given the ongoing nature of that process, this document is intended as an interim snapshot focusing on Lion's environmental achievements during the 2018 calendar year. We expect to return to full, independently audited reporting across the entire Lion business in 2021.

CIRCULAR ECONOMY

The impact of our packaging on the environment is a key concern at Lion. For more than 20 years, we have invested in improving our packaging, reducing litter and increasing the recycling of our packaging.

By 2025, we are targeting 100% of our packaging to be recyclable, plus for at least 50% of our packaging to contain recycled content by the same date, and to send zero waste to landfill from our direct operations and administrative facilities. Around 90% of our consumer packaging is already recyclable through kerbside recycling schemes in Australia and New Zealand and on average around 40% of our packaging materials are made of recycled content.

Lion commenced the process of phasing out plastic rings in its beer packaging 10 years ago, with the last of the Lion-owned products transitioned about three years ago. We are now evaluating alternative packaging technologies to limit our reliance on single-use plastic such as shrink wrap.

In the meantime, we actively support the REDcycle program – a recovery initiative for post-consumer soft plastic. Lion Beer Australia joined the scheme in 2018 and was the first beer company to partner with REDcycle.



Also in late 2018, Lion Dairy & Drinks adopted the Australasian Recycling Label (ARL) to help overcome consumer confusion about recycling. The ARL shows which elements of the packaging are recyclable at kerbside, or whether waste packaging can be recycled elsewhere, plus showing which parts cannot be recycled. The ARL logo is being added to all packaging for new innovations and in time the logo will be extended to all our products as we do packaging refreshes.

In addition, we are working with industry partners, such as the Australian Packaging Covenant Organisation and the New Zealand Packaging Forum, to develop broader industry solutions that minimise the impact of our packaging and promote the circular economy to minimise waste in the environment.

Lion works closely with our packaging suppliers to review opportunities. Over this period Lion achieved light weighting of 2L and 3L white milk bottles, saving approximately 700 tonnes of HDPE per year, reduced carton glue by 25% and removed the paper neck label on Summer Bright products. A number of other projects are in progress, which should result in approximately 800 tonnes of glass reduction per year, 10% reduction in shrink film, 43% reduction in stretch wrap, and an additional 700 tonne reduction of HDPE. Lion also moved to using 20% recycled content in its HDPE white milk bottles at two of our milk plants.



Lion's Sustainable Packaging Strategy includes targets for light weighting all packaging materials, including business-to-business packaging. Our Sustainable Packaging Checklist includes criteria to seek avoidance or reduction in materials and optimisation of transport arrangements. Achievements in the current period include the removal of stretch wrap for Furphy cartons at Tooheys brewery, saving approximately 250g of wrap per pallet, and a change in the way glass is transported to two of our breweries, saving approximately 7,000 pallet movements or 350 truckloads per year. Other projects soon to be implemented should result in 43% reduction in stretch wrap at a number of breweries and the removal of stretch wrap for a number of SKUs.

Lion holds majority ownership of Marine Stores, a Recovery Coordinator in South Australia and the Northern Territory. Lion is also a part of the joint venture that coordinates the NSW Container Deposit Scheme, Exchange for Change (EfC). Lion is a member of CoEx, the Container Exchange (QLD) Limited, appointed as the Product Responsibility Organisation to administer and run the Queensland CRS.

EMBRACING A LOW CARBON FUTURE

As the world moves towards a low carbon economy, Lion is continuing to play a leading role in reducing carbon emissions.

Since setting our climate change target to cut scope 1 and 2 CO₂ emissions by 30% from FY15 levels by 2025, and scope 3 emissions by the same amount by 2030, we have instituted a pioneering approach to engaging our people, smart optimisation of our manufacturing equipment and processes, as well as large-scale capital projects to replace energy intensive equipment and transition to renewable energy.

In 2018, we focused to an unprecedented degree on Lion's low carbon transition and achieved a 12% reduction since F15 in scope 1 and 2 emissions (over 33,000 tonnes of CO₂) against our target of 30% reduction by 2025. New Zealand contributed to an 7% reduction in carbon emissions. Total energy usage has decreased by 14% over the same period.

During 2018, we commenced a project to install 2,200 solar panels on the roof of Lion's XXXX Brewery in Queensland through an investment of \$2 million. When it is energised in 2019, the 690-kilowatt system is expected to generate 1,368 MWh annually, which will reduce the site's carbon emissions by about 1,260 tonnes, equating to 7% of XXXX's carbon footprint associated with electricity consumption.





CONCLUSION

Throughout 2018, Lion continued to prioritise sustainability within our business.

We believe strongly that there are concrete ways in which we can help contribute to a healthier planet.

We look forward to updating you on our progress in 2019 and beyond.