



United Nations Global Compact

Communication on Progress

Fiscal Year 2016



TREASURY
WINE ESTATES



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1. Statement of Support

It is my pleasure to present to you Treasury Wine Estates' (TWE) United Nations Global Compact Communication on Progress which reports on the work undertaken against the Ten Principles of the United Nations Global Compact (the Compact) for Fiscal Year 2016 (F16). I am pleased to confirm TWE's continuing support of the Compact Principles, in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Progress on the fulfilment of our commitment to the Compact continues to be led by the Company's Corporate Responsibility Program and TWE's Global Corporate Responsibility Council, which I chair. The Principles are incorporated throughout the 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 Compact during the F16 are presented in this report, which build on previous Communications on Progress. TWE aims to continuously improve its performance in this regard, and I encourage you to provide feedback via email at csrprogram@tweglobal.com.



Michael Clarke
Chief Executive Officer



2. Treasury Wine Estates

Treasury Wine Estates (TWE) is a global wine company with a leading international portfolio of wines. Publicly 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 F16, we sold over 30 million cases of wine, with revenue in the order of AU\$2.2 billion from across our brands, which include Penfolds, Lindeman's, Wolf Blass, Blossom Hill, Beringer, Gabbiano, and Matua. TWE directly employs approximately 3,500 winemakers, viticulturists, sales, distribution and support staff across 16 countries and our wines are sold in more than 70 countries globally.



3. Human Rights



3. Human Rights

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

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

Our Approach

TWE 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 F12, 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.

3. 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.

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, which the Company coordinates through a Global Volunteering Week in May each year.



3. Human Rights, cont'd

Achievements in F16:

- Further embedded the Responsible Procurement Code (RPC) throughout the supply chain by incorporating it into all tenders and the partner engagement process, and preparing for the global roll-out of the code to all existing suppliers, including by creating supporting resources for suppliers to ensure their understanding of the Code and commitment to upholding it.
- Trained TWE employees on the RPC, including TWE's commitment to uphold human rights.
- Agreed new diversity and inclusion targets, which are overseen by the Board and reported in the Annual Report.
- Trained employees on the Local Procurement Code which provides specific terms of engagement for small local suppliers, recognising TWE's impact in small regional communities..
- Continued the annual 'Mary Penfold Award', recognising outstanding female leadership.
- Undertook a second annual Global Volunteer Week, with nearly 40% of employees from across the globe volunteering at charitable organisations for one day.
- Increased the uptake of the '1124 Gift' program by over 20%.
- Undertook a gender pay equity review, with recommendations to be implemented in F17.
- Increased female representation in leadership roles to 35.9%.
- Increased enrollment in the female mentoring program and launched 'Women in Wine' hubs in Europe and the Americas.

4. Labour



4. Labour

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

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

Principle 5: the effective abolition of child labour; and

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

Our Approach

TWE operates under a range of processes and procedures that ensure 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.



4. 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.

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;

4. Labour, cont'd

- 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 culture, processes, procedures exist that, at a minimum, comply with local laws;
- ensure a Health and Safety program exists that aims to reduce hazardous working conditions and work related injury and illness; and
- allow employees the freedom to join a union or engage in other forms of collective bargaining if they so choose, to the extent permitted by law.

In F16, TWE commenced annual reporting of the actions it has taken to understand and address modern slavery risks related to its business, as required under the Modern Slavery Act (UK). TWE's statement on preventing modern slavery is available on the Company's website.

4. Labour, cont'd

Achievements in F16:

- Developed a new Health, Safety and Environment (HSE) framework.
- Undertook initiatives to promote health and wellbeing, including approximately 1300 employees participating in the Global Corporate Challenge, which encourages participants to improve their health through increased activity, healthy eating and life balance.
- Made further improvements to TWE's primary safety indicator (lost time injury frequency rate), which has reduced from 4.2 in F15 to 3.6 in F16.
- Monitored leading indicators such as near miss reporting ratio and corrective action close out.
- Reviewed the Company's oversight of contract labour hire used for viticulture, and undertook a number of activities where relevant, including internal education sessions, updating contractual agreements, and providing guidance on TWE's expectations regarding employment conditions to labour hire providers.
- Commenced reporting under the UK Modern Slavery Act, with TWE's statement on preventing modern slavery available on the Company's website.
- Undertook HSE audits at all American supply sites, all Australian Cellar Doors and a number of Australian supply sites.
- Trained more than 300 employees on HSE Leadership Development.
- Trained 66% of all mid-level people leaders on flexible work practices.
- Refreshed ANZ, Asia and EMEA Parental leave policies.

5. Environment



5. Environment

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

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

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

Our Approach

As a premium wine producer and owner of over 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](#) and our sites' individual Environmental Management Plans which are updated annually. 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 all receive independent third party certification for sustainable environmental practices. Vineyards purchase as part of the Diageo wine business in F16 also hold independent third party certification.



5. 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.

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

- Have a means 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 works towards the objectives of TWE's [Environment Policy](#).



5. Environment, cont'd

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.



5. Environment, cont'd

Achievements in F16:

- Updated the [Environment Policy](#).
- Improved energy efficiency, water efficiency and reduced carbon emissions from its wineries and packaging.
- Reduced the solid waste generated by the Company, and concurrently improved the Company's solid waste to recycling ratio.
- Maintained independent certification of all the Company's owned and operated wineries and vineyards globally. Vineyards purchase as part of the Diageo wine business in F16 also hold independent third party certification.
- Continued to play a leadership role in the Australian wine industry's national environmental assurance program, Entwine, and participated in various other industry association environment committees.
- Partnered with research institutes and governments to undertake sustainability projects, including examining methods to mitigate the effect of heat waves (Australia), identifying opportunities to turn waste into valuable products (Australia), and restoring river health and floodplains (US).
- Continued to report annually under the Australia Packaging Covenant.
- Commenced a project to replace lighting at major production facilities in Australia with more efficient LED lighting.
- Renewed the Company's commitment to the Courtauld Commitment 2025 (UK).
- Included environment not for profits as key charitable partners in the Company's Global Volunteering Week.

6. Anti-Corruption



6. Anti-Corruption

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

Our Approach

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.



6. Anti-Corruption, cont'd

Achievements in F16:

- 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.
- Improved the Market Entry or Change Policy which provides the framework for entering new markets or making significant changes to the operating model in existing markets.
- Continued to provide training to employees regarding TWE policies on bribery and corruption, and governance and legal matters more broadly.
- Committed to the Australian Government's voluntary tax transparency code, and commenced the voluntary provision of additional tax information in Australia.
- Updated and recommunicated the Delegated Authority Limits (DAL) Policy, including reinforcing the approval process and compliance with the Code of Conduct and the Potential Conflicts of Interest Policy.
- Commenced reporting under the UK Modern Slavery Act, with TWE's statement on preventing modern slavery available on the Company's website.

7. Corporate Responsibility Overview & Governance



7. 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 objectives and targets are detailed in our [F16 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 senior leaders and executives from our global operations.

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

