

2012



TREASURY  
WINE ESTATES

# UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS



## Statement of Support

It is my pleasure to present to you our *2012 United Nations Global Compact Communication on Progress* detailing our continued commitment to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company.

Since our inception in May 2011 we have embarked on an ambitious journey to better understand the social and environmental sustainability of our business and value chain. We have established a set of Guiding Principles to lead our Corporate Social Responsibility efforts, and have defined programs to manage these risks and realise the commercial advantage leadership in this area creates.

We continue to collaborate with business and industry peers and partners actively leading discussion, debate and projects which advance the broader development goals of the United Nations.

I invite you to read through our recent achievements detailed here, and encourage you to provide your thoughts and feedback on our progress to date.



**David C. M. Dearie**

Chief Executive Officer



# **We will be recognised as the world's most successful and celebrated wine company**

**As a source of pride for our communities, in careers for our employees, in profits for our partners, in returns for our owners, and in enjoyment for our consumers**

Treasury Wine Estates (TWE) is a unique global wine company with a leading international portfolio of new world wines. Our brand portfolio includes Penfolds, Lindeman's, Wolf Blass, Rosemount, Beringer, Gabbiano, and Matua, to name a few.

Head quartered in Melbourne, Australia we hold over 11,000 hectares of vineyards, generate sales of approximately 32 million cases of wine annually, and revenues in the order of AU\$1.6 billion. TWE employs more than 3,500 winemakers, viticulturists, sales, distribution and support staff across 16 countries.



## Global Compact Principles

Activities TWE has undertaken over the previous 12 months to further our commitment to the UNGC Principles within our business are detailed in the tables below. Our commitment to these Principles is also reflected in our broader [Corporate Social Responsibility Program](#). An overview of this program and our current objectives and targets has also been provided.

<b>HUMAN RIGHTS</b>	<b>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights and Principle 2: make sure that they are not complicit in human rights abuses.</b>
<p><b>Our Approach:</b></p> <p>TWE values and respects the diversity of our employees and are committed to creating an inspiring workplace where everyone is treated equally and fairly, in which no-one is discriminated against in any way on the basis of characteristics such as gender, age, race, religion, sexual orientation or marital status, and in which no-one is subject to or commits any act of harassment. These expectations are detailed in our <a href="#">Code of Conduct</a> and within our <a href="#">Diversity &amp; Inclusion Policy</a> available on our website. Most recently, TWE launched the Diversity Council to further our inclusive workplace objectives.</p> <p>Our company owned and operated vineyards and wineries are not located in regions considered at high risk of human rights abuses. In 2012 TWE launched its Responsible Procurement Code which details TWE's expectations of its suppliers in relation to social and environmental practices. The Responsible Procurement Code (<a href="#">hyperlink</a>) articulates our commitment to the United Nations Global Compact, and conducting business in accordance with the highest ethical standards and internationally proclaimed human rights. It launched follows a detailed risk assessment of our global supply chain to better understand the social and environmental compliance and stewardship practices of our key suppliers globally. The outcomes of this assessment are now integrated within our sourcing processes.</p>	
<p><b>Achievements in 2012:</b></p> <ul style="list-style-type: none"><li>• Established the TWE Diversity Council to further our commitment to an inclusive and diverse workplace</li><li>• Launched the TWE Responsible Procurement Code</li></ul>	

<b>LABOUR</b>	<b>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</b> <b>Principle 4: the elimination of all forms of forced and compulsory labour;</b> <b>Principle 5: the effective abolition of child labour; and</b> <b>Principle 6: the elimination of discrimination in respect of employment and occupation</b>
<b>Our Approach:</b> <p>TWE operates under a range of processes and procedures that ensure our workplaces meet recognised labour standards and ethical processes. Our company owned and operated vineyards, wineries and packaging centres are located in regions governed by sound labour laws and standards which are reflected in our employee and contractor agreements and workplace conditions. The safety of all who visit TWE locations is governed by our <a href="#">Occupational Health and Safety Policy</a>, which outlines our goal for zero harm or injury to our employees, contractors, visitors and others who visit our operations.</p> <p>In 2012 we commenced a review of the Business Social Compliance Initiative (BSCI) Code of Conduct, developing a set of guidelines and fact sheets to accompany our Responsible Procurement Code and supporting processes. The BSCI Code strongly aligns with the UNGC Principles and provides further support to key suppliers on our expectations for labour practices, workplace safety, environmental management, legislative compliance and employment conditions.</p>	
<b>Achievements in 2012:</b> <ul style="list-style-type: none"><li>• Completed a review of the BSCI Code of Conduct developing a set of supporting guidelines and fact sheets</li></ul>	

<p><b>ENVIRONMENT</b></p>	<p><b>Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies</b></p>
<p><b>Our Approach:</b></p> <p>As a premium wine producer and landholder of over 11,000 hectares of vineyards, TWE has a deep and intrinsic link to agriculture. The long term sustainability of our business is dependent upon sound management practices guiding our interactions with the environment and communities. Environmental sustainability is a core priority within our CSR program and sees activity within our direct operations, across our supply chain and the marketplace.</p> <p>TWE has a business wide Health, Safety and Environment Management System (HSEMS) which comprises a set of 17 standards governing workplace health, safety and management of the local environment. Our approach to responsible environmental management is addressed within our <a href="#">Environment Policy</a>. Our company facilities are audited by our internal audit team annually for adherence to these standards, with results reported through to our Board and Global OHS Council monthly.</p> <p>Our web-based Environmental Performance Metrics database is used by our wineries, vineyards and packaging centres globally to track and report over 90 environmental metrics. Consumption of energy, water, chemicals and generation of wastes and carbon emissions are reported by our facilities monthly and reviewed by regional teams quarterly. Metrics are reported annually in the CSR section of our annual report.</p>	
<p><b>Achievements in 2012:</b></p> <ul style="list-style-type: none"> <li>• Provided sustainability training to grower partners ensuring that the majority of Australian intake fruit volume is covered by such practices</li> <li>• Achieved 100% third party sustainability certification for company owned and operated vineyards and wineries in Australia, New Zealand and California</li> <li>• Completed Scope 3 carbon emissions footprint of our Australian business</li> <li>• Implemented an online environmental assessment of packaging tool &amp; completed assessment of existing packaging in Australia</li> <li>• Extended our partnership with the South Australian Murray Darling Basin Natural Resource Management Board for the Markaranka Flat Wetland Complex in Waikerie South Australia, providing further water for improving environmental flows and trialling water-efficient drippers</li> <li>• Nominated as a Finalist in the 2012 Australian Banksia Awards in the category of Leading in Sustainability for Large Organisations</li> <li>• Launched our first CarboNZero™ wine – Squealing Pig Sauvignon Blanc and Pinot Noir</li> <li>• Showcased our environmental sustainability achievements (<a href="#">insert link</a>) and those across CSR more broadly (<a href="#">insert link</a>) to our employees and the general public</li> </ul>	

<b>ANTI-CORRUPTION</b>	<b>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</b>
<b>Our Approach:</b> <p>Treasury Wine Estates is committed to not only complying with the law in each country in which it operates, but also conducting business in accordance with the highest standards of ethical conduct. Our expectation for employee conduct is detailed in our <a href="#">Code of Conduct</a>. TWE’s policy relating to fraud, anti-corruption and bribery are detailed in the Fraud and Corruption Policy, while potential conflicts of interest are governed by the <a href="#">Conflicts of Interest Policy</a>. The TWE <a href="#">Share Trading Policy</a> addresses potential areas of concern relating to insider trading, while our approach to continuous disclosure is described within the <a href="#">Disclosure Policy</a>.</p>	
<b>Achievements in 2012:</b> <ul style="list-style-type: none"><li>• Launched the TWE Fraud and Corruption Policy</li><li>• Training to employees regarding TWE policies on bribery and corruption, and governance and legal matters more broadly</li></ul>	

## Corporate Social Responsibility Overview

Our commitment to the social and environmental sustainability of our business, incorporating the Global Compact Principles, is reflected in our [Corporate Social Responsibility \(CSR\) Guiding Principles](#). Our five-year CSR strategy launched in 2012 details specific measurable objectives and targets, and concentrates efforts across four strategic priorities, that fully reflect the scope of our CSR programs and which pragmatically manage social and environmental risks:

**Sustainability** - addressing issues including climate change, carbon pricing, and the environmental impacts of our direct operations.

**Responsibility** - looking at the responsible consumption of wine/alcohol and the health, safety and workplace issues within our own operations, including those impacting our supply chain and communities.

**Governance** - oversight of our CSR programs and how we engage our business and external stakeholders; and compliance with applicable environmental and social regulations.

**Commercial** - leveraging the commercial and brand value our CSR programs can deliver, and the environmental and ethical practices of our suppliers and commercial partners

## Governance

The Global Corporate Social Responsibility Council is chaired by David Dearie our CEO, and convened by our Group Manager Corporate Social Responsibility. It comprises a further eight senior and executive representatives from our geographies and operations globally. This includes our Managing Director – Asia, Managing Director – Lindeman's, Chief Supply Officer and Chief Legal Counsel all of whom sit on our Executive Leadership Team.

Our employee and contractor related workplace health, wellness and safety issues are overseen by our Occupational Health & Safety (OH&S) Council.

The Human Resources Committee of the Board is responsible for overseeing TWE's human resources strategy, including remuneration, workplace policies and diversity. In 2012 we established our CEO-led Diversity Council to further drive and develop our employee facing diversity programs.

## Objectives & Targets

A number of programs and initiatives have been established to embed our CSR Guiding Principles throughout our business. The following objectives and targets were established to guide efforts for FY13. Progress against our targets is reported on our website and within our Annual Report.

([www.tweglobal.com](http://www.tweglobal.com))

Sustainability			Responsibility	
Objective	FY13 Target		Objective	FY13 Target
<b>Third party sustainable certification for company owned vineyards &amp; wineries in ANZ and USA</b>	100% <sup>1</sup> by 30 June 2013		<b>Enhance positive OHS culture</b>	Achieve RCIFR of 10 <sup>2</sup> .
<b>Ongoing improvements in resource efficiency</b>	Regions to continue with resource efficiency programs:  USA – targeting 30% water & energy efficiency improvement by 30 June 2014 against the 1 July 2011 baseline ANZ – focussed on implementation of resource efficiency projects to improve efficiency against 1 July 2012 baseline		<b>Support our Vintrepreneurs as agents of change in their communities</b>	Deliver \$1M value to our communities globally 12% volunteering participation rate
<b>Implementation of Responsible Procurement Code &amp; Process focussing on environmental practices of suppliers</b>	Adoption of Responsible Procurement Code and processes across key suppliers globally		<b>Implementation of Responsible Procurement Code &amp; Process focussing on the social practices of our suppliers</b>	Adoption of Responsible Procurement Code and processes across key suppliers globally
<b>Assess the environmental impact of our packaging</b>	Implementation of global assessment process across current and new product development		<b>Promote the responsible consumption of alcohol</b>	Drive awareness and education on responsible consumption with internal and external audiences  Deliver and embed Socially Responsible Marketing Guidelines within our internal processes

<sup>1</sup> Wineries within the scope of the target are those producing more than 5,000 gallons of wine per year

<sup>2</sup> The RCIFR is a rolling rate based on the number of recordable case injuries against the number (millions) of man-hours worked

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Governance			Commercial	
Objective	FY13 Target		Objective	FY13 Target
<b>Diversity Council</b>	Diversity Council to prioritise and drive progress against nominated objectives		<b>Implement project evaluation tool measuring improvements across safety, innovation, community &amp; environment in addition to financial return</b>	Evaluate benefits of relevant capital projects
<b>Undertake external CSR stakeholder engagement survey</b>	100 stakeholders globally surveyed on TWE's CSR strategy & objectives		<b>Improve investor environment social governance (ESG) communications</b>	5% improvement in FTSE4GOOD rating Improved score on Carbon Disclosure Project submission
<b>Develop CSR Lead Indicator Tool based on Global Reporting Initiative (GRI) metrics and undertake benchmarking exercise</b>	Achieve GRI C level rating			

For further information on our Corporate Social Responsibility efforts

visit [www.tweglobal.com/about/corporate-social-responsibility/](http://www.tweglobal.com/about/corporate-social-responsibility/)

or contact [csrprogram@tweglobal.com](mailto:csrprogram@tweglobal.com)