

2013



TREASURY
WINE ESTATES

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS



Statement of Support

It is my pleasure to present to you our *2013 United Nations Global Compact Communication on Progress* which sets out our work in fiscal 2013 to make the Global Compact and its principles part of how we operate here at Treasury Wine Estates (TWE). Primarily, we incorporate the Principles of the United Nations Global Compact into our Company's Corporate Responsibility Program which focuses on the social and environmental aspects of our business.

TWE's Global Corporate Responsibility Council, under my leadership, continues to drive progress against our stated corporate responsibility goals and objectives which are detailed in our Annual Report.

Achievements made in the UNGC during the year are presented here, and TWE continues to collaborate with its industry peers and commercial partners to actively lead discussion, debate and projects which advance the broader development goals of the United Nations. I invite you to read through our recent achievements, and encourage you to provide your thoughts and feedback on our progress to date via email at csrprogram@tweglobal.com



Michael Clarke

Chief Executive Officer



Treasury Wine Estates

Treasury Wine Estates (TWE) is a unique global wine company with a leading international portfolio of new world wines. Our brand portfolio includes Penfolds, Lindeman's, Wolf Blass, Rosemount, Beringer, Gabbiano, and Matua, to name a few. Headquartered in Melbourne, Australia we hold over 11,000 hectares of vineyards, generate sales of approximately 32 million cases of wine annually, and revenues in the order of AU\$1.7 billion. TWE employs approximately 3,500 winemakers, viticulturists, sales, distribution and support staff across 16 countries.

Global Compact Principles

Activities undertaken by TWE over the previous 12 months (July 2012 to June 2013) to further our commitment to the UNGC Principles within our business are detailed in the tables below and build on those reported in previous Communication on Progress reports. Our commitment to the UNGC Principles is also reflected in our broader [Corporate Responsibility Program](#). An overview of this program and our stated FY13 objectives and targets are detailed in our FY13 Annual Report. Progress in FY14 will be reported in our FY14 Annual Report, due for release in August 2014, available at www.tweglobal.com.

In FY13, TWE's Group Corporate Responsibility Manager, Olivia Tyler, joined the Board of the Global Compact Network Australia. This enabled a higher level of involvement to drive uptake and incorporation of the UNGC Principles within business processes by Australian signatories.



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights and Principle 2: make sure that they are not complicit in human rights abuses.

Our Approach:

TWE values and respects the diversity of our employees and is committed to a workplace where everyone is treated equally, and in which no-one is discriminated against on the basis of characteristics such as gender, age, race, religion, sexual orientation or marital status, and where no-one is subject to or commits any act of harassment. These expectations are detailed in our [Code of Conduct](#) and within our [Diversity & Inclusion Policy](#) available on our website. In FY12 we launched our Diversity Council to accelerate focus on our diversity goals and objectives.

Our Company owned and operated vineyards, and wineries, are not located in regions considered at high risk of human rights abuses. In 2012 TWE launched its [Responsible Procurement Code](#) which details TWE's expectations of its suppliers in relation to social and environmental practices. The Responsible Procurement Code articulates our commitment to the United Nations Global Compact, and conducting business in accordance with the highest ethical standards and internationally proclaimed human rights. Its launch follows a detailed risk assessment of our global supply chain in order to better understand the social, environmental and stewardship practices of our key suppliers - globally. The outcomes of this assessment are integrated within our sourcing processes.

Achievements in FY12:

- Established the TWE Diversity and Inclusiveness Council
- Launched the TWE Responsible Procurement Code

Achievements in FY13:

- Continued evolution of the global Diversity and Inclusiveness Council and increased outreach events.
- Surveyed our employees globally on matters relating to diversity and inclusion to assist in determining FY14 focus areas;
- Established a global women's networking group with the aim of inspiring, connecting and motivating women at all levels of our organisation;
- Updated the TWE Diversity and Inclusion policy
- Incorporated the Responsible Procurement Code and evaluation process into requests for tender during FY13.
- Active Board member in FY13 of the Global Compact Network Australia which provides support to Australian businesses seeking to integrate the UNGC Principles into their operations.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation

Our Approach:

TWE operates under a range of processes and procedures that ensure our workplaces meet international labour standards and ethical processes. Our company owned and operated vineyards, wineries and packaging centres are located in regions governed by a wide range of labour laws and standards which are reflected in our employee and contractor agreements and workplace conditions. The safety of all who visit TWE locations is governed by our [Occupational Health and Safety Policy](#), which outlines our goal for zero harm or injury to our employees, contractors, visitors and others who visit our operations.

Achievements in 2012:

- Completed an internal review of the BSCI Code of Conduct developing a set of supporting guidelines and fact sheets

Achievements in 2013:

- Finalised the BSCI Code of Conduct fact sheets and guidelines for Australia
- Incorporated the Responsible Procurement Code and evaluation process into requests for tender during FY13.
- Active Board member in FY13 of the Global Compact Network Australia which provides support to Australian businesses seeking to integrate the UNGC Principles into their operations.
- Achieved a 14.8% improvement in our reportable case injury frequency rate reducing this from 14.9 to 12.7.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies

Our Approach:

As a premium wine producer and owner of over 11,000 hectares of vineyards, TWE has a deep and intrinsic link to agriculture. The long term sustainability of our business is dependent upon sound management practices guiding our interactions with the environment and communities. Environmental sustainability is a core priority within our CSR program and sees activity within our direct operations, across our supply chain and the marketplace.

TWE has a business wide Health, Safety and Environment Management System (HSEMS) which comprises a set of standards governing workplace health, safety and management of the local environment. Our approach to responsible environmental management is addressed within our [Environment Policy](#). Our company facilities are audited by our internal audit team annually for adherence to these standards, with results reported through to our Board and Executive Leadership Team monthly.

Our web-based Environmental Performance Metrics database is used by our wineries, vineyards and packaging centres globally to track and report over 90 environmental metrics. Consumption of energy, water, chemicals and generation of wastes and carbon emissions are reported by our facilities monthly. Metrics are reported annually in the Corporate Responsibility section of our annual report.

Achievements in 2012:

- Provided sustainability training to grower partners ensuring that the majority of Australian intake fruit volume is covered by such sustainability practices
- Achieved 100% third party sustainability certification for company owned and operated vineyards and wineries in Australia, New Zealand and California
- Completed Scope 3 carbon emissions footprint of our Australian business
- Implemented an online environmental assessment of packaging tool & completed assessment of existing packaging in Australia
- Extended our partnership with the South Australian Murray Darling Basin Natural Resource Management Board for the Markaranka Flat Wetland Complex in Waikerie South Australia, providing further water for improving environmental flows and trialling water-efficient drippers
- Nominated as a Finalist in the 2012 Australian Banksia Awards in the category of Leading in Sustainability for Large Organisations
- Launched our first CarboNZero™ wine – Squealing Pig Sauvignon Blanc and Pinot Noir
- Showcased our environmental sustainability achievements (insert link) and those across CSR more broadly (insert link) to our employees and the general public

Achievements in 2013:

- Continued the provision of sustainability training to grower partners ensuring that the majority of Australian intake fruit volume is covered by such sustainability practices
- Chaired the Environment Leadership Group of the Global Compact Network Australia which held two workshops for Australian businesses focussed on integrating the UNGC Principles within the supply chain.
- Maintained 100% third party sustainability certification for company owned and operated vineyards and wineries in Australia, New Zealand and California
- Achieved a 4.2/5 Star rating for our Australian Packaging Covenant Annual Report
- Launched our second CarboNZero™ wine – 900 Grapes
- Achieved a 28% improvement in water efficiency and a 33% improvement in energy efficiency against FY12 levels in our US wineries and packaging centre
- Secured a government grant in Australia to upgrade tank insulation at our major winery in Victoria
- Launched the Agents of Change program which enabled employees to donate their work- time to various charity organisations including those that work in the fields of environmental conservation. In FY13 14.75% of employees participated in our volunteering program, and we provided AU\$1.075M worth of value to the communities in which we live and work

ANTI-CORRUPTION**Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery****Our Approach:**

Treasury Wine Estates is committed to complying with all applicable laws and regulations in the countries in which it operates, and conducting business in accordance with the highest standards of ethical conduct. Our expectation for employee conduct is detailed in our [Code of Conduct](#). TWE's policy relating to fraud, anti-corruption and bribery are detailed in the Fraud and Corruption Policy, while potential conflicts of interest are governed by the [Conflicts of Interest Policy](#). The TWE [Share Trading Policy](#) addresses potential areas of concern relating to insider trading, while our approach to continuous disclosure is described within the [Disclosure Policy](#).

Achievements in 2012:

- Launched the TWE Fraud and Corruption Policy
- Training to employees regarding TWE policies on bribery and corruption, and governance and legal matters more broadly

Achievements in 2013:

- Continued to provide training to employees regarding TWE policies on bribery and corruption, and governance and legal matters more broadly
- Board member in FY13 of the Global Compact Network Australia which provides support to Australian businesses seeking to integrate the UNGC Principles into their operations.

Corporate Responsibility Overview

Our commitment to the social and environmental sustainability of our business, incorporating the Global Compact Principles, is reflected in our [Corporate Responsibility \(CR\) Guiding Principles](#). Our five-year CR strategy launched in 2012 details specific and measurable objectives and targets which are reported against within our Annual Report and via our website.

Governance

The Global Corporate Responsibility Council is chaired by Michael Clarke our CEO, and convened by our Group Manager Corporate Responsibility. It comprises a further eight senior and executives from our global operations. This includes our Chief Operating Officer – Asia, ANZ and EMEA; our Chief Supply Officer; our Chief Human Resources Officer and our Chief Legal Counsel all of whom sit on TWE's Executive Leadership Team.

The Human Resources Committee of the Board is responsible for overseeing TWE's human resources strategy, including remuneration, workplace policies and diversity. Our Executive Leadership Team has oversight of our Diversity Program to develop and drive our employee facing diversity programs.

Report prepared by Olivia Tyler, Group Corporate Responsibility Manager

For further information on our Corporate Responsibility efforts

visit www.tweglobal.com/about/corporate-social-responsibility/

or contact csrprogram@tweglobal.com