



Lion 2022

## RESPONSIBLE SOURCING





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# 1

## INTRODUCTION TO THE CODE

**Championing sociability and living well. It's the core purpose that drives us to ensure that everything we do creates positive change and builds a pathway to tackle some of the biggest social and environmental challenges ahead.**

'Living well' is more than just 'the good life'. It's about building a plan that looks after the wellbeing and future of our communities, protects our environment for generations to come, and strengthens and safeguards how we operate so that our brands can continue to bring joy to every adult social occasion.

So, what does Lion want to stand for? We want to be known as a force for good for society and the environment. We want to be known as a business that does the *right thing for the long term*, thinks beyond, promotes fairness for all, and gives back to the community.

For us, being a *force for good* means:

- Demonstrating brave and enduring **Environmental** leadership
- Creating long-term positive **Social** impact
- Strengthening and safeguarding our **Governance**

In our recent materiality assessment, **sustainable procurement** and **human rights** was selected as one of the key material topics likely to affect our business now and in the future. Lion is committed to sustainable, ethical, and transparent business practices across its operations and supply chain.

We rely on thousands of suppliers to support our manufacturing and business operations. We recognise that the actions of our suppliers, and our interactions with them, support Lion in its efforts to drive positive social, environmental, and economic outcomes in the communities we live and work.

Our **Procurement Policy** and Responsible Sourcing Code ("the Code") guide our purchasing decisions. These documents capture Lion's commitment to responsible sourcing through three core principles:

1. Promoting human rights and ethical sourcing
2. Promoting sustainable sourcing
3. Building strong commercial outcomes and productive partnerships

Our Procurement Policy and Supplier Responsible Sourcing Code embrace the Ethical Trade Initiative (ETI) Base Code, the International Bill of Human Rights<sup>1</sup>, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work<sup>2</sup> and the **UN Guiding Principles** on Business and Human Rights<sup>3</sup>.

As a signatory to the **UN Global Compact**, we are committed to upholding its 10 principles related to human rights, labour standards, the environment and anti-corruption.

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1. The International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenants on Economic, Social and Cultural Rights. It is widely regarded as the fundamental human rights framework in the international community.

2. The Declaration on Fundamental Principles and Rights at Work refers to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

3. The United Nations Guiding Principles on Business and Human Rights, endorsed by the United Nations Human Rights Council in 2011, are the authoritative global standard for States and business to prevent and address the risk of adverse impact on human rights linked to business activity.

# 2

## PURPOSE OF THE CODE

**Lion seeks to conduct business with organisations which share our core values and help support our commitments to operate in an ethical, social, and environmentally responsible manner.**

The Code's purpose is to:

- support suppliers to identify, mitigate and manage their sustainability (including environmental, social human rights, modern slavery, and governance) risks; and
- set expectations of our suppliers and their subsequent suppliers in providing goods and services to Lion.

The size and complex nature of our supply chain makes it impractical for us to directly monitor compliance of every supplier in our extended supply chain. Consequently, we require our direct suppliers to ensure that the standards outlined in this Code are upheld within their supply chains to ensure human rights and ESG (Environment, Social & Governance) risks are mitigated.

Our aim is to continually increase the transparency of our upstream value chain and give our customers confidence that their trusted brands are being sourced responsibly and from sustainable sources.

# 3

## SCOPE

**The Requirements set out in section 4 of this Code apply to all first-tier suppliers who supply to Lion Group (including brokers, agents and co-manufacturers) and their suppliers in all geographic locations unless otherwise specified.**

First tier suppliers are those with a direct supply relationship, contract, or purchase orders with a member of the Lion Group.

Additional material specific requirements may apply to the suppliers of materials detailed in Section 4.5. This list is not exhaustive and may be updated from time to time.

# 4

## REQUIREMENTS

### As part of Lion's standard purchasing terms, suppliers are required to comply to the standards set by this Code.

Without limiting the contractual rights available to Lion, should suppliers consistently fail to live up to these standards and be unwilling to institute appropriate and reasonable improvements, Lion will take actions available to it, which may involve terminating contracts and ceasing to trade.

Reporting related to the supplier implementation or performance against the Code may be requested on reasonable notice.

#### 4.1 Legal & Contract Compliance & Risk Management

Suppliers must comply with all applicable local laws as their first obligation. Where local laws and regulations conflict with or set a different standard of protection to the international standards, such as applicable ILO or United Nations Conventions, our business partners shall abide by the principles that provide the highest protection to the workers and environment.

Suppliers must identify, mitigate and manage their risks, vulnerabilities and compliance obligations, including risks that the supplier's actions may pose to people and the environment.

#### 4.2 Business Integrity

Suppliers must establish their own internal processes and policies setting out appropriate standards of business integrity including but not limited to policies in relation to anti-bribery and corruption, conflicts of interest, respect and conduct and privacy.

#### 4.3 Human Rights & Labour Relations

##### 4.3.1 Suppliers must respect all internationally recognised human rights through their operations and business relationships, including their supply chain, and address any adverse human rights impacts.

Suppliers must ensure they have policies and/or processes in place to identify, mitigate and address any form of modern slavery within their operations and supply chain, including human trafficking, slavery, servitude, forced labour, bonded labour, deceptive recruitment, forced marriage and the worst forms of child labour.

Lion considers the [ETI Base Code](#) as the reference standard for labour standards to keep workers safe and free from exploitation. Our expectation is that our suppliers adopt the same. The provisions of the Base Code constitute minimum, not maximum standards. Where the law and the Base Code address the same subject, companies are expected to apply the provisions that affords the greater protection to workers.

##### 4.3.2 Additional requirements for overseas workers in Australia and New Zealand

In addition to the human rights and labour standards under sections 4.3.1, the following standards apply to Suppliers operating within Australia and/or New Zealand.

All people working in Australia or New Zealand are entitled to basic rights and protections in the workplace. This includes overseas workers, which refers to workers who are not Australian or New Zealand citizens or permanent residents, and may include 'backpackers', seasonal workers, or international students.

In order to work in Australia or New Zealand, they must have a current visa with the right to work in that country. It is a criminal offence to hire or refer illegal workers. Fines apply to employers, labour hire companies, employment agencies and anyone who allows illegal workers to work or refers them for work. Suppliers are responsible for ensuring the workers engaged to provide goods and services to Lion are legally allowed to work in the country they are employed regardless of whether the workers are employed directly by the Supplier or through a labour hire intermediary.

# 4

## REQUIREMENTS continued

### 4.3.2 Additional requirements for overseas workers in Australia and New Zealand continued

Suppliers must validate the legal right to work in the country of employment for workers on their facilities or providing a service to Lion at Lion's sites. In Australia, Suppliers can verify legal right to work using the free service [Visa Entitlement Verification Online \(VEVO\)](#). In New Zealand, Suppliers can use the [VisaView](#) check.

Employment conditions of all workers (including overseas workers) must meet or exceed the minimum employment rights set out by the relevant authorities:

- [Fair Work Australia](#)
- [Employment New Zealand](#)

All overseas workers must receive an induction before starting work, in a language they understand or with an interpreter present. The induction as a minimum must include an explanation of workers' basic rights, safety at work.

All overseas workers engaged to work in Australia must be provided a copy of the Fair Work Information Statement and 'My employment checklist' available from [www.fairwork.gov.au](http://www.fairwork.gov.au) in a language they understand.

All overseas workers engaged to work in New Zealand must be provided a copy of Employment New Zealand's the [Minimum Employment Rights and Responsibilities](#) in a language they understand.


Suppliers who engage overseas workers either employed directly or through a third party labour hire company must:

- have documented management systems and processes in place for monitoring compliance with workplace laws with respect to overseas workers, including, without limitation, the minimum rights and conditions at work outlined above; and
- implement processes to enable adequate oversight of any labour hire companies, contractors or sub-contractors they use with regards to compliance with workplace laws, correct rates of pay, hours of work and the minimum rights and conditions at work.





# 4

## REQUIREMENTS continued

### 4.4 Protection of the Environment

|       |   |  |
|-------|---|--|
| 4.4.1 | <b>Environmental Permits</b><br>           | <p>The Supplier shall obtain and ensure currency of all relevant environmental permits for its operations and facilities as required by national and local laws.</p> <p>The Supplier shall comply with the requirements of all its environmental permits and national and local environmental laws and regulations.</p>  |
| 4.4.2 | <b>Environmental Management System</b><br> | <p>The Supplier shall develop, document and implement an effective environmental management system based on ISO 14001:2015 or a similar internationally recognised standard for its facilities that supply Lion.</p> <p>The environmental management system must identify and document key environmental impacts and implement controls to eliminate or minimise impact on the environment, as a minimum, with respect to:</p> <ul style="list-style-type: none"> <li>• waste reduction, reuse, recycling and disposal;</li> <li>• hazardous chemicals storage and management;</li> <li>• air and water emissions;</li> <li>• energy use and carbon emissions; and</li> <li>• water use and wastewater discharge.</li> </ul> |

### 4.5 Material Specific Requirements for Responsible Sourcing

|       |  |   |
|-------|--|---|
| 4.5.1 | <b>Agricultural Commodities</b><br> | <p>As a minimum, all suppliers of agricultural commodities must demonstrate that they have processes to monitor, identify, remedy and report any use of forced labour and child labour. Lion reserves the right to request independent audits of suppliers' processes.</p>  |
| 4.5.2 | <b>Animal Welfare</b><br>           | <p>Lion places significant importance on the welfare of the animals. Lion will only source animal products from farms that have implemented animal welfare standards and comply with relevant federal and state animal welfare legislation.</p>   |
| 4.5.3 | <b>Sugar</b><br>                    | <p>All cane sugar supplied to Lion must be Bonsucro certified or Smartcane Best Practice accredited, inclusive of all modules of the Smartcane Best Management Practice program.</p> <p>Lion may accept alternative certification schemes, if deemed equivalent, at its discretion.</p>   |
| 4.5.4 | <b>Coffee</b><br>                   | <p>All coffee product suppliers including brokers must provide evidence of sustainable coffee production including complete transparency of the upstream value chain from farm to Lion. If a supplier does not have its own supply chain traceability program, Lion may accept Fairtrade or Rainforest Alliance (including UTZ) certification.</p> <p>Lion may accept alternative certification schemes, if deemed equivalent, at its discretion.</p> |

# 4

## REQUIREMENTS continued

### 4.5 Material Specific Requirements for Responsible Sourcing continued

4.5.5

#### Packaging



Lion is adopting the principles of a circular economy, reducing waste and reliance on natural resources, improving packaging design and reducing costs. This means designing products and processes so that resources can be used in a 'closed loop' system to reduce demand on natural resources.

Any primary packaging with recycled content must meet food safety requirements and not adversely impact packaging functionality and shelf-life.

All packaging must be recyclable as defined by the PREP tool <https://prep.org.au/main/content/home>

All packaging must either have at least 50% post-consumer recycled content (defined by ISO 14021) or provide a time bound plan to achieve at least 50% postconsumer recycled content within the term of the supply contract.

Virgin content in paper and board must be certified under the Forest Stewardship Council (FSC) certification or Programme for Endorsement of Forest Certification (PEFC).

4.5.6

#### Carbon Intensive Supplied Materials or Services



Lion has set a target of achieving a net zero carbon emission value chain by 2050.

Verified Lifecycle Analysis or Product Carbon Footprints may be requested for materials or services that contribute materially to Lion's value chain footprint.



# 5

## IMPLEMENTATION OF CODE

Our Responsible Sourcing program embeds important risk management principles to ensure our supplier relationships and their subsequent supplier relationships mitigate environmental, social and governance (ESG) risks in our supply chain, including salient issues such as climate change, human rights, and modern slavery.

### 5.1 Risk Assessment

Lion takes a risk-based approach to manage our suppliers within our Responsible Sourcing program. The risk assessment considers several factors including geographical risk, category or commodity risk, the nature of Lion's commercial relationship and potential brand exposure. The resulting segmentation informs how we manage and monitor compliance with the program. It allows us to focus our resources where there is a greater risk of labour or human rights violations.

### 5.2 Ongoing monitoring and verification

Suppliers with a higher risk profile will be required to complete a Sedex self-assessment questionnaire (SAQ) for all their sites that supply product or service to Lion. Brokers and agents must ensure their suppliers complete the Sedex SAQ for all facilities that Lion is supplied from.

Lion may also choose to use independent audits to verify suppliers' compliance with this Code. The audits we accept are based on the conventions of the International Labour Organisation and the [Ethical Trading Initiative Base Code](#). Independent audits must be conducted by an [APSCA](#) or [BSCI-amfori](#) enrolled or certified auditor. Suppliers must use all reasonable endeavours to assist Lion in conducting such an audit, including, without limitation, allowing site access to Lion's representatives and supplying all relevant requested evidence of certifications and compliance.

For materials where Lion requires specific certification(s), suppliers are required to provide evidence of the relevant certification(s).

# 6

# GRIEVANCE MECHANISM

## Further Information & Reporting Breaches

If you have any questions regarding this code including compliance issues, please contact [Procurement@lionco.com](mailto:Procurement@lionco.com) or speak to your nominated Lion representative.

If you are unsatisfied with the response or would like to anonymously report breaches please consider using drawtheline, Lion's whistleblower hotline. drawtheline is a confidential service, offered by Deloitte, for Lion team members and related parties including suppliers to raise concerns of suspected or actual misconduct in the workplace. Examples include fraud, theft, harassment, modern slavery issues or any other unethical behaviour. For further information including contact details for making a disclosure, and the protections available to eligible whistleblowers, please refer to [Lion's whistleblower policy](#).

# GLOSSARY

## Glossary of terms and definitions

| TERM  | DEFINITION  |
|---|---|
| <b>Lion or Lion Group</b>                                 | Lion Pty Ltd and its related bodies corporate (as defined in the Corporations Act 2001 (Cth)).  |
| <b>UN Global Compact</b>                                  | The UN Global Compact (UNGC) is a voluntary initiative based on CEO commitments universal sustainability principles and align strategies and operations with universal principles of human rights, labour, environment and anti-corruption.   |
| <b>UN Guiding principles on Business and Human Rights</b> | The UN Guiding principles on Business and Human Rights are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. The guidelines were endorsed by the UN Human Rights Council in June 2011.  |
| <b>First tier supplier</b>                                | First tier suppliers are those with a direct contractual relationship with a member of the Lion Group   |
| <b>Sedex</b>  | The Supplier Ethical Data Exchange (Sedex) is an online data sharing platform enabling buyers, suppliers and auditors to store, share and report on social, ethical and environmental policies, practices and performance.  |
| <b>SAQ</b>  | Self-assessment questionnaire. Sedex has a set of questions tailored to industry sectors that suppliers complete and share with their customers to enable customers to assess suppliers based on their self-assessment.   |
| <b>APSCA accredited</b>                                   | Auditing companies accredited by the Association of Professional Social Compliance Auditors   |
| <b>BSCI authorised</b>                                    | Audit companies authorized by the Business Social Compliance Initiative (BSCI) to conduct BSCI audits.  |
| <b>Forced labour</b>                                      | Forced labour refers to any form of indentured servitude such as the use of physical punishment, confinement, threats of violence as a method of discipline or control such as retaining employees' identification, passports, work permits or deposits as a condition of employment. Where the Supplier is using migrant or prison labourers under a legal framework, Lion Pty Ltd must be made aware to review appropriate documentation maintained by the Supplier.  |
| <b>ILO</b>  | The International Labour Organisation (ILO) is a United Nations agency dealing with labour issues, setting international labour standards, developing policies programs to promote decent work opportunities for all. The ILO has 187 member states (including Australia and New Zealand).  |
| <b>Child labour</b>                                       | Child labour refers to work that: <ul style="list-style-type: none"> <li>• is mentally, physically, or morally harmful to children;</li> <li>• can negatively affect their mental, physical, or social development, and</li> <li>• interferes with their schooling: <ul style="list-style-type: none"> <li>– by depriving them of the opportunity to attend school;</li> <li>– by obliging them to leave school prematurely; or</li> <li>– by requiring them to attempt to combine school attendance with excessively long and heavy work.</li> </ul> </li> </ul> |
| <b>Environmental Management System</b>                    | An Environmental Management System (EMS) is a set of processes and practices that enable an organisation to reduce its environmental impacts and increase its operating efficiency. An effective EMS should be based on 'Plan-Do-Act-Check' cycle and should include the organisational structure, planning and resources for developing, implementing and monitoring objectives for the protection of the environment.   |

# GLOSSARY

## continued

| TERM   | DEFINITION   |
|--|--|
| <b>ISO 14001</b>                                 | ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS).  |
| <b>Bonsucro</b>                                  | Bonsucro is an international not for-profit, multi-stakeholder organization established in 2008 to promote sustainable sugar cane. Its aim is to reduce the environmental and social impacts of sugarcane production while recognising the need for economic viability. It does this through <b>setting sustainability standards and certifying</b> sugar cane products including ethanol, sugar and molasses.   |
| <b>Smartcane Best Management Practice (BMP)</b>  | The Smartcane BMP is an industry-led, voluntary program available to all sugarcane growers across the state of Queensland. Smartcane BMP assists growers to document, benchmark and continuously improve their on-farm practices for productivity, profitability and stewardship. Smartcane BMP has been benchmarked against the Bonsucro Production Standard, demonstrating full alignment with the Standard's indicators.  |
| <b>Fairtrade</b>                                 | Fairtrade is a non-profit organisation aiming to help primary producers in developing countries achieve better trading terms and to promote sustainable farming. Fairtrade focuses on certification of commodities, or products which are typically produced in developing countries and exported to developed countries such as coffee, cocoa, sugar, chocolate, fresh fruit, flowers and so on.  |
| <b>Rainforest Alliance Certification Program</b> | The Rainforest Alliance is an international non-profit organisation working to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices. A Rainforest Alliance Certified farm is one that complies with 10 standards set in place by the Sustainable Agriculture Network (SAN). These standards include ecosystem conservation, wildlife protection, and fair treatment and good working conditions for workers.                  |
| <b>UTZ certified</b>                             | With the launch of the 2020 Rainforest Alliance Certification Program, UTZ certification is being phased out.  |
| <b>Circular economy</b>                          | A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.  |
| <b>Recyclable</b>                                | Consumer packaging material that can be recycled through kerbside recycling services available to most households in Australia and New Zealand.  |
| <b>Recycled content</b>                          | ISO 14021 defines recycled content as the proportion, by mass, of recycled material in a product or packaging. Only pre-consumer and post-consumer materials shall be considered as recycled content. Pre-consumer materials are those diverted from the waste stream during a manufacturing process. Post-consumer materials are those generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product. |
| <b>FSC certified</b>                             | Forest Stewardship Council (FSC) is a global non-profit organisation setting standards for sustainable forest management. FSC certification and its label gives consumers confidence that the paper/board products they buy has come from a forest and supply chain that is responsibly managed.   |
| <b>PEFC certified</b>                            | Programme for the Endorsement of Forest Certification (PEFC) is a global non-profit organisation promoting sustainable forest management through independent third party certification.  |
| <b>ETI Base Code</b>                             | The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice.   |