



# United Nations Global Compact

Communication on Progress

Fiscal Year 2017



TREASURY  
WINE ESTATES



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# 1. Statement of Support

It is my pleasure to present to you Treasury Wine Estates' (TWE) United Nations Global Compact Communication on Progress which reports on the work undertaken against the Ten Principles of the United Nations Global Compact (the Compact) for Fiscal Year 2017 (F17). I am pleased to confirm TWE's continuing support of the Compact Principles, in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Progress on the fulfilment of our commitment to the Compact continues to be led by the Company's Corporate Responsibility program and TWE's Global Corporate Responsibility Council, which I chair. The Principles are incorporated throughout the business' operations, with an aim to ensure TWE is a positive force in the communities in which we operate.

Our achievements in progressing the principles of the Compact during F17 are presented in this report, which build on previous Communications on Progress. TWE aims to continuously improve its performance in this regard, and I encourage you to provide feedback via email at [CSRprogram@tweglobal.com](mailto:CSRprogram@tweglobal.com).



**Michael Clarke**  
Chief Executive Officer

## 2. Treasury Wine Estates

Treasury Wine Estates (TWE) is one of the world's largest wine companies and is publically listed on the Australian Securities Exchange. With corporate headquarters in Melbourne, Australia and regional head offices in the United States, United Kingdom, China and Singapore, TWE operates as a global business.

TWE owns or leases over 12,000 hectares of vineyards across Australia, New Zealand, the United States and Italy. Wines from these regions are sold in more than 100 countries. In F17, TWE sold over 36.4 million cases of wine, with revenue in the order of 2.4 billion from across its brands, which include Penfolds, Beringer, Sterling, Wolf Blass, Lindeman's, Matua and Gabbiano. TWE employees approximately 3,400 winemakers, viticulturists, sales, distribution and support staff across the globe.



# 3. Human Rights



## 3. 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 is a company made up of individuals as diverse as its wines and the people who enjoy them. TWE is committed to a workplace where everyone is treated equally, and in which no-one is discriminated against on the basis of 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 the [Code of Conduct](#) and [Diversity & Inclusion Policy](#), which are available on the Company website, TWEglobal.com.

In F12 the Company launched its Diversity and Inclusion Council to accelerate focus on diversity goals and objectives. Since December 2013, the Executive Leadership Team (ELT) has operated as the Diversity Council, reflecting the importance of diversity and inclusion on the TWE agenda.

The Human Resources Committee of the Board, with the assistance of the Diversity Council, determines TWE's annual measurable objectives, which are reported in [TWE's Annual Report](#). The Policy and the performance against associated targets are overseen by the Board, through the Human Recourses Committee, and the Diversity and Inclusion Policy is reviewed annually.

TWE's performance framework, which applies to all employees, incorporates diversity and inclusion measures into individual's performance expectations.

### 3. Human Rights, continued

The Code of Conduct commits employees to behave in accordance with outlined principles, which include that they act in accordance with the highest standards of ethical conduct, making every decision and every action one to be proud of.

The Code of Conduct and Diversity & Inclusion Policy are supported by online or face to face training with new employees when they commence in the business. This training covers harassment, discrimination, bullying and health and safety, amongst other topics.

Employees are encouraged to raise any concerns via the mechanism outlined in TWE's issue resolution processes or via the [Whistleblower](#) process. In addition, all employees have access to free and confidential professional counselling through a company provided Employee Assistance Program.

To ensure the Company is not complicit in human rights abuses, TWE launched its [Responsible Procurement Code \(RPC\)](#) in 2009, detailing TWE's expectations of its suppliers in relation to social and environmental practices. The Responsible Procurement Code specifically refers to the commitment to conducting business in accordance with the highest ethical standards and internationally proclaimed human rights.

Finally, to support staff to contribute to human rights efforts at a community level, TWE employees have access to a corporate giving program and volunteer leave. The *Fundraising Boost* program doubles employees fundraising efforts to a total of A\$1,200. Each employee is also entitled to one day of volunteer leave per year, which the Company coordinates through a Global Volunteering Week in May.

# 3. Human Rights, continued

## Achievements in F17

- In F17, the RPC was rolled out to all ANZ suppliers with an initial response rate of 80%. High spend suppliers and suppliers from higher risk industries will now be targeted for responses. TWE commenced rolling out the RPC to United States suppliers.
- TWE's ANZ supplier contracts were updated in F17 to include a clause that ensures supplier compliance to the RPC.
- A review of primary supplier Environmental, Social and Governance (ESG) risk was completed in F17. The review provides the foundations for creating a process that ensures greater engagement with suppliers from high ESG risk countries and industries, to be implemented in F18.
- ANZ and US Supply employees were trained on the RPC and its relevance to TWE's operations. Following initial training, each new employee who interacts with suppliers will also receive training.
- TWE's Local Procurement Code was updated in F17 to include more approachable language, making it more accessible for the Company's local suppliers.
- Global Volunteering Week continued in F17, with increased participation by employees, who dedicated a day to volunteering with a charity in their community. Additional employees participated in fundraising and other community activities during the same week.
- TWE's corporate giving program was rebranded and relaunched. Now named *Fundraising Boost*, the program is more accessible and attractive to TWE employees globally. The program contributed to an increase of 2.7% in value to the charities of employees' choice, from the previous year.
- Several leadership programs that communicate, educate and develop TWE's leadership capabilities were developed in F17. In particular, the Leading Inclusively communications program was launched, aiming to breakdown stereotypes that act as barriers to diversity and inclusion in leadership.



## 3. Human Rights, continued

- Throughout F17, a number of recommendations from the F16 Gender Pay Equity Review were implemented. These actions included:
  - creation of a pay equity strategy/action plan;
  - identification of the causes of gaps found;
  - review of the remuneration decision-making process;
  - training of people-managers in addressing gender biases;
  - reporting pay equity metrics (including gender pay gaps) to a governing body, the executive and externally; and
  - correcting like-for-like pay gaps.
- The Board, through the Human Resources Committee have updated the Company's F17 Diversity and Inclusion targets, which are reported in the [F17 Annual Report](#).
- TWE's performance framework was updated to include a set of measurable leadership priorities that ensures all employees are measured against the achievement of TWE's Diversity and Inclusion strategy as part of their performance.
- Increased female representation in leadership roles to 37.3%.
- The Mary Penfold Award continues to recognise outstanding female leadership within TWE.
- *TWEforShe*, a globally integrated development program committed to supporting TWE's female employees through leadership training, cross-functional and regional networking, and organisation of special events, was launched and commenced.

## 4. Labour



## 4. 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 its workplaces meet international labour standards and ethical processes. The Company's 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 the relevant employee and contractor agreements and workplace conditions.

TWE respects employees' freedom of association in the workplace by ensuring that persons are free to become, or not become, members of industrial associations; are free to be represented, or not represented, by industrial associations; and are free to participate, or not participate in lawful industrial activities, to join a union or engage in other forms of collective bargaining if they so choose, to the extent permitted by law. In these cases, TWE will engage with trade unions where employees are represented by such, to negotiate employment frameworks.

In support of the need to recognise peoples' individual circumstances, TWE has a Flexible Work Practices Global Policy, which establishes the framework through which employees can apply to have flexible work practices approved. Flexible work can be formal or informal, depending on the circumstances.



## 4. Labour, continued

TWE also provides leave to all employees globally, in line with regional legislative requirements and standards. Various leave types are provided including annual/vacation, sick/carers, compassionate and volunteer.

The safety of employees, and all who visit TWE locations, is governed by the [Workplace Health, Safety and Wellbeing Policy](#), which outlines TWE's goal for zero harm or injury to employees, contractors, visitors and others who visit the Company's operations.

TWE's occupational health and safety mission is to have every employee go home safe, everyday. The Global Health, Safety and Wellness framework underpins this goal and the implementation of sustainable and effective management programs that address the need for safe systems, safe plant and equipment and safe people. Included in these programs is a system to report actual or near miss incidents, hazards and observations and manage them with corrective actions, and a *Destination Zero Harm* training and internal communication plan for all TWE employees.

New employees are required to undertake online or face to face training on health and safety, on topics including safe systems of work; duties of employees, employers, contractors and labour hire; and managing safety incidences.

TWE's commitment to labour rights is outlined in its [Responsible Procurement Code](#), which states TWE's expectation that suppliers comply with all legislative and ratified International Labour Organisation conventions on the treatment of the supplier's workforce.

It also requires that suppliers:

- ensure their workforce receives legally mandated benefits in the form of a relevant minimum wage;
- ensure working hours comply with local laws and suppliers do not require their workforce to work excessive hours to a degree that may impact personal health and safety;

## 4. Labour, continued

- treat their workforce fairly and provide them with workplaces free of harassment, abuse, intimidation, and corporal punishment;
- ensure their workforce is appropriately authorised and permitted to perform the work that they are engaged to do;
- ensure a Health and Safety culture, processes and procedures exist, which at a minimum, comply with local laws;
- ensure a Health and Safety program exists that aims to reduce hazardous working conditions and work related injury and illness; and
- allow employees the freedom to join a union or engage in other forms of collective bargaining if they so choose, to the extent permitted by law.

In F17, TWE commenced annual reporting of the actions it has taken to understand and address modern slavery risks related to its business, as required under the *Modern Slavery Act 2015* (UK). TWE's F17 Statement on Preventing Modern Slavery is available on the landing page of the [Company's website](#).

## 4. Labour, continued

### Achievements in F17

- Commenced reporting under the Modern Slavery Statement Act (UK), with TWE's F17 Statement on Preventing Modern Slavery available on the Company's website. TWE's internal intranet platform has been updated with the statement, alongside information about modern slavery and how it may relate to TWE and its supply chain.
- The Employing and Engaging of Minors Policy was developed and published in F17. This policy ensures minors are employed lawfully, their employment is approved by a Human Resources team member and they are provided with workplace support within the first 30 days of employment.
- The Global Health, Safety and Wellness Strategy for F17 was determined, and the *Destination Zero Harm* program created and launched by CEO, Michael Clarke. *Destination Zero Harm* is an inclusive Health, Safety and Environment tool that touches all areas of the business. Since its launch, 1,780 employees have received training with the goal to have 100% of employees through the program by the end of calendar year 2017.
- In F17, the [Workplace Health, Safety and Wellbeing Policy](#) was updated to reflect the Global Health, Safety and Wellness Strategy and the creation of the *Destination Zero Harm* program.
- Compliance to TWE's HSE management systems were verified with third and secondary party audits on the ANZ supply, cellar door and hospitality business areas. During F17, the US worked to rebuild and globally align their HSE program after acquiring Diageo sites in F16. The US team will recommence HSE auditing in F18.

## 4. Labour, continued

- The Serious and Fatal Injury Prevention framework was reviewed, resulting in the implementation of an immediate reporting system of high and very high incidents directly to the CEO and ELT. Senior leaders are made immediately aware of this type of incident so that they can react/act in a timely and appropriate manner to prevent further serious and fatal injury.
- No fatal injuries were recorded in F17 and lag indicators (lost time injury severity and duration rates) are the lowest recorded since 2002.
- Made further improvement to TWE's primary safety indicator (lost time injury frequency rate), which reduced from 4.1 in F16\* to 2.4 in F17.
- TWE's Global Corporate Challenge (GCC) was completed by over 40% of employees in F17, resulting in an increase in employee activity and the identification of the health issues impacting TWE employees. In F17, following the findings of the GCC, TWE commenced the development of a Health, Wellbeing and Resilience strategy that aims to address the underlying causes of the identified health issues.
- HSE mindful leadership development training continued with over 400 of TWE's front line leaders attending courses from the three year program. The leadership development training gives participants the knowledge and skills to understand and demonstrate safety leadership.
- Following it's program commencement in F16, TWE has continued to provide education on flexible working practices and inclusion, to the majority of senior and mid level business leaders in F17.

*\* The Company's F16 Annual Report noted a lost time injury frequency rate of 3.6. However, in line with TWE reporting procedures, a number of first aid and medical treatment injuries that had occurred in F16, which were not lost time injuries, were subsequently reclassified as lost time injuries, as a result of ongoing medical treatment and rehabilitation.*

# 5. Environment



## 5. 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 12,000 hectares of vineyards, TWE has a deep and intrinsic link to agriculture and the need to ensure the long term environmental sustainability of the land. Consequently, environmental and supply chain sustainability is one of the three strategic pillars of TWE's Corporate Responsibility program.

TWE has a business wide Health, Safety and Environment Management System, which comprises a set of standards governing workplace health, safety and management of the environment. The Company's approach to responsible environmental management is addressed within the [Environment Policy](#) and sites' individual Environmental Management Plans, which are updated annually.

In addition, TWE's owned and operated vineyards all receive independent third party certification for sustainable environmental practices. Vineyards purchased as part of the Diageo wine business in F16 are currently undergoing sustainable certification renewal, which is to be completed in F18.

## 5. Environment, continued

TWE's web-based environmental metrics database is used by the Company's wineries, vineyards and packaging centres globally to track and report the performance against over 90 environmental metrics. Consumption of energy, water, chemicals and generation of wastes and carbon emissions are reported by all sites monthly. Metrics are reported annually in the Corporate Responsibility section of the [Annual Report](#), in addition to other reporting as required, including:

- The Australian Packaging Covenant (Australia)
- Energy Savings Opportunity Scheme (UK)
- The National Greenhouse and Energy Reporting Scheme (Australia)
- The National Pollutant Inventory (Australia)

Any environmental incidents are reported through VinTrak, a TWE system, which provides a framework for managing incidents and corrective actions.

The [Responsible Procurement Code](#) requires that suppliers:

- have a means to manage and reduce environmental impacts;
- at a minimum comply with local environmental laws; and
- ensure that they develop, implement and maintain appropriate internal business processes to works towards the objectives of TWE's [Environment Policy](#).

TWE shows leadership in promoting greater environmental responsibility in the wine industry, through partnerships with research institutes on environmental projects and trials. In addition, TWE participates in the ongoing development of Entwine, the Australian wine industry's environmental assurance program.

# 5. Environment

## Achievements in F17

- TWE updated its [Environment Policy](#) to reflect the Company's current strategy and priorities. Amendments include:
  - acknowledgement of environmental risks to the business, including climate change and water availability;
  - commitment to communication and reporting on TWE environmental performance;
  - commitment to developing long term relationships that will help achieve environmental goals;
  - commitment to innovation and research; and
  - engaging employees to increase their capacity to drive sustainability improvements.
- During F17, TWE maintained independent certification of all Company owned and operated vineyards globally, and commenced work to have recently acquired wineries in the US certified in F18.
- A TWE Environmental Standard commenced development. This will be a company wide standard outlining TWE's baseline sustainability requirements for every site. The Standard includes modules on: water, wastewater, biodiversity, soil, waste, energy, air, light and noise, and chemicals.
- In F17, TWE continued to play a leadership role in the Australian wine industry's national environmental assurance program, Entwine, and participated in various other industry association environment committees.
- TWE has seen improvement in energy (1%) and water (8%) efficiency at TWE wineries and packaging centres, and reduced carbon emissions by almost 5,000 tonnes from winery, packaging sites and company owned vineyards. Contributing to these improvements are the regular review meetings amongst TWE's Global Supply network, aimed at identifying and planning ways to improve water and energy efficiency.

## 5. Environment, continued

- TWE partnered with research institutes and governments to undertake sustainability projects including, a drone-led temperature and micro-climate measurement trial (Australia), which involved the South Australian Research and Development Institute, United States National Center for Atmospheric Research, Australian Research Council and Aerosonde; and worked with the California Land Stewardship Institute to restore river bank and floodplain health in the Napa River, Napa Valley (US).
- TWE integrated technological innovations into the way its US vineyards and wineries managed their resource use. These improvements support a reduction in water, energy, and labor costs while improving wine quality.
  - In F17 the following were established in US vineyards after undergoing a previous trial period: weather station networks, plant water use and soil moisture sensors, vine growth monitoring and improved mechanisation of canopy and fruit management.
  - In F17 US wineries implemented optical berry sorters and an industrial SCADA system which allows for remote fermentation monitoring and control (i.e. via a smartphone app) and configuring automated pump overs.
- The Company's recycling rate increased to 97%. This is largely attributed to the reuse of organic byproduct in the winemaking process, use of highly recyclable packaging (glass, cardboard) and a strong, people driven, waste management culture.
- Undertook Waste Walks at a number of sites in ANZ. A Waste Walk is an activity that identifies actions to reduce waste and improve waste management at Company sites.
- Participate in applicable training and feedback workshops designed to improve the Australian Packaging Covenant's impact.
- Included environment not for profits as key charitable partners in the Company's Global Volunteering Week.

## 6. Anti-Corruption



## 6. Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

### Our Approach

TWE 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. The Company's expectation for employee conduct is detailed in the [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 [Potential Conflicts of Interest Policy](#). The TWE [Share Trading Policy](#) addresses potential areas of concern relating to insider trading and the Company's approach to continuous disclosure is described within the [Disclosure Policy](#). The Corporate Gifts and Unacceptable Payments Policy outlines the processes for any employee giving or receiving gifts and/or entertaining, or being entertained by an external party.

Employees are encouraged to report an issue if they believe someone has contravened TWE's [Code of Conduct](#), its policies, or the law, in their relevant country. The [Whistleblower Policy](#) provides the framework through which an employee can make a confidential report through an independent external service provider.

All employees with a browser, and those in high risk groups, receive online or face to face training on the laws and regulations governing bribery and TWE's relevant policies. All employees in high risk groups also receive face to face training on continuous disclosure.

These policies are the responsibility of the Legal and Governance and/or Human Resources teams and are updated and approved by the Board annually. Compliance is overseen by the Audit and Risk Committee.



## 6. Anti-Corruption, continued

### Achievements in F17

- The following policies were reviewed with minor changes in F17:
  - Code of Conduct
  - Disclosure Policy
  - Potential conflicts of interest
  - Share Trading policy
  - Delegated Authority Limits (DAL)
- The Whistleblower program was updated in F17 to include local toll free numbers for China, Hong Kong, Singapore and Japan, enabling a whistleblower in these regions to make a report in their respective local language, thereby strengthening TWE employees' ability to identify and report instances of breach in company policy or codes.
- The Whistleblower program and the F17 change has been communicated to the English proficient South East Asia employees through TWE's online training module. Non-English proficient North Asia employees were presented this information in a bilingual training held in China, alongside training covering, fraud and corruption and conflict of interest.
- Maintained annual internal communication to employees about the Whistleblower Policy via email.
- In F17, online training was provided to new employees on TWE policies on bribery and corruption and governance and legal matters more broadly. This training is provided every 2 years thereafter. In addition, the Company Secretary provided training to relevant employees on TWE's Disclosure Policy and the importance of continuous disclosure to the Company's business and governance responsibilities.
- Evidencing TWE's commitment to transparency, the Company signed the Australian Tax Transparency Code in F17, which requires and guides company's on annual public disclosure of tax information.

# 7. Corporate Responsibility Overview & Governance



# 7. Corporate Responsibility Overview

TWE's commitment to the social and environmental sustainability of the Company, incorporating the Global Compact Principles, is reflected in its Corporate Responsibility program's strategic priorities.

An overview of the Corporate Responsibility program, its priorities, and objectives and targets are detailed in the [F17 Annual Report](#).

## Governance

The Global Corporate Responsibility Council is chaired by Michael Clarke, CEO, and convened by Cecelia Burgman, Global Director of Public Affairs. It comprises cross-functional senior leaders and executives from TWE's global operations.

Report prepared by Cecelia Burgman, Global Public Affairs Director  
For further information on TWE's Corporate Responsibility efforts  
visit [www.tweglobal.com/responsibility](http://www.tweglobal.com/responsibility)  
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