

# FOSTER'S SUSTAINABILITY REPORT 2007

Foster's Group Limited Sustainability Report 2007



# OUR COMPANY

At Foster's we have a simple vision – to be one of the world's great drink companies. We own, market and distribute an international portfolio of beer, wine, spirits, cider and non-alcohol brands and our products are sold in more than 155 countries. We continually improve our practices to ensure we minimise negative impacts and maximise the positive social, environmental and economic outcomes of our business operations.



**Americas**  
**NSR<sup>1</sup> \$1.2 billion**  
**EBITS<sup>2</sup> \$254 million**

## Australia, Asia & Pacific

Employee Numbers <sup>3</sup> :	5,317
Sales volume (9L cases)	
Beer	107.5m
Wine	11.7m
Other	6.9m
Total	126.1m
Wineries	14
Breweries	6
Other facilities	5
Vineyard holdings	11,846 hectares

## Americas

Employee Numbers <sup>3</sup> :	1,386
Sales volume (9L cases)	
Beer	5.8m
Wine	19.9m
Total	25.7m
Wineries	6
Vineyard holdings	3,889 hectares

## Europe, Middle East & Africa

Employee Numbers <sup>3</sup> :	203
Sales volume (9L cases)	
Beer	1.3m
Wine	9.4m
Total	10.7m
Wineries	2
Vineyard holdings	237 hectares

1. Net Sales Revenue.

2. Continuing Operations Earnings Before Interest, Tax and SGARA.

3. End August 2007.

## Financial highlights 2007

### Fully franked dividend

Final 13.00 cps

Total 23.75 cps

### Net sales revenue

\$4,555.2 million

### Net operating cash flow

\$747.3 million

### Net profit<sup>4</sup> \$716.1 million

Earnings per share<sup>4</sup> 35.6 cents

### Europe, Middle East & Africa

NSR<sup>1</sup> \$454 million

EBITS<sup>2</sup> \$82 million

### Australia, Asia & Pacific

NSR<sup>1</sup> \$2.9 billion

EBITS<sup>2</sup> \$870 million

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4. Net profit after tax and earnings per share are pre significant items and SGARA. Significant items include continuing material items, discontinued material items and gains or losses on sale of discontinued operations. SGARA refers to valuation adjustments required to vines and grapes in accordance with AASB141 'Agriculture'.

Unless otherwise stated, throughout this document 2007 refers to the year ended 30 June 2007 and all dollars are Australian dollars.



FROM THE CHIEF EXECUTIVE OFFICER

**'Unlike any period in my 32 years at Foster's, the last 12 months have demonstrated the clear and direct link between our sustainability activities and business success.'**

Trevor O'Hoy, Chief Executive Officer

Welcome to the 2007 Foster's Sustainability Report.

We were greatly encouraged by the feedback from our first report in 2006, and while we acknowledge many areas for improvement, we're proud of the progress we have made.

In this, our second report, we expand our coverage of key indicators and broaden the scope to encompass our global operations. We discuss the unique challenges we have faced over recent years and look towards the risks and opportunities ahead.

In the past year, we have also elevated accountability for sustainability strategy and performance to the Foster's Leadership Team, under my leadership. This will further entrench sustainability considerations into our core business decision-making.

In 2007, our efforts and achievements were once again recognised by leadership positions in the Australian Corporate Responsibility and global FTSE4Good Indices.

### **Our 2007 performance**

Unlike any period in my 32 years at Foster's, the last 12 months have demonstrated the clear and direct link between our sustainability activities and business success.

The huge integration task we have undertaken – initially with the purchase of Southcorp, but extending into fundamental organisational change across our business – has presented major challenges. We are now a very different company, structured as strong regional businesses, supported by an integrated global supply chain and with shared values enshrined in our 'ways of working'. These changes have impacted almost every aspect of our business and the complexity has taken a toll on engagement levels among our people. There is no greater challenge for our sustainability scorecard than reinvesting in our people and increasing engagement across our business.

As a major producer and consumer of agricultural output, Foster's is exposed to agricultural and climate risk throughout its supply chain. Recent climate conditions, including prolonged drought impacting most of our wine growing regions in Australia, have brought those impacts into stark relief. In this context, our significant achievements in the area of water-saving and reducing our carbon footprint are good business, and make good sense. In 2007, we have cut water use by a further 4.5 per cent and greenhouse gas emissions by 6.5 per cent per litre of beer produced. We have committed to a 10 per cent reduction in energy and water use over the next four years on a global per unit basis, on 2007 levels. We've also continued our push to reduce waste and offer packaging alternatives that reduce our environmental footprint.

The markets for our products are changing fast, offering some challenges and many opportunities to grow. We have invested behind efforts to encourage responsible consumption through the global roll-out of 'Enjoy Responsibly' guidelines, improved standard drinks labelling, alcohol marketing guidelines and support for programs targeted at curbing harmful drinking patterns. We have launched a number of reduced alcohol and low carbohydrate beers, wines and spirits, and invested behind their success.

Finally, we have continued our efforts to provide direct and lasting contributions to the communities in which we live and work, investing over \$4 million in community programs in Australia

and North America in 2007. Our programs increasingly focus on community support and health and wellbeing, with a steady shift towards those groups experiencing greatest disadvantage, including drought relief and remote indigenous communities in Australia and pathways for underprivileged youth in North America.

### Our priorities

We must continuously strive to meet and exceed higher expectations from our own people and from the communities in which we live and work. With clear accountability for outcomes and our action plan now residing firmly with our senior executive team, I'm confident we will continue the significant momentum we have built into 2008. Our 2008 Sustainability Action Plan will be endorsed over coming months by the Foster's Leadership team and published on the Foster's sustainability webpage.

Our 2007 Sustainability Action Plan, as presented below, provides a summary of progress against commitments made in last year's report. I encourage all stakeholders to monitor our progress and provide feedback on our performance and this report. Share your views by visiting [www.fostersgroup.com/sustainability](http://www.fostersgroup.com/sustainability). We look forward to hearing from you.

FOSTER'S SUSTAINABILITY ACTION PLAN 2007		
	ACTION	STATUS
<b>Our Approach</b>	Expanding membership of the Sustainability Taskforce to include representatives of Foster's non-Australian based businesses.	●
	Reviewing and consolidating Foster's Group core policies to ensure maximum global consistency, clarity and compliance.	●
	Ensuring Foster's Enterprise Risk Management framework adequately reflects non-market risks and ensuring these receive regular and appropriate Board and senior management attention.	●
	Reviewing Foster's stakeholder engagement activity and addressing any gaps.	●
	Seeking stakeholder feedback on initial Group Sustainability Report.	●
	Working towards a second year Group Sustainability Report which includes non-Australian based businesses and is independently audited.	●
<b>Our Marketplace</b>	Rolling out meaningful, culturally appropriate responsible internal drinking/marketing policies and activities in Foster's businesses where company-specific programs do not yet exist. Where these do exist, review and stress test processes and activities in consultation with stakeholders and improve where necessary.	●
	Integrating sustainability issues into supply chain, periodically review and engage with suppliers on environmental and social performance.	●
<b>Health, Safety and Environment</b>	Continuing our review of our Health Safety and Environment Management System to ensure weaknesses in process or policy are addressed.	●
	Extending, and making publicly available, meaningful targets for environment, community and workplace indicators to be incorporated into future reports to assist in assessing progress.	●
	Aligning legacy environmental data collection systems, implement an improved waste data collection system across the business.	●
	Analysing increases in emissions from ODS and introduce relevant controls.	●
	Implementing the Foster's Footprint program.	●
<b>Our Community</b>	Extending the Foster's in the Community program to New Zealand and the UK.	●
<b>Our People</b>	Undertaking an integrated staff engagement and education campaign to boost buy-in and compliance with core policies.	●
	Further developing and rolling out holistic and strategic staff engagement and culture change programs to boost staff satisfaction.	●

● Underway   ● Partially Complete   ● Complete   ● Ongoing

# OUR APPROACH

**At Foster's, we continually improve our practices to ensure we minimise negative impacts and maximise the positive social, environmental and economic outcomes of our global business operations.**

## **Sustainability governance**

The Foster's Board oversees sustainability progress and programs through Foster's enterprise-wide risk management system and Foster's Sustainability Taskforce:

- Foster's enterprise-wide risk management system (ERM) enables the identification, management and reporting of risk throughout the business. During the past year, we have continued to incorporate sustainability risks, including social, environment and economic risks, into this system.

Sustainability issues are captured through systems such as the Health Safety and Environment Management System (HSEMS) and the Reportable Issue System and entered into the ERM.

These issues are then communicated to Foster's Leadership Team (FLT) and incorporated into the overall business risk evaluation process. The Board's Compliance Committee, which meets quarterly, oversees the ERM system.

- Foster's Sustainability Taskforce is a dedicated team, responsible for driving progress against the Foster's Sustainability Action Plan. The taskforce reported to the Board, through the FLT, twice in 2007. Our Chief Executive, Trevor O'Hoy, became Chair of the Taskforce during 2007, highlighting the importance of sustainability to Foster's.

In 2008, the leadership and oversight functions of the Sustainability Taskforce will be assumed by the FLT. The escalation of sustainability to the FLT is intended to further embed the development of sustainability strategies, policies and positions directly linked to business strategy.

## **Sustainability and the way we work**

Foster's approach to sustainability is evident in the way our people go about their business. Our values-based Ways of Working (WOW) framework helps embed sustainability into our organisational culture and is supported by a defined set of behavioural priorities for all Foster's employees.

'Doing the right thing' in decision-making has been identified as one of the six key behaviours that support our WOWs. This behaviour requires all Foster's employees to behave with integrity, and this is reinforced in our performance management, people and leadership development processes. More information about our culture and WOWs can be found in the 'Our People' section of this report.

Ethical and responsible decision-making is also promoted through Foster's Code of Conduct and Whistleblower Policy. The Code of Conduct commits Directors, employees, contractors and consultants to not only comply with the law, but to conduct business in accordance with the highest ethical standards. As a global supplier of premium alcoholic and non-alcoholic beverages, we:

- promote the responsible consumption of our products;
- conduct business with integrity, honesty and fairness;
- value and respect diversity in a workplace where everyone is treated equally, regardless of their gender, age, race, religion, sexual orientation or marital status; and
- exercise high ethical conduct in observing the spirit and letter of our legal obligations.

Foster's became a signatory to the UN Global Compact in November 2005 and is committed to supporting the ten principles of the Global Compact in respect to human rights, labour rights, the protection of the environment and anti-corruption. A case study about our membership of the United Nations Global compact is included on page 23 in the 'Our People' section of this report.

Any breach of the Code of Conduct is a serious matter that may give rise to disciplinary action, including dismissal and legal action.

The Code of Conduct and Whistleblower Policy are outlined on pages 8 and 9 of our *2007 Annual Report* and on our website at [www.fostersgroup.com](http://www.fostersgroup.com).

## **Our stakeholders**

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

Examples of how we engaged with stakeholders on sustainability issues in 2007 include:

- annual community briefings for special interest groups and an online subscriber and feedback collection service;
- inviting stakeholders to share their views on Foster's 2006 Sustainability Report via an online survey;
- community consultation during site closures;
- employee 'Pulse Check' engagement survey (see the People Section of this report for further details);
- membership of, and participation in, sustainability forums, including the Carbon Disclosure Project and National Packaging Covenant;
- including relevant information about sustainability in analyst and investor briefings;
- Foster's monthly on-line sustainability update; and
- managing and responding to customer ideas, feedback and complaints via Foster's Consumer Relations team.

This year, we undertook a targeted stakeholder engagement process to collect feedback on our first sustainability report and identify material sustainability issues for future reporting. Internal experts and external stakeholders, including Foster's partners and leaders in the sustainability field, were invited to participate.<sup>1</sup>

1. We intend to expand the group of stakeholders included in this engagement in next year's report.

Encouragingly, a majority of the stakeholders surveyed believe that our sustainability performance is better than other food and beverage companies and believe sustainability-related communication from Foster's is 'very good'. Stakeholders also provided a clear indication of the gaps and areas for improvement. These include improving stakeholder input to sustainability reporting and expanding global business data, a process begun in this year's report. Foster's will continue to use stakeholder feedback to improve our sustainability reporting.

Risks and opportunities were also identified by our stakeholders. They highlighted responsible drinking and environmental concerns in the supply chain of Foster's products, particularly in relation to water and greenhouse gas emissions.

### Developing external benchmarks

As part of our commitment to continuous improvement, we participate in external benchmarking initiatives, including the Australian Corporate Responsibility Index (CRI), London Benchmarking Group and Dow Jones Sustainability Index. Participation provides feedback on our sustainability management systems and benchmarks our performance against best practice.

In 2007, we maintained our leadership position in the CRI and FTSE4Good Index. The St James Ethics Centre, responsible for the CRI in Australia, recognised Foster's performance in the 2007 CRI with a silver rating for the second consecutive year.

Further information:

- CRI <http://www.corporate-responsibility.com.au/>
- London Benchmarking Group <http://www.positiveoutcomes.com.au/page.asp?partid=240>
- FTSE4GOOD [http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/index.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp)

### Our approach to sustainability reporting

This report is Foster's second annual sustainability report and covers the period 1 July 2006 to 30 June 2007. External reporting is an integral part of the way sustainability at Foster's is managed and improved over time.

Foster's also supports the Australian Securities Exchange's (ASX) Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX guidelines) and we are committed to delivering best practice in corporate governance and transparency in reporting. The charters, codes and policies referred to in this statement can be found on the corporate governance section of our website ([www.fostersgroup.com](http://www.fostersgroup.com)) and are detailed on page 7 of Foster's 2007 Annual Report.

### Material issues

In addition to the issues identified by stakeholders described above, Foster's conducted in-depth interviews with internal experts to identify material sustainability issues for inclusion in this year's report. This process was guided by AccountAbility's 5-part materiality test<sup>1</sup> to identify issues that are relevant to:

- direct short-term financial performance;
- the company's ability to deliver on its strategy and policies;
- best practice norms exhibited by peers;
- stakeholder behaviour and concerns; and
- societal norms, particularly where linked to possible future regulation.

Issues captured via the ERM system and 'core' indicators outlined in the Global Reporting Initiatives G3 Guidelines also fed into this process.

Our report has been structured into the following chapters and addresses the key material issues in each of these areas:

- Our Approach;
- Our Market;
- Health Safety and Environment;
- Our People; and
- Our Community.

### Global Reporting Initiative

This year, we have used the Global Reporting Initiative's new G3 Guidelines to prepare this report. An index of the G3 indicators we have responded to in preparing this report is on page 32.

### Scope and data

This report includes information on key sustainability issues across our global business, including joint ventures and subsidiaries where Foster's has a controlling interest.

Unless otherwise stated, businesses that have been sold in 2007 are not included.

All policies and codes referred to in this report apply to our global operations and any joint venture or subsidiary where Foster's has a controlling interest, unless otherwise specified.

Data included in this report has been verified by an internal assurance process and approved by Foster's Sustainability Taskforce.

As we continue to develop integrated global systems for sustainability data capturing, reporting and analysis, we will expand the level of data included in this reporting process to ensure greater transparency and comparability of our performance.

### Assurance

In compiling this year's report, we engaged an external consultant to undertake an internal assurance process. This process is designed to strengthen our data capturing and reporting systems in preparation for independent assurance using AA1000 Assurance Standard in future years.

1. AA1000 5-part materiality test, [www.accountability21.net](http://www.accountability21.net).

# OUR MARKETPLACE



Foster's leads the way in developing reduced alcohol, calorie and carbohydrate alternatives.  
Pictured: Kerry Ruthven, Business Development Executive, Gary Bell, Bottleshop Manager, Railway Hotel, Melbourne, Australia.



# Our Marketplace

## Financial performance

Foster's demonstrated strong financial performance in 2007, reporting a 16.8 per cent increase in net profit after tax to \$716 million.<sup>1</sup> This reflects solid revenue growth and the realisation of supply efficiencies.

Financial highlights for 2007 include:

- Revenue up 4.7 per cent.
- EBITs up 7.6 per cent.<sup>2</sup>
- Net profit up 16.8 per cent.<sup>1</sup>

For additional financial information about Foster's, please refer to our Annual Report which is available at [www.fostersgroup.com](http://www.fostersgroup.com).

As one of Australia's largest companies, Foster's has a significant economic impact. In 2007, cash received from customers, also known as the economic value generated, was \$4,832 million. This value was distributed to a number of different stakeholders: to employees via wages and benefits; to governments via the taxes we pay; to suppliers via our purchases; to the providers of debt and equity capital through interest and dividend payments; and to the general community through community investments such as partnerships (for more information regarding community activities, refer to the Our Community section of this report).

In 2007, a large proportion of the value generated (61.6 per cent) was distributed to suppliers, 13.9 per cent of value was distributed as wages and benefits to employees and 14.2 per cent to providers of debt and equity capital, mainly our shareholders.

Economic value distributed for financial year 2007	\$m
Operating costs	2,977.0
Employee wages and benefits	669.1
Payments to providers of funds	687.0
Payments to government	229.6 <sup>3</sup>
Community investments	4.2

Under Australian law it is compulsory for companies to provide employees with superannuation. In 2007, Foster's provided employees with \$37 million in superannuation payments.

1. Net profit after tax before significant items and SGARA.

2. Continuing operations earnings before interest, tax, significant items and SGARA.

3. Company tax only (excludes WET, Excise and GST on value add).

## Responsible marketing

At Foster's, we are committed to marketing practices that encourage the responsible enjoyment of our products. We own, market and distribute an international portfolio of beer, wine, spirits, cider and non-alcohol brands. Our products are sold in more than 155 countries, and our relationships throughout the supply chain are extensive.

### Progress highlights – Responsible marketing

- 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.
- Product innovation to extend our portfolio of reduced carbohydrate, calorie and alcohol beverages.
- Delivery of more than 500 national and regional brand campaigns in Australia with only one marketing execution found to have breached industry standards.
- Renewing our commitment to participate in the National Packaging Covenant.

### Opportunities:

- continuing to implement meaningful and culturally appropriate responsible internal and external drinking/marketing policies;
- developing a sustainability scorecard that will overlay product marketing;
- prioritising sustainability issues within supply chain management; and
- developing and delivering an integrated stakeholder engagement program.

# Our Marketplace continued

## Responsible drinking

Foster's encourages the responsible enjoyment of our products by informed adults. Minimising the potential negative impacts of alcohol misuse on individuals, their families and the broader community is a shared responsibility and one we take seriously.

Foster's own *Alcohol in the Community* Policy dictates the principles and actions that ensure we deliver against community expectations. We recognise that problem drinking is a complex social issue that cannot be addressed with a single solution and that marketing is highly visible and can be controversial. In the past year, we have worked in various ways with our employees, consumers, customers, the government and community organisations towards this goal. At the core of our policy is a range of standards that guide our product marketing and labelling.

Beyond day-to-day actions, Foster's also invests in long-term culture-change activities, designed to promote responsible drinking patterns and eliminate harmful ones, for the benefit of our business and the broader community.

All Foster's marketing accords with mandatory and voluntary codes that exist in markets where Foster's brands are sold. Where applicable, we have contributed to the development or improvement of voluntary industry codes. Our marketing recognises the cultural, legal and ethical standards of the communities we operate in.

In 2007, Foster's introduced a 'Responsible Advertising' key performance indicator into category managers' job descriptions for the first time. Category managers now bear accountability for compliance with all relevant market standards and codes.

In Australia, Foster's adheres closely to the 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](http://www.fostersgroup.com). Marketing collateral, such as television commercials and billboards, are submitted for pre-vetting to ensure the final materials are consistent with the ABAC. Foster's routinely amends materials to incorporate pre-vetters' feedback. Foster's staff work with ABAC representatives to maintain an open dialogue and swiftly address any issues.

In Australia, over the reporting period, Foster's submitted 111 campaigns for pre-vetting approval under the ABAC. Of those submissions, 10 per cent were modified following review. Members of the public submitted complaints concerning six campaigns to either the ABAC adjudication panel or the more general Advertising Standards Board complaints process, with one complaint upheld. That complaint related to a local Western Australian campaign which was deemed to inappropriately link alcohol to sporting success. The campaign was withdrawn when the original complaint was lodged.

Foster's incorporates the ABAC standards into company sponsorship agreements, ensuring that any sponsored organisation makes a commitment not to promote excessive or irresponsible drinking.

Standardised 'unit content' logos are now applied across our Australian portfolio. The suite of logos has been endorsed by all Australian governments through the Ministerial Council on Drugs Strategy, the peak national body overseeing alcohol policy in Australia.

In addition, Foster's provides guidance and labelling on the safe use and disposal of its products in all countries where products are sold. We comply with all legislative standard drinks labelling requirements and, through membership of, and contribution to, the Product Stewardship Forum of the Australian Food and Grocery Council, we undertake a range of product stewardship initiatives across Australia (for examples, see [www.biec.com.au](http://www.biec.com.au)).

There have been no reported instances of non-compliance with product labelling requirements. Compliance is built into our systems, and Foster's legal team signs-off all labels (including proposed amendments, updates, etc).

## CASE STUDY 'Enjoy Responsibly' goes global

Since 2002, much of Foster's brand marketing and primary containers (bottles, cans, etc) in Australia have borne a logo reminding consumers to 'Enjoy Responsibly'. The use of this logo is governed by guidelines which have been rolled out globally in 2007. In addition to product packaging, the logo now appears on all internet and email marketing material. The logo has been translated into various languages ensuring Foster's 'Enjoy Responsibly' message is communicated consistently and effectively. Foster's will continue to update the guidelines over time to ensure 'Enjoy Responsibly' remains relevant to consumers.

Enjoy  
Responsibly

Genießen Sie  
Verantwortungsbewusst

Savourez  
Responsablement

お酒は楽しく適量を

## Promoting a culture of responsible drinking

Our approach to responsible drinking starts with our people. All Foster's people are expected to be ambassadors for a mature and responsible approach to alcohol. Foster's people receive 'Enjoy Responsibly' training at induction, and employees in key areas, such as marketing and sponsorship, are offered periodic refresher courses. Our workplace values are built on a number of 'Ways of Working', with 'Do the Right Thing' a leading objective. Foster's people recognise the responsibility that goes with producing alcoholic beverages and work diligently to ensure we, along with our customers and consumers, live up to community expectations.

Externally, Foster's 'Enjoy Responsibly' consumer message appears on many containers and packaging across the full Australian alcohol portfolio. All marketing collateral now adheres to the group Enjoy Responsibly Guidelines. We develop event specific 'Enjoy Responsibly' advertisements to inform the wider community about responsible drinking.

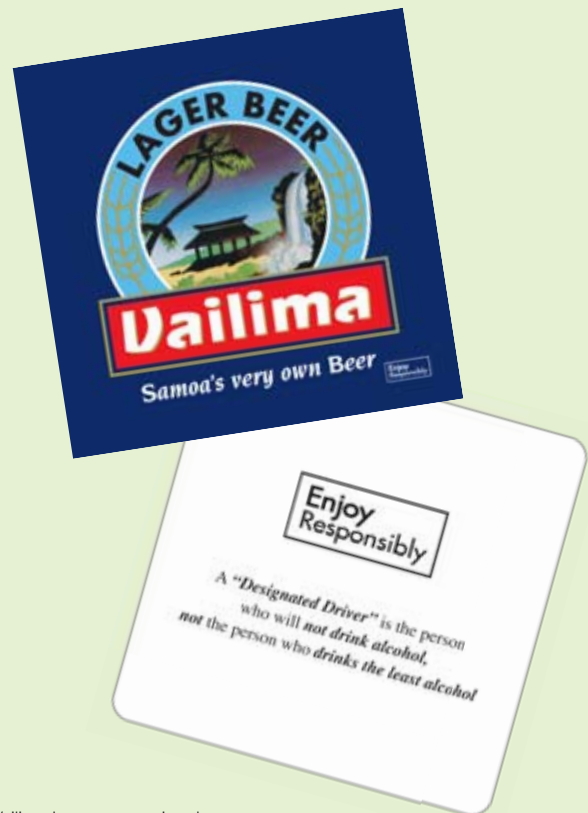
In some cases, we partner with community organisations to promote healthy lifestyle messages. In 2007, we continued our sponsorship of Red Dust Role Models, a unique non-profit organisation that works in remote Australian indigenous communities. Red Dust delivers a number of programs that aim to decrease the gap between indigenous and non-indigenous Australians in terms of health, education and opportunity.

Foster's continued its support of DrinkWise, a whole-of-community organisation with a long-term mandate to change drinking culture in Australia through sustained education and campaign activities. Still in its infancy, this year DrinkWise committed to a three-year partnership with Good Sports, a program that aims to minimise high-risk drinking in community sporting clubs, and to change the drinking behaviours of players, supporters and members. DrinkWise is also conducting a number of major research projects. Over the reporting period, Foster's contributed approximately \$2 million to DrinkWise.

In addition, we support a range of responsible drinking education activities through our industry association memberships (for example, Rethinking Drinking, [www.aab.org.au](http://www.aab.org.au)).

## CASE STUDY Foster's introduces responsible marketing in the Pacific

Foster's teams in Fiji and Samoa have formally adopted responsible marketing guidelines, ensuring that all advertising and promotions in these markets are culturally appropriate and do not promote irresponsible drinking. In addition, the 'Enjoy Responsibly' message now appears on all product labels and outdoor advertising, and a series of supporting radio ads has been produced in cooperation with the anti-drink driving charity RADD (Recording Artists, Athletes and Actors Against Drink Driving).



Vaillima Lager, promoting the 'Enjoy Responsibly' message on coasters in Fiji and Samoa

## Our Marketplace continued

### Product innovation

Product innovation is a major driver of business success. It is also an opportunity to develop products with reduced environmental footprints, lower alcohol, carbohydrate or preservative content or to fill a unique consumer niche. Whether opportunities emerge as a result of supply and procurement capabilities or from insights gained through consumer research, new product development continues to accelerate across the Foster's portfolio.

In 2007, we expanded PET packaging in wine, with the launch of Wolf Blass in PET in the UK market and at select Australian events. Our popular Australian reduced carbohydrate beer, Pure Blonde, became preservative free, we expanded our reduced alcohol and reduced carbohydrate wine offering with the launch of Lindemans Early Harvest and we launched 'zero sugar' ready-to-drink products to the Australian market. With a number of innovations due to come to market in the next 12 months, we have an exciting innovation pipeline ahead.



### Lighter bubbles a Foster's first

This year, Foster's launched Australia's first reduced alcohol and lower calorie sparkling wines. Yellowglen Jewel Yellow and Jewel Pink contain 40 per cent less alcohol and 30 per cent fewer calories than regular sparkling wines, with no compromise on flavour and quality.



### VB Midstrength Lager now available

Foster's commitment to enhance consumer choice in reduced alcohol beverages is further evidenced with the launch of VB Midstrength Lager. VB Mid is crisp and refreshing with 3.5 per cent ABV or one standard drink per can or stubby.

## Product quality

The Foster's Quality Policy confirms our commitment to exceed our customers' expectations in quality, service delivery and value through continuous improvement and customer interaction. Our clear quality objectives support our aim to ensure safe, timely and uninterrupted production and supply of quality products to customers globally, at best value.

### Progress highlights – Product quality

- Development of a Global Food Safety and Quality Manual ensuring continuous improvement of operational process and ongoing maintenance of product quality.
- Global Crisis and Incident management plan ensuring speedy response to trade quality issues.
- Leveraging technical knowledge across the Group as part of the one Foster's approach.
- In accordance with our Risk Management Strategy, all Australian and New Zealand wineries and beverage plants are now Hazard and Critical Control Point (HACCP) compliant with wine bottling facilities to be compliant to British Retail Consortium (BRC) and International Food Standards (IFS) by October 2008. US wineries are planned to be HACCP compliant by June 2008.
- The exposure of beverages to extreme temperatures can impact on package integrity and beverage quality. Foster's partnered with external service providers to develop an innovative shipping container insulation system to maintain storage temperatures within optimal quality boundaries. The application of this system mitigates the risk of exposing products to extreme temperatures during transport, maintaining product quality throughout the Foster's supply chain.

### Opportunities:

- implementation and compliance by all sites of the Global Food Safety and Quality manual; and
- standardisation of Continuous Improvement systems across the quality community.



*Quality Because Excellence Matters*

## Our approach – food safety and quality

We have robust processes and systems in place throughout our supply chain to ensure product safety and quality. These meet relevant regulatory and legislative requirements, and in many cases match global best practice.

The Foster's Quality Policy (bottom left) is supported by the Food Safety and Quality Manual, and includes the standards that define the processes and procedures to meet quality objectives.

The review process ensures compliance to the agreed standards and highlights any deficiencies and stimulates process improvements.

Foster's works with industry, consumer, health and safety groups to reduce inherent health and safety risks associated with our products – both independently and through membership of a range of agencies and industry associations.



The Foster's Food Safety and Quality manual has been developed around international standards and is consistent with the continuous improvement principles of Plan, Do, Check, Act (see above).

### Packaging safety initiatives:

- quality systems are designed to prevent ingress of foreign objects into packaging;
- online and offline testing of the package is conducted to ensure product quality and safety standards are adhered to; and
- Track-Trace system for the addition of chemicals/additives to products, and post-production Track-Trace system for all packaged goods, are in place.

## Allergens and genetically modified organisms (GMO)

Foster's has an embedded raw material approval process that ensures compliance with the identification of any allergens and indicates the GMO status of ingredients.



# HEALTH, SAFETY AND ENVIRONMENT

**Sustainable water use is critical to our long-term business success.**

Pictured: Stuart Pym, Senior Winemaker, Devil's Lair, Margaret River, Western Australia.

# Health, Safety and Environment

In 2001, Foster's Board adopted a Health Safety and Environment Policy that establishes Group principles and values and guides our business activity. The policy commits us to a target of 'zero harm' to the environment and 'zero injury' to our people as a result of our operations, and continuous improvement in resource conservation and efficiency. The policy commits Foster's to meet or exceed environmental standards wherever we operate and, as a major player in many markets, to demonstrate leadership through ideas.

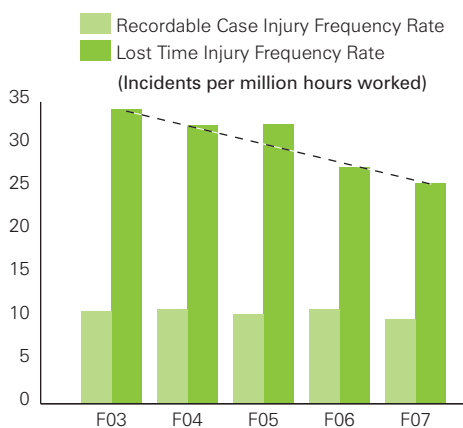
## Health and safety performance

### Progress highlights – Health and safety

- Reduced weight of heavy product packs to minimise risks of manual handling injuries.
- Reduced rate of recordable injuries (including those with lost-time) over the last 12 months.
- Roll out of two new training programs to promote Health Safety and Environment internally.

Foster's is committed to a target of 'zero injury' to our people. Soft tissue injuries, lacerations, bruising/crushing and foreign body to ear/eye have been identified as the most common type of injuries within the business and are monitored by an information reporting system. The introduction of this system has allowed us to focus on prevention and education programs to reduce the number of injuries to our staff each year.

Health and Safety performance at Foster's is measured by two key indicators: Lost Time Injury Frequency Rate and Recordable Case Injury Frequency Rate. The graph below shows a decrease in both indicators compared with last year, but more importantly, a consistent downward trend over five years.



However, the Company was fined in South Australia for a breach of OH&S regulations in relation to a contractor.

Foster's has joint management-worker Health and Safety Committees to improve our performance. These represent over 75 per cent of employees globally. We also review our hazard management processes to ensure they are appropriate and implemented effectively.

Employee wellness is a high priority. Health awareness programs addressing issues such as heart health, weight, diabetes and men's health are encouraged and run on an ad-hoc basis.

In 2007, Foster's also rolled out two new training programs:

- **Health Safety and Environment Fundamentals:** A face to face training session focused on managers of people. This program has been rolled out across the global business and the first phase is due to be completed in 2008. 550 managers have attended these sessions to date.
- **Online Health Safety and Environment Module:** This program introduces new staff to HS&E issues at Foster's, as well as providing a refresher for existing staff.

## Environmental performance

### Progress highlights – Environment

- Making public our internal environmental targets, a 10 per cent reduction in water and energy use per unit of production by 2011, over 2007 levels.
- Compliance with all applicable environmental regulations, with no fines imposed in the period.
- Decreased percentage of waste going to landfill.
- Formal adoption of the Foster's Footprint program throughout Australian and New Zealand vineyards following a successful pilot since 2004. The program establishes a range of tools and benchmarks for sustainable viticulture.
- Formal recognition by water authorities and environmental organisations of our water saving innovations at the Yatala and Abbotsford Breweries and our wine production processes, which have set new industry benchmarks for water saving.

### Opportunities:

- incremental improvements in energy and water efficiency, consistent with our public targets; and
- further work to better understand, and reduce, our carbon footprint.

Improving performance across a set of key environmental indicators is central to our goal of 'zero harm' to the environment as a result of our operations. As a company, we have identified a small number of key material environmental issues and risks – including energy and climate change, water, waste and recycling, land and biodiversity, ozone depleting substances, noise and odour. This section identifies Foster's environmental performance indicators, provides this year's highlights and illustrative case studies, and discusses key issues, risks, targets and opportunities for future strategies and actions.

As part of increasing our transparency in sustainability reporting, we have begun to expand our boundaries and include global data for greenhouse gas emissions, water consumption and waste (solid waste by destination). As we continue to strengthen our internal data reporting systems, we are working towards collecting more site-specific data and baselines against which year-on-year performance can be measured.

# Health, Safety and Environment continued

## Energy and climate change

### Highlights – Energy and climate change

- Reduced operational GHG emissions by 2.8 per cent.
- Set energy reduction target of 10 per cent by 2011.
- Generated 51,000 GJ of biogas at Yatala and North Fremantle.
- Set up a National Energy Efficiency Team (Australia).
- Offsetting emissions from Australian business related travel through Greenfleet.

Climate change is a key issue for the Foster’s business – with implications for our supply chain, product mix and raw material sourcing. We acknowledge that our operations and business activities generate greenhouse gasses which contribute to climate change. Through monitoring, reporting and acting, we have significantly reduced our greenhouse gas emissions over the past 10 years and are committed to doing more. We have set an ambitious target to further reduce our energy use by 10 per cent over four years on a global per unit production basis which will be overseen by a National Energy Efficiency Team (Australia).

Energy is used for a variety of purposes within the Foster’s business. Primary sources of energy include diesel, coal, LPG and fuel oil; however, the major contributor to energy use is natural gas, which is used throughout our breweries and wineries.

Foster’s greenhouse gas emissions are almost solely due to the use of fossil fuels or electricity in the production of beer and wine.

In addition to our energy efficiency activities, we are working towards reducing our reliance on non-renewable energy sources. Our US sites are pursuing solar energy to power Foster’s sites and export energy to the electricity grid. We also have biogas facilities at Yatala and North Fremantle and a biodiesel trial in progress at our Wrattenbully North vineyard.

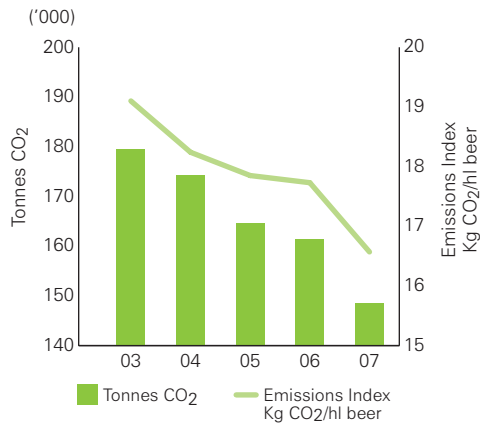
The graph below shows direct and indirect emissions, including Scope 1 (natural gas, LPG, fuel oil, diesel, coal, halocarbon leakage) and Scope 2 (purchased electricity at all beer and wine production sites). Increases in wine production over the last 12 months and significant divestments coupled with energy efficiency activities have seen the current figure remain relatively stable.

### Greenhouse gas emissions – global



The graph following demonstrates a steady decrease in greenhouse gas emissions in our beer business over five years. In the past year, efficiencies have been gained as a consequence of closing the Kent Brewery and focusing our operations at our most efficient facilities at Yatala and Abbotsford.

## Beer business CO<sub>2</sub> emissions



### CASE STUDY Turning wastewater into clean energy

Foster’s is working with the University of Queensland to trial a microbial fuel cell that creates energy from brewery wastewater. The experimental fuel cell has been installed at Foster’s Yatala Brewery in South East Queensland and uses bacteria to consume water-soluble brewing waste such as sugar, starch and alcohol. The process produces clean electricity and water. The cell was developed by scientists at the University of Queensland in cooperation with the Yatala team and is expected to deliver power at the rate of two kilowatts. If successful, Foster’s will look at ways to apply the technology to our other breweries and wineries. The project has been recognised internationally as innovative and promising.

Of particular importance to Foster’s are the potential impacts that climate change may have on our business in the short, medium and long term. We have identified rising average temperatures, reduced water supplies and more frequent extreme weather events as potential risks, as well as rising prices of energy and water, reduced water availability to produce crops and grapes, new legislative requirements and competition for agricultural land (with higher return biofuels).

As climate is a major determinant of varietal choice, grape yield and quality, our vineyards are particularly vulnerable to potential climatic changes and related impacts such as water availability, rising temperatures and extreme weather events. The ‘Foster’s Footprint’ project was established in 2003 to ensure Foster’s demonstrates best environmental practice in viticulture.

Working with organisations such as the Winemakers’ Federation of Australia, the Californian Wine Institute and the CSIRO, Foster’s is clarifying the risks posed to our business by climate change and working to identify successful mitigation strategies.

Looking forward, Foster’s recognises the serious implications of climate change and is taking steps to better understand the challenges and respond to both the cause and effects. The Foster’s Leadership Team has recently taken on the direct and active ownership of Foster’s sustainability agenda ensuring that it will remain a priority over the long term.



## Water

### Highlights – Water

- Developed *Wine Water Usage Facts* for reducing water use in our wine operations.
- Wolf Blass Packaging Centre achieved almost half the benchmark value for water use in packaging compared to the original design.
- Abbotsford Brewery (Victoria) has saved 510 million litres of water over three years.
- The Napa Bottling Center (California) includes 'dry floor technology' to eliminate water waste and advanced recycling techniques to decrease water use by up to 50 per cent.

Water is critical to our business now, and in the long term. It is a major input to dryland (barley, wheat, sugar) and irrigated crops (hops, grapes). It is a major input, directly and indirectly, to all of our products and is integral to the manufacturing process; for example, cleaning kettles at the brewery, tanks at the winery and rinsing bottles before packaging.

We are continually improving our operations and production activities to minimise water consumption and play our part in conserving this valuable resource for the long term.

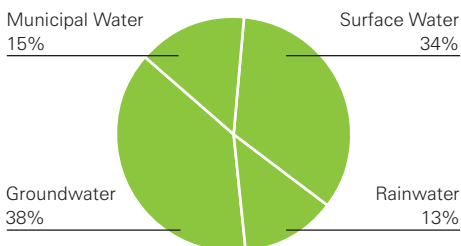
In March 2007, Foster's released 'Wine Water Usage Facts', an overview of our water use goals for wine operations, current programs and initiatives for the future. Foster's is driving water efficiencies across our entire wine business in Australia by:

- improving water efficiency in wineries;
- using recycled water to irrigate selected vineyards;
- minimising irrigation demand by extensive use of mulch and night irrigation; and
- encouraging water saving principles to our contract growers via our Foster's Grower Relations Handbook.

In 2007, Foster's used a total of 27,198 ML of water. Water is derived from a variety of sources, including surface water (rivers, lakes and oceans) and municipal water. However, rainwater and groundwater are the largest contributors. Up to 80 per cent of this water is used in the viticulture business, while 20 per cent is used in the manufacturing business. It is important to note that water use will vary from year to year based on seasonal variations and weather.

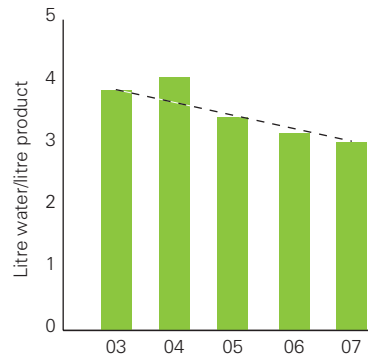
### Water consumption by source

Total water consumption: 27,198 ML



Foster's has consistently reduced water consumption in beer production over five years. As a number of our breweries are well ahead of world's best practice in terms of water use, further water savings in beer production will be increasingly difficult to achieve.

## Water use – beer



### CASE STUDY

#### Yatala Brewery sets world's best practice water use standard for brewing

Yatala Brewery (Queensland) is acknowledged as a world leader in water use, saving over 2,500 million litres of water (equivalent to over 1,100 Olympic sized swimming pools) over the last five years alone. Through initiatives such as the installation of a \$14 million on-site water reclamation plant and installing water efficient appliances, the brewery is now regarded as the most water efficient brewery in the world, using just 2.3 litres of water for each litre of beer produced.

### Product stewardship

Foster's has demonstrated a commitment to product stewardship – taking responsibility for what happens to our containers after the beverage is consumed – for more than 25 years. This was initially through an industry body called the Litter Research Association (LRA), which has undergone a number of iterations and is presently known as the Packaging Stewardship Forum (PSF) within the Australian Food and Grocery Council (AFGC). This forum is funded by the forum members (Foster's, Lion Nathan, CocaCola, Schweppes, Boags and other fillers, along with their suppliers Amcor, Owens-Illinois and Visy) and undertakes programs across Australia to reduce litter and increase recycling rates of beverage containers. Examples include the 'Do The Right Thing' and 'Don't Waste Australia' anti-litter campaigns.

Foster's is also a signatory to the National Packaging Covenant (NPC). The Covenant is a voluntary agreement between industry and government that aims to improve recycling and recovery systems across Australia. Signatories are required to submit action plans outlining how they will achieve improved outcomes in managing post-consumer materials through the application of the Environmental Code of Practice for Packaging. This code, when correctly applied, ensures that decisions made around packaging choices improve the recyclability of packaging within Australia and do not result in damage to existing recycling systems. The Foster's NPC Action Plan for 2006 to 2008 has been approved by the NPC and can be found on the NPC website at: <http://www.packagingcovenant.org.au>.

# Health, Safety and Environment continued

The key items in our Action Plan aim to ensure that:

- all primary containers used by Foster’s Australia are recyclable at kerbside or drop-off recycling throughout Australia (where kerbside or drop-off recycling exists);
- glass, aluminium and PET containers used by Foster’s Australia contain recycled content material;
- glass, aluminium and steel packaging materials have all been down-gauged to reduce the weight of the materials, reducing resource consumption and improving transport efficiencies;
- the cardboard cartons used by the Company to distribute most of its products are recyclable and are primarily manufactured from recycled content material; and
- we continue to support anti-littering campaigns across Australia through our financial support of the Packaging Stewardship Forum.

Foster’s does not have a specific packaging policy, but recognises this issue in the Foster’s Health Safety and Environment (HSE) Policy, as it extends to our supply chain. In this way, Foster’s expects similar consideration of the environmental impacts of post-consumer packaging by its suppliers and contractors, and applies the Environmental Code of Practice for Packaging to our packaging choices.

## Supply chain management

Maximising the use of recycled materials in our manufacturing processes is a major part of our Cleaner Production focus. Foster’s is a founding member of Australia’s Buy Recycled Business Alliance (BRBA). The BRBA works to increase the purchase and use of recycled content products and materials. With a combined purchasing power of \$30 billion, BRBA have enormous potential to stimulate the market for recycled materials and create a successful recycling loop. Core to our membership of the BRBA is our purchasing policy, which requires that when choosing between products of equivalent quality and cost, Foster’s must give preference to those products that contain recycled material.

We recognise there are more opportunities to integrate consideration of sustainability issues into supply chain management and will continue to work with our suppliers to improve our performance in this area.

The glass and PET bottles, the aluminium cans and the cardboard cartons we use all contain recycled material, and are all fully recyclable. Under the NPC, Foster’s is working to reduce, and ultimately eliminate, the relatively small amount of non-recyclable packaging still in use.

## Waste and recycling

### Highlights

- 88 per cent of global solid waste either reused or recycled.
- More than 50 per cent 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.

Waste from our sites is broken down into two categories: solid waste and wastewater.

### Solid waste

Solid waste comprises all materials that are generated from our production and administrative facilities and are disposed of through recycling, reuse or landfill.

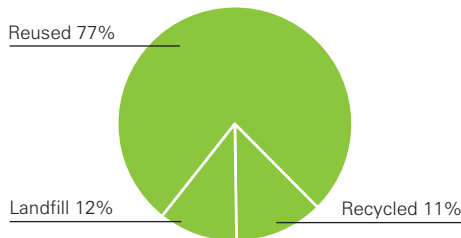


Foster’s employees apply the waste hierarchy as pictured above, focusing initially on avoidance, then reuse, recycling or composting and finally landfill. We are always looking for, and introducing, new initiatives to reduce waste and identify opportunities for reuse and recycling.

This year we have calculated our total solid waste contribution globally. The graph below shows our waste divided into solid waste – recycled, reused and to landfill.

### Global solid waste by destination

109,147 tonnes total



In future reports we will continue to report solid waste data on a whole of business global basis. Each Foster’s operational site is required to have a Waste Management Plan defining the initiatives to be followed in each year to reduce waste overall and to maximise recycling opportunities.

### CASE STUDY 'Annual' waste reductions

Last reporting season, to reduce costs, weight, waste and paper use, Foster’s published a ‘short form’ A5 Business Review as an alternative to the full Annual Report. The ‘Business Review’ enjoyed strong take-up among shareholders with fewer than 30 per cent receiving a printed Annual Report in 2007. All Group publications are also now Forest Stewardship Council Chain of Custody certified and printed on FSC® certified mixed sources paper stock. We are confident that even more shareholders will choose online and/or Business Review reports this year, helping us to further lessen our environmental impact.

## Wastewater

Wastewater from our sites is significant and contains materials such as sugar, ethanol and flavourings from soft drink production, acids, cleaning chemicals, soaps and fertilisers.

Most of our wastewater is discharged to local municipal treatment facilities; however, each site's onsite treatment facility ensures that wastewater is of acceptable quality for the local system.

As the primary waste water pollutant is beer or wine, our product loss control programs serve to minimise waste water strength, and our water conservation programs serve to minimise waste water volume.

### CASE STUDY Upgrade to save more than 220 megalitres of water each year

The Foster's Group and Tarac distillers in the Barossa Valley (South Australia) have upgraded their jointly-owned wastewater treatment plant, which is now producing more than 220 megalitres of water each year, for reuse on-site. The plant has greatly reduced wastewater and odour leakage, improving local amenity and driving down the volume of water drawn from municipal supplies.

## Land use and biodiversity

Foster's is ensuring that our Australian vineyards protect, enhance and restore biodiversity wherever possible through the Foster's Footprint project and Australian Conservation Foundation research.

### CASE STUDY Biodiversity – protecting endangered wetlands at Wrattenbully

Red gum wetlands in the south-east of South Australia are classified as 'vulnerable' to extinction. This makes the 16-hectare red gum wetland on the Wrattenbully Vineyard a rare and important habitat, not only for the endangered Barking Owl, but also for at least 19 other rare, vulnerable or endangered bird species, like Brolgas, Red-tailed Black Cockatoos, the Blue-winged Parrot and many more. The vineyard staff are protecting 'The Swamp' by excluding stock, controlling weeds such as Phalaris and strategically revegetating with local plants – using sedges on the fringe of the lagoon and shrubs in open areas among the red gums. They are also collaborating with state authorities to determine the best way to sustain the natural open woodland habitat.



### CASE STUDY Biodiversity – Home sweet home at Padthaway Vineyard

Twenty hectares of land have been identified for revegetation at Padthaway Vineyard in South Australia. This will create a habitat for the Wood White Butterfly and other woodland dependent fauna. At Padthaway, Mistletoe is only cut out if it is concentrated on a few trees that appear to be greatly stressed, to preserve that valuable habitat for the Wood White Butterfly. The Padthaway biodiversity enhancement program involves revegetating unproductive areas and minimising Mistletoe culling. These activities will ensure that the Wood White Butterfly continues to call Padthaway home.

### CASE STUDY: Meridian Vineyards show leadership in environmental sustainability

Our Meridian Vineyards in California received Earth Day Acclaim for its leading environmental practices. Among other sustainability initiatives, staff at Meridian have developed a 60-acre wildlife corridor in the vineyard grounds and installed hundreds of owl boxes to attract owls, which naturally control rodents.

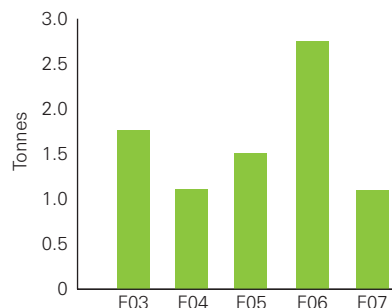
## Ozone depleting substances

Foster's manages its ozone impact by preferring natural refrigerants (ammonia) in its refrigeration systems and closely monitoring any legacy refrigeration plant containing Ozone Depleting Substances (ODS) (R-22) to ensure it is operated responsibly.

Last year's Sustainability Report highlighted unusual losses of the ozone depleting refrigerant R-22. Work has been undertaken over the past year to address this and to investigate the use of alternative refrigerants. Recorded levels have since trended down to below 2004/2005 levels as seen in the graph below.

Foster's has a policy of phasing out R-22 and replacing it with ammonia or with HFC options where ammonia is not suitable.

### Ozone depleting purchases – global



## Noise and odour

Foster's endeavours to ensure that noise and odours from our sites conform to the relevant limits specified in either the state legislation and/or specific environmental licences. We recorded two complaints from neighbours in relation to noise, both promptly addressed.

Making Foster's a great, and safe, place to work.

Pictured: Frank Messina, Work Area Manager,  
and Simon Cousins, Production Facilitator,  
Abbotsford Brewery, Melbourne, Australia.



# OUR PEOPLE

# Our People

## Definition and scope

**Foster's recognises our people as central to achieving our sustainability goals. We are committed to creating an inclusive and inspiring workplace that attracts, rewards and retains highly skilled and motivated employees.**

Engaging our employees and making Foster's a great place to work is one of our CEO's Key Performance Objectives for 2008. That same objective is shared across the Managing Directors of major business units.

Foster's employs over 6,600 people globally, with 74 per cent based in Australia. For the first time in our 2007 report, we have expanded the coverage of key people data and performance to cover our international businesses. As our data collection and analysis processes improve, we will continue to expand coverage globally, as well as deepen analysis of people performance drivers.

Foster's team		
Region	Headcount <sup>1</sup>	%
Americas	1,388	21
Asia/ Pacific	189	3
Australia	4,960	74
EMEA	146	2
Global Team	6,683	100
Agreement type	% Global Team	
Non-award employees	56	
Award employees	44	

We strive to create a 'One Foster's' culture, where our employees work as one team, share their talents and capabilities across products, processes and regions, and positively contribute to the many communities in which they live and work. We value integrity, teamwork, innovation, superior execution, collaboration and a strong focus on business results. Our 'Ways of Working' set out the behaviours we value in developing this culture.

Foster's recognises the value of a workplace that reflects the diversity of the communities in which we operate and the customers we serve. Our people policies, processes and programs give effect to those values and drive our performance in encouraging equal opportunity and diversity.

## Progress highlights

- Commitment to improving levels of staff satisfaction and employee engagement through acting on the outcomes of the Inspire 'Pulse Check'.
- Expanded opportunities via Enhanced Global Leadership Development to increase leadership capability.
- Further development of succession planning programs.
- Optimisation of organisational structures.
- Development of capability and competency programs.
- Continuous support for our people through periods of change.

1. Headcount numbers represent actual people at 30 June 2007, not full-time equivalent (FTE) numbers.

## Opportunities:

- increasing levels of employee engagement;
- redefining our 'Ways of Working' to drive improved employee engagement through enhanced leadership and cultural development;
- increasing focus and investment on development and career planning for high potential individuals to drive high retention and sustained performance;
- rolling out the Manager Essentials Program to drive increased engagement and leadership capability; and
- rolling out functional capability and competency programs.

## Employee engagement

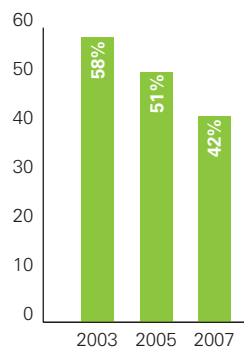
We believe that increasing our employee engagement will enhance business results.

As part of our goal of creating an inspiring workplace, we undertake regular surveys to understand our employees' views and drive improvements in engagement.

Since 2003, we have been conducting 'Inspire' surveys of employees. To monitor and review our progress between Inspire surveys, we also conduct mid-period 'Pulse Checks' of a smaller random sample of our people.

In May 2007, approximately 2,800 people from across all regions and functions of our global business were invited to participate in our latest Pulse Check. 66 per cent of people surveyed responded.

## Employee engagement 2003–2007



Consistent with feedback from our 2005 Inspire Survey, the Pulse Check highlighted that we need to be doing some things differently. Results revealed engagement levels have gone backwards since our last survey in 2005, from 51 per cent to 42 per cent; and that our earlier efforts to build engagement have missed the mark.

The Foster's Leadership Team (FLT) is committed to improving engagement levels and has implemented a Global Activity Plan 'Doing Less, But Doing It Better' ahead of our next Inspire Survey in December 2008. The plan focuses on three key areas that our employees told us matter to them, via the Pulse survey:

1. building strong leadership;
2. delivering on our promises; and
3. simplifying processes.

# Our People continued

Foster's leadership recognises that lifting the level of employee engagement will not happen by making engagement a separate add-on to our daily business activities. Only by incorporating engagement into our long-term business strategies and regular planning can we deliver the engagement results we seek.

## One Foster's Culture – our Ways of Working

Foster's vision, business goals and strategies are closely aligned with our 'Ways of Working' (WOWs), which describe our 'One Foster's' culture and the behaviours that reinforce it. As our business has evolved through periods of organisational change, our WOWs, which started as 'Lead Enterprise Behaviours' in the late 1990s, needed to evolve.

Responses to our 2007 Pulse Survey showed our employees have found our WOWs difficult to measure. To address this, we have relaunched our WOWs, making them more specific about the types of behaviours we want to reinforce at work, and linked them directly to our key business challenges (see box below). A WOW indicator describing our expectations of people managers and team leaders has also been introduced.

### Our new WOWs

- Know the Market – Business Acumen.
- Do the Right Thing – Decision-Making.
- Win as One Team – Team Work and Leading People.
- Make a Difference – Managing Change.
- Make it Happen – Performance Delivery.

Over the next 12 months, we will continue to embed the new WOWs into our people management processes, from recruitment, induction, learning, development, performance management and succession planning, right through to the way we manage our people and develop our future leaders.

## People planning – employee development

Our programs have been designed to inspire our people to develop to their full potential and ensure our business succeeds. Foster's recognises the critical role employee development plays in attracting and retaining talent and driving employee engagement.

### Performance and career review

Our four-stage Individual Performance Management Program (IPM) forms an integral part of identifying and meeting the training and development needs of our non-award employees and is completed annually (see box above right).

### Individual Performance Management Program (IPM)

**Stage 1** Performance Plan – employee agrees Key Performance Outcomes (KPOs) with their manager.

**Stage 2** Development Planning – manager and employee determine development opportunities necessary to ensure business goals and KPO can be met.

**Stage 3** Progress Review – formal mid-year 'health check' to see how employee is tracking against their Performance Plan.

**Stage 4** Annual Review – formal performance review meeting, where employee's success in meeting their KPOs is measured.

This year, our EMEA employees joined their Australian and Asia Pacific colleagues in accessing the IPM system online. Employees in the Americas complete a paper-based version of this system.

The training and development needs of our award employees are met in many ways, according to location, agreement type and industry standards in place. For an example of how these needs are met, see the following case study.

### CASE STUDY Performance and career review at Karadoc Winery and Packaging Centre

Employees at the Karadoc Winery and Packaging Centre, in North-west Victoria, are employed in line with job classification levels defined by the Southcorp Wines Karadoc Enterprise Agreement 2006. Career paths and development opportunities are aligned to the Australian Qualifications Framework (AQF), which links together qualifications in a highly visible, quality-assured national system of educational recognition that promotes lifelong learning. The premise of the framework is the establishment of a set of nationally endorsed standards and qualifications (developed by industry to meet identified training needs of specific industries) for recognising and assessing employees' skills.

### Learning and development

Foster's Learning and Development team specialises in offering a range of fully integrated capability development programs to develop a pipeline of talent to meet future business needs. In April, the team's success was recognised by the National Australian Institute of Training and Development when they awarded Foster's Wine Education Program the 'Excellence in a Learning Resource Award' (see case study on following page).

Under the Product Education, Supply, Sales & Marketing, Leadership & Professional Development focus areas, a wide range of customised learning solutions are available to meet the needs of individual employees, teams and leaders. Learning is delivered via a range of methods, including internet-based courses, workshops led by Foster's subject matter experts and offsite programs facilitated by external training providers.

## CASE STUDY 2007 Learning and Development

### National Australian Institute of Training and Development Award

A highlight for our Learning and Development team in 2007 was winning the 'Excellence in a Learning Resource' award in April. The award, run by the National Australian Institute of Training and Development (AITD), recognised excellence and innovation in learning delivered by Foster's Wine Education Program.

The Learning and Development team saw a number of challenges during 2007, none more so than the amalgamation of the three sales teams to form an integrated sales team.

During the amalgamation, a gap in the team's wine knowledge was identified. To address this, the Learning and Development Team developed the Foster's Wine Education Program. The offering comprising three standalone and complementary programs – World of Wine, Wine Edge and WAFT.

In considering Foster's for the award, an AITD panel evaluated program resources and training materials and interviewed past course participants.

Foster's external study assistance program provides employees with financial support to gain formal qualifications from recognised institutions, including universities. In addition to the programs available to employees, we also work in partnership with industry and educational institutions to ensure the continuing development of skills for the business in the future (see case study on our Karadoc Winery's school partnership).

This year, we experienced a 13 per cent increase in the number of Australian and Asia Pacific employees participating in learning and development programs.<sup>2</sup>

## CASE STUDY Karadoc Winery School Partnership

The Human Resources team at Foster's Karadoc Winery and Packaging Centre operation has been working with the local schools in the region to develop strong partnerships with schools, students and the industry. The aim of this partnership is to educate students about the career paths available in the wine industry with the hope of attracting and retaining local youth in meaningful careers, whilst working towards Foster's goal of being an employer of choice.

One outcome of the many initiatives that are in place has resulted in a young local student participating in a Structured Work Placement within our Packaging Maintenance team. This partnership has since progressed to an Australian School based Apprenticeship, which we believe will be the first of its kind in the electrical field, in Victoria.

<sup>2</sup> In future years, we intend to report on the take-up of these programs by employees in other regions.

## CASE STUDY Snapshot of our 2007 Learning and Development offering

**Advanced Packaging**, a five-day 'residential' program with a major focus on Health, Safety and Environment, quality, line efficiency and productivity, supply and technical production topics. Participants develop individual action plans for implementation in the workplace to improve packaging issues.

**Foster's Sales Academy (FSA)** has been established providing development tools, learning pathways and capability opportunities for our sales teams. External sales best practice programs CHEERS PLUS (advanced selling) and Advanced Negotiation Skills have recently been included under the FSA umbrella specifically for our experienced sales team members.

**Foster's Team Leadership Program** equips Frontline Managers with practical leadership, communication and organisational skills to manage their own performance and that of their teams. 43 supply employees from our Australian and Asia/Pacific operations graduated with a Certificate IV in Business (Frontline Management) from this program in 2006/2007. The program has resulted in another three programs commencing in 2007/2008 with 39 participants.

**Wine Edge** is an online wine education program designed specifically for our sales teams to improve capabilities in selling our extensive wine portfolio. It has been deployed initially across Australian and USA sales teams and will be rolled out across New Zealand and the Asia Pacific region in 2007/2008.

**World of Wine and World of Spirits** – new one-day programs designed to equip our employees, especially our sales teams, with robust product knowledge across the portfolio. These two programs complete the product suite with the already established World of Beer program.

## Talent management

Foster's Job Clusters	Band
Operator/Clerical	1
	2
Technical/Professional	3
	4
	5
Management or Senior Professional	6
	7
General or Senior Management	8
	9
Executive/Senior Executive	10
	11
CEO	12

# Our People continued

Designed to objectively assess our current talent pool, Foster's talent management program identifies priority areas requiring attention. The program has been built into the recruitment and selection process for all roles at and above management and senior professional level (Band 6). Insights from this program inform workforce and succession planning, as well as key development investment.

To drive high retention and sustained performance, we will be increasing our focus and investment in career development and planning for high potential individuals over the next 12 months. Executive reward programs will become increasingly aligned with this program.

## Developing our leaders

Leadership development has been a major focus for Foster's this year. We have expanded our global leadership program by relaunching the Key Professionals Program (KPP formerly Emerging Leaders Program) and the Personal Leadership Program (PLP).

KPP now includes an emphasis on challenging leadership capability in employees who are high performing contributors. Our PLP redesign has seen leadership development built in as a key focus. The new global leadership program now integrates group leadership development programs with those specifically tailored to develop the leadership requirements of individual businesses (see 'Foster's global leadership' box below for more details).

'Building strong leadership' has been identified as one of the Global Activity Plan's three focus areas and will continue to be a key business driver over the next 18 months. Rolling out the Manager Essentials Program to people managers in the coming year will be a key component in Foster's commitment to driving employee engagement and developing leadership capability.

### Foster's global leadership

The **Manager Essentials Program** is designed for all people managers and equips managers to effectively deal with day-to-day people manager processes and policies. The program is also a key driver in increasing employee engagement and developing leadership capability.

**Team Leadership Program (TLP)** is targeted at people managers with 12 months' leadership experience who have completed the Manager Essential Program. The program focuses on developing self awareness and key interpersonal skills required in people manager role.

**Key Professionals Program (KPP)** is targeted at high performing contributors with identified potential. The program focuses on the unique challenges of leadership and influence in the absence of authority.

**Personal Leadership Program (PLP)** is designed to further develop leaders at Foster's who have the potential to lead and shape the Company into the future.

## Organisational change and restructuring

Our strategy to simplify the business has seen a continued period of organisational change and restructuring over the past year. Foster's recognises our people need to be successfully equipped to cope with change. Our training and development programs aim to encourage employee habits of life-long learning, personal worth and self-confidence. By developing individual employees' resilience, flexibility and adaptability, we support our people's career development and equip them with both work and broader life skills to assist in coping with change.

### CASE STUDY Nuriootpa outplacement program

105 award employees took voluntary redundancies at our Nuriootpa site in South Australia's Barossa Valley this year. In order to equip our people with the best practice skills to manage such change, all employees at the site, including those who had taken voluntary redundancy, were offered the option of attending an outplacement program run by Hudson, a specialist external provider.

The program consisted of a two-day workshop, attended by 137 employees, and a half-day financial advice seminar, attended by 98 employees. The two-day workshop covered topics including resume preparation, job advertisements and applications, interview skills, job search strategies and networking. Managing change and dealing with stress was a focus of the financial advice seminar. Speakers from Centrelink and superannuation funds also spoke at the seminar about the impact of redundancy on entitlements.

Key organisational changes and restructuring in 2007 included the divestment of our Clubs and Services businesses, and site closures at Altona, Airport West and Nuriootpa. These activities, combined with recruitment control measures in place from December 2006, have seen an overall reduction in our employee population, most notably a 15 per cent reduction in the number of people employed by our Australian business.

When decisions are made that result in changes with a significant impact on our employees, we give as much notice as possible and consult with our employees and/or their representatives. For example, employees were given up to two years' notice of the decision to close the Kent Brewery in 2005. Similarly, employees at the Altona Distribution Centre were given one year's notice of the intention to close that facility, in 2007. In that instance, employees were given the option of either taking voluntary redundancy or deploying out to the Abbotsford site (also in Melbourne).



## Employee turnover

The impact of organisational changes saw a large number of employees leaving the business in 2007. Decreased employee engagement levels also had an impact on the number of employees choosing to leave the business. Foster's is concerned at high levels of employee turnover as it considers the measure an important indicator of business performance. A high level of employee turnover results in changes to the human and intellectual capital of an organisation and can affect wider productivity. We expect the number of employees leaving the business to decrease over the next year, as we work towards improving levels of employee engagement via the Global Activity Plan. The box below shows last year's employee turnover for our Australian business. We are currently testing new data capturing systems to enable us to report on global employee turnover by region in 2008.

Employee turnover <sup>3</sup>	
Australia	2007
Employee turnover	22%

3. Turnover numbers represent actual people, not full-time equivalent numbers (FTE). Figure excludes Clubs and Services and non-executive Directors. Figure includes redundancy, end of contract, performance reasons, resignations, retirements, job abandonment, departure for health and personal reasons. Includes permanent workforce only.

## Diversity, Inclusion and Equal Opportunity

Our employees come from different backgrounds, experiences and personal circumstances and have diverse and unique needs. At Foster's, we recognise and value employee diversity and our long-term aim is to enhance organisational sustainability and grow our business through the innovation that comes from an engaged, diverse workforce operating in an inclusive culture.

### CASE STUDY Developing local leaders in Foster's Asia Pacific

Foster's recognises the value of a diverse workforce in reflecting the communities in which we operate and the customers and consumers that we serve. In attracting the best possible talent to join our Asia Pacific businesses, we endeavour to have a diverse balance of local and international expertise.

In our Asia Pacific business, the leadership team consists of 29 per cent local hires and 71 per cent expatriate hires. As this emerging business matures and as the employment market for senior leaders in Asia continues to improve, we aim to reduce the number of expatriate hires in each country. We are working to develop future local leadership capacity by identifying high potential individuals in these markets and providing them with development opportunities via our talent management program.

Foster's Pacific business, based in Fiji, has a senior management team of eight, 75 per cent local hires and 25 per cent expatriate hires. The wider employee base is sourced from local or surrounding communities.

The behaviours of Foster's people are key to creating an inclusive culture where all employees are treated with courtesy, dignity and respect and we have identified 'Behaving with integrity – showing respect' among the behavioural priorities critical to creating a 'One Foster's' culture (see our internet site for further information <http://careers.fosters.com.au/culture.html>). These behaviours are integrated into our performance management, people and leadership development processes.

All new employees are made aware of our Anti-Harassment, Equal Employment Opportunity (EEO), Diversity and Inclusion, Workplace Issues Resolution and Code of Conduct policies as part of our induction process. To ensure our employees and managers are appropriately trained and informed, our Board requires employees to complete sexual harassment and equal opportunity training every two years. Administered via our Self Administered Legal Training (SALT) online training platform, 2,569 employees undertook sexual harassment and equal opportunity training in 2007.

### Diversity, Inclusion and Equal Opportunity – Foster's Policy and the UN Global Compact

The United Nations Global Compact is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

As the world's largest global corporate citizenship initiative, the Global Compact is first and foremost concerned with exhibiting and building the social legitimacy of business and markets. The Global Compact is a purely voluntary initiative with two objectives:

1. Mainstream the ten principles in business activities around the world.
2. Catalyse actions in support of UN goals.

As a member of the United Nations Global Compact, Foster's recognises *The Universal Declaration of Human Rights* and the *International Labour Organization's Declaration on Fundamental Principles and Rights at Work*, including the principles relating to elimination of discrimination in respect of employment and occupation.

These principles are reflected in our Anti-Harassment Policy, Equal Employment Opportunity, Diversity and Inclusion and Code of Conduct policies, available on our website at: [www.fostersgroup.com](http://www.fostersgroup.com).

Further information about the UN Global Compact may be found at: <http://www.unglobalcompact.org>.

Foster's Anti-Harassment, EEO and Diversity and Inclusion policies were reviewed and updated in 2007. The review highlighted an opportunity for us to increase our employees' awareness of our Diversity and Inclusion and EEO policies.

# Our People continued

## Gender

Women in management at Foster's	
Role	2007
Senior Professional and Management	29%
General management, senior management, executive and senior executive, CEO	8%

Our workforce is 69 per cent male and 31 per cent female. We have one female non-executive director on the Board.

We have been undertaking a review of our recruitment processes, policies and procedures to find out if our recruitment processes are impacting on gender balance in our employee base. Interim findings have revealed that while our policies and procedures are EEO compliant and do not show gender bias, female candidates are not being presented in equal numbers to men for open job roles.

Women are currently under-represented in management roles at Foster's. In December 2006, Foster's established an informal Women's Leadership discussion group, with the purpose of increasing the profile of female leaders at Foster's and understanding the challenges facing women in the workplace at Foster's (see 'Women's Leadership Discussion Group' case study). Over the next 12 months, we intend to take the findings from this group and implement them into the development of our internal recruitment and talent management programs. Additionally, we are investigating how to present diverse short lists of candidates for all senior roles in the future, whilst ensuring we are compliant with relevant EEO policy.

### CASE STUDY: 'Women's Leadership Discussion Group'

Recognising the need for a forum to discuss diversity and issues affecting women at Foster's, an informal 'Women's Leadership Discussion Group' was established in December 2006. During the first meeting with senior women from the Southbank and Abbotsford sites, the need for a forum to discuss diversity issues and for women to network with each other was identified.

The group now meets every four to six weeks and provides a forum for women to speak openly about issues they face within the workplace. The group conducted analysis and benchmarking of our current policies and practices affecting women and presented a plan to the Foster's Leadership Team that has been endorsed. This plan will be rolled out and continually expanded to form a comprehensive diversity plan.

Areas of focus identified by the group include:

- Targeting specific initiatives to focus on as a group and seek support and visibility from the senior leaders within the Company.
- Increase female networking within the workplace.
- A renewed focus on those employees who have returned to the workplace to enable them to settle back into work more easily and more quickly.
- Increase the number of females included in the Talent Management Process.
- Focus on selection processes to ensure more females are presented for selection.

## Remuneration and reward

Foster's strives to reward all employees fairly, and, where possible, to offer consistent benefits to all employees. The types of benefits employees receive may differ depending on whether they are salaried or award-based and whether they are covered by a collective agreement. The benefits available to employees covered by collective agreements vary across the Company, as these agreements are site-specific. Benefits for salaried and non-award employees are generally the same.

The following employee benefits are generally available to Australian permanent salaried (non award-based) employees:<sup>4</sup>

- bonus scheme;
- employee share scheme;
- product allocation;
- novated car leases;
- external study assistance;
- parental leave (subject to eligibility criteria);
- superannuation; and
- laptop computer (through salary sacrifice).

Australian award-based employees receive the following benefits in addition to those conditions set out in their awards or collective agreements:

- employee share scheme;
- product allocation; and
- laptop computer (through salary sacrifice).

Conditions such as parental leave and superannuation are generally regulated by the collective agreements.

## Protecting our employees' rights

As a member of the *United Nations Global Compact*, Foster's recognises *The Universal Declaration of Human Rights* and the *International Labour Organization's Declaration on Fundamental Principles and Rights at Work*, in addition to respecting relevant local laws. These international declarations include principles relating to the freedom of association and the effective recognition of the right to collective bargaining and the elimination of discrimination in respect of employment and occupation.

4. Employee benefits listed are not usually available to temporary employees on fixed term contracts.

## Freedom of association

In Australia, freedom of association is generally regulated by the *Workplace Relations Act 1996* (Cth) – the Act. Under the terms of the Act, it is illegal to either prohibit or require an employee to join a trade union. Following the Federal Government’s changes to the Act in 2006, it is now prohibited to include terms in certified agreements relating to union rights of entry.

Foster’s acknowledges the rights of employees to join any trade union of their choice. Foster’s recognises those unions which have recognised coverage of the work in question at specific sites, and does not prohibit rights of entry provided normal protocols are observed. Accordingly, it is not possible to know how many of Foster’s employees are members of a union. Our Australian employees who are members of unions are predominantly covered by six unions on a regional basis. Foster’s has not had any complaints lodged against us by employees of alleged discriminatory conduct in relation to freedom of association.

Foster’s currently has approximately 45 certified collective agreements in operation in Australia. Most of these agreements are union collective agreements; however, at some sites we have employee collective agreements which reflect the historical industrial arrangements at those sites. Under the Act, unions, or other nominated parties at the request of employees, may be appointed as bargaining agents to represent employees in negotiations for new employee collective agreements. As a matter of practice Foster’s also allows unions to act as representatives in discussions for employee collective agreements.

Foster’s believes that our practices apply the principles of ILO Convention 87 on Freedom of Association and Protection of the Right to Organize Convention, and ILO Convention 98 on the Right to Organize and Collective Bargaining.

## Collective bargaining

Approximately 50 per cent of our Australian work force has their terms and conditions of employment, including wages, regulated by industrial instruments, including awards and certified agreements. These agreements are either union or employee collective agreements.

Approximately 2,000 employees are covered by certified collective bargaining agreements. These agreements have been formally registered (depending on the timing of the certification) with either the Australian Industrial Relations Commission, various state tribunals, and the Workplace Authority.

Additionally, Foster’s is respondent to various federal industrial awards either in its own right or by virtue of its membership of a named employer association. Foster’s is also covered by various state awards which operate as notionally preserved agreements following the Federal Government’s changes to the *Workplace Relations Act 1996* (Cth) in 2006.

## Employee wellbeing

Foster’s is committed to providing a safe and healthy work environment and recognises the promotion of health and wellbeing can deliver benefits such as reducing lost time, improving employee health and employee engagement. Information about our ‘zero harm or injury’ objective, as well as our health, safety and environment policy may be found in the Health Safety and Environment section of this report.

Flexible working can assist our employees manage work-life balance, reduce stress and increase engagement, and we are committed to enhancing and improving existing practices.

Foster’s Flexible Work Practices Policy details some of the options available to our employees, including changes in work arrangements, job share, temporarily working from home (telecommuting) and part-time work. This policy applies to all employees, subject to the terms of an award or agreement. It is designed to support employees while developing a productive and efficient workforce that meets business needs. Application of the policy is discretionary.

As part of our approach to wellbeing and with the support of Foster’s in the Community, Foster’s has supported Mover since 2006. In addition to raising funds for the charity, our employees’ involvement in the campaign has raised awareness of men’s health issues, including prostate cancer, testicular cancer, suicide and depression.

A proud history of contributing to the communities where we live and work.

Pictured: Participants in Red Dust Role Model program enjoy a football game in outback Australia.

# OUR COMMUNITY



# Our Community

**Foster's has a proud history of contributing to the communities where we live and work.**

***Foster's in the Community (FITC), our community investment program launched in 2005, unites our corporate giving and community engagement activities. FITC aims to support the community priorities of Foster's employees, increase our people's engagement with Foster's, build trust between us and our communities and, ultimately, earn our 'social licence to operate'. Engaging with, and actively contributing to, the communities in which we live and work also supports our reputation as a good corporate citizen.***

We support community initiatives in three core or focus areas:

- wellness – supporting projects that promote good physical and mental health;
- culture – supporting artistic and cultural projects and endeavours; and
- environment – supporting projects that benefit the environment.

There are two key programs that form *Foster's in the Community*:

- community partnerships (national/state community sponsorships and a Community Grants Program); and
- employee involvement.

## Community partnerships

Foster's has established community partnerships at a local, state and national level across Australia. These partnerships support the delivery of important services to communities and help us to engage with the communities where we live and work.

Funding is made available through two programs: *Community Sponsorships* and *Foster's Community Grants*.

## Community sponsorships

Foster's has four national partners:

- The Alannah and Madeline Foundation;
- Conservation Volunteers Australia;
- Movember; and
- The Smith Family.

Our support of these major Australian not-for-profit organisations helps us deliver real outcomes across our three focus areas: wellness, culture and environment.

We also fund a range of site-specific and regional community sponsorships to support grassroots involvement and encourage participation in activities that matter to our communities and people.

Whenever possible, we raise awareness of these organisations and projects and encourage our employees to get involved through activities such as team-based fundraising, payroll giving and volunteering.

## Community grants

Launched in April 2006, Foster's Community Grants Program is a philanthropic grants initiative that supports high impact community-building projects in Australia and North America.

We hold two funding rounds per year and grants are assessed and awarded by a Grants Advisory Committee, headed by retired General Peter Cosgrove AC MC.

This financial year, Foster's has awarded approximately \$1 million to inspiring projects across our focus areas of wellness, culture and the environment.

In North America, we have focused support towards pathways for underprivileged youth, while in Australia, programs have addressed mental health issues, the impact of drought on regional communities and indigenous community development, among others.

For an overview of projects supported through our grants program, visit: [www.fosterscommunitygrants.com](http://www.fosterscommunitygrants.com).

## Employee involvement

Foster's employee involvement program supports our people in their individual community and charitable giving.

This year, we extended our employee program to New Zealand. We also expanded our employee initiatives with the launch of a volunteering program.

The following programs are offered to Foster's employees in Australia, New Zealand and North America:

- **You Care We Care.** Through this local community grant scheme, Foster's contributes up to \$500 to any community project or charitable group that an employee, or a member of their immediate family, is involved in. Since launching the program in 2005, Over 600 employees have handed You Care, We Care cheques to their preferred community group or charity. During the year, Foster's donated to 282 not-for-profit organisations through this program.
- **Payroll Giving.** Where local regulations allow, Foster's offers employees access to pre-tax payroll giving, providing an opportunity for tax-effective donations to the employee's charity of choice. We cover all administrative costs, ensuring 100 per cent of each donation directly benefits the recipient. During the year, employees donated approximately \$22,000 through this program.
- **Foster's Matched Giving.** This program assists Foster's employees who support a charity as a team and raise funds in the workplace. Employees coordinate fundraising efforts, such as a morning tea or trivia night, and Foster's matches all money raised, dollar-for-dollar. In the past year, numerous teams registered 17 matched giving events, raising over \$27,000 for charity – matched dollar-for-dollar by Foster's.

## Our Community continued



### **CASE STUDY** **Conservation Volunteers Australia (CVA)**

Foster's established our national partnership with Conservation Volunteers Australia (CVA) in early 2006. This year, Foster's helped CVA to 'Revive our Inland Waterways', through direct financial assistance and a coordinated employee volunteering program.

Foster's employees, with their families and friends, volunteered their time to refresh inland waterways located near Foster's workplaces by planting trees, removing invasive weeds, and mapping stormwater inlets and outlets.

Manager Operations Support, Charlie Foxall (pictured) was one of a number of Foster's volunteers from our Yatala operation in Queensland who helped rehabilitate Oxley Creek Commons and protect local wetland species.

**CASE STUDY**  
**Foster's employee community program extends to New Zealand**

This year, the *Foster's in the Community* employee involvement program was made available to employees based in New Zealand. The first New Zealand employee to benefit was Debbie Drake, who received a You Care We Care (YCWC) local community grant for the NZ Quarter Horse Youth Fund, a local community organisation she is passionate about.

Debbie was thrilled to receive the NZ\$500 YCWC grant, which was used to purchase uniforms for the team, who are representing New Zealand at the Youth World Cup in Canada.

*The Foster's Employee Community Program is great. Together, we can make a difference to the communities where we live and work,* said Debbie.



**CASE STUDY**  
**Red Dust Role Models (RDRM)**

Foster's partnership with Red Dust Role Models has entered its 5th year. RDRM uses the profile and influence of positive role models to inspire healthy lifestyle decisions among remote indigenous youth. RDRM also promotes education as a pathway to increasing opportunities for personal development, employment and community leadership.

Each year, RDRM conducts six or seven week-long community visits, with a minimum of four days in the community. Schools and health clinics are the focal point of the activities. This year, seven Foster's employees took part in these unique and challenging community visits.

Participants speak of these visits as 'life-changing' and demand for places from Foster's people continues to exceed available places.

Foster's is considering ways to extend its involvement with RDRM; for example, working with the organisation to integrate the RDRM programs into management and leadership development programs for Foster's people.



**CASE STUDY**  
**The Smith Family**

Foster's is affiliated with The Smith Family's *Learning for Life* suite of programs and currently supports a *Learning for Life* worker to help disadvantaged Australian children realise their potential through education.

This year, 25 Foster's employees trained to become eMentors for *iTrack*, The Smith Family's online mentoring program. As mentors, these employees are able to offer support and advice to senior high school students who are preparing to make the transition from secondary to tertiary education and the workplace.

Bronwyn Friday, Group Risk Manager at Foster's Melbourne Head Office, said she found the program incredibly rewarding and looked forward to it every week:

*'I was pleasantly surprised by how proactive and forward thinking my student was, and how open she was to my suggestions. From a personal perspective, the feedback I received was really gratifying – my student said that she valued the opportunity to raise issues she was having with someone other than her parents,'* she said.



# Our Community continued



## CASE STUDY Royal Flying Doctors Service (RFDS) – Queensland, New South Wales

Foster's has a longstanding partnership with the Royal Flying Doctor Service (RFDS), supporting them in many ways over the past decade.

In Queensland, Foster's is a premium sponsor of the RFDS Spirit of Queensland Awards, which recognise individuals who personify the spirit of the outback. The Awards are the core fundraising initiative of the Queensland Royal Flying Doctor Service. Our commitment includes providing entrants with Foster's products for their fundraising activities, supplying major prizes and being part of the judging panel. All funds raised go towards replacing ageing aircraft and updating vital medical equipment.

In NSW, Foster's fundraises for the RFDS for the Tamworth Country Music Festival. This year we raised for the Service \$10,000.

## Foster's Community Grants Program – North America

### Aldea Children's Art Therapy Calendar Program (Aldea Children and Family Services)

Aldea Children's Art Therapy Calendar Program is just one of the North American initiatives Foster's supported through our Community Grants Program this year.

Art therapy helps children who suffer from emotional problems and mental illness. Children can explore and express their issues through art more effectively than with words alone, which ultimately helps them to lead more fulfilling lives. The children's artwork is reproduced in weekly engagement calendars and monthly wall calendars that are marketed locally and nationally, providing important validation for their art.

*'The success of Aldea's Children's Art Therapy Program is based on our belief in the resiliency of children when they are given expressive opportunities in a supportive and sensitive environment.'*  
Al Friedman, Art Therapist MA, A.T.R.

## Foster's Community Grants Program – Australia

### Spectrum Employment Services Co-op (Spectrum)

A Foster's grant awarded to Spectrum Employment Services Co-op (Spectrum) helped launch Spectrum's groundbreaking 'Stepping Stones' program. Stepping Stones supports at-risk youth by providing hands-on work experience programs in the landscaping industry, creating a pathway to accredited training and develop a career for young people with limited options.

Spectrum's Community Services division also helps people who have difficulty moving forward because of issues such as addiction and long-term unemployment by providing practical assistance, counselling, help with childcare, transport and healthcare. Spectrum is a not-for-profit organisation committed to fully supporting clients in their move away from welfare dependence.

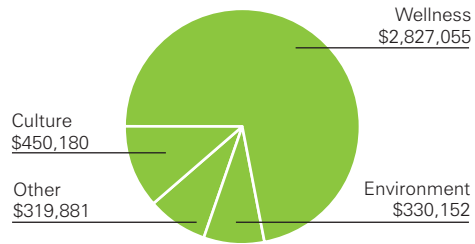
*'Many of the participants have limited support structures or direction once they leave school and thanks to the support of Foster's Community Grants Program, we are now able to offer a structured program that is acting as the first step in their professional lives.'*  
Spectrum CEO, Mark King



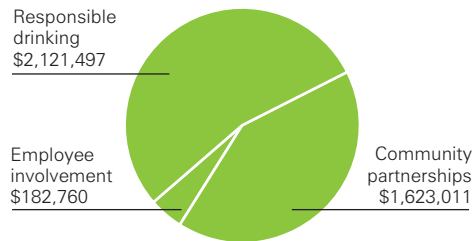
**Community Organisations who received more than \$5,000 in 2007**

<b>Australia</b>	
ACON	Royal Flying Doctor Service – NSW
Advance Kingscote	Royal Children’s Hospital – Victoria
Advancing Whyalla	Rumbalara Football & Netball Club
Alannah & Madeline Foundation	SecondBite
Anglicare Victoria	Spectrum Employment Services
Australian Himalayan	St Vincent’s Private Hospital & Clinic Foundation
Australian League of Immigration Volunteers	Starlight Foundation
Australian Student Environment Network	Sydney Children’s Hospital
BEST Community Development	The Penguin Foundation
Cancer Council Australia	The Smith Family
Cell and Gene Trust	Tiwi Islands AFL
Centre for Rural and Remote Area Health	United Way Ballarat
Conservation Volunteers Australia	Upper Beaconsfield Community Centre
depressionNET	Westpac Rescue Helicopter Service
DrinkWise	Whitelion
EJ Whitten Foundation	Wildlife Victoria
Environment Victoria	Youth off the Streets
Lachlan Arts Council	
Landcare	
Mallee Family Care	
Marist College Ashgrove	
Mary Potter Foundation	
Mercy Disability Services	
Move Through Life	
Movember	
Netball Victoria	
Northcliffe Family Centre	
Oak Tree Foundation	
Princess Alexandra Hospital Foundation	
Red Dust Role Models	
Remote Area Night Patrol	
Tangentyere Council	
Renmark Paringa Community Centre	
<b>United States</b>	
	Aldea Children and Family Services
	Alliance Medical Centre
	Boys & Girls Club of the Twin Cities
	Boys & Girls Clubs of St Helena and Calistoga
	Columbia College Chicago
	Cope Family Center
	CyberMill
	Florence Crittenton
	Functional Fitness 4 Kids
	Napa Valley Adult School
	People’s Self-Help Housing Corporation
	Sonoma Ecology Centre
	UCP Wheels for Humanity
	Women’s Shelter Program of San Luis Obispo County

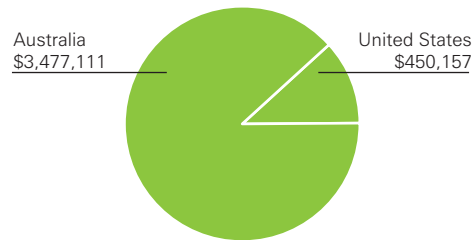
**Community spend by theme**



**Community spend by activity**



**Community spend by country**



Program Costs \$235,400  
**Total Community Investment \$4,162,668**

Foster’s is a founding member of LBG Australia and New Zealand. Foster’s provides one person who sits on the LBG Steering Committee for Australia and New Zealand. LBG members adhere to consistent guidelines when determining and valuing the inputs, outputs and outcomes of community investment.



# GRI INDEX

## Foster's Abridged List – G3 Indicators

Foster's Group has chosen to take an incremental approach to reporting (See 'Our Approach – Our Approach to Sustainability Reporting page 5). We have used the GRI 'G3' guidelines in preparing this report.

The G3 table below highlights the G3 performance indicators we have used to guide the preparation of this year's report. A complete index of the G3 guidelines we have used, including the Strategy & Analysis, Organisational Profile and Report Parameters, may be found on our website at: [www.fostersgroup.com/sustainability](http://www.fostersgroup.com/sustainability).

Further information about the GRI and G3 guidelines may be found on their website at: [www.globalreporting.org](http://www.globalreporting.org).

REPORT SECTION		G3 INDICATOR	PAGE NUMBER
<b>Cover</b>			
	Economic Performance Indicators	EC1	Inside Cover
<b>CEO welcome</b>			<b>2</b>
	Economic Performance Indicators	EC1-2	2
<b>Our approach</b>			<b>4</b>
	Product Responsibility Performance Indicators	PR5	4
<b>Our marketplace</b>			<b>6</b>
	Economic Performance Indicators	EC1, 3	7, 7
	Society Performance Indicators	SO1	8
	Product Responsibility Performance Indicators	PR4, 6, 7	8, 8, 8
<b>Health safety and environment</b>			<b>12</b>
	Economic Performance Indicators	EC2	14
	Environment Performance Indicators	EN2, 3, 5–8	16, 14, 14, 15
		EN12–14	17
		EN16, 18, 19, 21, 22	14, 14, 17, 17, 16
		EN26	15
		EN28	13
<b>Our people</b>			<b>18</b>
	Economic Performance Indicators	EC7	23
		LA11	20
		LA12	19, 20
	Labor Practices and Decent Work Performance Indicators	LA1, 3–8	19, 21, 22, 25, 13, 13
		LA12	19, 20
	Society Performance Indicators	SO3	23
<b>Our community</b>			<b>26</b>
	Economic Performance Indicators	EC8	26–31
	Society Performance Indicators	SO1	27, 31

# INFORMATION AND CONTACTS

## Internet

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

## 2007 Foster's Sustainability Report

This 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 2007.

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

Foster's Group Limited ABN 49 007 620 886

Foster's Sustainability Report 2007 has been produced as an electronic document and is available on our Group website.

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## Readers' Feedback

We would appreciate your feedback and comments on Foster's Sustainability Report at [www.fostersgroup.com/sustainability](http://www.fostersgroup.com/sustainability).

## External Assistance

Net Balance Management Group (Net Balance) has worked with Foster's to help shape Foster's Sustainability Agenda. This has included assistance in identifying material issues, stakeholder engagement, reviewing greenhouse data, review of sustainability data and facilitation of target setting. Net Balance also reviewed and commented on material provided for each indicator and provided feedback on the overall content of the report.

Terence Jeyaretnam  
Director, Net Balance Management Group

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