



United Nations Global Compact

Communication on Progress

Financial Years 2014 & 2015



**TREASURY
WINE ESTATES**



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Statement of Support

It is my pleasure to present to you Treasury Wine Estates' (TWE) United Nations Global Compact Communication on Progress which reports on the work undertaken against the Ten Principles of the United Nations Global Compact (the Compact) for the 2014 and 2015 financial years. I am pleased to confirm TWE's continuing support of the Compact Principles, in the areas of Human Rights, Labour, Environment and Anti-Corruption.

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

Our achievements in progressing the principles of the UN Global Compact during the 2014 and 2015 financial years are presented in this report, and build on those reported in previous Communications on Progress. I invite you to read through our recent achievements, and encourage you to provide your thoughts and feedback on our progress to date via email at csrprogram@tweglobal.com.



Michael Clarke
Chief Executive Officer



Treasury Wine Estates

Treasury Wine Estates (TWE) is a global wine company with a leading international portfolio of wines. Publically listed on the Australian Securities Exchange (ASX), TWE is headquartered in Melbourne, Australia. TWE owns or leases over 11,000 hectares of vineyards in Australia, New Zealand, the United States and Italy, where we also produce and package wine. In FY15, we sold approximately 30 million cases of wine, with revenue in the order of AU\$1.85 billion from across our brands, which include Penfolds, Lindeman's, Wolf Blass, Rosemount, Beringer, Gabbiano, and Matua. TWE directly employs approximately 3,000 winemakers, viticulturists, sales, distribution and support staff across 16 countries and our wines are sold in more than 70 countries globally.



Human Rights



Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Our Approach

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

In FY12, TWE launched its Diversity and Inclusion Council to accelerate focus on our diversity goals and objectives. Since December 2013, the Executive Leadership Team (ELT) have operated as the Diversity Council, replacing the initial cross-functional group. This change reflected the need for the ELT to lead the Diversity and Inclusion agenda.

The Council determines TWE's annual measurable objectives, progress against which is reported in TWE's [Annual Report](#). The CEO and all ELT members have diversity and inclusion measures and targets in their individual Key Performance Objectives. The Policy and associated targets are overseen by the Human Resources Committee of the Board, and the [Diversity and Inclusion Policy](#) is reviewed annually by the Board.

Human Rights, cont'd

The [Code of Conduct](#) commits employees to behave in accordance with outlined principles which include that they maintain a work environment free of discrimination, harassment and bullying. These Policies are supported by online or face to face training with new employees when they commence in the business. This training covers harassment, discrimination and bullying, amongst other topics (some of which are covered below).

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

To ensure the Company is not complicit in human rights abuses, TWE launched its [Responsible Procurement Code](#) in 2009, detailing TWE's expectations of its suppliers in relation to social and environmental practices.

The [Responsible Procurement Code](#) specifically refers to our commitment to conducting business in accordance with the highest ethical standards and internationally proclaimed human rights. This Code has been embedded through tender and supplier on-boarding processes and contractual obligations.

Finally, to enable our staff to contribute to global human rights efforts, we provide a program to match fundraising efforts and volunteer leave for all employees. The '1124 Gift' program matches employees fundraising to a total of \$1124AUD. Each employee is also entitled to one day of volunteer leave per year.

Human Rights, cont'd

Achievements in FY13:

- Surveyed our employees globally on matters relating to diversity and inclusion to assist in determining FY14 focus areas;
- Established a global women's networking group, Women in Wine, with the aim of inspiring, connecting and motivating women at all levels of our organisation;
- Updated the TWE [Diversity and Inclusion policy](#); and
- Incorporated the [Responsible Procurement Code](#) and evaluation process into requests for tender during FY13.

Human Rights, cont'd

In addition to the framework outlined above, TWE has taken the following measures in FY14 and FY15 to protect against human rights violations in its business:

- Further embedded the TWE Responsible Procurement Code incorporating it into all tenders and the partner engagement process, and consequent contractual arrangements.
- Updated the [Diversity and Inclusion Policy](#).
- Agreed new diversity and inclusion targets, which are overseen by the Board and reported in the Annual Report.
- Expanded the Procure to Pay Policy, which references the Company's commitment to the UNGC and human rights, to cover the entire company, and included it as part of compliance training. Compliance with the Policy is overseen by the Audit and Risk Committee.
- Introduced a new Local Procurement Code which provides specific terms of engagement for small local suppliers, recognising TWE's impact in small regional communities.
- Introduced an annual award for female employees, titled the 'Mary Penfold Award', recognising outstanding female leadership.
- Piloted and introduced a female mentoring program run through the Women in Wine program.
- Undertook employee listening groups on diversity in leadership.
- Commenced an annual Global Volunteer Week in FY15, during which employees from across the globe volunteered at charitable organisations for one day. 58.6% of employees participated across 10 countries, up from 15.2% of employees volunteering in FY14.
- Developed and implemented flexible work practices training, provided to all senior leaders in the business.

Labour



Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Our Approach

TWE operates under a range of processes and procedures that ensure our workplaces meet international labour standards and ethical processes. Our company owned and operated vineyards, wineries and packaging centres are located in regions governed by a wide range of labour laws and standards which are reflected in our employee and contractor agreements and workplace conditions.

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

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



Labour, cont'd

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

The safety of employees, and all who visit TWE locations, is governed by our [Workplace Health and Safety Policy](#), which outlines our goal for zero harm or injury to our employees, contractors, visitors and others who visit our operations. TWE has its own occupational health and safety management program which defines the minimum standards all business units are expected to achieve in eliminating or minimising risk. TWE employs specialist occupational health and safety staff and management to oversee the program, which includes a system to report actual or near miss incidents, hazards and observations and manage them and corrective actions. New employees are required to undertake online or face to face training on health and safety, including safe systems of work, duties of employees, employers, contractors, labour hire and managing safety incidences.

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

Labour, cont'd

It also requires that suppliers:

- ensure that their workforce receives legally mandated benefits in the form of a relevant minimum wage;
- ensure that working hours comply with local laws and suppliers do not require their workforce to work excessive hours to a degree that may impact personal health and safety;
- treat their workforce fairly and provide them with workplaces free of harassment, abuse, intimidation, and corporal punishment;
- ensure their workforce is appropriately authorised and permitted to perform the work that they are engaged to do;
- ensure Health and Safety policies exist that, at a minimum, comply with local laws;
- ensure a Health and Safety system exists that aims to reduce hazardous working conditions and work related injury and illness; and
- allow employees the freedom to join a union or engage in other forms of collective bargaining if they so choose, to the extent permitted by law.

Labour, cont'd

Achievements in FY13:

- Finalised the BSCI Code of Conduct fact sheets and guidelines for Australia.
- Incorporated the [Responsible Procurement Code](#) and evaluation process into requests for tender during FY13.
- Achieved a 14.8% improvement in our reportable case injury frequency rate reducing this from 14.9 to 12.7.

Labour, cont'd

In addition to the framework outlined above, TWE has taken the following measures in FY14 and FY15 to promote labour rights in its business:

- Developed a new three year Health, Safety and Environment plan which will improve health and safety leadership and auditing of the health and safety framework.
- Reviewed the [Workplace Health and Safety Policy](#) to include a reference to both physical and mental wellbeing.
- Undertook initiatives to promote mental health awareness in the Australia business.
- Made improvements on TWE's primary safety indicator (now lost time injury frequency rate, previously reportable case injury frequency rate), which has reduced from 7.2 in FY13 to 4.2 in FY15.
- Developed a number of leading indicators such as near miss reporting ratio and corrective action close out.
- Further embedded the TWE [Responsible Procurement Code](#) incorporating it into all tenders and the partner engagement process, and consequent contractual arrangements.
- Undertook a review of labour hire contractors in Australia, and introduced improved processes and controls to ensure labour hire contractors understand their obligations relating to providing their employees with appropriate benefits.

Environment



Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Our Approach

As a premium wine producer and owner of over 11,000 hectares of vineyards, TWE has a deep and intrinsic link to agriculture and the need to ensure the long term environmental sustainability of the land. Consequently, environmental and supply chain sustainability is one of the three strategic pillars of TWE's corporate responsibility program.

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

In addition, TWE's owned and operated wineries and vineyards in Australia, New Zealand, the United States and Italy all receive independent third party certification for sustainable environmental practices.



Environment, cont'd

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

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

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

Environment, cont'd

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

- Have a system to manage and reduce environmental impacts.
- At a minimum comply with local environmental laws.
- Ensure that they develop, implement and maintain appropriate internal business processes to work towards the objectives of TWE's [Environment Policy](#).

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

Environmental sustainability across the business is the responsibility of the Supply team.

Environment, cont'd

Achievements in FY13:

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

Environment, cont'd

In addition to the framework outlined above, TWE has taken the following measures in FY14 and FY15 to protect the environment and improve environmental sustainability in its business:

- Embedded sustainable packaging considerations into new product development processes for the first time.
- Updated the [Environment Policy](#).
- Improved water efficiency in its wineries, packaging centres and company-owned vineyards, to the lowest in four years.
- Improved waste to recycling in its wineries, packaging centres and company-owned vineyards, for the fourth year in a row.
- Maintained certification of its owned and operated wineries and vineyards in Australia, New Zealand and the United States. The Company's established vineyards in Tuscany, Italy, also received certification for sustainable environmental practices, applying to estate-production since 2013.
- Continued to play a leadership role in the Australian wine industry's national environmental assurance program, Entwine.
- Partnered with research institutes to undertake projects aimed at improving efficiency and environmental sustainability. These include projects on biochar and waste management with the University of Adelaide (Australia), and the use of digital imagery for prediction of crop load and vine health with the University of New South Wales (Australia).
- Further embedded the TWE [Responsible Procurement Code](#) incorporating it into all tenders and the partner engagement process, and consequent contractual arrangements.

Anti-Corruption



Anti-Corruption

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

Our Approach

Treasury Wine Estates is committed to complying with all applicable laws and regulations in the countries in which it operates, and conducting business in accordance with the highest standards of ethical conduct. Our expectation for employee conduct is detailed in our [Code of Conduct](#).

TWE's policy relating to fraud, anti-corruption and bribery are detailed in the Fraud and Corruption Policy, while potential conflicts of interest are governed by the [Potential Conflicts of Interest Policy](#). The TWE [Share Trading Policy](#) addresses potential areas of concern relating to insider trading, while our approach to continuous disclosure is described within the [Disclosure Policy](#). The Corporate Gifts and Unacceptable Payments Policy outlines the processes for any employee giving or receiving gifts and/or entertaining, or being entertained by an external party.

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

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

These policies are the responsibility of the Commercial Affairs team and/or Human Resources, and are, in most cases, updated and approved by the Board annually. Compliance is overseen by the Audit and Risk Committee.



Anti-Corruption, cont'd

Achievements in FY13:

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

Anti-Corruption, cont'd

In addition to the framework outlined above, TWE has taken the following measures in FY14 and FY15 to protect against corruption in all forms in its business:

- Updated governance compliance training.
- Updated the Fraud and Corruption Policy.
- Included the Procure to Pay Policy, which references to the Fraud and Corruption Policy, in compliance training. Compliance is overseen by the Audit and Risk Committee.
- Rolled out scenario based training on anti-bribery, including in Mandarin for employees in China.
- Created an “Obligation Landscape”, ensuring staff are clear on their role regarding external obligations.
- Created a Market Entry or Change Policy which provides the framework for entering new markets or making significant changes to the operating model in existing markets.

Corporate Responsibility Overview & Governance



Corporate Responsibility Overview

Our commitment to the social and environmental sustainability of our business, incorporating the Global Compact Principles, is reflected in our Corporate Responsibility program's strategic priorities. An overview of the Corporate Responsibility program, its priorities, and our stated FY16 objectives and targets are detailed in our [FY15 Annual Report](#).

Governance

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

Report prepared by Cecelia Burgman, Global Corporate Responsibility Manager

For further information on TWE's Corporate Responsibility efforts

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

or contact csrprogram@tweglobal.com

