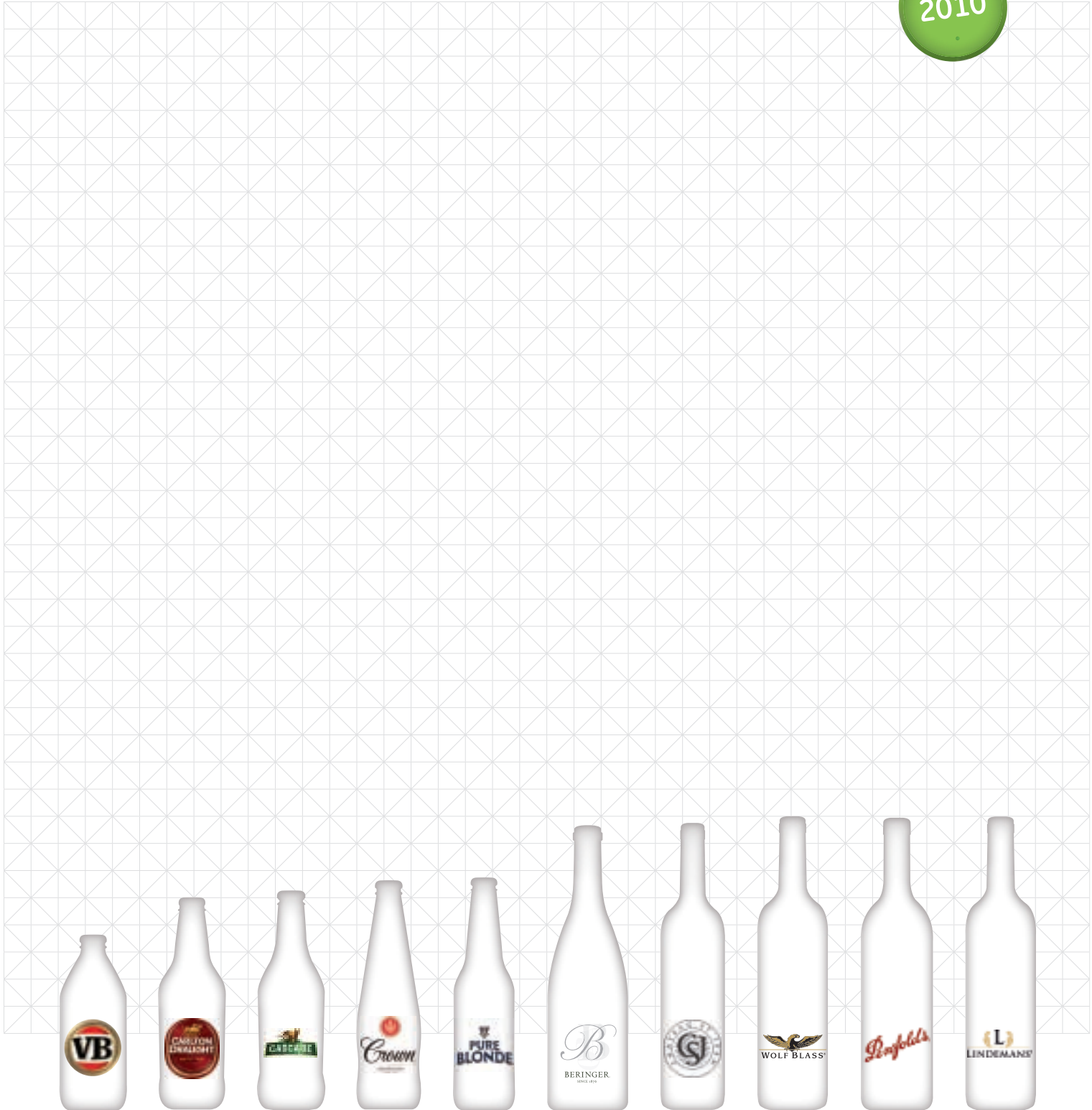
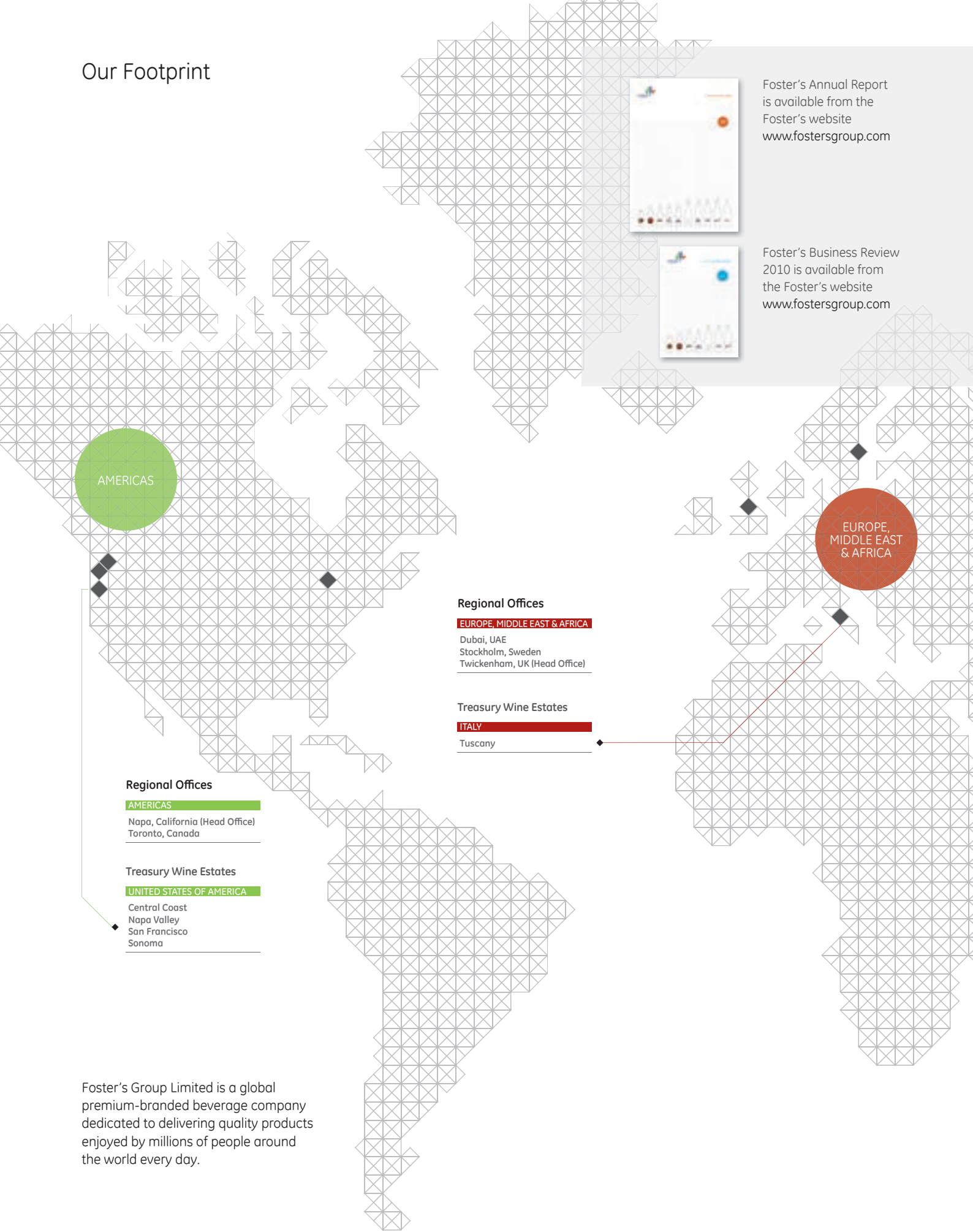


2010



Our Footprint



Foster's Annual Report is available from the Foster's website www.fostersgroup.com

Foster's Business Review 2010 is available from the Foster's website www.fostersgroup.com

AMERICAS

EUROPE, MIDDLE EAST & AFRICA

Regional Offices

EUROPE, MIDDLE EAST & AFRICA

Dubai, UAE
 Stockholm, Sweden
 Twickenham, UK (Head Office)

Treasury Wine Estates

ITALY

Tuscany

Regional Offices

AMERICAS

Napa, California (Head Office)
 Toronto, Canada

Treasury Wine Estates

UNITED STATES OF AMERICA

Central Coast
 Napa Valley
 San Francisco
 Sonoma

Foster's Group Limited is a global premium-branded beverage company dedicated to delivering quality products enjoyed by millions of people around the world every day.

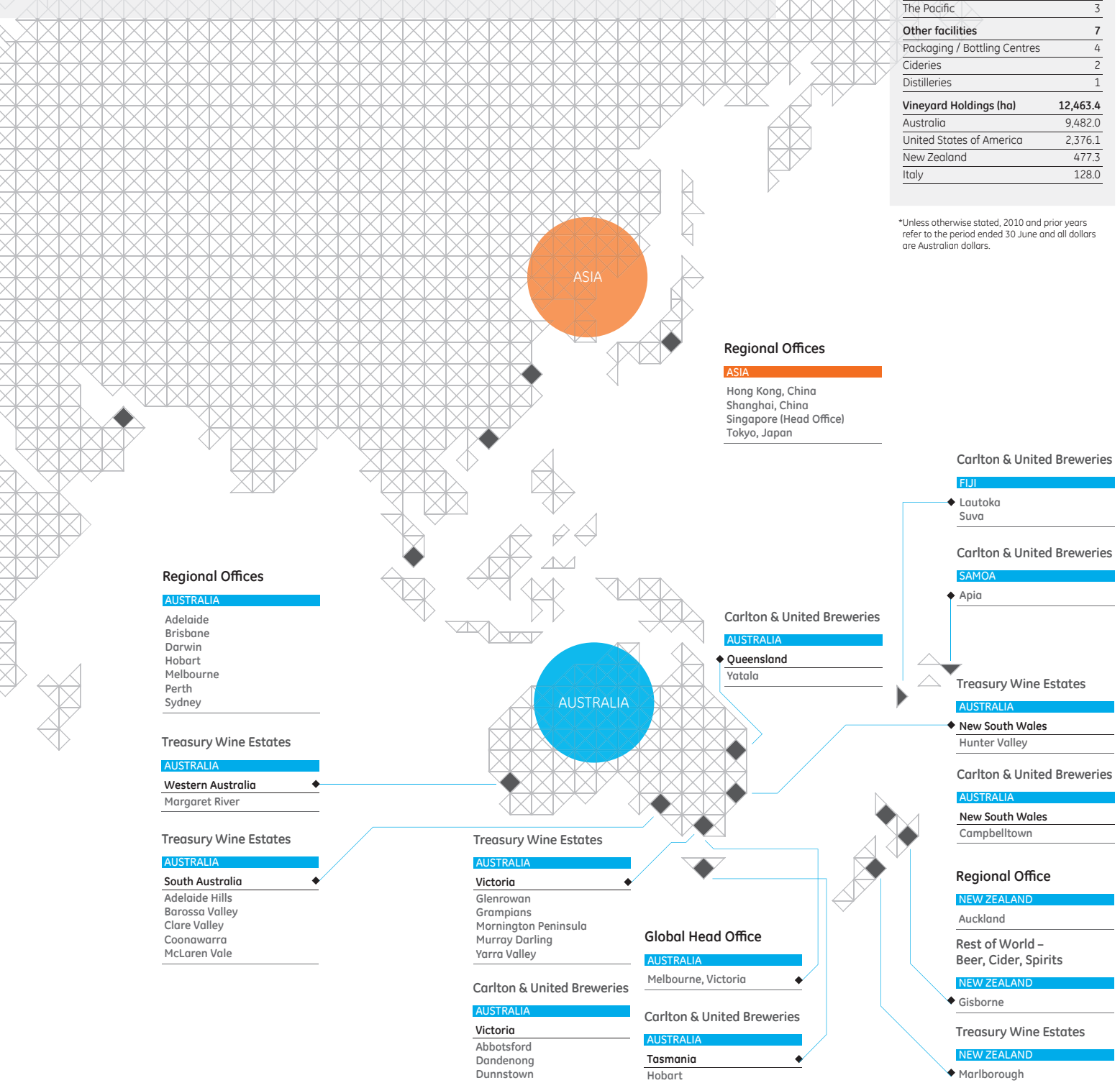
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16	Energy, Water and Climate Change		

Key Data*

Employees (Headcount)	6,125
Australia, New Zealand & the Pacific	4,605
Americas	1,272
Europe, Middle East & Africa	223
Asia	25
Brands	104
Wine	54
Beer	24
Spirits	15
Non Alcohol	8
Cider	3
Wineries	23
Australia	14
United States of America	7
Italy	1
New Zealand	1
Breweries	7
Australia	4
The Pacific	3
Other facilities	7
Packaging / Bottling Centres	4
Cideries	2
Distilleries	1
Vineyard Holdings (ha)	12,463.4
Australia	9,482.0
United States of America	2,376.1
New Zealand	477.3
Italy	128.0

*Unless otherwise stated, 2010 and prior years refer to the period ended 30 June and all dollars are Australian dollars.



Regional Offices

- AUSTRALIA**
- Adelaide
 - Brisbane
 - Darwin
 - Hobart
 - Melbourne
 - Perth
 - Sydney

Treasury Wine Estates

- AUSTRALIA**
- Western Australia
 - Margaret River

Treasury Wine Estates

- AUSTRALIA**
- South Australia
 - Adelaide Hills
 - Barossa Valley
 - Clare Valley
 - Coonawarra
 - McLaren Vale

Treasury Wine Estates

- AUSTRALIA**
- Victoria
 - Glenrowan
 - Grampians
 - Mornington Peninsula
 - Murray Darling
 - Yarra Valley

Carlton & United Breweries

- AUSTRALIA**
- Victoria
 - Abbotsford
 - Dandenong
 - Dunnsdown

Regional Offices

- ASIA**
- Hong Kong, China
 - Shanghai, China
 - Singapore (Head Office)
 - Tokyo, Japan

Carlton & United Breweries

- AUSTRALIA**
- Queensland
 - Yatala

Carlton & United Breweries

- FIJI**
- Lautoka
 - Suva

Carlton & United Breweries

- SAMOA**
- Apia

Treasury Wine Estates

- AUSTRALIA**
- New South Wales
 - Hunter Valley

Carlton & United Breweries

- AUSTRALIA**
- New South Wales
 - Campbelltown

Regional Office

- NEW ZEALAND**
- Auckland
- Rest of World – Beer, Cider, Spirits
- NEW ZEALAND**
- Gisborne

Treasury Wine Estates

- NEW ZEALAND**
- Marlborough

Global Head Office

- AUSTRALIA**
- Melbourne, Victoria

Carlton & United Breweries

- AUSTRALIA**
- Tasmania
 - Hobart



IAN JOHNSTON

"ON A BASE OF ENDURING VALUES, ACTIVE STAKEHOLDER CONSULTATION AND A SET OF CLEAR PRIORITIES, WE HAVE BUILT SUSTAINABILITY INTO 'THE WAY WE DO THINGS' AT FOSTER'S."

Sustainability Governance

Consumer led and customer driven, committed to our people, socially responsible and acting with integrity. These are our enduring values and they underpin a sustainable and successful business at Foster's.

Our production network includes Australia's oldest brewery and wineries from the early 1800s alongside 'state of the art' brewery, cidery, winemaking, packaging and logistics facilities. With employees spread across five continents, our customers and consumers represent a cross-section of communities in over 100 countries.

We operate in a complex environment and we produce products that bring great satisfaction and enjoyment to millions of consumers. We acknowledge however, that when abused, those same products have the ability to cause harm.

In this complex environment, we have continued to focus our activities around the issues that directly impact our business. Our approach is reviewed annually with key stakeholders and is guided by eight sustainability priorities that reflect our most pressing social and environmental issues. The priorities listed below and to the right form the basis for our reporting, endorsed by Foster's Group Executive and Board.

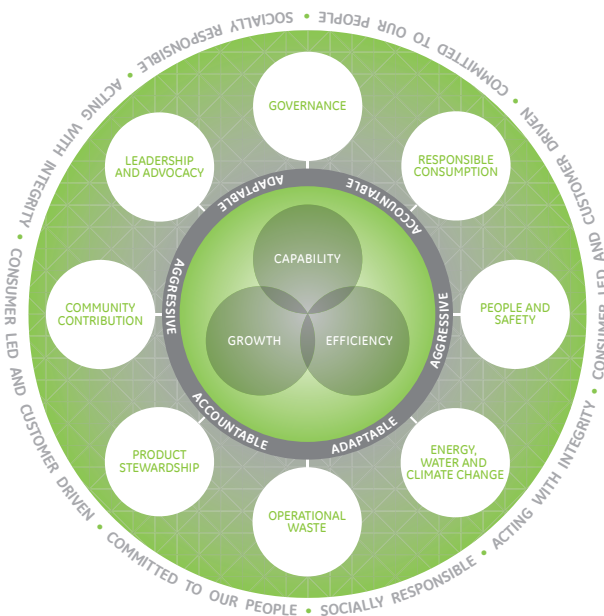
- Sustainability governance
- Responsible consumption
- People and safety
- Energy, water and climate control
- Operational waste
- Product stewardship
- Community contribution
- Leadership and advocacy

The sustainability program is driven at a corporate and operational level by functional and subject matter experts, accountable for developing policy and the management and delivery of programs and priorities.

The Foster's Group Executive champion our sustainability priorities.

Benchmarking Sustainability

While we are decades into our sustainability journey, we've reached our fifth year of reporting comprehensively on our performance. We were recognised for the third straight year with a Gold Rating from the international benchmark Corporate Responsibility Index, with particular commendation for alignment of the corporate strategy, sustainability integration and management of social impact areas. Foster's has now outperformed the Index average for five straight years, and is a leader in the food and beverages sector.



5 YEAR HIGHLIGHTS

2006

Conducted Strategic Stakeholder Engagement Project mapping all major external opinion leaders relevant to our business

Expanded Foster's Enterprise Risk Management (ERM) framework, incorporating additional reputation and non-market risks, ensuring risk ownership and mitigation activity is spread throughout the business

2007

Expanded membership of the Sustainability Taskforce to include Foster's non-Australian based businesses

Reviewed and consolidated Foster's Group core policies to ensure maximum global consistency, clarity and compliance

Regular and appropriate Board and senior management attention to Foster's non-market risks

Reviewed Foster's stakeholder engagement activity and addressed gaps

Delivering Results

A summary of our 2010 Sustainability Action Plan is provided on page 4 along with a report on progress.

Overall, we were pleased with our 2010 sustainability progress, with some outstanding achievements in the areas of people, environment and the community.

We continued to invest in initiatives that encourage responsible enjoyment of alcohol, predominantly through support for education, awareness and assistance programs. We increased our direct grants to community alcohol harm minimisation initiatives and partnered with Cricket Australia to launch 'Know When to Declare', a responsible drinking campaign. We tightened our Responsible Enjoyment of Alcohol Policy for employees and continued our strong responsible marketing performance with no upheld complaints against advertising codes.

Our health and safety performance maintained its improving trend, with the Recordable Case Injury Frequency Rate and the Lost Time Injury Frequency Rate showing further improvement in 2010. We reported zero deaths or permanently disabling injuries for the year. We will continue to focus on high consequence hazards going forward.

Our Energy & Water Efficiency Program has continued to drive improved performance. More than 20 energy saving projects are expected to save around 130,000 GJ of energy and 14,000 tonnes of CO₂-e. Leading the way is the Cascade Brewery in Hobart which is set to reduce site emissions by 50% following a significant boiler upgrade, and our wineries in North America which host photovoltaic (solar energy) systems that, when fully commissioned, will generate in the order of 3.4M kilowatt hours of electricity per year. Our Australian wine operations launched a Waste Management Toolkit

providing site managers with options for waste reduction and recycling. We've also trained 90 of our contract growers in the Australian wine industry's environmental assurance scheme (EntWine™) and we're working towards certification of our own operations and training the remainder of our contracted growers in 2011.

Foster's continued its partnership program with the South Australian Murray Darling Basin Natural Resource Management Board, working together to develop a long term management plan for the Markaranka floodplain. The floodplain provides a significant ecological breeding ground to many species of plant and aquatic life including Murray River Red Gums, recently affected by drought. Recent surveys have highlighted the success of the program with marked improvement in biodiversity levels observed.

CUB made further progress toward a 10% improvement in energy and water efficiency from the 2007 baseline year. Water efficiency improved almost 6% whilst energy efficiency improvement is at 5.5% since 2007.

Our Ethical Procurement Code is starting to drive results with sustainability considerations firmly embedded in supplier management. All requests for proposals now include energy, greenhouse gas, water and waste considerations. We continue to make a voluntary donation equivalent to the carbon emissions emitted as a result of all Foster's airline travel and fleet of vehicles to Greenfleet – an Australian environmental charity that plants native vegetation to sequester carbon emissions.

Community investment was again led by our community grants, now in their fifth year, and by the Raise A Glass Appeal. In total, \$7.1 million was invested in community programs throughout the 2010 year.

Stakeholder Engagement

Foster's key stakeholders include our investors, employees, customers and consumers, non-government organisations, suppliers and commercial partners, the communities we operate in, regulators and governments.

This year we expanded dialogue and feedback with many of these stakeholders. Their feedback is reflected in the structure and presentation of this year's report.

Looking Forward

Foster's is committed to environmental improvement and ensuring social and environmental risks and opportunities are effectively identified and managed.

We have established a number of governance actions that we will pursue in 2011, they are to:

- Develop business unit specific sustainability programs
- Establish business unit leaders as sustainability champions
- Expand stakeholder engagement program

See each section for individual action plans or the consolidated action plan on page 32.

On behalf of the Board and Management of Foster's Group, I am pleased to present this report and to welcome your feedback on our ongoing sustainability journey.



Ian Johnston
Chief Executive Officer

2008

Sustainability governance and action plan overseen by Foster's Leadership Team

Sustainability reporting evolved to focus more sharply on sustainability priorities

Global, cross-functional leadership teams established to guide Occupational Health & Safety, Environment, Quality and People management activity

Political Donations Policy reviewed with all forms of political donations ceased, including in-kind donations

2009

Improved Corporate Responsibility Index rating to 91.24, maintaining Gold Rating accreditation

Successful program delivery by cross functional issue based leadership teams

2010

Commended for long standing and consistently high performance in Corporate Responsibility Index, including acknowledgement of increased commitment to corporate responsibility by Foster's Group Executive

Summary of 2010 Action Plan

The page references below refer to this Sustainability Report where further information can be found on our performance against this action plan.

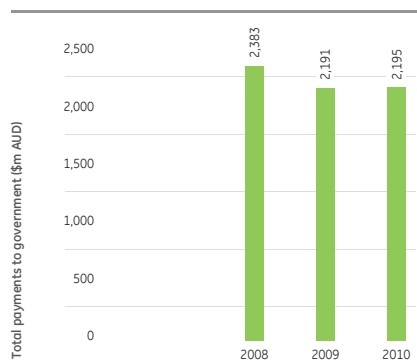
Priority	Action	Progress
Governance Page 2–5	Publicly disclose Board and executive level responsibilities	◆
	Publish and distribute a global policy guide to all employees	◆
	Expand stakeholder engagement program	◆
	Continue to drive a high level of participation in legal compliance training, including SALT in Australia	◆
	Expand verification of sustainability disclosures	◇
	Improve GRI self-assessment rating for 2010 report	◆
Responsible consumption Page 6–9	Maintenance of responsible marketing standards, ensuring all advertising and marketing materials respect community attitudes	◆
	Complete broad-ranging review of responsible consumption programs	◆
	Continue innovation in lower alcohol, calorie and carbohydrate products linked to consumer demand in specific regions	◆
People and safety Page 10–15	Monitor and report progress on annual injury reduction targets	◆
	Extend passenger vehicle safety controls	◆
	Implement priority packaging machine engineering controls	◆
	Review major administrative facilities against H&S audit tool	◆
	Continue to focus on employee engagement with the deployment of global employee survey	◆
	Incorporate sustainability questions into global employee survey	◆
	Launch an enhanced global leadership program offering that focuses on building leadership skills and strategic capabilities	◆
	Launch the "Foster's Academy", creating a central development hub for tracking and delivering training solutions (2 year project)	◇
Energy, water and climate change Page 16–21	Monitor and report progress towards 4 year energy and water reduction targets	◆
	Communicate and implement updated Environment Policy	◆
	Launch global environment performance metrics reporting platform	◆
	Monitor and prepare business for emerging carbon and greenhouse compliance requirements	◆
	Develop environment capability and awareness training	◆
Operational waste Page 22–23	Incorporate waste management data into group wide environmental performance metrics database	◆
	Finalise waste data baseline to enable future waste target setting	◆
Product stewardship Page 24–25	Monitor and report on annual product quality targets	◆
	Reduce packaging weight where practicable	◆
	Introduce PIQET Life Cycle Assessment tool into Australian new product development process	◆
	Incorporate Ethical Procurement Code into supply practices	◆
	Introduce new 'Food Safety & Hygiene' training program	◆
Community contribution Page 26–29	Raise awareness of and encourage employees' involvement in Foster's in the Community programs	◆
	Increase support of responsible consumption and alcohol education programs	◆
	Where appropriate, develop consumer brand campaigns that support community causes	◆
	Increase awareness of responsible consumption programs amongst fund-seeking organisations	◆
Leadership and advocacy Page 30–31	Maintain Foster's position as leader in corporate responsibility	◆
	Increase knowledge sharing and participation in external sustainability forums	◆

◆ Completed / underway ◇ Deferred

Sustainability Data and Policy Snapshot

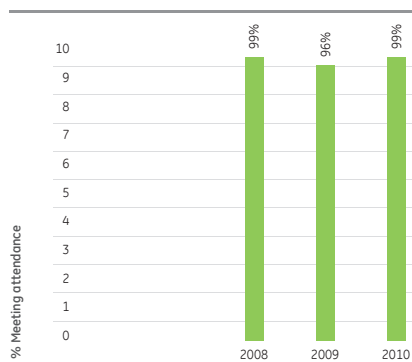
Governance

Financial indicators



Total payments to government	2,383	2,191	2,195
Economic value generated (cash received)	4,428	5,601	5,161
Operating costs	2,657	3,679	3,265
Employee wages & benefits	555	623	583
Payments to shareholders and providers of funds	661	677	640
Payments to government (company)	393	260	267
Excise, Wine equalisation, Goods and services tax	1,990	1,931	1,928
EBITS	1,139	1,165	1,109

Board



Meeting attendance	99%	96%	99%
% of Independent Directors	86%	87.5%	86%
Board meetings per year	10	17	14
CEO Chairman Duality	No	No	No
% of Women on Board	14.3%	12.5%	28.6%

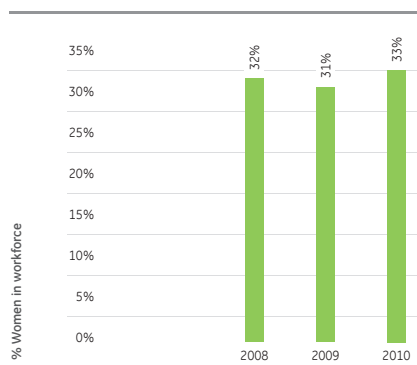
Sustainability governance policies

Policy	2008	2009	2010
Code of Conduct	Yes	Yes	Yes
OHS Policy	Yes	Yes	Yes
Environment Policy	Yes	Yes	Yes
Alcohol in the Community Policy	Yes	Yes	Yes
Political Donations Policy	Yes	Yes	Yes

Yes
No

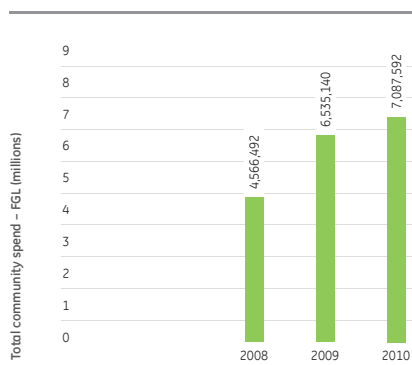
Social

Workforce



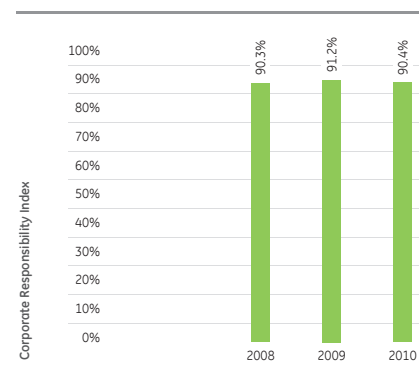
% Women in workforce	32%	31%	33%
Number of employees	6,550	6,612	6,125
% Employee turnover	14.0%	13.1%	12.7%
Ethics policy	Yes	Yes	Yes
EEO Policy	Yes	Yes	Yes
Employee wages & benefits	555.2	623.4	583

Community investment



Total community spend - FGL (millions)	4,566,492	6,535,140	7,087,592
% Management costs	8.4%	4.8%	4.6%
Community spend / EBITs	0.40%	0.56%	0.65%
Community spend - Aus / NZ	3,589,188	5,212,314	6,165,370
Community spend - Americas	577,076	811,236	429,615
Community spend - EMEA	12,767	198,123	166,714

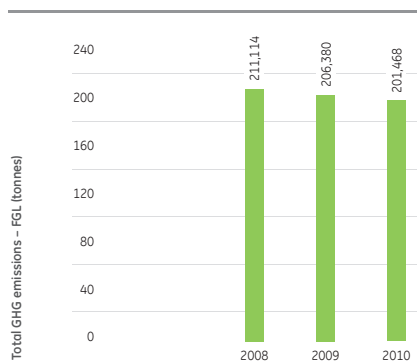
Sustainability benchmarks



Corporate Responsibility Index Global Reporting Initiative	90.3%	91.2%	90.4%
United Nations Global Compact signatory	C	A	A
External audit	Yes	Yes	Yes
External audit	No	No	No

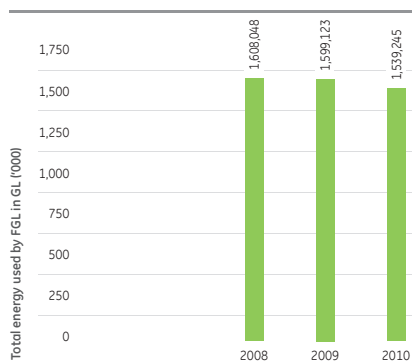
Environmental

Greenhouse Gas



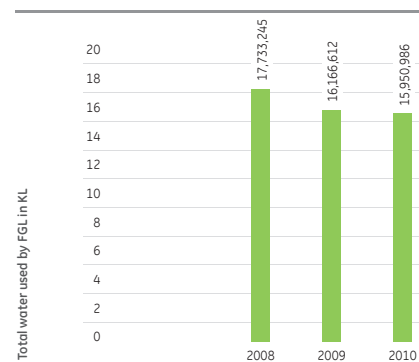
Total GHG emissions - FGL (tonnes)	211,114	206,380	201,468
GHG emissions / EBITs	0.0185%	0.0177%	0.0185%
GHG emissions - CUB	126,318	127,427	123,337
GHG emissions - TWE	84,796	78,953	78,131

Energy



Total energy used by FGL in GJ	1,608,048	1,599,123	1,539,245
Energy use / EBITs	0.1412%	0.1373%	0.1416%
Total Energy used by CUB in GJ	1,073,715	1,097,458	1,034,415
Total Energy used by TWE in GJ	534,333	501,665	504,830

Water



Total water used by FGL in KL	17,733,245	16,166,612	15,949,986
Water used / EBITs	1.56%	1.39%	1.47%
Total Water used by CUB in KL	2,621,026	2,764,068	2,623,899
Total Water used by TWE in KL	15,112,219	13,401,544	13,326,087

Note: EBITs ratio is not an internal measure but has been included for comparative purposes.



JOHN POLLAERS, MD Carlton & United Breweries

"AS A PROUD INSTIGATOR AND FOUNDING CHAIRMAN OF THE ACTION ON ALCOHOL INDUSTRY GROUP THAT FORMED DRINKWISE, I SHARE THE COMMUNITY VIEW THAT WE NEED TO REDUCE ALCOHOL RELATED HARM. WE NEED TO FURTHER ENGAGE AS AN INDUSTRY, TO PROMOTE AND ENCOURAGE RESPONSIBLE CONSUMPTION – AT EVERY OCCASION AND AMONGST EVERY GROUP."

STRATEGY/APPROACH

Foster's promotes a culture of responsible alcohol consumption and takes direct actions to inform, educate and support the community. Our activities are guided by Foster's *Alcohol in the Community Policy*, ensuring that the promotion of responsible consumption is central to the way we market, promote and sell our products.

Our advertising materials strictly adhere to the laws, standards and voluntary codes that apply in each region and our *Enjoy Responsibly* logo is displayed on all Foster's primary packaging and advertising materials. Responsible consumption and the *Enjoy Responsibly* program are part of training and induction programs for all new employees.

We work closely with our partners and invest directly in programs and activities to promote a cultural shift in community attitudes to alcohol consumption. We contribute directly to organisations and initiatives that mitigate the potential negative impacts of alcohol misuse.

Foster's continues to develop, launch and promote a range of lower alcohol products across our portfolio, providing greater choice to consumers.

We are committed to:

- Being a responsible producer and marketer of alcohol beverages;
- Promoting the responsible consumption and service of alcohol;
- Minimising potential harm to consumers and our community as a result of consumption of our products; and
- A process of continuous improvement towards these goals.

2010 HIGHLIGHTS

- Launched 'Know When to Declare' responsible drinking campaign in partnership with Cricket Australia
- Increased direct grants to community alcohol harm minimisation initiatives
- Included *Enjoy Responsibly* program in internal health and wellbeing workshops
- Continued investment in lower alcohol, calorie and carbohydrate innovation
- Released updated employee 'Responsible Enjoyment of Alcohol Policy'

KEY INDICATORS

Foster's advertising subjected to pre-vetting



Number of upheld complaints against Foster's advertising

ZERO

Investment in responsible consumption

2.120 million

2011 ACTION PLAN

- Maintenance of responsible marketing standards, ensuring all advertising and marketing materials respect community attitudes
- Develop appropriate awareness and education campaigns with our sporting partners
- Continue innovation in lower alcohol, calorie and carbohydrate products
- Continue support for alcohol harm minimisation initiatives through company community grants program

5 YEAR HIGHLIGHTS

2006

Extended *Enjoy Responsibly* campaign to broader product range

Expanded the number of products with labels that promote consumer free-call numbers

Simplified image-based standard alcohol labelling and extended this across Foster's product range

Supported the establishment of 'Drinkwise Australia', promoting low risk drinking and elimination of 'binge' culture

2007

Global implementation of Group 'Enjoy Responsibly' guidelines

Expanded induction and specialised training in Foster's responsible drinking policy

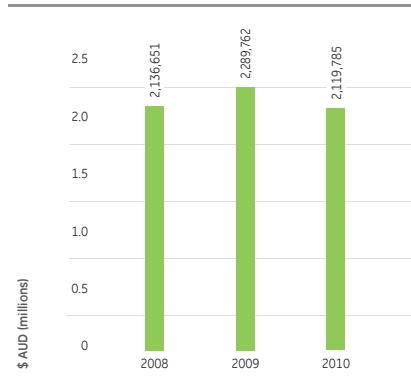
Enhanced standard drinks labelling on consumer packaging

Implementation of a localised '*Enjoy Responsibly*' campaign in Fiji and Samoa

Being a responsible producer and marketer

Foster's product stewardship policies, standards and manuals cover the management of health, safety and environmental aspects associated with our products – including manufacturing sites, suppliers, storage and transport.

Investment in responsible consumption



All Foster's marketing accords with mandatory and voluntary codes that exist in markets where Foster's brands are sold. Our marketing recognises, and seeks to comply with, the cultural, legal and ethical standards of the communities in which we operate. Foster's 'Responsible Marketing' key performance indicators remain an integral part of our brand marketers' roles. Our responsibilities are shared by external advertising and public relations agencies engaged on Foster's advertising and promotions. An internal marketing approval process covers all consumer facing materials (including sponsorship, packaging, point of sale, on-pack promotions, state specific promotions, etc). Performance evaluation is linked to compliance with all relevant codes.

In Australia, Foster's complies with the self-regulatory Alcohol Beverages Advertising Code (ABAC). The Code includes clear prohibitions on marketing to minors and the depiction of excessive and irresponsible drinking. Copies of the ABAC and relevant Foster's policies

are available from www.fostersgroup.com. Foster's frequently seeks guidance from the pre-vetters on early concepts to ensure campaigns meet community standards. Foster's and its agency staff work closely with ABAC representatives to maintain an open dialogue and swiftly address any issues, routinely amending materials to incorporate pre-vetters' feedback.

Members of the Australian public made 43 complaints regarding Foster's advertising in the year, none of these were upheld by the independent Advertising Standards Board or ABAC complaints process.



Promoting responsible consumption and service of alcohol

Foster's *Enjoy Responsibly* program has been in place since 2003. The program outlines a set of policies and behaviours which seek to ensure that any alcohol consumption is legal, informed and considered.

Legal – means within the law. This includes being of legal drinking age, and abiding by any other applicable laws, for example having a blood alcohol content below the relevant limit when driving.

Informed – means informing yourself of the effects that alcohol consumption may have on you individually. This includes understanding what constitutes a standard drink. It also means noting the information provided on the labels of the drinks you consume and monitoring your alcohol intake.

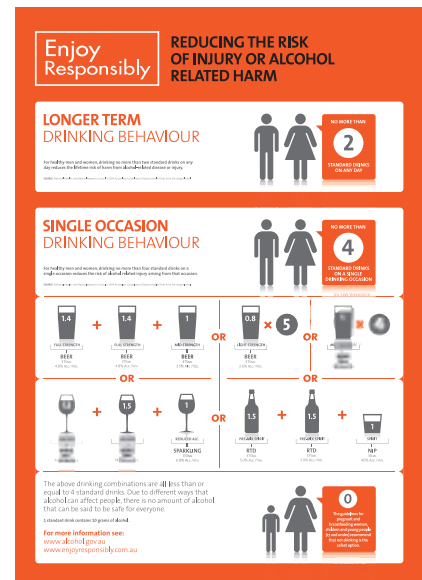
Considered – means asking yourself, "is this really the right time for me to drink alcohol?" So 'considered drinking' requires thinking carefully about the appropriateness of drinking. This is subjective, but could include taking account of your personal circumstances, obligations and commitments.

Responsible enjoyment of alcohol is about an individual balancing the enjoyment and benefits of drinking alcohol with the potential risks and harm that may arise from it – especially when it is misused.

The program is communicated via our prominent logo which appears on all Foster's products, packaging, advertising and point of sale materials.

For more information, see www.enjoy-responsibly.com

Standardised 'unit content' logos are also included on the Australian portfolio, making it easier for consumers to find alcohol content information and more effectively manage their alcohol consumption. The suite of logos was endorsed by all Australian governments through the Ministerial Council on Drugs Strategy.



Foster's developed a range of materials to assist in publicising drinking levels that reduce the risk of alcohol related harm. The poster above is placed prominently through Foster's workplaces.

2008

Industry leading, voluntary commitment to cease manufacturing and marketing alcohol pre-mix drinks with added energy and higher alcohol in Australia

Improved *Enjoy Responsibly* training at employee induction

Extensive investment in lower alcohol, calorie and carbohydrate product innovation

Contributed more than \$2 million to responsible consumption programs in the year

2009

Updated *Enjoy Responsibly* promotional and educational materials

Included *Enjoy Responsibly* program on internal health and wellbeing workshops

Formed company wide project team to review responsible consumption policies and programs

Continued investment in lower alcohol, calorie and carbohydrate innovation

2010

Launched 'Know When to Declare' responsible drinking campaign in partnership with Cricket Australia
Increased direct grants to community alcohol harm minimisation initiatives

Included *Enjoy Responsibly* program in internal health and wellbeing workshops

Continued investment in lower alcohol, calorie and carbohydrate innovation

Released updated employee 'Responsible Enjoyment of Alcohol Policy'

Case Study

Know When to Declare

Sports fans were encouraged to 'Know When to Declare' in a TV campaign launched by the Australian Prime Minister during the 2009/10 Boxing Day Test.

Two ads were featured during the campaign, firstly with veteran commentators, Richie Benaud and Tony Greig, and later with Australian Twenty20 Captain Michael Clarke. When having a drink, the cricket themed message said to "Know your limits and know when to declare."

The development of this campaign forms part of a new national partnership announced in November 2009 between Cricket Australia, Nine Network, Foster's Group and Diageo Australia to drive clear standards in the responsible consumption and marketing of alcohol beverages throughout the 2009-2010 summer and beyond. The campaign is co-branded by participating organisations after independent research showed that co-branding added extra weight to the message and created stronger public recognition that this is an issue that needs to be addressed.



Responsible consumption and our sporting partners

All external partners commit to presenting alcohol in a mature, balanced and responsible manner. In particular, Foster's has worked over recent years with management of partner Australian sporting codes to ensure responsible alcohol consumption is communicated to teams and players through professional and amateur club structures. This is now reflected in our sports sponsorship agreements.

Responsible consumption and our people

In 2010, Foster's introduced an updated Responsible Enjoyment of Alcohol Policy for Australian employees. Building on the current training and education on the topic, the Policy sets high behaviour expectations from employees both at work and in their own time with regards to alcohol. Key messages around alcohol responsibility are regularly communicated to staff and are now embedded in the various health and well-being fairs held across our operations and offices.

Responsible Service of Alcohol courses are available to sales, marketing and sponsorship staff who are provided ongoing training and support to ensure compliance with advertising and other marketing related requirements. Hospitality employees have implemented *Enjoy Responsibly* recommendations and Responsible Service of Alcohol guidelines into their standard event management practices.

Richie Benaud, doyen of Australian cricket, headed a campaign to promote more responsible behaviour amongst sports fans



Minimising Potential Harm

DrinkWise – Building a safer drinking culture

Foster's is the largest alcohol industry supporter of DrinkWise Australia, a not for-profit, independent research and social change agency. Through research, community based programs and social marketing campaigns, DrinkWise is dedicated to building a safer drinking culture in Australia.

DrinkWise Australia's activities are governed by a Constitution, with a Board consisting of six community representatives (drawn from health, law enforcement, communications and public policy fields) and six industry representatives. Under the Constitution, the Chair and the DrinkWise Australia Executive are required to be independent of the alcohol industry.

Foster's is represented on the DrinkWise Board by CUB Managing Director John Pollaers.

DrinkWise are currently researching and developing a follow on to their recent campaign 'KIDS AND ALCOHOL DON'T MIX'.

www.drinkwise.com.au

DrinkWise.com.au

Drinkaware UK – changing drinking habits for the better

Foster's EMEA makes a valued contribution to Drinkaware, an industry funded charity that promotes responsible drinking. Drinkaware uses innovative ways to challenge the national drinking culture to help reduce alcohol misuse and minimise alcohol related harm. An independent, UK-wide charity, Drinkaware is supported by voluntary donations from across the drinks industry.

In addition to Foster's financial support, we are a committed partner, represented in the program by EMEA Managing Director Peter Jackson.

www.drinkaware.co.uk

drinkaware.co.uk
for the facts

Foster's promotes responsible drinking at major sporting events

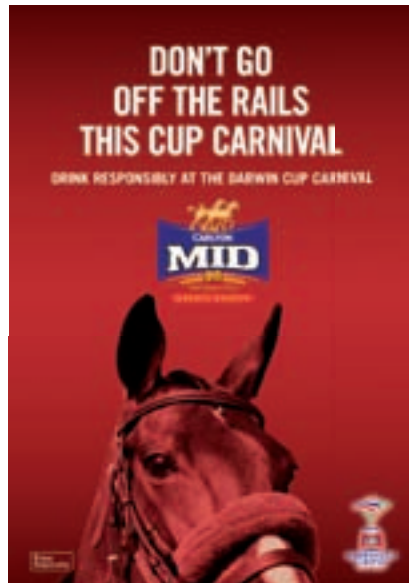
Foster's horse racing themed responsible consumption campaign has now been adopted at a number of race courses across the country. Using memorable horse racing inspired taglines across a series of posters, newspaper ads, race guide features and coasters, the integrated campaign encourages race goers and on-course drinkers to drink responsibly. The success of the campaign was evidenced during the year when Coffs Harbour VB Gold Cup race day was awarded the 'Community Event of the Year' in the City of Coffs Harbour Australia Day celebrations.

Foster's exclusive supplier status to the world famous Melbourne Cricket Ground has provided the ideal opportunity to develop a venue based responsible drinking campaign. Known as 'Be Best on Ground', every bar and drinking area within the ground now displays

the campaign message along with information to consumers on how to enjoy their day the 'G' without being affected by alcohol.

Product innovation

Foster's continued to deliver products to market that are lower in alcohol, carbohydrates and calories. We have backed this innovation with focused advertising and promotions behind products including VB Gold (mid-strength), Carlton MID (mid-strength) and Pure Blonde Naked (low carbohydrate, mid-strength).



Carlton MID encourages horse racing fans to enjoy responsibly



VB Gold – an example of CUB's expanding suite of mid strength beers



Enjoy your day at the 'G' without being affected by alcohol



BOYD WILLIAMS, Chief Human Resources Officer, Foster's Group

"FOSTER'S IS COMMITTED TO DRIVING A HIGH PERFORMANCE CULTURE, BUILDING EMPLOYEE CAPABILITY, DEVELOPING INSPIRING LEADERS AND PROVIDING A SAFE WORKPLACE. THERE IS NO GREATER COMMITMENT THAN ENSURING THE HEALTH AND SAFETY OF OUR PEOPLE."

STRATEGY/APPROACH

Our people strategy focuses on building the capability of our people and organisation through ensuring the right people are in the right roles and driving a high performance culture. A set of integrated programs assist Foster's to develop and manage talent, drive engagement and provide a safe workplace. Key guiding documents are the Foster's Group People Strategy and our Five Year Occupational Health and Safety Strategy.

2010 HIGHLIGHTS

- Streamlined global talent management approach
- Career and development planning process implemented
- Development plan to address global and regional capability gaps
- Global recruitment model delivering 788 placements (including temporary positions)
- 20 per cent reduction in Recordable Case Injury Frequency Rate (RCIFR) since 2002
- Implementation of priority packaging machine engineering controls to improve safety
- Review of major administrative facilities against health and safety audit tool

KEY INDICATORS

Improvement in RCIFR	Improvement in employee engagement since 2007	Employee turnover
20%	18%	12.7%

2011 ACTION PLAN

- Development of identified talent through implementation of new leadership pipeline programs
- Building the employee story through enhancement to careers website and internal communications to improve the attraction to Foster's as a preferred employer
- Strengthening employee engagement
- Continue to build commercial capability
- Continued focus on critical controls in place for our high consequence hazards – including ammonia and forklifts – overseen by the OHS Council

5 YEAR HIGHLIGHTS

2006

Foster's Ways of Working launched to establish a consistent framework for the way we recruit, develop, reward and recognise our people

Successful integration of Southcorp with Foster's

Supported our people through a period of major change

Saw a reduction in the number of recordable injuries (including those with lost time) over the last 12 months (since 2005)

2007

Reduced weight of heavy product packs to minimise risks of manual handling injuries

Reduced rate of recordable injuries (including those with lost-time)

Rolled out two new internal training programs to promote Health Safety and Environment

Actioned outcomes of 'Pulse Check' to improve levels of staff satisfaction and employee engagement

Development of capability and competency programs

High Performance Culture

At the centre of our organisation is a commitment to driving a high performance culture; a culture that delivers outstanding personal and business success, driven by inspiring leaders and engaged employees. We believe it is important to be successful as individuals as well as an organisation. By making a valued contribution to the company, employees stay fulfilled and engaged in their work and careers.

Two sets of guidelines drive our high performance culture.

- Foster's threeAs – Accountable, Adaptable, Aggressive.
- Foster's Leadership Profile.

At every point in an employee's career with Foster's we seek to reinforce the expectations of the Foster's culture and values. From our leadership programs to our recruitment we develop and maintain people who are a good fit.

Foster's recognises the importance of developing and attracting inspiring leaders who motivate our people to demonstrate the threeAs and live by our enduring values. The Leadership Profile has been developed to encompass the key behaviours of a truly inspiring leader and describes the model Foster's leader.

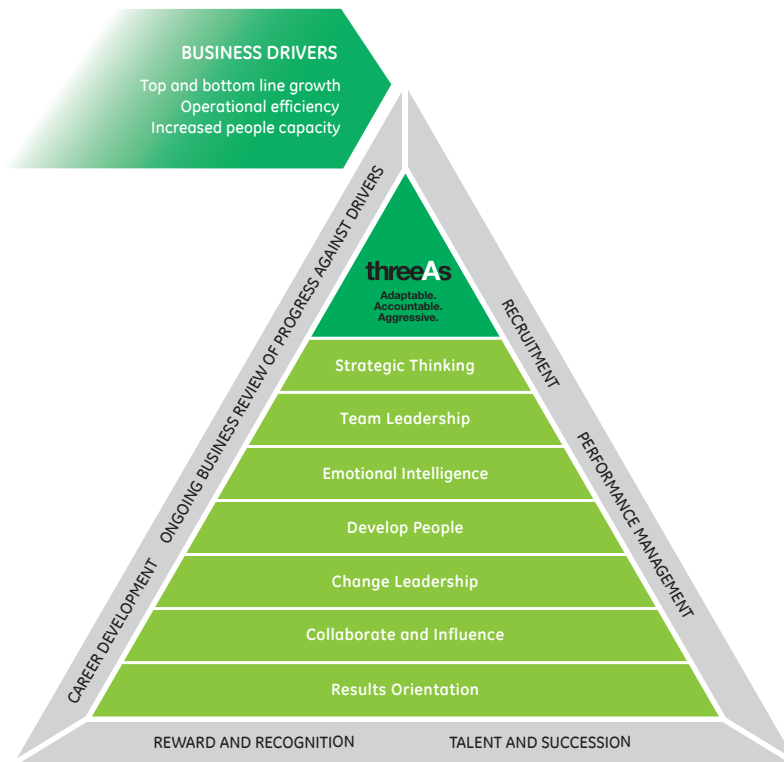
Employee Engagement

In August 2009 we ran the 'Inspire' Employee Engagement Survey, our fourth survey since 2002. This year was the first year the survey was administered by Kenexa. Approximately 4490 respondents from the global business were invited to take part with a 72% response rate.

Responses to the following six key questions determined the overall engagement score:

- Foster's motivates me to contribute more than is normally required to complete my work.
- I am proud to say that I work for Foster's.
- I rarely think about looking for a new job with another company.
- I would gladly refer a good friend or family member to Foster's for employment.
- I believe Foster's has an outstanding future.
- Overall, I am extremely satisfied with Foster's as a place to work.

Engagement scores and key drivers for engagement since 2002 are summarised in the table below.



	2002	2005	2007	2009
Engagement	58%	51%	42%	60%
Key Drivers of Engagement	1 Career opportunities 2 People practices 3 Effective processes	1 People Practices 2 Career opportunities 3 Effective processes	1 Effective processes 2 People practices 3 Career opportunities	1 Career opportunities 2 Valued contribution 3 Strategy and/or vision

2008

Formed global Occupational Health & Safety (OHS) Council, with a direct link to Foster's Leadership Team

Defined five-year Occupational, Health & Safety strategy, recorded a decrease in injury rates

Launched Foster's People Strategy, defining core 'people aspirations and plans'

Managers Essentials program commenced with 670, or 56% of people managers undertaking training

2009

Launch of Foster's Enduring Values and threeAs

Largest recorded single year reduction in injury rates

Introduction of Foster's OHS Awards

Introduction of global OHS incident management database, inclusion of wellbeing in OHSMS

Introduction of new Performance Management framework

Delivered leadership programs to over 430 employees globally

2010

Streamlined global talent management and developed plan to address global and regional capability gaps

20 per cent reduction in Recordable Case Injury Frequency Rate (RCIFR) since 2002

Review of major administrative facilities against health and safety audit tool

Global recruitment model implemented

Encouragingly overall engagement for 2009 was a 18% increase since 2007.

Career opportunities have been identified as an important driver of engagement since the first survey in 2002. In 2009, strategy and/or vision were identified as a key driver of engagement for the first time.

What did we do with the results?

Managers who had five or more responses within their team received an individual team report. All Foster's managers undertook Manager Essentials Module 5 to ensure they knew how to interpret their team reports and learnt how to run feedback sessions with their employees to create effective team engagement action plans. There was 100% participation in this program globally with 94% of managers providing feedback to say the session met their objectives.

Reward & Recognition

At Foster's we believe in rewarding and recognising individuals for performance excellence as well as offering all employees a range of benefits to help support a stress free and healthy work environment.

We run Performance-based Reward Schemes and an Employee Recognition Scheme for those who go the extra mile and achieve excellent results and Employee Service Awards for employee career milestones.

Employee Benefits and Rewards over and above legislative requirements

- **Super/Retirement***
- Car parking (provided or purchased)
- **Motor vehicles***
- Employee Assistance Program
- **Health insurance***
- Maternity leave
- **External study assistance support***
- Paternity leave
- Product benefit

*Regional Variations

Wellness

Employee Assistance Program –

Foster's Employee Assistance Program (EAP) offers our employees and their families a free and confidential counseling service to assist with personal and work related issues. Our restructuring and redundancy provisions include severance payment, minimum termination notice periods and career transition support such as flexible outplacement services.

Paid Maternity Leave –

Foster's offers primary carers up to 52 weeks Parental Leave after 1 year's continuous service. We also provide the first eight weeks paid, with the alternative of half-pay for the first 16 weeks. Our Abbotsford site in Melbourne has a dedicated 'Family Room' with support for breastfeeding mothers and facilities to enable parents to bring children or other dependents to the workplace as a short term supervisory solution.

Flexible Work Practices – Our flexible work practices policy offers part time, job share and telecommuting work arrangements.

Health insurance – Foster's also provides Corporate Health Insurance at a discounted rate.



Service Record Case Study

Recently CUB's longest serving employee, John Head (pictured centre), celebrated 45 years of service to the CUB business.

Commencing in July 1965, John's first role was within central records working for six months as a clerk before making the move into a finance analyst role. Since then John has held various financial accounting roles in Administration, Production, Regional and National Distribution.

In July 2001 John was appointed to manage the Altona Distribution facility in Melbourne where he managed the site until 2005. From here he moved into the role of National Distribution Manager Wine for BBWE, before moving in 2006 to be the Manager of Warehouse and Distribution at Karadoc for three years. Since then he has been performing the position of National Warehouse Process Manager. Congratulations on reaching such a significant milestone John.



John Head (centre) being congratulated on his 45 years of service

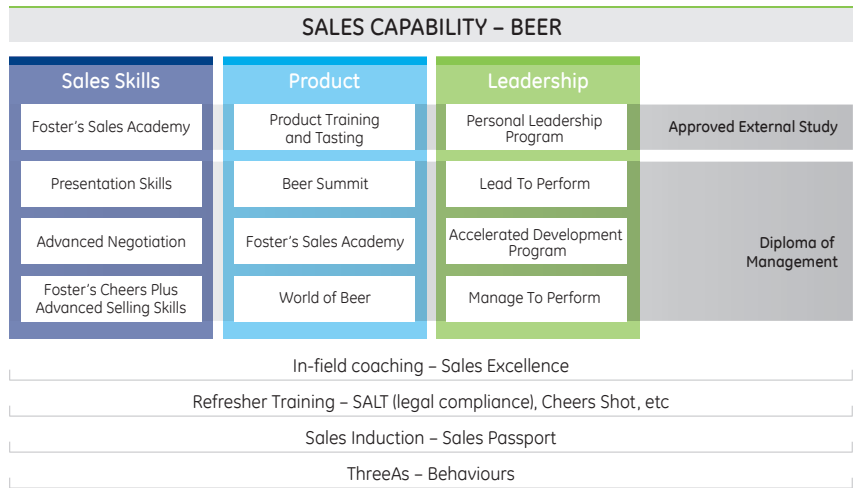
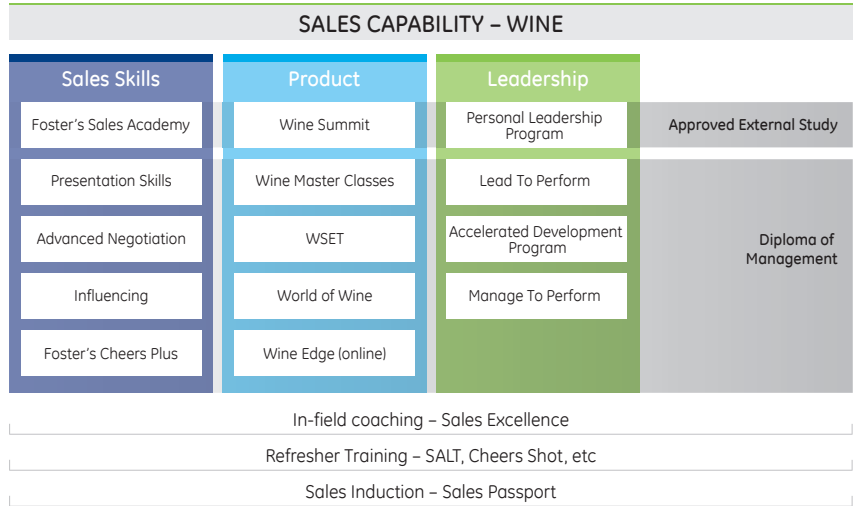
Learning & Development

Supported by regular performance progress discussions, Foster’s employees have access to a range of specialised capability development programs focusing on:

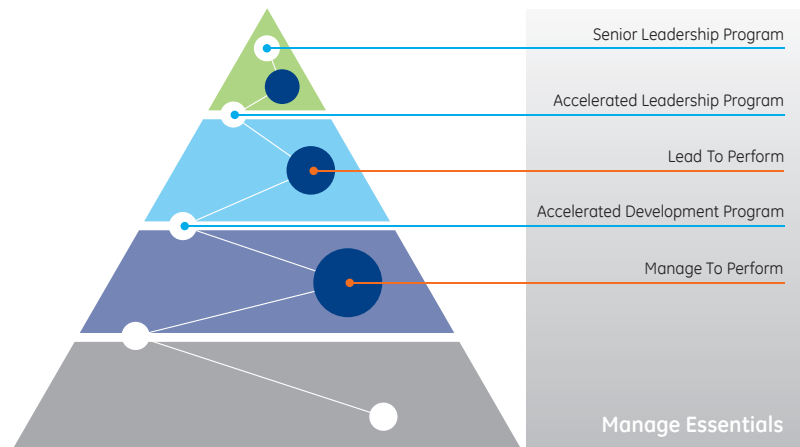
- Leadership
- Commercial capability
- Technical skills
- Compliance.

As a fast moving consumer goods (FMCG) company we are continually seeking to be the best in our industry for sales and marketing and commercial capability. We believe these capabilities are critical to our success. Within commercial capability, development programs have been tailored for both the Carlton & United Breweries and Treasury Wine Estates sales teams.

Leadership Programs have been developed for every level – executive/ senior managers, middle managers, first line managers and front line employees. At line manager level this supports employees in their roles and also the transitioning of our talent into more senior roles. See pyramid diagram below right.



Foster’s creates a working environment which positively embraces change



Demographics

Foster's employs **6,125** people globally, representing 5,731 full time equivalent employees.

Agreement Type	Global Team
Non-award employees	56.10%
Award employees	43.90%

Gender Profile by Region

Region	Female	Male
Asia	42%	58%
Australia	29%	71%
Canada	52%	48%
Europe, Middle East & Africa	48%	52%
New Zealand	46%	54%
USA	37%	63%
Global Team	33%	67%

Gender profile excludes Fiji, Samoa and Gabbiano.

Turnover Rates

Region	2007	2008	2009	2010
Australia	-	14%	11.5%	11.2%
Americas	-	13%	17.2%	16.2%
EMEA	-	-	11.9%	15.7%
Global	-	-	13.1%	12.7%

Head count above excludes Fiji, Samoa and Gabbiano.

Code of Conduct

We recognise that our reputation is one of our most valuable assets and is founded largely on the ethical behaviour of the people who represent Foster's. Our Code of Conduct sets out expectations related to:

- honesty and fairness
- employment practices
- seeking assistance
- compliance with appropriate policies, practices and procedures.

Foster's tracks incidents and monitors compliance with our human resources policies and programs through:

- Our Confidential Whistleblower Hotline
- Human Resources department
- Local Contact Officers
- Biannual Compliance reporting presented to the Board.

Diversity

Diversity has formed a significant focus for Foster's in 2010. We value and respect the diversity of our employees and are committed to creating an inspiring and inclusive workplace where everyone is treated equally and fairly.

Our Code of Conduct and corporate policies are underpinned by our Enduring Values of 'Acting with integrity' and 'Being socially responsible'. In 2010 a policy summary booklet and employee acknowledgement process was launched globally which reinforced our Code of Conduct and core policies including a dedicated section on equal employment opportunity (EEO) and anti-harassment.

We are committed to equal employment opportunity, formalised by our merit based recruitment and selection and EEO - Diversity, Inclusion and Anti-Harassment policies. Our remuneration framework is underpinned by performance and equity.

We are also a member of the UN Global Compact and recognise the Universal Declaration of Human Rights and the International Labour Organisation (ILO)'s Declaration on Fundamental Principles and Rights at Work.

In 2010 Foster's launched a career development program for mid-level females to further develop their career planning and to work on common career development areas.

In 2010 we were declared compliant by the Equal Opportunity for Women in the Workplace Agency (EOWA).

Health and safety performance

Under the direction of the OHS Council, we are pleased to report another solid year for our OHS achievements. In addition to implementation of several significant hazard reduction initiatives, continued improvement was evident in underlying injury rates across the Group, both for high frequency and high consequence incident sources.

OHS performance at Foster's is measured by two key indicators including: Recordable Case Injury Frequency Rate (RCIFR) and Lost Time Injury Frequency Rate (LTIFR). Our performance has continued to improve year on year since 2002. The graph on page 15 shows a reduction of over 20 per cent in RCIFR and LTIFR has remained relatively stable from 2009.

High frequency incidents

An analysis of high frequency incidents suffered by employees confirms that soft tissue injury as a result of manual handling and slips / trips / falls remained the most common injury sources. This is in line with manufacturing industry norms.

High consequence incidents

In 2010 the Group suffered no deaths or permanently disabling injuries. Lost Time Injury Severity Rate (LTISR) and Duration Rate (LTIDR) were also notably reduced, confirming that not only was injury frequency down but the severity of the injuries suffered was also reduced.

In order to further minimise the likelihood of high consequence incidents in the future, a number of significant global projects were undertaken. The most significant of these has resulted in improved machine guarding levels on

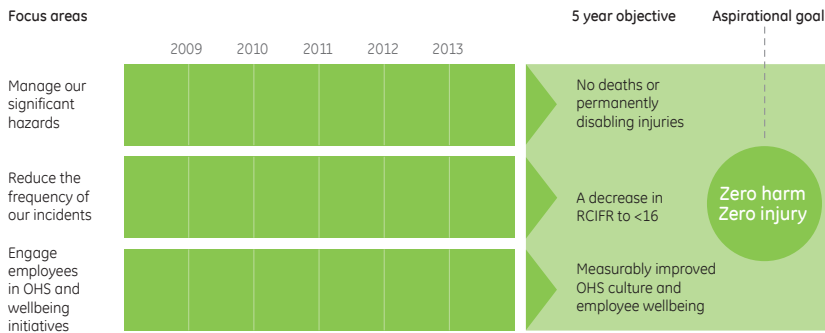
over 100 packaging machines across our manufacturing network. This work has seen extensive modification or even complete replacement of many machines. Similar focus is being brought to other potentially high consequence hazard sources such as ammonia storage and forklift use.

2011 Objectives

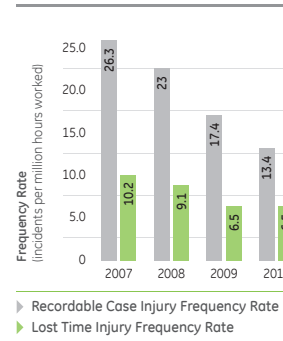
In line with our OHS strategy, there will be a continued focus on our high consequence hazards. Central to this will be validation of the critical controls in place to manage ammonia (used in the

refrigeration systems at several of our sites) and forklifts (in use at virtually all of our production facilities). The OHS Council, chaired by a member of the Group Executive, will oversee the execution of these programs.

5 year OHS Strategy



Safety Performance



2010 Foster's OHS Award Winners

Best OHS Initiative: Training

Grape & Wine Supply US for their Tractor Certification Program

Within California there is no state accredited training or certification process for the safe operation of tractors. Given the potential safety hazard this equipment can pose, the Californian Grape & Wine Supply Team developed an in-house certification program – delivered in both English and Spanish – covering the key operational issues associated with tractor use and finishing with a practical examination for all drivers.

Best OHS Initiative: Wellbeing

Supply Chain Planning & Fulfillment Operations (Napa) for their Grass Roots Health & Wellness Program

A local team of interested employees started a health and wellness program at Napa that enriched the lives of 75 employees. With a focus on diet, nutrition, stress, first aid and general fitness, the Napa team proved that wellbeing can be engaging and fun.

Yatala Brewery for their Foot Health Program

The Yatala team has had a long-term focus on foot health – a genuine issue for a workforce whose roles can involve lengthy periods standing on hard surfaces. Through physical changes to the workplace, careful selection of footwear and ongoing education the site has made genuine improvements to the wellbeing of the Yatala workforce.

Best OHS Initiative: Engineering

Barooga Vineyards for the Wire Coil Spinner

The Barooga Vineyard team recognised that change was needed if they were to be able to safely handle wire coils – whilst an important part of vineyard life, at 58kg per coil, they cannot be safely maneuvered around by hand. The team's solution was a coil storage rack and dispenser that removed the need to lift the coil. With several serious injuries in the past due to the handling of coils, this solution that engineers out the risk is a fantastic outcome.

The 2010 Foster's OHS Awards

Introduced last year to recognise above-and-beyond OHS contributions, the OHS Awards program was run again in 2010. As in 2009, it was a highly contested process with nearly 40 nominations from across the business. Following review by the OHS Council, a shortlist was presented to the Foster's Group Executive for endorsement. This year the Council and Group Executive elected to recognise four winners. Details of the winners are in the box to the left.



PAUL CONROY, Chief Legal Officer and Company Secretary, Foster's Group

"A LEADING CORPORATE ENVIRONMENTAL MANAGEMENT PROGRAM SHOULD DELIVER ENVIRONMENTAL RESULTS, ACHIEVE COST EFFICIENCIES, BRAND DIFFERENTIATION AND BUILD MARKET SHARE FOR THE BUSINESS. THESE OPPORTUNITIES NOW EXIST AT FOSTER'S AS WE EVOLVE FROM A TYPICAL 'RISK MANAGEMENT' MODEL TO A 'MARKET OPPORTUNITY' MODEL."

STRATEGY/APPROACH

Recognising our responsibilities and our ability to positively influence the industries and communities in which we operate, our approach to environmental management focuses on managing our risks whilst harnessing opportunities for excellence.

Focusing on external drivers, internal capability, systems and processes, we identify and manage key issues, objectives and targets to drive performance and tangible initiatives. These deliver real results and are the cornerstone of our environmental management philosophy.

2010 HIGHLIGHTS

- Implemented 20 projects delivering over 130,000 GJ of energy saved
- Energy & water efficiency program now embedded into Australian beer and wine businesses
- Global environmental metrics database fully implemented, gathering over 90 metrics from 108 sites
- Upgraded the environmental component of the global Health, Safety and Environmental Management System
- Trained over 90 contract grape growers in EntWine¹ the Australian wine industry's third party audited environmental assurance scheme

¹ EntWine is managed by the Winemakers' Federation of Australia – www.wfa.org.au

KEY INDICATORS

CUB cumulative water performance against 10% reduction target: 2007 baseline

5.90%

CUB Year on Year water efficiency improvement 0.21%

CUB cumulative energy performance against 10% reduction target: 2007 baseline

5.49%

CUB Year on Year energy efficiency improvement 0.92%

TWE cumulative water performance against 10% reduction target: 2007 baseline

0.50%

TWE Year on Year water efficiency improvement 2.46%
Excludes vineyard

TWE cumulative energy performance against 10% reduction target: 2007 baseline

3.36%

TWE Year on Year energy efficiency improvement 2.04%
Excludes vineyard

2011 ACTION PLAN

- Commence execution of CUB and TWE environment strategies
- Deliver on final year of 4 year water and energy efficiency reduction targets
- Benchmark our operations against our environmental performance matrix
- Engage our employees through role specific & relevant environmental awareness training

5 YEAR HIGHLIGHTS

2006

Foster's improved the efficiency of its systems to reduce consumption of energy, greenhouse gas emissions and water consumption
Received environmental award at our Yatala brewery for eco-efficiency initiatives
Developed a water leadership platform consolidating and extending a core group of water conservation commitments and initiatives

2007

Publicly announced 4 year 10% water and energy reduction targets by 2011
Formal adoption of the Foster's Footprint program throughout Australian and New Zealand vineyards following a successful pilot
Generated 51,000 GJ of biogas at Yatala and North Fremantle
Set up a National Energy Efficiency Team (CUB)

Case Study

Climate Change Wines

Our Australian wine operations have extended their investigations into climate change preparedness through development of 'climate change wines'.

In collaboration with the South Australian Research and Development Institute, Treasury Wine Estates ANZ is making "climate change" wine from vines that have been subjected to heat stress in state-of-the-art facilities under realistic field conditions. The research is looking to understand the potential impacts of climate change on vineyard performance, grape quality and the resultant impact on final wines.

Environmental Governance and Policy

In line with our Global Environment Policy commitments, we endeavour to embed environmental considerations into all we do. In 2010, we developed a new approach to environmental management. This approach is based on developing customised strategies, goals and objectives for each of the businesses to drive performance.

These business specific environment strategies are based on five key elements:

- conducting an analysis of who our key stakeholders are and identifying their needs;
- developing mechanisms for embedding environmental capability in our people;
- systems and processes to enable execution of our strategic plan;
- articulated and business relevant environmental goals;
- objectives, projects and initiatives that will deliver results.

These strategies and associated plans recognise the inherent differences in our beer and wine businesses which have

been designed for execution in 2011 and beyond, and build on the substantial achievements already realised.

Climate Change

Acknowledging the significant challenge posed by climate change and the immediate action required to avoid increasing the concentration of greenhouse gases in the earth's atmosphere, we have embarked upon a number of initiatives that endeavour to prepare our businesses to adapt to imminent change, whilst mitigating the risks posed by shifts to the physical and regulatory environments.

We continue to extend work previously undertaken to quantify our carbon footprint and identify opportunities for improvement across our value chain.

In 2010, we established our global environmental metrics reporting platform, completed significant upgrades to our operational environmental risk assessment and management processes. We developed a more comprehensive supplier assessment on environmental performance criteria that includes management approaches and direct emission impacts. These have laid the foundations to realise the objectives contained in our business based environmental strategies and action plans.

Energy & Water Management

Continually improving the ways in which we use our resources is key to our approach of managing operations. A continued focus on energy and water management and carbon emissions reductions have resulted in a number of achievements. These have been described in the case studies on the following pages.

In 2007 we made a commitment to reduce energy and water used in production of beer and wine by 10% by 2011. This target focuses on efficiency improvements within our breweries and beverage plants within our Australian beer business, and our Australian, New Zealand and North American wineries and packaging facilities. We are pleased to report that in 2010 we have seen improvements

in energy and water efficiency across both our businesses, against a backdrop of declining production volumes and significant operational challenges. For instance, our Australian beer business has improved energy efficiency and water efficiency against target by 5.49% and 5.90% respectively.

In 2010, we undertook a detailed analysis of our Australian wine production model (i.e. what constitutes a production of unit of wine) and noted that significant changes have occurred to this model since 2007 and this was the predominant reason for the observed energy and water efficiency performance improvements. Using an analysis of our performance over the last 12 months and improved detail surrounding production transfers, the product model has been recalculated. This revised calculation has been used to re-establish our 2007 baseline to ensure that we report consistently and transparently the energy and water we use to bring our products to market. Within our beer business and our North American wine business, our production model has remained relatively stable, hence why we are able to readily compare our current performance with our historical.

Moving into 2011, each of our businesses will commit to environmental goals, objectives and targets that build on prior achievement; reflect the individual challenges facing each business and continue to extend our operations towards world class environmental achievement.

2008

Established Global Environment Leadership Team
 Conducted Group carbon review and introduced Carbon Reduction Program
 Continued improvement in water efficiency performance at Australian breweries
 Integrated environmental data reporting for global wine business
 Improved biodiversity outcomes throughout wine viticulture

2009

Introduced Global Environment Policy
 Developed global Environment Performance Metrics database and reporting standards
 Partnered with SA Murray Darling basin NRM Board to deliver 2.2GL of water to the Markaranka Floodplain biodiversity project

2010

Implemented 20 projects delivering over 130,000 GJ of energy saved
 Implementation of global environment metrics database incorporating over 90 metrics from 108 sites
 Engaged our grape grower suppliers training over 90 growers in EntWine1 the Australian wine industry's third party audited environmental assurance scheme

Case Study

Building environmental capability within our engineering teams

We have a long history of energy and water efficiency at our operational sites. Our Australian CUB production facilities, constitute approximately 70% of energy, 73% of water consumed, and approximately 65% of carbon emissions generated across our production group. Collectively, these facilities have reduced energy consumed by 32%, water consumed by 40% and carbon emissions by 28% since 2001. In that same time period we have also seen a 25% improvement in energy efficiency and a 34% improvement in water efficiency. Our achievements in operational efficiency however, have not prevented us from continuing to drive improvements.

In 2010 our focus centred on building the environmental capability within our engineering & management teams across the beer and wine businesses. Through our Energy & Water Efficiency Program (EWEP), we assessed our most significant energy consuming processes one by one across our 10 largest sites starting with steam and hot water and finishing with electrical loads.

Our approach focussed on understanding how our complementary processes aligned across each of our sites gaining clarity on the drivers for observed similarities and differences. The process was assisted by cross-functional and unconstrained thinking sessions held on site with representatives from our beer and wine operations. More than 20 ideas for more detailed consideration were generated drawing on the broader set of knowledge and skills within our teams.

Cross-site replication was a core component of our EWEP. Where appropriate, a process improvement or learning that was successful at one site was shared and considered for implementation at another. Furthermore, we are pleased that the program's focus on internal capacity building has encouraged key learnings to be shared across the whole organisation. This has worked to further embed continuous improvement and strengthened our understanding around resource efficiency solutions within the business.

By combining operational expertise with on-the-ground knowledge to identify and explore efficiency gain opportunities, a more innovative approach to driving process improvements ensued. We believe this is key to the success of our Energy & Water Efficiency Program.

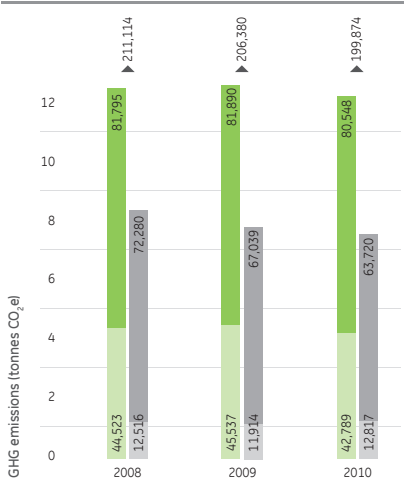
Notwithstanding continued regulatory requirements, the program officially concluded on 30 June 2010. Despite this, and the significant operational challenges we have faced in recent times, it has been agreed that the program concept continue through integration within beer and wine resource management programs going forward.

Requirements have been embedded in the Health, Safety and Environment Management System which sees all operations audited annually for compliance against a set of internal management standards. Voluntary election for continuation of the EWEP concepts, including ideas sessions and annual review of process is a clear indication of the immense support and success our program has delivered for the sites involved.

For detail regarding our Energy & Water Efficiency Program and reports under Energy Efficiency Opportunities, please go to www.fostersgroup.com

Greenhouse Gas

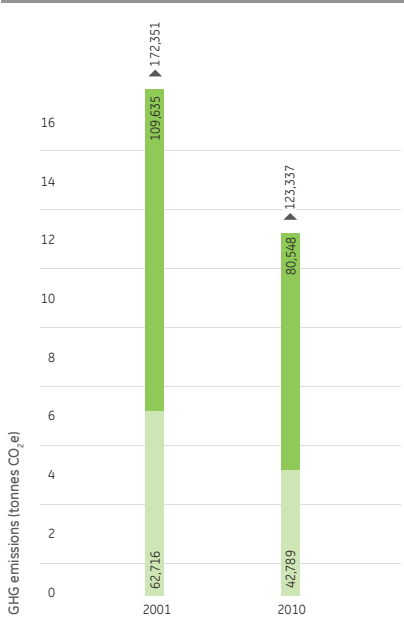
Absolute greenhouse gas emissions



- ▶ Beer Scope 1 – Beer, Cider, Spirits (excl. Pacific)
- ▶ Beer Scope 2 – Beer, Cider, Spirits (excl. Pacific)
- ▶ Wine Scope 1 – Global wineries/packaging/vineyards, Bulmer (excl. Gabbiano)
- ▶ Wine Scope 2 – Global wineries/packaging/vineyards, Bulmer (excl. Gabbiano)
- ▶ Absolute greenhouse emissions (All beer & wine excl. Pacific, Gabbiano)

Note regarding exclusions. Our Pacific and EMEA operations have only commenced regular environmental reporting in 2010. As a result we are unable to include these sites for consistency purposes.

Absolute greenhouse gas emissions – CUB only

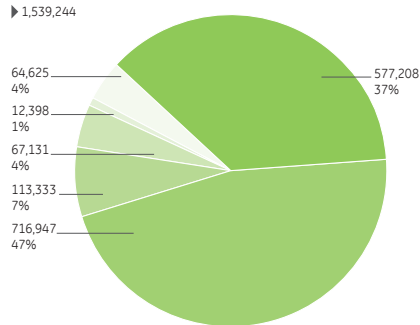


- ▶ Beer Scope 1 – Beer, Cider, Spirits (excl. Pacific)
- ▶ Beer Scope 2 – Beer, Cider, Spirits (excl. Pacific)
- ▶ Absolute greenhouse emissions (All beer excl. Pacific)

Note regarding exclusions. Our Pacific operations have only commenced regular environmental reporting in 2010. As a result we are unable to include these sites for consistency purposes.

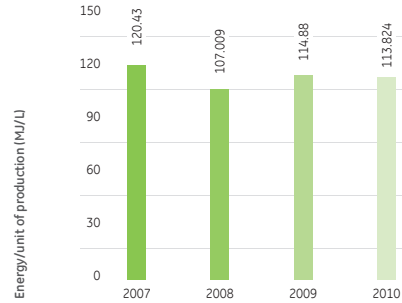
Energy

Energy used by source
Beer, Cider, Spirits (excl. Pacific) & Global wineries/
packaging vineyards (excl. Gabbiano) in GJ



- ▶ Electricity (GJ)
- ▶ Natural Gas (Stationary & mobile) (GJ)
- ▶ Coal (GJ)
- ▶ Diesel (Stationary & mobile) (GJ)
- ▶ Solar (GJ)
- ▶ Other (LPG stationary & mobile, petrol stationary & mobile, fuel oil, biodiesel) (GJ)
- ▶ Total (excl. Solar) - Solar power generated and used on site

Energy efficiency - CUB Energy Efficiency



Excl. Pacific

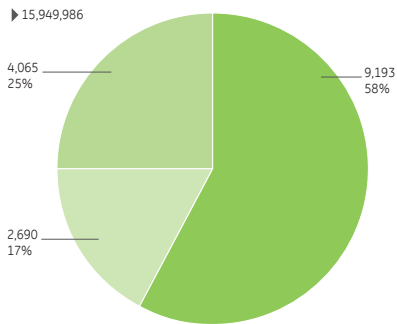
Energy efficiency - TWE Energy efficiency



ANZ wineries/packaging, US wineries/packaging, (excl. Gabbiano, Bulmers, Vineyards, Cloverdale Cooperage)

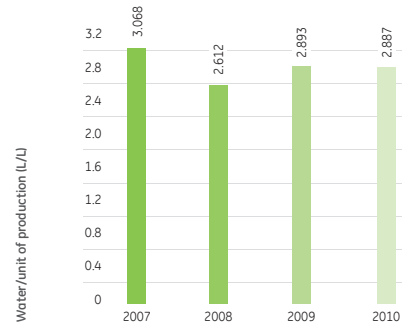
Water

Water used by source
Beer, Cider, Spirits (excl. Pacific) & Global wineries/
packaging vineyards (excl. Gabbiano) in ML



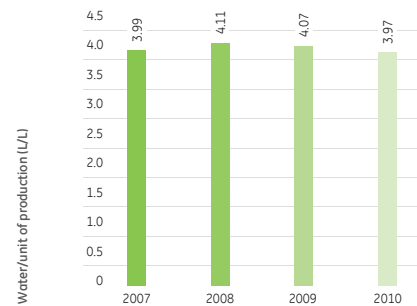
- ▶ Groundwater Bore/Well & Trucked In & Incoming recycled (ML)
- ▶ Mains/Municipal (ML)
- ▶ Surface Water - Rivers/Creeks/Irrigation Channel/Dam/Stormwater (ML)
- ▶ Total water used in ML

Water Efficiency - CUB Water Efficiency



Excl. Pacific

Water Efficiency - TWE Water Efficiency



ANZ wineries/packaging, US wineries/packaging, (excl. Gabbiano, Bulmers, Vineyards, Cloverdale Cooperage)

Case Study

Markaranka Floodplain

In 2006, Treasury Wine Estates ANZ partnered with the South Australian (SA) Government and donated 1,000 million litres of water to the floodplain at Markaranka Vineyard in the Riverland in South Australia on the Murray River. The water was used to simulate a flooding event as the trees on the floodplain were suffering stress due to the drought. The SA Government matched the donation resulting in a total of 2,000 million litres being pumped onto the floodplain.

As a result of the strong partnership established, the SA Government provided a further 2,200 million litres of water in 2009 and the flooding event was repeated. Monitoring of flora and fauna on the floodplain has identified a wealth of rare and vulnerable species.

The partnership between Treasury Wine Estates ANZ and government led to another co-investment



Markaranka floodplain continues to flourish from generous water donations

project with Greening Australia to measure the potential link between environmental watering and the issue of carbon credits as part of an emissions trading scheme. The study found that an estimated 40,000 tonnes of CO₂ is sequestered in the trees that have been saved at the site. This was a valuable study of carbon stored on the floodplain that could inform future policy directions in government.

Treasury Wine Estates ANZ is now working with government to develop a floodplain management plan for the site and has secured a further 1,200 million litres of water for another flooding event in 2011.



Case Study

Wildlife Corridor Project at North American Paso Robles Vineyards

Our Meridian Vineyards in California are located in Paso Robles, which translates to "Pass of Oaks".

Typical of California's central coast, the 223-hectare Paso Robles Home Vineyard is bound by native oak woodlands. Wildlife access to the oak woodland ecosystem has been greatly improved through the removal of approximately 125 metres of 2.75-metre tall deer fencing at its eastern and north-western property boundaries and replacement with a "leaky" cattle fence.

The wildlife corridor was then completed with the construction of over 5000 metres of deer fencing surrounding the divided vineyard zones. Species benefiting from access to this high quality habitat area include; deer, bobcat, coyote, badger, possum, fox and kit fox. Routine vineyard tractor and personnel access across the corridor is facilitated by a series of solar-powered, automatic gates.

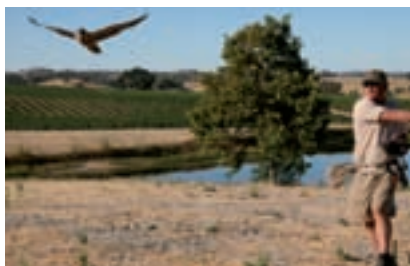
Meridian wildlife corridor

BIODIVERSITY

We continue to value and protect the biodiversity assets across our Australian and North American wineries and vineyards.

Our Fish Friendly Farming certification program which covers 100% of our Napa and Sonoma county vineyards in California looks to manage the impacts of soil erosion and pesticide use on the Napa River watershed and fish population through sustainable farming practices. Our wildlife corridor project at our Meridian vineyards provides local wildlife, including deer, bobcat, coyote and badgers, with access to the native vegetation of the arroyo's oak woodland ecosystem.

Our North American vineyards employ a number of innovative pest control methods that focus on utilising more natural predators in preference to chemical or noise generating options. We are encouraging the presence of owls for control of gophers which can be destructive to our vines, our



Falcons and other birdlife are used at US vineyards to control unwanted pests

Central Coast vineyards have hired a falconer for pest bird abatement. This is a preferred practice as it reduces costs when compared to netting, and reduces environmental impacts through eliminated tractor movements saving fuel and carbon emissions.

In Australia our biodiversity assets have been mapped and comprise:

2182 hectares
of native vegetation

225 metres

mean native vegetation patch width

40%

of native vegetation patches that have a species regeneration rate of 50% or more.



ENVIRONMENTAL MANAGEMENT

We continue to take an integrated and holistic approach to the various aspects of our environmental management practices. Further to our FutureFarm plans, which focuses on the management of identified environmental risks within our vineyards, we've extended our commitment to industry best practice.

In 2010, we registered all Australian company vineyards, wineries and packaging centres to EntWine, the Australian wine industry's third party audited environmental assurance scheme managed by the Winemakers' Federation of Australia. We aim to have these operations certified to the EntWine standards by December 2011.

As part of our value chain commitment, Treasury Wine Estates is now partnering with its growers to enable them to meet the requirements of EntWine as well. To date we have 90 registered growers with EntWine and are targeting all growers to be registered by the end of 2011.

Our New Zealand business subscribes to a set of environmental best practice standards known as Sustainable Winegrower New Zealand [SWNZ]. The program addresses issues such as soil management, spray programs, pest and disease monitoring and Occupational Safety and Health. As of 2010, all Matua Valley company vineyards, wineries and contract grape growers have successfully gained accreditation to the SWNZ program, leading the way in protecting the landscape for future generations.

Our North American Meridian Home Vineyards and Meridian Winery similarly extended their commitment to industry best practice by participating in the pilot program which saw them become Certified Californian Sustainable Winegrowing sites.

Recent Achievements in Energy & Water Efficiency

Yatala Brewery

Our Yatala brewery recently completed the \$400,000 biogas utilisation improvement project which sees approximately 80% or 25,000 GJ of biogas from the wastewater treatment facility captured for use in our boilers. The project is expected to save 1,280 tonnes of CO₂-e greenhouse emissions annually.

Coonawarra Winery

Looking at ways to reduce energy consumption from existing equipment, our Coonawarra winery arrived at a low cost solution by implementing a programming change to ensure the steam boiler did not start in association with the cleaning system. Instead, the cleaning system was programmed to rely solely on the site's far more efficient Chapppee hot water system. The site has been able to reduce average monthly consumption of LPG by 35% over the past 12 months and is now looking to decommission the steam boiler completely.

Campbelltown Beverage Plant

In July 2009, following an investigation instigated through the Energy & Water Efficiency Program, a major revamp of the condensate system and hot water tanks was implemented. Whereas previously condensate was not returned from the pasteuriser, the upgrade ensured this was captured and returned to the boiler feed tank. Additionally improved temperature controls on the hot water tank were installed and improved automation of hot water flushes were implemented to result in a reduction in waste. A localised instantaneous gas system was implemented on the packaging line which enabled water and electricity savings. These actions have resulted in reductions of natural gas usage in the order of 20% per unit volume equating to a carbon emissions saving of 144 tonnes CO₂-e per annum.

Cascade Brewery

Cascade is on its way to replace two coal fired boilers and two standby diesel fired boilers with three multi-fuel capable boilers. This project, fully commissioned in October 2010 will result in an approximate 50% reduction in site carbon emissions and 30% reduction in energy usage at the brewery.

Wolf Blass Packaging Centre

Wolf Blass Packaging centre is starting to see the results of the Heating, Ventilating, and Air Conditioning (HVAC) project that was installed mid 2009. The project involved a control system upgrade which allowed for a number of energy saving changes to be made including switching off the HVAC and compressors when not in use and lowering system hot water temperatures when cleaning operations are not running. This project has dramatically reduced the amount of LPG gas used on site, and resulted in a reduction in electricity usage. Through LPG savings alone, the project is on track to deliver a 5% saving on total site energy consumption.

The site has also completed a water balance and is continuing to identify water saving projects. A recent highlight from this work has resulted in a 26% reduction in site water usage by using recycled water instead of mains water on the solid separation bay at the waste water treatment plant.



DONNA WATT, Transformation Director, Foster's Group

"FOSTER'S GLOBAL ENVIRONMENT POLICY DEMONSTRATES OUR FORMAL COMMITMENTS TO WASTE REDUCTION AND DIVERSION. THIS NOT ONLY IMPROVES OUR EFFICIENCY BUT DRIVES INNOVATION."



ANDREW LEYDEN, Chief Information Officer, Foster's Group

"FOSTER'S SYSTEMS AND PROCESSES ARE NOW A VITAL ELEMENT OF OUR DRIVE TO BECOME MORE SUSTAINABLE. WE MEASURE MORE INDICATORS THAN EVER, ANALYSING EFFICIENCY OF OPERATIONS AS WE STRIVE FOR BEST PRACTICE."

STRATEGY/APPROACH

We continually look to eliminate wastes from our operations, in line with our Global Environment Policy that was launched in 2009. Additionally, we are committed to reducing the generation of wastes from across our value chain through active discussions with our supplier base and working to reduce the impact our post-consumer packaging waste has on the environment through continued involvement with various industry bodies that play an active role in addressing these issues.

2010 HIGHLIGHTS

- Incorporated waste management data into group wide Environmental Performance Metrics database
- Developed a Waste Management Package that includes best practice Case Studies, Fact Sheets and a Toolkit to assist with development of waste management for assessing types and quantities of wastes generated on site

KEY INDICATORS

Total operational waste

190 tonnes '000

Waste recycled or re-used

177.5 tonnes '000

Waste to landfill

12.5 tonnes '000

% of total waste recycled or re-used

93.44%

% of total waste to landfill

6.56%

2011 ACTION PLAN

- Deploy Waste Management Package across our Treasury Wine Estates ANZ operations
- Review 2010 baseline volumes globally and target 5 waste types for improvement
- Include waste management requirements in selected supplier agreements

5 YEAR HIGHLIGHTS

2006

Introduced initiatives to reduce waste going to landfill, and identified significant reuse and recycling opportunities

Started the sale of organic matter onto secondary markets

Negotiated with suppliers to reduce or eliminate unnecessary packaging and entered into take-back arrangements with them for container reuse

2007

Decreased percentage of waste going to landfill – 88% of global solid waste either reused or recycled
More than 50% of Foster's shareholders chose not to receive a printed report in 2007

All group publications are Forest Stewardship Council (FSC) chain of custody certified

Case Study

Managing our wastes

In 2010, we established our first global waste baseline, comprising over 30 different waste streams. Over 90% of these wastes are either re-used or recycled, with 94% of these wastes being of an organic nature.

While our wastes are responsibly disposed, we have shifted focus towards eliminating wastes generated where possible and finding alternatives for those waste that do end up in landfill.

Good waste management is an integral component of a comprehensive environmental management system and often leads to significant cost savings and efficiency gains. It was with this in mind, that our Australian Treasury Wine Estates Sustainability Team, with funding from Zero Waste South Australia, created the Waste Management Toolkit.

The toolkit takes our site teams through the process of creating their own waste management profile and action plan moving wastes generated through the preferred disposal options.

Undertaking the waste assessment process outlined within the toolkit is a key action for our Treasury Wine Estates operations in Australia in 2011.

Post-Consumer Waste

Management of post-consumer waste continues to be addressed through our ongoing participation with the Australian Food & Grocery Council Packaging Stewardship Forum (AFGC PSF). We have been a member of the AFGC PSF and its predecessors for the last three decades and continue our involvement as part of our commitment to the National Packaging Covenant and the Australian Packaging Covenant as we move into 2011.

Waste Management at Rycroft, South Australia

Treasury Wine Estates Rycroft winery is located in the heart of McLaren Flat, in the McLaren Vale wine growing region, South Australia. Over time, through excellent staff engagement, the site has achieved exceptional solid waste and recycled water management. Waste management at Rycroft is firmly embedded in the roles and responsibilities of the employees on site and, with a strong waste management culture and a good understanding of the types and quantities of waste generated, Rycroft has been able to continually improve its performance in waste management.

Not content with just being compliant with site wastewater licence requirements, Rycroft has sustainable reuse of winery wastewater on company vineyards firmly in its sights. Staff commenced work on winery wastewater management in the early 2000s and have dramatically improved water quality parameters, with a 60% decrease in salinity observed between 2003 and 2009, resulting in over 60% of Rycroft's treated wastewater being used on surrounding vineyards.



Winston the Waste Wizard, the icon is used internally by Treasury Wine Estates ANZ to promote waste minimisation

2008

Waste management included within site-based Health, Safety and Environment audits
Over 60 tonnes of stainless steel recovered and relocated to Cascade Brewery following plant closures
Increased the amount of plastics recycled from production sites

2009

Identified waste streams globally
Foster's Wine Estates Americas awarded 2008 Waste Reduction Awards Program (WRAP) run by the California Integrated Waste Management Board (CIWMB), for outstanding waste reduction efforts

2010

Incorporated waste management data into group wide Environmental Performance Metrics database
Developed Waste Management Package (including Toolkit) for assessing types and quantities of wastes generated on site



DAVID DEARIE, MD Treasury Wine Estates, Australia and New Zealand

“OUR BRANDS AND CORPORATE REPUTATION ARE DEPENDENT ON THE DELIVERY OF QUALITY PRODUCTS – CONSISTENTLY AND SAFELY. OUR BUSINESS SUSTAINABILITY RELIES ON IT.”

STRATEGY/APPROACH

Policies, standards and manuals cover the management of health, safety, quality and environmental aspects of our products. Covering manufacturing sites, suppliers, storage and transport, these include:

- Procurement sustainability program
- Health, Safety Policy
- Environment policy
- Food Safety and Quality Management System (FSQMS)
- Food Safety and Quality Manual (FSQM)
- Customer Supply Chain Manual

The Quality Leadership Team, Environmental Leadership Team, and Global Procurement Leadership Teams oversee the management of these policies and drive continuous improvement.

2010 HIGHLIGHTS

- PIQET packaging tool now utilised in Foster’s NPD process on the most common packaging types (by sales volume)
- Ethical Procurement Code adopted by the Group Executive and is now incorporated as a standard item of all sourcing activity
- Global audit tool rolled out to all suppliers
- 27 global sites assessed for compliance to the FSQM / 13 key suppliers assessed for compliance to the FSQM
- All 19 internally and externally managed warehouses assessed against the Customer Supply Chain Manual

KEY INDICATORS

Reduction in product complaints

24.3%
in year

Reduction in product complaints

38.9%
on 2008 baseline

All Foster’s sites audited against FSQM



Reduction in packaging per product ratio

1.5%
in 2009 year

2011 ACTION PLAN

- Trial of Foster’s key suppliers to establish a basket of environmental indicators to benchmark improvement targets
- Implementation of the new Australian Packaging Covenant Sustainable Packaging Guidelines, in particular embedding PIQET Life Cycle Assessment tool into Australian new product development process
- Monitor and report on annual product quality targets
- Incorporate Ethical Procurement Code into supply practices
- Introduce new ‘Food safety & hygiene’ training program

5 YEAR HIGHLIGHTS

2006

Introduced a 24-hour complaint line, markedly reduced the number of product complaints over the year

Improved sparkling bottle design to improve product performance

Renewed our commitment to participate in the National Packaging Covenant

Released Foster’s ‘Grower Relations Handbook’ to provide information on key issues such as fruit quality, contracts and environmental issues

2007

Introduced a review of and engagement with suppliers on environmental and social performance

Extended our portfolio of reduced carbohydrate, calorie and alcohol beverages

Developed a Global Food Safety and Quality Manual

Case Study

Packman Project

In 2009 Foster's began the Packman project to review Foster's entire packaging portfolio. As part of this the environmental impact of each packaging combination is being estimated and then considered across the dimensions of greenhouse gas emissions, energy consumption, water consumption and waste production. The PIQET tool is being used to determine these impacts. The Packman project will continue into 2011.

Customer Satisfaction

Target Reduce complaints (critical and non-critical) by 30% by end 2011.

A key measure of our performance is the number of customer complaints received. We measure two types of complaints – critical and non-critical. 'Critical' include product defects or issues that have the potential to cause harm or injury to people or risks to Foster's business. 'Non-critical' are those that are not deemed to be reportable but still measured and reported. We continue to see a reduction with all complaints down 38.9% on 2008 actual and 24.3% on 2009 actual.

Packaging

Foster's has been a signatory and active member of the National Packaging Covenant (NPC) for NPC1 and NPC2. We continue our involvement in packaging stewardship with the move towards the Australian Packaging Covenant.

In 2010, we conducted an analysis of our top 12 suppliers by volume (sales) of packaging combinations to establish an environmental footprint benchmark for these combinations.

In 2009, our most recent National Packaging Covenant reporting year, we reduced the weight of packaging sold into the marketplace by 1.5% on a packaging per product ratio.

Food Safety and Quality

The Food Safety and Quality Manual (FSQM), launched in 2008 continues to advise the management of product health, safety and quality. The manual sets out expectations for our sites to ensure we deliver safe, high quality and best value products to customers and consumers.

This year we audited all Foster's sites for compliance to the FSQMS.

As we strive for 100% compliance to our FSQMS, we are pleased to report a 4.54% compliance improvement in the year on our 2008 baseline.

Product Lifecycle

Product stewardship refers to the integration and active management of the health, safety, quality and environmental impacts of product lifecycles. We assess these impacts and our compliance to standards via compliance to our own Food Safety and Quality Management System (FSQMS), procurement sustainability program, and Customer Supply Chain Manual.

Our Suppliers

Foster's seeks to embed sustainability in supplier management as follows:

- Strategic sourcing / Request For Proposal (RFPs)
- Category management
- Foster's Ethical Procurement Code

Strategic Sourcing

Foster's requires each Request for Tender to include sustainability related criteria designed to assess what activity each potential supplier is taking in regard to reducing greenhouse gas emissions, energy use, water use, waste production and in complying with the standards contained in the Foster's Ethical Procurement Code. The suppliers performance on these criteria is assessed as part of the tender evaluation process with sustainability criteria weighted at approximately 10% to 11% of the total score available to a supplier. In Australia, packaging related suppliers are also investigated as to their ability to provide Foster's with packaging that contains recycle content and also about their membership of the Australian Packaging Covenant.

Category Management

Foster's Category Managers are now encouraged to initiate discussions with each supplier, about activities undertaken to achieve the minimisation of greenhouse gasses, energy use, water use, waste production and their compliance with Foster's Ethical Procurement Code standards.

Ethical Procurement Code

Foster's Ethical Procurement Code is used in the selection and management of its suppliers. It covers:

- non-use of forced and child labour;
- ensuring employee health and safety;
- making sure working conditions, hours and benefits comply with international standards; and
- freedom of association and an environment free from discrimination.

The Code also requires suppliers to have environmental management systems in place.

In 2010, we also developed global material specifications for our key supplier categories being cardboard, glass, closures and cork.

Whilst all of our significant supplier agreements are in developed economies, the negotiation of a new supplier agreement in a developing economy will incorporate all elements of our procurement sustainability programs.

Although we are not guided by a formal policy requiring locally sourced products, the vast majority of our direct material supply (e.g. packaging, barley, hops, grapes) is sourced from the country within which production occurs. By legislation and industry practice, wine grapes are named by source on product packaging.

Sustainable supplier considerations also extend to our employee Travel Policy where sustainability considerations influenced Foster's recommended hotels.

2008

Established the Global Quality and Environment Leadership Team
Rolled out Global Food Safety and Quality Manual and related performance targets
Achieved a 23% reduction in product complaints globally
Completed carbon emissions analysis of typical beer and wine life cycle
Released Cascade Green – a 100% carbon offset beer

2009

Global audit tool developed to assess site for compliance with the Foster's FSQM
All 19 internally and externally managed warehouses assessed against the Customer Supply Chain Manual
Conducted life cycle assessment and release of Wolf Blass Green Label wine in PET
Reduction in packaging weight sold into the marketplace by 4.76%

2010

PIQET packaging tool now used on most common packaging types
Ethical Procurement Code now incorporated as standard item of all sourcing activity
Global audit toll rolled out to all suppliers
All Foster's sites audited for compliance against Food Safety and Quality management system



STEPHEN BRAUER, MD Treasury Wine Estates, Americas

"WE CONTRIBUTE THROUGH PROGRAMS DESIGNED TO POSITIVELY IMPACT ON OUR COMMUNITIES, THROUGH IMPLEMENTATION OF COMMUNITY ENGAGEMENT ACTIVITIES AND SUPPORT FOR RESPONSIBLE CONSUMPTION INITIATIVES."

STRATEGY/APPROACH

Foster's seeks to actively participate in and make a positive difference to the communities in which we live and work.

Our community contribution is focused in three core areas – wellness, culture and the environment. Through our Foster's in the Community program, we create engaging community partnerships, grant financial support to non-profit organisations and we continue to provide in-kind support to local community organisations.

Our people are active participants in our employee community programs through volunteering, workplace giving and our *You Care We Care* employee grants program.

In the community, we focus our support in three ways:

- Providing financial support to organisations through our Community Grants Program
- Creating engaging partnerships
- Providing financial and in-kind support for local, grassroots organisations

2010 HIGHLIGHTS

- Red Dust Role Models Community visits to Kintore in remote Australia
- Construction of Cascade Walking Track with Conservation Volunteers Australia and Hobart City Council
- Launch of Global Community Leadership Team
- Grant support increased for harm minimisation and alcohol rehabilitation programs
- Timely responses to international disasters in Chile, Samoa and Fiji

KEY INDICATORS

Total Community Investment

\$7.088 million

Employee volunteer hours

2,443 hours

Community contribution directed to wellness programs

89.91%

2011 ACTION PLAN

- Launch Cascade Walking Track in Hobart, Tasmania
- Increase support of responsible consumption programs
- Continue to increase employee involvement in Foster's Community initiatives and programs
- Increase awareness of responsible consumption initiatives to fund-seeking organisations



5 YEAR HIGHLIGHTS

2006

Launched Foster's in the Community in Australia and North America

Launched Foster's Community Grants program and external Advisory Committee

National sponsorship partnerships established with Conservation Volunteers Australia, The Alannah and Madeline Foundation, The Smith Family and Movember

2007

Extended the Foster's in the Community program to New Zealand and the UK

Foster's partnership with Red Dust Role Models enters its fourth year

Total community investment for the year is \$4,162,668

Approximately \$1 million in grants is awarded through the Foster's Community Grants Program

Community Engagement

Grants

Now in its fifth year, Foster's Community Grants program is designed to support innovative projects that make a real difference to local communities. Projects focusing on wellness, including initiatives directed towards alcohol-related rehabilitation, education and harm minimisation, have been prioritised. Other areas of funding focus on culture, the arts and the environment. To date, Foster's has awarded more than 130 grants to the value of \$4m to non-profit groups across Australia and North America. In 2010, 9 of the 33 Foster's Community Grants awarded went to alcohol related health initiatives – representing 31% of the total grants funding pool.

Organisations supported this year have included St Vincent's Gorman House, Environment Victoria, Odyssey House, Katherine Regional Arts, Ted Noffs Foundation, SecondBite, Los Angeles Regional Foodbank and Habitat for Humanity. These groups have benefited from Foster's cash grants, enabling them to pursue a range of relevant and sustainable community projects in the areas of physical and mental health, including alcohol harm minimisation initiatives, the environment and the arts.

Partnerships

Each year our long standing partnerships with Red Dust Role Models and Conservation Volunteers Australia provide opportunities for our people to contribute to the broader community, gain an appreciation of the social capital created by community groups and garner insights into effective teamwork.

Through our community partners, we are constantly looking for opportunities to strengthen and deepen our levels of engagement. We do this by creating genuinely sustainable community projects.

Conservation Volunteers Australia

Deepening our partnership with Conservation Volunteers (CVA), this year we commenced construction on the Cascade Walking Track at our Cascade Brewery in Hobart, Tasmania. Working in conjunction with CVA and Hobart City Council, the track will link the Cascade Gardens to Mt Wellington Park, enabling residents and tourists to walk from the docks to the top of Mt Wellington, uninterrupted. The track has been designed by renowned designer John Hughes, who through his design, aims to give walkers the best experience whilst also conserving the track's natural and pristine environment.

The track is scheduled to open by the end of 2010, after 18 months of collaboration between Cascade, CVA and the Hobart City Council to bring the track project to life. An estimated 7000 volunteer hours will have been completed by December 2010 by more than 200 volunteers, including our own employees.



Cascade Brewery volunteers at work on the Cascade Walking Track

Red Dust Role Models

For the past six years, our Red Dust Role Models partnership has given employees the opportunity to participate in a cultural exchange program with remote indigenous communities in the Northern Territory including Kintore, Yuendumu, Areyonga, Milikapiti and Tiwi Islands. Through Red Dust, our people have been given the opportunity to work in these communities, encouraging education as a path to personal development and readiness for community leadership.

This year, we strengthened our partnership with Red Dust through a cultural exchange program run in Kintore with the aid of the Pintubi people. This unique opportunity allowed our people – from Australia, New Zealand and the Americas – to experience life in a remote town whilst gaining a more authentic understanding of what it means to be Pintubi. In collaboration with Red Dust and the Kintore community, we also filmed the stories of the Pintubi people – focusing on the return to their homeland 30 years ago. The footage, which recognises the importance of community and cultural diversity, will serve as an educational resource for the Kintore community.



Foster's employees are warmly welcomed by the Kintore community as part of Red Dust Role Models

2008

Total community investment increased to \$4.6 million
\$72,000 raised by employees for charity partner Movember supporting research into prostate cancer and mental health initiatives

2009

Launched the *Raise a Glass* Appeal, an Australian partnership between VB, the Returned and Services League (RSL) and Legacy raising more than \$1.1 million for welfare assistance programs
Provided timely and significant relief to victims of the Victorian Bushfire disaster
Launched Foster's Employee Volunteering Leave

2010

Expanded Red Dust Kintore Community visit program for employees
Construction of Cascade Walking Track
Launched Global Community Leadership Team
Grant support increased for harm minimisation and alcohol rehabilitation programs
Timely response provided to international disasters

Employee Involvement

Since 2005, our people have supported the formalised Foster's in the Community program, enabling them to contribute to community causes via diverse initiatives including *You Care We Care* – our employee grant program, Workplace Giving, Volunteering and Foster's Matched Giving. In 2010, our people raised \$284,000 for charity and volunteered more than 2,440 hours for community groups across Australia, the United States, New Zealand, and the UK. Read on to find out more about our people and their community initiatives.

Our people in Australia

We encourage our people to become involved with many charities in the areas where we live and work. In Melbourne, over 100 of our employees volunteered for FareShare, a food rescue service provider that aims to make over 1 million meals per year for disadvantaged people. Our employees were also behind the in-kind support provided to FareShare by way of a forklift from our nearby Abbotsford brewery plant, which allowed the charity to increase their capacity to accept and distribute greater quantities of raw ingredients to make into meals.



The Wolf Blass Wheelies from Foster's EMEA raised 10,000 for the Dallaglio Foundation by participating in a long distance bike riding challenge

Our people in the Americas

In February 2010, an earthquake measuring 8.8 on the Richter scale occurred off the coast of the Maule Region of Chile, directly affecting our business and its employees. One employee, Carlos, was impacted significantly.

Through our employee payroll giving program and matched corporate contribution, Americas employees contributed over \$7,000 to help the families of six colleagues impacted by the disaster. Thanks to their help, Carlos' family has been able to reconstruct their home and start to rebuild their life.



Case Study

Europe, Middle East and Asia November

In the past 12 months, our support for November went global, with VB gifting more than \$300,000 in-kind publicity to the November cause, helping raise the charity's profile globally. In what was an Australian first, VB offered the charity prime placement on the VB Kangaroos Rugby League jersey during one of the Four Nations matches played in France in November 2009. Our employees, together with the VB Kangaroos team, raised more than \$20,000 for November and men's health.

Workplace Mo's on display at Foster's during November

Our people in EMEA

In February 2010, legendary English rugby player Lawrence Dallaglio took part in a major fundraising cycle event during the RBS Six Nations that saw him cycle from Rome to Murrayfield in Edinburgh, taking in the national rugby stadia in Paris, Twickenham, Cardiff and Dublin along the way, on behalf of the Dallaglio Foundation.

Dallaglio was on his bike for 24 days and covered over 2,800 kms, raising £1 million for cancer research. Foster's EMEA are proud supporters of Lawrence's challenge and helped raise £10,000 towards his total goal. A team of eight aptly titled the Wolf Blass Wheelies embarked on a leg of the journey with Lawrence and raised funds through sponsorship.



FareShare, Foster's Community Grant recipient is a leading charity that rescues quality food and redistributes it to people in need



Raise a Glass Appeal

The VB *Raise A Glass* Appeal entered its second year in 2010, raising \$1.29 million for the Returned and Services League (RSL) and Legacy. As VB's flagship community partnership, the Appeal aims to strengthen the impact of RSL and Legacy welfare programs.

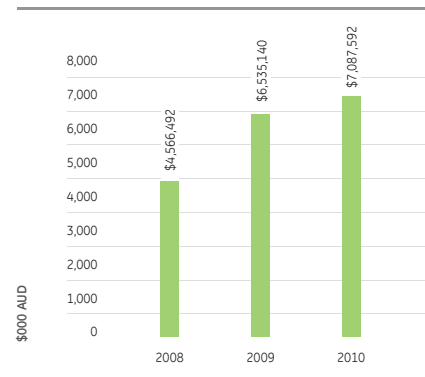
Developed in 2009 by the RSL National Executive, the Legacy Coordinating Council and VB, the Appeal provides funding for practical and emotional assistance to serving and ex-service men and women and the families of fallen veterans.

In the month of April, VB donated \$1 million, in addition to proceeds from the donation by VB of more than 700 kegs to pubs and clubs on ANZAC Day which went directly to the Appeal.

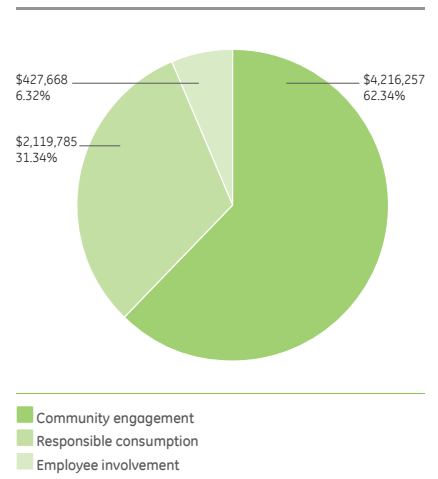
A series of TV commercials designed to raise awareness and encourage the public to donate to the Appeal was re-launched in addition to hundreds of tribute stories from people across Australia shared online.

Last year's Appeal allowed Legacy, which cares for 120,000 widows and 1,900 children across Australia, to extend its personal alarm program to 2,000 elderly widows, in turn providing 24 hour emergency medical care. The funds raised from the Appeal also enabled the RSL to continue its aged-care and support programs for all serving and ex-service men and women.

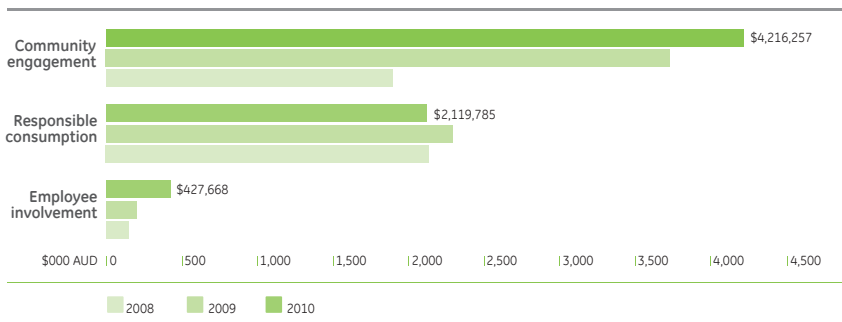
Total community investment (inc. management costs)



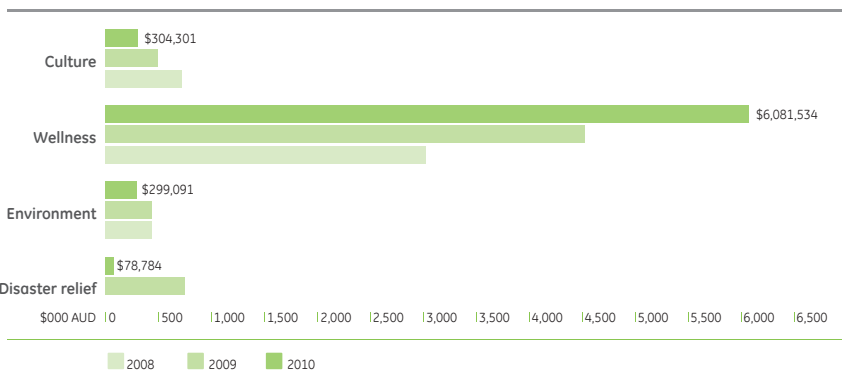
Community Investment by activity 2010



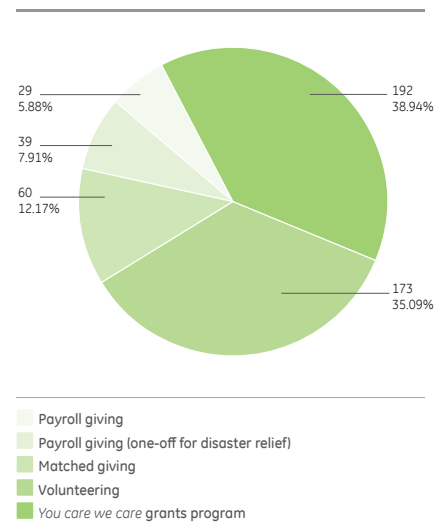
Community investment by activity – year-on-year



Community Investment by focus area – year-on-year



Employee Involvement by program 2010





PETER JACKSON, MD Treasury Wine Estates, Europe, Middle East and Africa

"THE PATHWAY TO SUSTAINABILITY IS ENABLED BY KNOWLEDGEABLE AND COMMITTED PEOPLE AND ORGANISATIONS. IT IS VITAL TO BUILD CAPACITY AND SHARE INFORMATION FOR US ALL TO BENEFIT AND BECOME TRULY SUSTAINABLE."

STRATEGY/APPROACH

Our approach focusses on engaging suppliers, customers, employees and other stakeholders to promote a more sustainable future.

Achieving real improvement in the sustainability of our business takes more than just improving our own activities. Through issue and industry leadership, by advocating change and by working with the many stakeholders who form part of our broader operating environment, we strive to significantly improve overall sustainability outcomes.

There are three main ways in which we influence change – engaging and motivating our own people, working with our suppliers to drive improvements and understanding and influencing our marketplace, our customers and peers.

2010 HIGHLIGHTS

- Maintained Gold Rating on Corporate Responsibility Index (CRI)
- Continued partnership with Greenfleet to offset Foster's vehicles and air travel
- Leadership, membership and support of industry and peak bodies
- Maintained inclusion on FTSE4Good Index
- Supported a major research project on sustainable transport

KEY INDICATORS

Corporate Responsibility Index Rating

90.4%



Maintained inclusion in FTSE4Good Index



Shared knowledge with industry partners



2011 ACTION PLAN

- Maintain Foster's position as a leader in corporate responsibility
- Increase knowledge sharing and participation in external sustainability forums

5 YEAR HIGHLIGHTS

2006

Launched inaugural Foster's Sustainability Report, first major Australian alcohol beverages company to do so

Publicly disclosed Sustainability Action Plan including transparent evaluation of performance against targets

Adopted Global Reporting Initiative (GRI) Guidelines to benchmark sustainability disclosure

2007

Recognition by water authorities and environmental organisations of our water saving innovations at the Yatala and Abbotsford Breweries and for our wine production processes

Voluntary offsetting of emissions from Australian business related travel through Greenfleet

Developed 'Wine Water Usage Facts' for reducing water use in wine operations

Corporate Responsibility Index

Foster's has participated in the annual Corporate Responsibility Index (CRI) since inception in Australia in 2004. In that time, Foster's performance score has moved from the inaugural 65.2% to an industry leading level of 90.4% in 2010.

The annual survey process enables the business to evaluate and benchmark important corporate responsibility considerations within the areas of Community, Environment, Marketplace and Workplace. Feedback from the process and our own internal review then influence our sustainability action plan going forward. In the most recent survey, Foster's was commended for the increased commitment to corporate responsibility leadership by the Group Executive and greater scope of public reporting on corporate responsibility. Foster's feedback report including notable points and opportunities for improvement is available on the Foster's Group website under Sustainability.

Building a sustainable workplace and supply chain

Building on efforts from previous years, in 2010 we continued to provide specific training for employees on key areas of sustainability. The process is managed by functional and subject matter experts responsible for the policy, management and delivery of programs and priorities.

Importantly, our own internal standards are now being extended to our suppliers. Covered in more detail in the Product Stewardship section of this report, our approach to suppliers now includes compulsory consideration of financial, capability and sustainability criteria. The Ethical Procurement Code is now well established along with audits of suppliers on a range of best practice indicators.

Sharing knowledge/resources with industry partners and not-for-profits

We are an active contributor to, or participant on, a number of relevant industry bodies, including:



Facilitating capacity building workshops

Since 2006, Foster's have maintained annual community grants to a number of not-for-profit organisations in Australia and North America. In addition to much needed funds, we have co-facilitated capacity-building workshops at Foster's for charity and community groups, including presentations from Foster's internal specialists. In the last year, we held corporate, business and sustainability workshops for Centre for Sustainability Leadership Scholarship winners and Cavill & Co along with regular sessions for industry peers and fellow London Benchmarking Group members on community investment.

- The Australian Wine and Brandy Corporation, Australia;
- The National Packaging Covenant (signatory), Australia (now APC);
- The Packaging Stewardship Forum, Australia;
- The Sustainable Agricultural Initiative Platform, Australia;
- Drinkwise;
- The Winemakers' Federation of Australia, Australia;
- The Californian Wine Institute, USA;
- The London Benchmarking Group on community investment, Australia;
- State and federal branches of the Australian Hotel Associations;
- The Australian Food and Grocery Council; and
- The Brewers Association of Australia and New Zealand.

Greenfleet support continues

Since calendar 2006, Foster's have contributed more than \$250,000 to Greenfleet, which has planted more than 100,000 trees to offset emissions from business air travel and tool of trade vehicles.



SAI water foot-printing project

Foster's co-funded a program with CSIRO and the Sustainable Agriculture Initiative (SAI) to develop a method for measuring the use and environmental impacts of water used in crop production "From Paddock to Plate".

The six-month project aimed to provide insights to SAI Platform members about the potential sustainability related impacts on water resources using Australian grains sourced from various geographic areas.

The methodology was tested for wheat, barley and oats in a case study in New South Wales.

The resulting paper published in Global Environmental Change - Human and Policy Dimensions describes world's best practice initiatives.

Foster's has subsequently analysed how the outcomes of this project can be applied more directly to Foster's barley and viticulture supply chains.

For more information see www.csiro.au/science/water-footprinting.html

2008

- Achieved Gold Rating on Corporate Responsibility Index (CRI)
- Leadership, membership and support of industry and peak bodies
- Sponsored major research project on consumer attitudes to climate change
- Launched Foster's Sustainable Living Guide for all employees

2009

- Improved performance – maintaining Gold Rating on Corporate Responsibility Index (CRI)
- Cascade Brewery was a finalist in Banksia Awards
- Increased leadership, membership and support of industry and peak bodies
- Sponsored a major research project on charitable investment

2010

- More than 100,000 trees planted by Greenfleet, voluntary offset funded by Foster's for vehicle and air travel emissions since calendar 2006
- Maintained inclusion on FTSE4Good Index
- Supported a major research project on sustainable transport
- Contributed to capacity building of numerous not-for-profits

2011 Action Plan

Priority	Action
	Develop business unit specific sustainability issue analysis
	Establish business unit leaders as champions for sustainability
	Expand stakeholder engagement program
Responsible consumption	Maintenance of responsible marketing standards, ensuring all advertising and marketing materials respect community attitudes
	Develop appropriate awareness and education campaigns with our sporting partners
	Continue innovation in lower alcohol, calorie and carbohydrate products
	Expand support for alcohol harm minimisation initiatives through company community grants program
People & safety	Development of identified talent through implementation of new leadership pipeline programs
	Building the employee story through enhancement to careers website and internal communications to improve the attraction to Foster's as a preferred employer
	Strengthening employee engagement
	Continue to build commercial capability
	Continued focus on critical controls in place for our high consequence hazards – including ammonia and forklifts – overseen by OHS Council
Energy, water and climate change	Commence execution of CUB and TWE environment strategies
	Deliver on final year of 4 year water and energy efficiency reduction targets
	Benchmark our operations against our environmental performance matrix
	Engage our employees through role specific & relevant environmental awareness training
Operational waste	Deploy Waste Management Package across our Treasury Wine Estates ANZ operations
	Review 2010 baseline volumes globally and target 5 waste types for improvement
	Include waste management requirements in selected supplier agreements
Product stewardship	Trial of Foster's key suppliers to establish a basket of environmental indicators to benchmark improvement targets
	Implementation of the new Australian Packaging Covenant Sustainable Packaging Guidelines, in particular by embedding PIQET Life Cycle Assessment tool into Australian new product development process
	Monitor and report on annual product quality targets
	Incorporate Ethical Procurement Code into supply practices
	Introduce new 'Food Safety & Hygiene' training program
Community contribution	Launch Cascade Walking Track
	Increase support of responsible consumption programs
	Continue to increase employee involvement in Foster's Community initiatives and programs
	Increase awareness of responsible consumption initiatives to fund seeking organisations
Leadership and advocacy	Increase knowledge sharing and participation in external sustainability forums
	Where possible, contribute to capacity building for community and environmental groups

Information & Contacts

Annual General Meeting

The Annual General Meeting of Foster's Group Limited was held on Tuesday 26 October 2010, at 10:30am at the Palladium at Crown, Level 1, 8 Whiteman Street, Southbank, Victoria, Australia.

Internet

www.fostersgroup.com

2010 Sustainability Report

This Sustainability Report has been prepared as a general business overview and does not, and should not be expected to, provide a detailed understanding of Foster's Group Limited's financial performance, financial position or financing and investing activities. Financial commentary within this review has been derived from the Foster's Group Limited Annual Report for the year ending 30 June 2010.

The information contained in this report refers to the financial period 1 July 2009 to 30 June 2010 and updates the 2009 Sustainability Report.

Data has been collated for the global business, unless otherwise stated, by subject matter experts. Foster's has updated a number of data capture

systems and factors/protocols this year resulting in altered past data and/or anomalies. Data reported here may differ from that reported elsewhere due to variation in reporting scope. Any material differences have been identified within the relevant chapter of this report.

A copy of the Foster's Group Limited Annual Report is available from the Foster's website at: www.fostersgroup.com or please contact: investor.relations@fostersgroup.com or the registered office via the address details provided.

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Foster's Annual Report 2010 is available from the Foster's website www.fostersgroup.com

Foster's Sustainability Report 2010 will be available from the Foster's website in November 2010. www.fostersgroup.com/sustainability.aspx

Foster's Group Limited
ABN 49 007 620 886

GRI Index

The Global Reporting Initiative (GRI) provides applicable guidelines that set out economic, social and environmental indicators for organisations to report against. Foster's has prepared the 2010 Sustainability Report in line with these guidelines.

This year, Foster's has reported against all core GRI indicators, and a number of additional indicators that are material to our business. The disclosures we make in the report are in line with the GRI's "A" application level.

The table below provides the page reference for each of the performance indicators that have been used to prepare this year's report. A complete index of the G3 guidelines including the Profile Disclosures, Management Disclosures and an explanation of the core indicators not reported against can be found at www.fostersgroup.com/sustainability.aspx

Report Section	GRI Indicator Group	GRI Indicators	Page Reference
Sustainability Data and Policy Snapshot	Economic Indicators	EC1, EC9	5, 5
	Labor Practices and Decent Work Indicators	LA13	5
Governance	Social Indicators	SO6	3
Responsible Consumption	Economic Indicators	EC8	6-9
	Social Indicators	SO1	6-9
	Product Responsibility Indicators	PR1, PR2, PR3, PR6, PR7	7, 7, 6, 6-9, 6-7
People and Safety	Economic Indicators	EC3, EC7	12, 14
	Labor Practices and Decent Work Indicators	LA1, LA2, LA3, LA4, LA5, LA7, LA8, LA11, LA13, LA14	14, 14, 12, 14, 12, 14-15, 12, 12, 14, 14
	Human Rights Indicators	HR3, HR5, HR6, HR7	14, 14, 14, 14
	Social Indicators	SO3	14
Energy, Water and Climate Change	Economic Indicators	EC2	17
	Environmental Indicators	EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN16, EN17, EN18, EN25, EN16	19, 19, 16-19, 17 & 21, 19, 20, 19, 20, 20-21, 20, 20-21, 18, 18, 18-21, 20, 17-21
Operational Waste	Environmental Indicators	EN1, EN22, EN27	22, 22, 23
Product Stewardship	Economic Indicators	EC6, EC9	25, 5
	Environmental Indicators	EN27, EN29	25, 25
	Human Rights Indicators	HR2	25
	Product Responsibility Indicators	PR1, PR3, PR5	25, 25, 25
Community Contribution	Economic Indicators	EC8	26-29
	Environmental Indicators	EN13	27
	Social Indicators	SO1	26-29
Leadership and Advocacy	Social Indicators	SO5	31



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