SUSTAINABILITY REPORT 2019
FROM BUD TO GLASS
ABOUT TWE

Treasury Wine Estates (TWE) is one of the world’s leading wine companies, listed on the Australian Securities Exchange. With a portfolio of outstanding wine brands, prized viticultural assets and world-class production facilities, the Company’s commitment to delivering shareholder value is underpinned by its passion for crafting, marketing and selling quality wine for consumers. It achieves this through building sustainable partnerships with customers and other industry partners, globally. TWE employs approximately 3,500 talented people across four key regions, with wine sold in more than 100 countries around the world.

3,500 employees

100+ countries

4 regions

13,000 hectares

We employ approximately 3,500 talented people across the globe

Our iconic wines are sold in more than 100 countries across the world

We are focused on four principal regions across the world: Australia and New Zealand; the Americas; Europe; and Asia

We access approximately 13,000 planted hectares of vineyards in some of the world’s most sought-after winemaking regions

CONTENTS

Our locations 1
Message from the CEO and Chairman 2
Performance 4
Planet 10
People 16
Product 22
Key Performance Indicators 28
References Inside Back Cover
Contact Back Cover

IMPORTANT INFORMATION

This 2019 Sustainability Report (Report) has been prepared to provide a general overview of TWE’s performance with respect to environmental, social and governance (ESG) topics. It should be read in conjunction with TWE’s 2019 Annual Report, which provides a detailed overview of TWE’s financial and operating performance for F19.

The Report contains certain forward looking statements, which may be identified by the use of terminology including ‘expects’, ‘believes’, ‘targets’, ‘likely’, ‘should’, ‘could’, ‘intends’, ‘aims’ or similar expressions. These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TWE, and which may cause actual results to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on forward looking statements.

Whilst TWE has, where appropriate, verified the source and accuracy of the information contained in the Report, no independent assurance has been obtained in relation to it.

Information in the Report is current as at 30 June 2019 unless otherwise stated. References to ‘TWE’, ‘Company’, ‘we’, ‘us’ and ‘our’ are to Treasury Wine Estates Limited and/or, except where the context otherwise requires, its subsidiaries. References to ‘F19’ and ‘F20’ are to the time periods 1 July 2018 to 30 June 2019 and 1 July 2019 to 30 June 2020 respectively. All currency referred to in the Report is in Australian dollars, unless otherwise stated.
OUR LOCATIONS

1. Locations marked on the global map represent corporate and regional head offices. TWE also maintains other major operations across all regions of its business.
2. Information current as at 30 June 2019.

AUSTRALIA & NEW ZEALAND
- **72** vineyards
- **8,651** planted hectares
- **8** wineries

AUSTRALIA
Corporate head office: Melbourne, Victoria

NEW ZEALAND
Country head office: Marlborough

ASIA

SOUTH EAST ASIA
Regional head office: Singapore

NORTH ASIA
Regional head office: Shanghai, China

AMERICAS
- **44** vineyards
- **3,728** planted hectares
- **7** wineries

US
Regional head office: Napa Valley, California
Regional head office: Oakland, California

EUROPE
- **2** vineyards
- **148** planted hectares
- **1** winery

UK
Regional head office: Twickenham, Middlesex

ITALY
Country head office: Gabbiano, Tuscany
MESSAGE FROM THE CEO AND CHAIRMAN

It is with pleasure that we present Treasury Wine Estates Limited’s (TWE) second annual Sustainability Report.

At the core of the Company is a commitment to being sustainable in everything we do. This Report highlights the strong progress we have made across every aspect of our Corporate Responsibility (CR) agenda throughout F19.

TWE is a leading global wine producer with a significant global footprint. As such, we acknowledge the leadership role we play in sustainability across the many communities in which we operate.

TWE has continued to integrate a greater environmental, social and governance (ESG) focus across the business and considered external financial reporting benchmarks.

As highlighted in last year’s report, our CR framework has been structured to reflect four key pillars, being Performance, Planet, People and Product, under which sit a number of priority actions designed to support the business’ long-term growth strategy and ESG commitments.

Building on the work we completed in F18, we have progressed a number of important initiatives under each CR pillar, including:

- assessing and preparing our internal roadmap in response to the recommendations of the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures (TCFD);
- embedding the Sustainable Future program across TWE’s supply network and signing the Porto Protocol, an external commitment to do more to mitigate and adapt to climate change;
- improving gender balance within TWE leadership and Board member roles; and
- continuing to engage our employees on responsible consumption of alcohol, demonstrated by the launch of our internal program – Smart Drinking.

Our work is informed by relevant best practice initiatives and frameworks including the Global Reporting Initiative (GRI), the United Nations (UN) Global Compact, and the UN Sustainable Development Goals (SDGs). TWE has identified seven priority SDGs with which to align and our programs that contribute to their achievement are highlighted in this Report.

In F20, TWE will continue to support the UN Global Compact and its ten principles relating to human rights, labour, the environment and anti-corruption. We will continue to participate in the UN Global Compact local network as a means of engaging, sharing and learning from other Global Compact signatories.

TWE has for many years built a firm foundation in sustainability and ESG management, and we are proud of the progress we have made over the past financial year.

We look forward to continuing to share our journey with you in the coming years.

Michael Clarke
Chief Executive Officer

Paul Rayner
Chairman

28 August 2019
Figure 1: TWE’s Corporate Responsibility framework and F19 Highlights

<table>
<thead>
<tr>
<th>VISION</th>
<th>To be the world’s most celebrated wine company</th>
</tr>
</thead>
<tbody>
<tr>
<td>MISSION</td>
<td>Create long term value for TWE and everyone who touches our Company by being sustainable in everything we do</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TWE STRATEGIC IMPERATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>MODEL</td>
</tr>
<tr>
<td>PEOPLE</td>
</tr>
<tr>
<td>BRANDS</td>
</tr>
<tr>
<td>MARKETS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CR PILLAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE</td>
</tr>
<tr>
<td>PLANET</td>
</tr>
<tr>
<td>PEOPLE</td>
</tr>
<tr>
<td>PRODUCT</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GUIDING PRINCIPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be transparent and hold ourselves to account</td>
</tr>
<tr>
<td>Be sustainable and efficient when sourcing and producing our wine</td>
</tr>
<tr>
<td>Respect and enhance the lives of our people and our communities</td>
</tr>
<tr>
<td>Create quality wines that are consumed and promoted responsibly and safely</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AMBITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our stakeholders believe in and trust our Company to operate sustainably</td>
</tr>
<tr>
<td>Our environmental impact is sustainable and reducing over time</td>
</tr>
<tr>
<td>Our peoples’ human rights, safety and wellbeing is protected</td>
</tr>
<tr>
<td>Our wines are produced, marketed and consumed responsibly</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>F19 HIGHLIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Established four key roadmaps for the CR pillars</td>
</tr>
<tr>
<td>• Assessed and prepared our internal roadmap in response to the recommendations of the TCFD</td>
</tr>
<tr>
<td>• Strengthened corporate governance through updates to existing, and the introduction of new, policies, standards and procedures</td>
</tr>
<tr>
<td>• Continued to deliver the Sustainable Future program, which resulted in ANZ and Americas supply sites achieving TWE’s internal environmental standards</td>
</tr>
<tr>
<td>• Continued to drive greater energy and water efficiencies across our supply network</td>
</tr>
<tr>
<td>• Maintained an average waste diversion rate of more than 96%</td>
</tr>
<tr>
<td>• Continued to drive responsible packaging choices through lightweighting for selected glass and plastic packaging formats</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PRIORITY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Good Health and Well-being</td>
</tr>
<tr>
<td>5 Gender Equality</td>
</tr>
<tr>
<td>6 Clean Water and Sanitation</td>
</tr>
<tr>
<td>7 Affordable and Clean Energy</td>
</tr>
<tr>
<td>12 Responsible Consumption and Production</td>
</tr>
<tr>
<td>13 Climate Action</td>
</tr>
<tr>
<td>17 Partnerships for the Goals</td>
</tr>
</tbody>
</table>
Be transparent and hold ourselves to account

Our stakeholders believe in and trust our Company to operate sustainably

F19 KEY ACHIEVEMENTS

Established four Corporate Responsibility roadmaps

Implemented Government Engagement Policy

Embedded group environment and social risk assessments

Revised Anti-bribery and Corruption and Share Trading Policies

Identified climate related risks and opportunities, aligned to TCFD

WE SUPPORT

UN GLOBAL COMPACT

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
CORPORATE RESPONSIBILITY

We believe that Corporate Responsibility (CR) yields strong value creation, positive reputational impact, and is part of doing business. TWE’s CR framework is integrated across its core operating model and business processes.

GOVERNANCE AND PROGRAM UPDATE

In F19, TWE continued to embed its CR framework and drive action across four CR pillars – Performance, Planet, People and Product.

The Global CR Council (the Council) remained the program’s governing body. The Council continued to comprise a mix of members from the Executive Leadership Team (ELT), including the Chief Executive Officer (CEO), and senior representatives from regional and functional areas of the business. The Council is chaired by the Global Director Corporate Affairs, Carolyn Coon⁶.

The governance structure of TWE’s CR framework is represented in Figure 2.

During F19, the Council oversaw the development of four detailed CR roadmaps that sit under the CR pillars. The roadmaps focus on addressing priority environmental, social and governance (ESG) topics and the seven priority Sustainable Development Goals (SDGs) identified through the Company’s F18 CR materiality assessment, as well as implementing changes to continue to drive high levels of ESG performance.

---

3. Carolyn Coon replaced Tim Ford, Chief Operating Officer, as Council Chair on 28 March 2019.

---

Figure 2: Governance structure of TWE’s Corporate Responsibility framework
GOVERNANCE

Transparent and effective governance practices are critical to creating and delivering value to our shareholders; promoting investor confidence; and underpinning effective decision making, accountability, and transparency.

CORPORATE GOVERNANCE

During the year, TWE complied with the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations.

As part of its corporate governance responsibilities, the Board oversees the Company’s approach to, and management of ESG matters, and as part of this oversight receives bi-annual updates from the CR Council on the CR framework and status of key priorities.

The Board also has oversight of the Company’s key ESG disclosures, including the Sustainability Report (which in 2019, has been reviewed and approved by the Board), the UN Global Compact Communication on Progress, and the Board-approved Statement on Human Rights and Modern Slavery.

POLICIES

TWE’s continued commitment to promote ethical and responsible behaviour has been reflected through enhancements made to a number of its key policies.

During F19, TWE refreshed its Anti-bribery and Corruption and Share Trading Policies to align them with best practice and emerging governance requirements. Since the end of F19, the Company updated its Whistleblower Policy, aligning it with recent reforms to Australian whistleblower legislation.

Further, the Company strengthened its processes relating to engagement with governments with the adoption of the Government Engagement Policy, which amongst other areas, confirms that TWE does not make donations to political organisations.

Relevant employees received training on these revised policies to promote a strong culture of compliance.

Corporate Governance Statement

A comprehensive summary of TWE’s corporate governance practices for the year ended 30 June 2019 can be found in its Corporate Governance Statement. This document includes details on the following:

- the Board of directors, including composition, directors’ skills and experience, and director independence;
- the role and responsibilities of the Board, including the division of responsibility between the Board and management;
- risk management and internal controls;
- TWE’s commitment to promoting ethical and responsible behaviour, including information on key governance policies;
- TWE’s commitment to diversity and inclusion, including an overview of the measurable objectives and progress made; and
- market disclosure and communications with shareholders.

TWE’s F19 Corporate Governance Statement is available at www.tweglobal.com/investors.
**RISK, ECONOMIC VALUE AND TAX**

Effective risk management enhances the likelihood of TWE achieving its business objectives whilst improving stakeholder value, confidence and trust.

---

**RISK MANAGEMENT**

During F19, TWE’s Audit and Risk Committee updated its Risk Management Policy and Risk Management Framework to include a specific ESG risk profile and explicitly consider climate as a key risk for the business.

This update was the result of two cross regional and functional risk workshops that were undertaken in F19, and focused on environmental and social topics.

The outcomes from the environmental risk workshop, in combination with a separate Senior Leader climate impact workshop, were foundational in informing and preparing TWE’s internal roadmap in response to the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures (TCFD), which is detailed on page 9 of this Report.

TWE’s material business risks, and how those risks are managed, are set out in the Operating and Financial Review (OFR) published in the Company’s 2019 Annual Report.

An extract of the 2019 OFR is set out in Figure 3 on page 8, which includes a summary of material business risks and mitigating actions that relate to ESG topics. TWE has mapped these to the seven priority SDGs that were identified in F18.

---

**ECONOMIC VALUE AND TAX TRANSPARENCY**

TWE places importance on maintaining high standards of tax governance and compliance, and supports the work on tax transparency performed by the Organisation for Economic Co-operation and Development (OECD), the Group of Twenty (G20), the Australian Taxation Office, and other organisations.

TWE’s total Australian federal tax contribution includes a number of costs in relation to employee benefits, Wine Equalisation Tax (WET), customs duty, and company income tax, which in F18 equated to approximately A$160 million within Australia alone.

For more information refer to TWE’s 2019 Annual Report, which details the value of income taxes paid by the Company in F19.

---

**Tax Transparency Report**

TWE produces an annual Tax Transparency Report, which outlines the Company’s:

- tax governance and strategy;
- income tax reconciliation;
- Australian federal tax contribution; and
- international related party dealings.

You can view TWE’s most recent Tax Transparency Report on the Company’s website at www.tweglobal.com/sustainability.
### MATERIAL BUSINESS RISK EXTRACT

#### SUMMARY OF ESG RELATED MATERIAL BUSINESS RISKS

<table>
<thead>
<tr>
<th>Climate</th>
<th>Constrained grape supply</th>
<th>Loss of key leadership talent</th>
<th>Brand reputation/damage</th>
<th>Partner performance and market concentration</th>
<th>Changing laws, regulations and geopolitical landscape</th>
<th>Significant business disruption or loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWE’s ability to effectively respond to and manage the impacts of climate-related change may lead to adverse effects on business operations and performance.</td>
<td>TWE’s ability to fulfill demand, in particular growing demand for Luxury wine, is restricted by the availability of grapes. Climate change, agricultural and other factors, such as disease, pests, extreme weather conditions, water scarcity, biodiversity loss and competing land use, create increased risk that TWE will be unable to fulfill demand.</td>
<td>TWE’s ability to deliver on strategic targets is reliant on attracting and retaining experienced, skilled and motivated talent in core functions such as winemaking, sales and marketing. It also requires strong, resilient and effective leaders as the business grows at pace.</td>
<td>TWE’s ability to effectively respond to and manage the impacts of social and environmental risks, unsatisfactory supplier performance, supplier environmental or social incidents, and product quality issues, amongst other things.</td>
<td>TWE relies on a number of key partners (suppliers, distributors and retailers) to support delivery of key strategic initiatives.</td>
<td>TWE operates in a highly regulated industry in many of the markets in which it makes and sells wine. Each of these markets have differing regulations and geopolitical landscapes that govern many aspects of TWE’s operations.</td>
<td>TWE’s scope of operations exposes it to a number of business disruption risks, such as environmental catastrophes, natural and man-made hazards and incidents, or politically motivated violence.</td>
</tr>
</tbody>
</table>

#### SUMMARY OF MITIGATING ACTIONS

<table>
<thead>
<tr>
<th>Climate</th>
<th>Constrained grape supply</th>
<th>Loss of key leadership talent</th>
<th>Brand reputation/damage</th>
<th>Partner performance and market concentration</th>
<th>Changing laws, regulations and geopolitical landscape</th>
<th>Significant business disruption or loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Innovation investment, including collaboration with research institutes</td>
<td>• Vintage planning and ongoing demand planning processes</td>
<td>• Strategically aligned and targeted learning and development programs</td>
<td>• Code of Conduct, Responsible Marketing Guidelines, Responsible Consumption program, Responsible Procurement Code, Environment Policy and Standard, Media Policy and Social Media Policy and incident management procedures</td>
<td>• Multi-regional and diversified supplier, distributor and retailer base</td>
<td>• Company-wide policies, standards and procedures</td>
<td>• Crisis, Business Continuity and Disaster Recovery Plans</td>
</tr>
<tr>
<td>• Environment Policy and Standard, monitoring and reporting systems</td>
<td>• Strategic climate change remediation investment plan and vineyard capital investment plan</td>
<td>• Talent review and succession planning processes</td>
<td>• Corporate Responsibility framework</td>
<td>• Defined and pre-approved terms of engagement</td>
<td>• Crisis, Business Continuity and Disaster Recovery Plans, training and resources</td>
<td>• Dedicated health and safety team oversight, audit programs and training</td>
</tr>
<tr>
<td>• Strategic climate change remediation investment plan and vineyard capital investment plan</td>
<td>• Multi-regional growing and sourcing</td>
<td>• Investment in strong and multifaceted key partner relationships</td>
<td></td>
<td>• Joint business planning processes to support and align internal and partner incentives</td>
<td></td>
<td>• Preventative repair and maintenance program.</td>
</tr>
<tr>
<td>• Sustainable Future program to drive best practice and gain consistent measurement of, and reduction targets for, water and energy</td>
<td>• Innovative agronomic practices</td>
<td>• Strong grower relationships</td>
<td></td>
<td></td>
<td></td>
<td>• Multi-regional and global sourcing and production capability</td>
</tr>
<tr>
<td>• Innovation investment</td>
<td>• Innovation investment</td>
<td>• Innovation investment</td>
<td></td>
<td></td>
<td></td>
<td>• Comprehensive insurance program</td>
</tr>
</tbody>
</table>

#### INFORMATION ON MITIGATING ACTIONS FOUND IN THIS REPORT

<table>
<thead>
<tr>
<th>Climate</th>
<th>Constrained grape supply</th>
<th>Loss of key leadership talent</th>
<th>Brand reputation/damage</th>
<th>Partner performance and market concentration</th>
<th>Changing laws, regulations and geopolitical landscape</th>
<th>Significant business disruption or loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWE Environmental Management</td>
<td>TWE Water</td>
<td>TWE Climate Change</td>
<td>PLANET Environmental Management</td>
<td>PLANET Water</td>
<td>PLANET Climate Change</td>
<td>PLANET Environmental Management</td>
</tr>
</tbody>
</table>

#### SUSTAINABLE DEVELOPMENT GOALS

<table>
<thead>
<tr>
<th>Climate</th>
<th>Constrained grape supply</th>
<th>Loss of key leadership talent</th>
<th>Brand reputation/damage</th>
<th>Partner performance and market concentration</th>
<th>Changing laws, regulations and geopolitical landscape</th>
<th>Significant business disruption or loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE</td>
<td>PERFORMANCE</td>
<td>PEOPLE</td>
<td>PERFORMANCE</td>
<td>PLANET</td>
<td>PLANET</td>
<td>PLANET</td>
</tr>
</tbody>
</table>

---

4. For a full description of TWE’s material business risks and the relevant mitigating actions undertaken by the Company please refer to the Operating and Financial Review of the 2019 Annual Report.
TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TWE acknowledges the challenges and impacts posed by climate change and the opportunities and risks (both physical and transitional) it presents for the Company.

For TWE, the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and long-term risks resulting from changes in climate patterns. Transitional risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon economy.

During F19, TWE considered in detail the recommendations of the TCFD. In particular, the Company conducted a detailed gap analysis and benchmarking of TWE’s existing frameworks, practices and disclosures against the TCFD recommendations and current market practice.

The analysis identified areas where TWE is performing well, acknowledging that TWE has been investing in minimising and adapting to climate change impacts for more than a decade. The analysis also highlighted areas for improvement, including the need to continue to build a whole-of-business approach to assessing climate-related risk and opportunity.

TWE has since developed an internal roadmap to enable the business to draw on these findings and drive future action as appropriate, with a view to enhancing the Company’s practices and disclosures relating to climate change. The following summarises the actions undertaken in line with the four core elements of climate-related financial disclosure.

GOVERNANCE

TWE’s Board is responsible for the overall corporate governance of the Company, assisted by its committees. One of the Board’s objectives is to optimise TWE’s performance and shareholder value within a framework of appropriate risk assessment and management, including in relation to climate change.

In F19, the Board approved amendments to the Risk Management Framework to incorporate specific responsibilities relating to ESG risks; enhance the categorisation of a number of risks, including climate and environment risk; and reference the Company’s consideration of the TCFD recommendations.

Further, the Environment Policy was updated during the year to emphasise TWE’s commitments in relation to assessing climate change impacts, monitoring environmental performance and engaging with management and the Board to drive environmental sustainability.

In F19, TWE became a signatory to the Porto Protocol, a global forum and commitment to sharing and learning best practices that help reduce the impact of climate change. This commitment will enable TWE to align with organisations across the world to ensure good environmental practices guide business activity.

STRATEGY

TWE considers its business strategy suitably enables it to leverage opportunities and minimise the risks posed by climate change. Effectively managing these impacts is a very important part of our commitment to creating long term value and we are committed to ongoing dialogue with our stakeholders to identify and address the impacts and opportunities associated with climate change.

Flexible multi regional sourcing, expanding our country-of-origin offerings and premiumising of our portfolio of world-class wines ensures TWE is agile and adaptive, whilst our focus on supply chain optimisation encourages efficiencies and innovation. For more information on risks and mitigating actions relating to climate change, see Figure 3 on page 8 and the Planet section of this Report.

RISK MANAGEMENT

During F19, a group of Senior Leaders, including those from the ELT and the Risk, Compliance and Governance Committee, participated in a climate change impact workshop. The workshop was held to specifically identify the most impactful risks and opportunities for the organisation and elevate consideration of the transitional and non-supply focused physical impacts of climate change.

Outcomes of the workshop were then used to inform the Company’s material business risks as well as this Report and actions within the CR roadmaps that sit under the CR pillars – Performance and Planet.

METRICS AND TARGETS

TWE monitors and reports annually against several environmental metrics, including carbon emissions and intensity, water and energy use and efficiency, and waste generated and diverted from landfill.

Greater detail on these metrics and how they are measured is found in the Planet section and Key Performance Indicator table of this Report.
Be sustainable and efficient when sourcing and producing our wine

Our environmental impact is sustainable and reducing over time

**F19 KEY ACHIEVEMENTS**

- **Retained**
  - 100% third party sustainability certification

- **100%**
  - ANZ and Americas site compliance with TWE’s internal environmental standards

- **Signatory to**
  - the porto protocol

- **Improved efficiency:**
  - water improved 15.8%
  - energy improved 15.4%

- **Reduced carbon emissions by** 11.9%

- **Diverted** 96.8% of waste from landfill
ENVIRONMENTAL MANAGEMENT

TWE is committed to being sustainable and efficient when sourcing and producing its wine.

Those material business risks relevant to the environment are summarised below:

- Climate
- Constrained grape supply
- Brand reputation/damage
- Partner performance and market concentration
-Changing laws and regulations
- Significant business disruption and/or catastrophic damage or loss

Aspects of how these risks are managed are detailed in this section.

ENVIRONMENTAL COMPLIANCE AND RISK MANAGEMENT

Environmental impacts are managed at a global, regional and site level. At a global level, TWE’s Environment Policy is the core document that sets out the Company’s commitment to environmental compliance and sustainability initiatives. In F19, this policy was updated to:

- reflect the revised Corporate Responsibility (CR) framework;
- broaden its scope to include the Company’s whole value chain; and
- clearly define the role of management and the Board in driving environmental sustainability within the business and the communities in which we operate.

During F19, TWE maintained its record of zero findings of non-compliance, incidents, fines or penalties related to environmental regulations.

Fundamental to ensuring TWE’s production is sustainable is the retention of regionally appropriate and independent third party sustainability certifications. These certifications verify that our sites are following regional requirements and industry best practice.

In F19, TWE retained the following certifications for all of its owned and leased vineyards and wineries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Entwine Australia&lt;sup&gt;5&lt;/sup&gt;</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Sustainable Winegrowing New Zealand</td>
</tr>
<tr>
<td>Italy</td>
<td>VIVA Sustainable Wine and ISO 14001 – Environmental Management</td>
</tr>
<tr>
<td>Americas</td>
<td>Sustainability in Practice, Certified California Sustainable Winegrowing, Fish Friendly Farming, or Napa Green</td>
</tr>
</tbody>
</table>

CASE STUDY

A Sustainable Future at TWE

In F19, TWE’s Sustainable Future program was embedded at sites throughout the supply business. TWE’s Sustainable Future working group analysed the program’s first Best Management Practice (BMP) self-assessment results. This analysis assessed sites’ performance against TWE’s internal environmental standards and drove improvement through each site’s F19 environmental action plan.

Through this process several best practices were identified and shared across the Company’s supply and non-supply network.

In addition, Regional Supply Leaders led engagement initiatives on topics including water, energy and waste. Targeted and pre-prepared communications delivered a consistent message on ways of working, whilst focusing on driving innovation and improving efficiencies.

TWE will continue to build on its Sustainable Future program in F20.

---

<sup>5</sup> A full account of TWE’s material business risks is located in the Operating and Financial Review of the 2019 Annual Report.

<sup>6</sup> Sustainable Winegrowing Australia is Australia’s new national third party certification scheme. It replaces Entwine, commencing 1 July 2019. At the time of publishing, TWE’s Australian vineyards and wineries are transitioning to the new scheme.
WATER

TWE acknowledges that water availability, use and conservation are ongoing challenges and embraces an adaptive and agile approach to mitigating such challenges.

Water is a precious resource used in our grape growing and winemaking. In F19, TWE’s vineyard, winery and packaging centre water was sourced through a mixture of:

- Recycled water (incoming and onsite)
- Irrigation channel or pipe
- Municipal mains
- Surface water (rivers, creeks and dams)
- Stormwater
- Groundwater, bore or well
- Trucked in or bought water

TWE continues to invest in its people, infrastructure and technology to improve water efficiency and demonstrate water stewardship within local communities.

PEOPLE

In F19, TWE focused on engaging its people through the Sustainable Future program. This has led to both process and behavioural changes that have had a significant contribution to TWE’s daily water conservation. Examples include:

- collection and re-use of grey water for secondary purposes;
- sweeping rather than hosing down winery floors during cleaning;
- water efficient barrel washing methods;
- night cooling of wine tanks resulting in water usage efficiencies; and
- improved reporting of leaks and maintenance issues.

INFRASTRUCTURE AND TECHNOLOGY

In F19, TWE invested in various infrastructure upgrades designed to replace less efficient equipment. Upgrades included installing both scrubbers and high efficiency barrel washers, improved refrigeration equipment and control technology as well as rainwater capture and storage instalments, such as tanks and vineyard drain tiles.

TWE also deployed drone technology to complement existing aerial imagery at selected vineyards to easily and accurately locate zones of water stress, leaks, and soil variation. This allows our people to more rapidly respond to and manage water related incidents.

Across TWE’s winery and packaging network, the Company continued to install technologies that enable major water savings. These include ‘pigging’, which is a process that uses gas instead of water to push wine through pipework and pulse cooling, which conserves water at the refrigeration process.

WATER EFFICIENCY (L/9LE)'

<table>
<thead>
<tr>
<th></th>
<th>F15</th>
<th>F16</th>
<th>F17</th>
<th>F18</th>
<th>F19</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.2</td>
<td>27.4</td>
<td>23.5</td>
<td>24.0</td>
<td>20.2</td>
<td></td>
</tr>
</tbody>
</table>

15.8% improvement in water efficiency between F18 and F19

7. For more detail on TWE’s water use and efficiency, refer to the Key Performance Indicator table at the back of this Report.
ENERGY

Energy efficiency is key to TWE’s wine production and its commitment to operate sustainably, safely and responsibly.

TWE purchases and utilises a mix of energy sources across all vineyard, winery and packaging sites. In F19, these included:
- Fuel (diesel, LPG, petrol, biogas, natural gas)
- Electricity (non-renewable sources)
- Solar

Similar to managing water, TWE achieves improvements to energy efficiency through investment in its people, infrastructure and technology.

PEOPLE

In F19, TWE focused on engaging its people through the Sustainable Future program. This has driven both process and behavioural changes that have had a significant contribution to TWE’s daily energy conservation. Examples include:
- switching off major equipment when not in use and monitoring power usage through online systems where applied;
- night cooling of wine tanks as temperature differences between tank and air are smaller;
- optimising wine storage temperatures; and
- reporting of damaged lighting or other energy related repair and maintenance issues.

INFRASTRUCTURE AND TECHNOLOGY

In F19, TWE invested in numerous upgrades to infrastructure across the TWE supply network. These included upgrades to LED lighting and refrigeration equipment and technology, optimising automated aeration systems in water treatment ponds, and continued transition to variable speed pumps.

During the year, TWE continued to install pulse cooling and heating across its winery and packaging network. In addition, in F19, TWE invested in the development of fluidised bed crystallization, a winemaking tool, which is scheduled to become operational in F20. Where operational, these instalments result in significant energy and, in some cases, water savings.

CASE STUDY

Karadoc winery optimises vintage crush

In F19, the Karadoc Winery (Australia) team has focused on continuous improvement to drive energy efficiency. During vintage, the winery crushes over 95,000 tonnes of grapes making this period the most energy intensive for the site. In F19, the site optimised vintage processes to improve energy use and efficiency. As an outcome, various energy saving projects were trialled and integrated into business systems. These include:
- temperature increase on red wine fermentation;
- turning off mixing ‘agitators’ on all white wine ferment tanks in cellars; and
- change to white wine clarifying process, replacing centrifugation with floatation (tank pictured).

The process changes implemented in F19 will support Karadoc Winery to deliver an estimated energy savings that equate to more than 900,000 kilowatt hours (kwh) for F20.

ENERGY EFFICIENCY (MJ/9LE)

<table>
<thead>
<tr>
<th>F15</th>
<th>F16</th>
<th>F17</th>
<th>F18</th>
<th>F19</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.4</td>
<td>9.3</td>
<td>9.0</td>
<td>9.0</td>
<td>7.7</td>
</tr>
</tbody>
</table>

15.4% improvement in energy efficiency between F18 and F19

8. For more detail on TWE’s energy use and efficiency, refer to the Key Performance Indicator table at the back of this Report.
CLIMATE CHANGE AND EMISSIONS

As a producer of wine, TWE has a responsibility to minimise, monitor and mitigate the negative impacts of climate change.

TWE responds to the impact of climate change by following a strong and climate-adaptive business strategy; monitoring carbon emissions; investing in research, development and extension; and fostering cross-sector partnerships and engagement.

TWE BUSINESS STRATEGY

TWE’s strategy and flexible sourcing model is a strength of the business and mitigates some of the risks posed by climate change. Aspects of this strategy include:

<table>
<thead>
<tr>
<th>Flexible multi-regional sourcing</th>
<th>Diversification of sourcing reduces exposure to lack of quality or supply in any one region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced grape intake</td>
<td>Sourcing from owned or leased vineyards, growers, and the bulk wine market means TWE has flexibility in the instance of significant weather events</td>
</tr>
<tr>
<td>Supply chain optimisation</td>
<td>Concentration of infrastructure across Luxury, Massige and Commercial categories delivers an efficient asset base</td>
</tr>
</tbody>
</table>

MONITORING CARBON EMISSIONS

TWE tracks and monitors its carbon emissions from the Company’s direct operations (Scope 1 and 2). It does not currently include indirect emissions (Scope 3).

In Australia, TWE continued to report under the National Greenhouse and Energy Reporting Scheme (NGERS).

The Company’s carbon emission intensity ratio is 0.90 kilograms (kg) CO₂e emissions per 9L of wine.

CARBON EMISSIONS (CO₂e kt)³

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>F15</td>
<td>58.6</td>
</tr>
<tr>
<td>F16</td>
<td>57.8</td>
</tr>
<tr>
<td>F17</td>
<td>56.4</td>
</tr>
<tr>
<td>F18</td>
<td>54.9</td>
</tr>
<tr>
<td>F19</td>
<td>47.6</td>
</tr>
</tbody>
</table>

11.9% reduction in CO₂e emissions between F18 and F19

In F19, TWE continued to use drought resistant grape rootstocks, installed frost fans at selected sites due to increases in frost events, and invested in vineyard data capture technology that facilitates the ability to readily adapt our practices to a changing climate.

Specifically, TWE is investing in technologies, trials and partnerships that will enable the business to better understand why certain processes, rootstocks or viticultural areas are more effective or adaptive to weather events or natural resource stress.

CASE STUDY

The Johnson Block

The Johnson Block is the oldest block of Cabernet Sauvignon (pictured) in Coonawarra, Australia. It is pre-clonal, on own roots and predominantly dry grown. The vineyard has experienced 64 years of varying climate including wet decades (1970s) and dry decades (1980s).

In 2016, one of Coonawarra’s hottest (and driest) vintages on record, the Johnson Block vineyard provided a unique opportunity to evaluate and select dry grown old vines with adaptation and tolerance to drought. TWE found this selection to be naturally drought tolerant and is working to propagate these vines for future Cabernet Sauvignon planting.

PARTNERSHIPS AND ENGAGEMENT

TWE collaborates with research institutes, universities and industry peers on an array of monitoring, adaptation and mitigation efforts, including:

- sponsorship of PhD research projects;
- working with local weather bureaus such as the Bureau of Meteorology (BOM) in Australia, and various commercial providers in New Zealand and the United States, to understand short and long-term weather patterns and impacts; and
- attendance and presentation at relevant industry conferences and seminars.

Proudly, in F19, TWE became a signatory to the Porto Protocol, a global forum and commitment to sharing and learning best practices to help reduce the impact of climate change.

9. For more detail on TWE’s carbon emissions and intensity, refer to the Key Performance Indicator table at the back of this Report.
WASTE AND PACKAGING

TWE is committed to minimising wastes generated and maximising recycling or re-use, from within its operations to the wine consumer.

Each year, TWE diverts a significant proportion of its vineyard, winery, cellar door and packaging waste from landfill. This continued in F19 with a diversion rate of 96.8%.

Within TWE’s wineries most wastes are organic byproducts of the winemaking process. Grape skins and seeds are sent to be specifically treated by third parties or to composting facilities to extract further value from the waste. The stalks and stems leftover from vintage crush are also treated in this way and in some cases collected by local farmers to use as livestock feed.

Where infrastructure permits, our winery, packaging, cellar door and various office sites carefully separate cardboard, glass, plastic and organic material to ensure they are reused, recycled, composted or disposed of appropriately.

TWE works with its suppliers to optimise product packaging and develop improved supply chain systems that secure high quality raw material inputs. These systems ensure less is wasted through defect, conflict with design specifications, or through inefficiency in operations.

In F19, TWE worked with suppliers to lightweight selected glass and plastic product packaging. Refer to the Product section of this Report for more information.

WASTE DIVERSION FROM LANDFILL RATE (%)\(^\text{10}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>F19</td>
<td>96.8</td>
</tr>
<tr>
<td>F18</td>
<td>96.0</td>
</tr>
<tr>
<td>F17</td>
<td>96.9</td>
</tr>
<tr>
<td>F16</td>
<td>96.0</td>
</tr>
<tr>
<td>F15</td>
<td>96.3</td>
</tr>
</tbody>
</table>

96.8% of waste diverted from landfill in F19

CASE STUDY

TWE sites avoid, reduce, reuse and recycle

TWE’s waste management practices, including its waste audit process, incorporate the waste hierarchy – avoid, reduce, reuse, and recycle.

In F19, several of our sites undertook waste audits, with our Penfolds Packaging Centre (Australia) making significant contributions to reducing its impact. The waste audit resulted in the establishment of a site-specific recycling plan, which has encouraged the following initiatives and savings:

- separation and appropriate disposal of ‘hard to recycle’ items from general waste, such as freshness sachets, wine filter cartridges, and broken or old lighting. This has resulted in the diversion of almost four tonnes of waste from landfill over a four month period;
- site bin review, re-labelling and employee education to encourage correct waste separation. This includes separating oil or oily material, different types of plastic, paper, and cardboard; and
- installation of air hand dryers to remove paper towels, which is avoiding the use of approximately 40 kilograms (kg) of paper towel each month.

10. For more detail on TWE’s waste, refer to the Key Performance Indicator table at the back of this Report.
PEOPLE

GUIDING PRINCIPLE
Respect and enhance the lives of our people and our communities

AMBITION
Our peoples’ human rights, safety and wellbeing is protected

F19 KEY ACHIEVEMENTS

50% reduction in SIFR

Engaged third party to assess suppliers and customers

Launched ‘Inspiring Growth’ capability program

CR Council approved human rights roadmap

Improved female representation:
Leadership roles 39.0%
Board member roles 37.5%

Contributed over A$735,000 in direct value to the community
HEALTH, SAFETY AND WELLBEING

TWE aims to provide a healthy and safe workplace for its people, and eliminate work-related injury and illness across all operating regions.

The Health, Safety and Wellbeing (HSW) of our people is paramount. Our global HSW strategy continues to be refined as we measure ourselves against industry best practice. We believe that a strong, risk-focused safety culture is necessary to drive improvements in safety performance.

Key achievements for F19 include:
• a 50% reduction in our Serious Injury Frequency Rate (SIFR); and
• an increase in the number of safety conversations, a measure of our leadership's engagement on health and safety with people across our business.

These achievements are attributed to a company-wide focus on reporting, monitoring and engagement. In F19, TWE continued the delivery of its Destination Zero Harm program, which ensures everyone keeps safety top of mind. Additional key initiatives implemented in F19 include:
• development of Senior Leader safety leadership skills;
• establishment of a Health and Wellbeing Program focused on physical and mental health and resilience;
• introduction of lead indicator measures, including hazard and near miss reporting;
• introduction and measurement of leadership engagement through safety conversations; and
• embedding the SIFR metric into global reporting and Executive Leadership Team (ELT) scorecards.

During F19, TWE recorded an increase in its Lost Time Injury Frequency Rate (LTIFR). During the same period, TWE recorded a 63% reduction in Lost Time Injury (LTI) days lost, indicating the business has recorded more minor, but experiencing far less major LTIs.

There has been a minor adjustment to both LTIFR and SIFR indicators for the prior and current year due to a global audit of hours worked, which are used to calculate the frequency rates.

HSW INDICATORS

During F19, TWE recorded an increase in its Lost Time Injury Frequency Rate (LTIFR). During the same period, TWE recorded a 63% reduction in Lost Time Injury (LTI) days lost, indicating the business has recorded more minor, but experiencing far less major LTIs.

There has been a minor adjustment to both LTIFR and SIFR indicators for the prior and current year due to a global audit of hours worked, which are used to calculate the frequency rates.

HSW INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
<th>SIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>F15</td>
<td>4.2</td>
<td>5.0</td>
</tr>
<tr>
<td>F16</td>
<td>4.1</td>
<td>3.4</td>
</tr>
<tr>
<td>F17</td>
<td>2.4</td>
<td>5.0</td>
</tr>
<tr>
<td>F18</td>
<td>3.4</td>
<td>5.2</td>
</tr>
<tr>
<td>F19</td>
<td>1.7</td>
<td>5.2</td>
</tr>
</tbody>
</table>

11. Comparable SIFR data is only available from 1 July 2016.
TWE is committed to upholding human rights and labour practices aligned to global best practice.

TWE employs over 3,500 winemakers, viticulturists, marketing, sales, distribution and support staff across four key regions. As such, TWE, and its suppliers, operate in regions governed by a wide range of laws, which are reflected across a range of company-wide policies, standards, and procedures that are designed to protect the human rights of permanent, temporary and contract employees. A summary of the risks\(^1\) associated with human rights, labour and the supply chain include:

- Loss of key leadership/talent
- Brand reputation/damage
- Partner performance, including suppliers, distributors, retailers
- Changing laws and regulations
- Significant business disruption and/or catastrophic damage or loss

Aspects of how these risks are managed are detailed in this section.

GOVERNANCE

In F19, TWE continued to align to the United Nations (UN) Global Compact and its ten principles, six of which relate to human rights and labour. As necessary, these principles are incorporated and inform internal resources and are embedded across the Company by TWE’s People and Capability function.

The People and Capability function reports regularly to the Human Resources Committee of the Board and relevant initiatives are publicly reported in:

- TWE’s Annual Report;
- Workplace Gender Equity Agency (WGEA) Report (Australia); and
- TWE’s Statement on Human Rights and Modern Slavery, which was updated in F19 to align with the principles of the Australian Modern Slavery Act (2018).

These reports are available on the Company’s website at www.tweglobal.com.

---

13. The information in this table is current as of 30 June 2019 and does not include contractors, which make up six percent of TWE’s workforce.
14. The Asia region has a higher proportion of employees listed as ‘temporary’ due to common legal practice in Asia to place employees on three-year fixed term contracts. After ten years, an employee is considered permanent.
LABOUR

TWE policy, standards and procedures are designed to protect our people from forced or child labour and having their freedom of association restricted.

The Global Payroll Policy recognises the importance of paying employees fairly, completely and accurately, and is intended to protect employees from being bonded to the organisation by debt, having their pay withheld, or having their movement restricted due to inconsistent payment times.

On occasion TWE employs minors and this is done in accordance with local legislation. In F19, TWE employed a small number of people under 18 years of age in Australia and New Zealand, typically in apprentice, vintage or hospitality roles.

The Company’s Employing and Engaging Minors Policy ensures that these relationships are managed appropriately.

TWE’s Whistleblower Policy and confidential whistleblower service provide a channel for employees and third parties to raise matters in a confidential manner. The service is offered in a range of local languages and the Board, via the Audit and Risk Committee, receive periodic reports on whistleblower matters. Since the end of the financial year the Policy was updated to align with the reforms to the Australian whistleblower legislation, which came into effect on 1 July 2019.

TWE respects employees’ freedom of association in the workplace by recognising the right of employees to negotiate either individually or collectively. Where they represent employees to negotiate employment agreements, TWE engages with trade unions.

SUPPLY CHAIN MANAGEMENT

TWE’S expectations of its suppliers regarding human rights, labour, the environment and anti-corruption are outlined in the Company’s Responsible Procurement Code (RPC). In F19, the RPC continued to be embedded as a prerequisite in TWE’s partner engagement and tender processes, and is included in TWE issued supplier contract templates globally.

During F19, training on the RPC and its contents was provided to employees who deal with suppliers or have the authority to enter into transactions on behalf of TWE. This was administered by regional Procurement teams.

TWE also undertook further analysis of its supply chain with a specific desktop audit performed on its current supplier base to determine suppliers who posed an elevated level of human rights risk. Further engagement was undertaken between TWE and those identified suppliers, and through this process the Company’s expectations in regards to supplier risk were satisfied.

To build on this work, TWE has engaged a third party to introduce a system to assess TWE’s current and potential supplier and customer network. When fully implemented the system will alert the business to supplier and customer risk using public and private intelligence databases.

The system will be globally implemented in F20.

CASE STUDY

Human Rights Roadmap

In F19, a human rights roadmap was developed by members of TWE’s Legal and Governance, People and Capability, Procurement and Corporate Responsibility (CR) teams. The roadmap was approved by the Global CR Council and details how TWE plans to enhance its response to human rights and labour impacts, which will be founded in an internal human rights impact assessment scheduled to commence in F20.

15. The definition of minor depends on the relevant country, jurisdiction, and legislation.
DEVELOPING AND CARING FOR OUR PEOPLE

TWE is committed to building a high performing organisation by driving an inclusive, supportive and collaborative culture; growing capability; and operating efficiently and sustainably.

DIVERSITY AND INCLUSION

The Executive Leadership Team (ELT) has accountability for defining and managing TWE’s diversity and inclusion goals and objectives. These objectives are approved by the Human Resources Committee of the Board, and are detailed in the Company’s Annual Report.

In F19, TWE committed to the following objectives to deliver sustainable diversity and inclusion improvement:

1. **Increase gender diversity in leadership**
   - Continue the journey towards achieving an increase in females in leadership roles16 to 38% by 2020

2. **Develop inclusive leaders**
   - A total of 75% of senior leaders meet or exceed expectations on Inclusive leadership

Throughout the year the following initiatives have maintained TWE’s momentum towards achieving these goals:

- executive mentoring and sponsorship of female talent;
- investment in TWEforShe global capability program;
- celebrate outstanding female leadership through the Mary Penfold Award; and
- maintain 360-degree survey to measure Senior Leaders’ Inclusive Leadership.

The ELT, including the CEO, supports the achievement of diversity and inclusion measures and targets as part of their annual key performance objectives.

As at 30 June 2019, TWE had 39.0% female representation in leadership roles, reaching its stated target of 38% by 2020. TWE has since set a Board approved target to achieve 40% female representation in leadership roles by 2025.

Additionally, the Board is committed to ensuring it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company’s strategic imperatives. The Board recognises the importance of cultural, geographic and gender diversity amongst its members which is reflected in the current representation on the Board, with four non-executive directors based offshore in regions in which the Company operates.

During F19, the Board achieved its gender target of at least 30% female representation, with women representing 37.5% of the Board as at the date of this Report. In 2019, in order to maintain gender diversity the Board set itself a measurable objective that at least 30% of its directors will be of each gender going forward.

---

16. TWE define leadership roles as senior leaders, professionals and specialists, including general, department and functional management.
PERFORMANCE AND DEVELOPMENT

TWE’s Leadership Framework outlines five capabilities – lead self, manage others, business acumen, strategic thinking and deliver results – which guide leadership development. These underpin our four growth behaviours – be focused, inspire belief, build trust, and collaborate to win. These capabilities and behaviours guide how we act and play a critical role in setting the business up for sustainable success.

All employees participate in performance and development conversations with their People Manager, set performance and development goals at the beginning of the financial year, and have these goals reviewed throughout the year.

In F19, to support the performance and development of our people, TWE formally launched its global LinkedIn Learning partnership, which will facilitate our people to build skills aligned to the TWE leadership framework, growth behaviours, ways of working and becoming a people leader.

This global initiative complements the F19 success of our regional development programs, and will be further integrated in TWE’s capability offering from F20 onwards.

CASE STUDY
Investing in our people – Regional highlights

ANZ
TWE launched an intensive two-week capability event – “Inspiring Growth: Vintage 19” – designed to improve business acumen and knowledge for all Melbourne head office employees. The program involved 26 presenters over 34 sessions and was attended by more than 500 employees.

Following the success of the Australian based program, an Inspiring Growth series commenced in our Americas region and will extend to Asia and Europe in F20.

Americas
In the Americas, a region-wide initiative to develop employees’ business acumen and understanding of TWE’s Wine Value Chain was launched as part of the ‘Inspiring Growth’ capability program.

Open to all Americas employees, the program builds knowledge of how the business operates and how its core functions work together to achieve our vision. Over 500 attendees have participated as of 30 June 2019.

Additionally in F19, ‘Wellness 365’ was launched, a region wide wellness program designed to support employee mental, physical and emotional wellbeing.

Asia
In Asia, we have implemented a Health and Wellbeing program to recognise the importance of enhancing employee health and their physical and psychosocial working environment.

Initiatives include:
• Provision of fruit in the office
• Lunch and learn sessions with external guest speakers
• Onsite counselling
• Local gym passes

Europe
TWE Europe has established five cultural teams that focus on the areas of Diversity and Inclusion, Corporate Responsibility, Health and Wellbeing, Wine Culture and Ways of Working and Communication.

Each cultural team has a leadership team sponsor and is led by a group of employees who have created a calendar of key initiatives, including mental health awareness, unconscious bias training, and knowledge and information sharing forums.

COMMUNITY ENGAGEMENT

TWE continues to focus on its ambition of respecting and enhancing the lives of its people and its communities through volunteering, employee fundraiser matching and brand partnerships.

In F19, TWE’s community engagement initiatives included:
• Global Volunteering Week, a week to encourage employees to volunteer within their local community;
• Fundraising Boost, TWE’s employee fundraiser matching scheme; and
• brand partnerships, such as the BV Coastal and Oceana Save Something Beautiful campaign (United States).

In F19, when combined, these initiatives contributed more than A$735,000 in direct value to social and environmental causes in the communities in which we operate.

Contributed more than A$735,000 in direct value to community partners

CASE STUDY
Global Volunteering Week 2019

The centrepiece of TWE’s community engagement is its annual Global Volunteering Week. This event forms a platform to co-ordinate employee volunteering efforts across the world and build long-term partnerships with organisations.

In F19, the week saw 1,458 employees volunteer with more than 90 charitable partner organisations across the globe. Our people contributed more than 9,000 hours across activities that align to the Planet and People pillars of our CR framework. Activities included:
• food packing, sorting, preparation, delivery and serving;
• packing and sorting household and school items for those in need;
• clearing local waterways;
• removing litter and weeds from local conservation areas; and
• rehabilitating natural areas through tree and seedling planting.

Contributed more than A$735,000 in direct value to community partners

TREASURY WINE ESTATES SUSTAINABILITY REPORT 2019 | 21
GUIDING PRINCIPLE
Create quality wines that are consumed and promoted responsibly and safely

AMBITIOTN
Our wines are produced, marketed and consumed responsibly

F19 KEY ACHIEVEMENTS

Zero findings of non-compliance with marketing regulations or voluntary codes
Launched Updated Food Safety and Quality Policy
96.3% of employees completed Alcohol Policy training
Expanded lower in alcohol and smaller format range for consumers
Lightweighted select glass and plastic product packaging
RESPONSIBLE CONSUMPTION AND MARKETING

As one of the world’s largest wine companies, TWE aims to enrich the culture and the lives of the millions of adults around the world who enjoy our brands by promoting the responsible consumption of alcohol.

Risks relating to the responsible consumption, marketing and sale of alcohol are identified through TWE’s Risk Management Framework. The related risks include:

- Brand reputation/damage
- Partner performance and market concentration
- Changing laws and regulations

Aspects of how these risks are managed are detailed in this section.

EMPLOYEE ADVOCATES

TWE endeavours to ensure its employees act as champions for responsible consumption. The key documents that govern this are TWE’s Alcohol Policy, Alcohol Policy Guidelines and Alcohol Policy Guidelines for Winemakers.

In F19, TWE’s Alcohol Policy and Alcohol Policy Guidelines were updated to clarify the expectations of employees relating to the consumption of alcohol and workplace health and safety, including the expectation that employees are not to perform work that is ‘high risk’ if they are under the influence of alcohol, regardless of legal limits.

These documents are available for our people in English, Spanish and Mandarin and are embedded within the business through TWE’s learning management system and the Company’s internal responsible consumption awareness program.

96.3% of employees completed compliance training on TWE’s Alcohol Policy.

In F19, TWE rebranded its internal responsible consumption program as ‘Smart Drinking’. This program encourages employees to consume alcohol in a responsible manner by providing tips, tools and information through regular global communications.

In November 2018, the Company conducted Smart Drinking Week, to engage employees with activities, third party speakers, and other resources to aid them in understanding and promoting responsible consumption.


18. It is anticipated that the 3.7% of employees who have not completed the training are new-starters who are yet to complete the training within their first three months of commencing with TWE, as well as a small number of employees who may be overdue in completing refresher training.
PROMOTING WINE RESPONSIBLY

TWE’s Alcohol Policy is supported by Responsible Marketing Guidelines and a Responsible Sales and Marketing Handbook, which outline requirements for promoting our wines in the diverse markets in which we operate globally.

In F19, these resources were reviewed and updated to provide additional guidance to the marketing and sales teams on current legislative and voluntary code requirements, emerging digital trends and current ways of working.

TWE’s marketing team ensures that all marketing communications are vetted against these guidelines during development. This is undertaken through reference to a comprehensive marketing checklist and seeking legal guidance, and escalating approval as required.

These documents will be recommunicated to the marketing team and embedded in their ways of working in F20.

In F19, TWE continued to provide a range of information via the labels of our products, many of which assist consumers to drink responsibly and safely. Our internal policies on labelling are aligned with regional legislation and best practice and specify that we must provide the following information:

- Number of standard drinks or alcohol content of the product
- Responsible consumption message
- Warning message on drinking alcohol during pregnancy

TWE was the first global wine company to commit to providing calorie information on its products, which is done via an online product database. In F19, this continued to be maintained and promoted via our product labels.

In addition, TWE places a recycling logo on the majority of its products, which signals to consumers the correct disposal avenue.

In F19, there were ZERO findings of non-compliance with marketing regulations or voluntary codes.

In F19, there were ZERO findings of non-compliance with labelling regulations or voluntary codes.

19. The updates were published after 30 June 2019.
20. A finding refers to a determination by the responsible external body.
CASE STUDY
Lower in alcohol product leadership

Throughout F19, TWE continued to develop its alternate product offerings for those consumers looking for smaller format and lower, low and non-alcohol wine choices. These product variations are summarised below.

Smaller format alternatives have less standard drinks than their 750ml glass bottle counterparts. These include:
- Sterling Vineyards Chardonnay, Cabernet Sauvignon and Rosé in 375ml aluminium bottles
- Ativo, T’Gallant, Main & Vine, Lindeman’s and Squealing Pig 250ml aluminium cans

Lower, low or non-alcoholic\(^{21}\) alternatives, include:
- Lindeman’s Early Harvest
- Lindeman’s Maiden Press
- Lindeman’s Alcohol Free
- Lindeman’s 5.5% range
- Wolf Blass Yellow Label Moscato
- Rawson’s Retreat
- Lightly spritzed and lower in alcohol cans\(^{22}\) for brands: Ativo, T’Gallant, Main & Vine, Blossom Hill, Lindeman’s and Squealing Pig

21. Non-alcohol wines contain no more than 0.5% alcohol by volume from natural fruit fermentation.
22. Lower in alcohol cans are in comparison to their non-spritzed glass bottle alternatives.

PARTNERSHIPS AND INDUSTRY LEADERSHIP

TWE cultivates relationships with governments and other stakeholders in markets across the world to identify shared opportunities to promote responsible consumption activities.

Throughout F19, TWE continued to work in partnership with organisations that lead alcohol education and responsible consumption initiatives, including DrinkWise (Seppelt Wines and DrinkWise Spring Racing Carnival partnership pictured), Drinkaware, the Alcoholic Beverages Advertising Code (ABAC), and national organisations such as Alcohol Beverages Australia (ABA), who are partners of the International Alliance for Responsible Drinking (IARD).

In F19, TWE commenced a partnership with Community Alcohol Partnerships (CAP) in the United Kingdom (UK). CAP brings together a range of local stakeholders with the view to implement schemes to prevent underage drinking and promote responsible drinking among young adults.

In addition, Michelle Brampton, TWE’s Managing Director Europe, was appointed to the Wine and Spirits Trade Association (WSTA) Board, which oversees several responsible consumption campaigns in the UK.

In Australia, Angus McPherson, TWE’s Managing Director ANZ, Europe, South East Asia and Middle East Africa continued to represent industry association Australian Grape & Wine on the DrinkWise Board and TWE maintained representation on the Social Media sub-Committee of the DrinkWise Board.
PRODUCT QUALITY AND SAFETY

TWE’s focus on food safety and product quality continues to remain a core focus of our wine production and packaging standards. Product quality and safety risks identified through TWE’s Risk Management Framework, include:
- Brand reputation/damage
- Changing laws and regulations

Aspects of how these risks are managed are detailed in this section.

TWE continues to review and improve our food safety and quality systems to ensure that we deliver consumer expectations and comply with all internal and external food safety, regulatory and quality requirements.

In F19, our Food Safety and Quality Policy was updated to ensure alignment with our strategic business direction, the Global Food Safety Initiative and changes in International Organisation for Standardisation (ISO) system standards.

Food safety and quality policy updated

TWE maintained third party accreditation of its quality and food safety systems, demonstrating the robustness and effectiveness of these systems. Third party quality and safety accreditation varies depending on region and includes:
- Hazard Analysis Critical Control Points
- British Retail Consortium Global Standard for Food Safety
- International Featured Standards (Food)
- Food Safety System Certification 22000
- ISO 22000
PRODUCT INNOVATION

TWE is committed to investing in innovation and research to underpin sustainability improvements. Our continued focus on improving packaging quality and product stewardship has identified opportunities to optimise packaging formats, remove material from several glass and bag-in-box categories, and invest in the development of aluminium can packaging formats.

In F19, TWE’s ‘Simplify for Growth’ work stream commenced a glass weight review with a view of rationalising glass across those products below RRP A$20 and US$15. The review considered cost, packaging efficiency, sustainability, quality, marketing and sales impacts.

As a result, more than 70 individual product lines were identified to transition to lighter weight glass across F19 and F20. The lightweighting will decrease glass use per bottle by between 70 and 300 grams, totalling in excess of one million kilograms (kg) of glass reductions across the TWE portfolio.

More than 1M KG KG glass reduction through lightweighting

In addition, TWE’s Europe team refined the carry handle and dispensing spout in its bag-in-box packaging format. Over a year, this change reduces the plastic packaging used by 13,200kg.

TWE has continued to build its smaller format aluminium can product offerings. In Australia, TWE is a market leader with its spritzed products, across the Ativo, T’Gallant, and Squealing Pig brands. Aluminium cans are highly recyclable, are lighter compared to glass bottles of the same size, and the smaller format allows for minimised product waste.

Australian Packaging Covenant
In F19, TWE continued to be a signatory to the Australian Packaging Covenant Organisation (APCO) and was one of the founding members of the APCO Wine Industry Working Group. The Working Group encourages cross-industry collaboration to solve waste and packaging challenges from wine production, to in store recycling and final disposal.

This commitment complements TWE’s broader objective to reduce the impact of our product packaging through global glass and plastic lightweighting initiatives.

TWE’s APCO Annual Report for calendar year 2018 is available on the Company’s website at www.tweglobal.com/sustainability.
### KEY PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>METRIC</th>
<th>UNIT OF MEASURE</th>
<th>F15</th>
<th>F16</th>
<th>F17</th>
<th>F18</th>
<th>F19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLANET</strong></td>
<td>Environmental incidents&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Findings of non-compliance with environmental regulations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total water consumed&lt;sup&gt;3&lt;/sup&gt;</td>
<td>GL</td>
<td>27.0</td>
<td>27.1</td>
<td>22.3</td>
<td>24.6</td>
</tr>
<tr>
<td></td>
<td>Water efficiency&lt;sup&gt;4&lt;/sup&gt;</td>
<td>L/9LE</td>
<td>25.2</td>
<td>22.4</td>
<td>23.5</td>
<td>24.0</td>
</tr>
<tr>
<td></td>
<td>Total energy consumed&lt;sup&gt;3&lt;/sup&gt;</td>
<td>GJ x 10&lt;sup&gt;3&lt;/sup&gt;</td>
<td>498.5</td>
<td>488.7</td>
<td>487.5</td>
<td>501.2</td>
</tr>
<tr>
<td></td>
<td>Energy efficiency&lt;sup&gt;4&lt;/sup&gt;</td>
<td>MJ/9LE</td>
<td>10.4</td>
<td>9.3</td>
<td>9.0</td>
<td>9.1</td>
</tr>
<tr>
<td></td>
<td>Total CO₂-e emissions&lt;sup&gt;5&lt;/sup&gt;</td>
<td>Kilotonnes CO₂-e</td>
<td>58.6</td>
<td>57.8</td>
<td>53.4</td>
<td>54.0</td>
</tr>
<tr>
<td></td>
<td>Carbon emission intensity ratio&lt;sup&gt;6, 7&lt;/sup&gt;</td>
<td>Kg CO₂-e/9LE</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1.09</td>
</tr>
<tr>
<td></td>
<td>Total solid waste generated&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Kilotonnes</td>
<td>63.0</td>
<td>55.1</td>
<td>65.4</td>
<td>56.8</td>
</tr>
<tr>
<td></td>
<td>% solid waste to recycling</td>
<td>%</td>
<td>96.3</td>
<td>96.0</td>
<td>96.9</td>
<td>96.0</td>
</tr>
<tr>
<td><strong>PEOPLE</strong></td>
<td>Female representation in leadership roles&lt;sup&gt;8&lt;/sup&gt;</td>
<td>%</td>
<td>33.8</td>
<td>35.9</td>
<td>37.3</td>
<td>37.1</td>
</tr>
<tr>
<td></td>
<td>Female representation on TWE’s Board</td>
<td>%</td>
<td>12.5</td>
<td>12.5</td>
<td>22.2</td>
<td>25.0</td>
</tr>
<tr>
<td></td>
<td>Participation in Global Volunteering Week</td>
<td>Number of employees</td>
<td>1,291</td>
<td>1,290</td>
<td>1,369</td>
<td>1,412</td>
</tr>
<tr>
<td></td>
<td>Lost time injury frequency rate (LTIFR)&lt;sup&gt;9&lt;/sup&gt;</td>
<td>Lost time injuries per million hours worked</td>
<td>4.2</td>
<td>4.1</td>
<td>2.4</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>Serious incident frequency rate (SIFR)&lt;sup&gt;9, 10&lt;/sup&gt;</td>
<td>Serious incidents per million hours worked</td>
<td>–</td>
<td>–</td>
<td>5.0</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>PRODUCT</strong></td>
<td>Alcohol Policy training&lt;sup&gt;11&lt;/sup&gt;</td>
<td>% of compliant employees</td>
<td>–</td>
<td>96.8</td>
<td>98.0</td>
<td>97.1</td>
</tr>
<tr>
<td></td>
<td>Non-compliance findings with marketing regulation or voluntary codes&lt;sup&gt;7&lt;/sup&gt;</td>
<td>Number of findings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Non-compliance findings with labelling codes or regulations&lt;sup&gt;7&lt;/sup&gt;</td>
<td>Number of findings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0</td>
</tr>
</tbody>
</table>

1. Every year, due to timing requirements of reporting and billing latency from third party suppliers, most of the June environmental performance data for energy, water, waste and carbon emissions is estimated. Prior to annual publication, the June figures of the previous year are replaced with actual values. Similarly, any other discrepancies in the previous year's data are amended.

2. In previous years this indicator has been referred to as 'Environmental incidents – number of incidents reported by external body'.

3. Absolute figures include all wineries, packaging centres and Company-owned or leased vineyards. They do not include data from all offices and cellar doors.

4. Energy and water efficiency for TWE's wineries and packaging centres include non-TWE volumes packaged at our facilities under contract. TWE uses a unit of nine litre equivalent (9LE) to represent volume. Efficiencies do not include energy and water used at Company-owned or leased vineyards, or all offices and cellar doors.

5. Includes all wineries, cellar doors, packaging centres and Company-owned or leased vineyards. Does not include emissions from all offices, wastewater treatment plants, refrigerants or Scope 3 emissions.

6. The carbon emission intensity ratio for TWE's wineries, packaging centres and some cellar doors include non-TWE volumes packaged at our facilities under contract. TWE uses a unit of 9LE to represent volume. The intensity ratio does not include carbon emitted at Company-owned or leased vineyards or all offices.

7. This indicator was established in F18 and as such TWE does not have information for previous financial years.

8. TWE define leadership roles as senior leaders, professionals and specialists, including general, department and functional management.

9. There has been a minor adjustment to safety frequency rate indicators for F18 and F19 data due to a global audit of hours worked, which are used to calculate the frequency rates.

10. SIFR data is only available from 1 July 2016.

11. This indicator was established in F16 and as such TWE does not have information for previous financial years.
## REFERENCES

### DOCUMENTS REFERRED TO THROUGHOUT REPORT

<table>
<thead>
<tr>
<th>TWE POLICY, STANDARD OR CODE1</th>
<th>PUBLICLY AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Anti-bribery and Corruption Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Code of Conduct</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Employing and Engaging Minors Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Environment Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Environment Standard</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Food Safety and Quality Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Global Payroll Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Media Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Responsible Marketing Guidelines</td>
<td><a href="http://www.tweglobal.com/sustainability">www.tweglobal.com/sustainability</a></td>
</tr>
<tr>
<td>Responsible Procurement Code</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Responsible Sales and Marketing Handbook</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Risk Management Framework</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Share Trading Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Social Media Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>Whistleblower Policy</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TWE PRODUCED REPORTS</th>
<th>PUBLICLY AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Corporate Governance Statement</td>
<td><a href="http://www.tweglobal.com/investors">www.tweglobal.com/investors</a></td>
</tr>
<tr>
<td>2019 UN Global Compact Communications on Progress</td>
<td><a href="http://www.tweglobal.com/sustainability">www.tweglobal.com/sustainability</a></td>
</tr>
</tbody>
</table>

---

1. This is not a full list of TWE policies, standards or codes. This list reflects those policies, standards and codes that are referenced in the Sustainability Report 2019. Additional TWE policies are listed on the Company’s website at [www.tweglobal.com/investors](http://www.tweglobal.com/investors).