



TREASURY
WINE ESTATES



2018 SUSTAINABILITY REPORT

FROM BUD TO GLASS

ABOUT TWE



A GLOBAL LEADER IN WINE

Treasury Wine Estates (TWE) is one of the world's largest wine companies, listed on the Australian Securities Exchange. With a rich heritage and diverse portfolio of outstanding wine brands and viticultural assets, the Company's commitment to delivering shareholder value is underpinned by its passion for crafting, marketing and selling quality wine for consumers, as well as building sustainable partnerships with customers, globally. TWE employs approximately 3,500 winemakers and viticulturists, along with marketing, sales, distribution and support staff across four key regions, with wine sold in more than 100 countries around the world.

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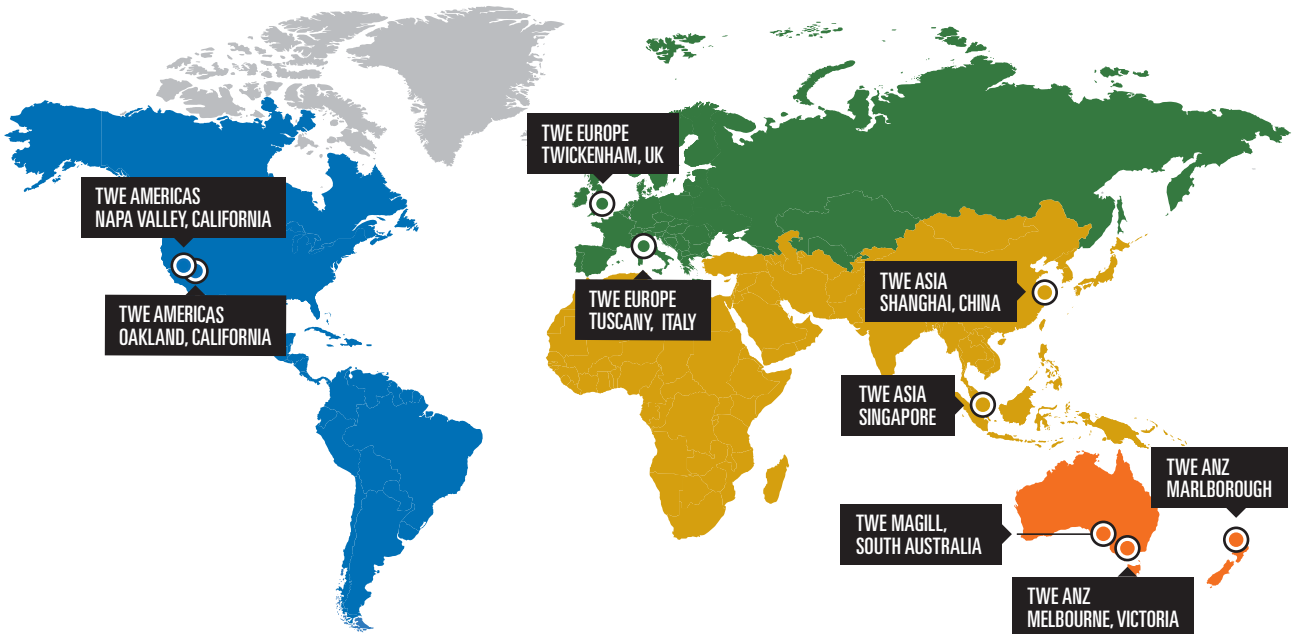
This 2018 Sustainability Report is TWE's inaugural Sustainability Report (Report). The Report has been prepared to provide a general overview of TWE's performance with respect to environmental, social and governance (ESG) topics.

It should be read in conjunction with TWE's 2018 Annual Report, which provides a detailed overview of TWE's financial and operating performance for F18.

The Report contains certain forward looking statements. Words such as 'expects', 'targets', 'likely', 'should', 'could', 'intend' and other similar expressions are intended to identify forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TWE, which may cause actual results to differ materially from those expressed or implied in such statements. Whilst TWE has, where appropriate, verified the source and accuracy of the information contained in the Report, no independent assurance has been obtained in relation to it.

The information in this Report is current as at 30 June 2018 unless otherwise stated. References to 'TWE', 'Company', 'we', 'us' and 'our' are to Treasury Wine Estates Limited and/or except where the context otherwise requires, its subsidiaries. References to 'F18' and 'F19' are to the time periods 1 July 2017 to 30 June 2018 and 1 July 2018 to 30 June 2019 respectively. All currency referred to in the Report is in Australian dollars, unless otherwise stated.

OUR LOCATIONS¹



AUSTRALIA & NEW ZEALAND²

AUSTRALIA | Corporate head office: Melbourne, Victoria



72

vineyards



8,607

planted hectares



7

wineries

NEW ZEALAND | Country head office: Marlborough



9

vineyards



492

planted hectares



1

wineries

ASIA

SOUTH EAST ASIA | Regional head office: Singapore

NORTH ASIA | Regional head office: Shanghai, China

AMERICAS²

US | Regional head office: Napa Valley, California

US | Regional head office: Oakland, California



46

vineyards



3,894

planted hectares



7

wineries

EUROPE²

UK | Regional head office: Twickenham, Middlesex

ITALY | Country head office: Gabbiano, Tuscany



2

vineyards



148

planted hectares



1

wineries

1. Locations marked on the global map represent corporate and regional head offices. TWE also maintains other major operations across all regions of its business.

2. Information is current as at 30 June 2018.

MESSAGE FROM THE CEO AND CR COUNCIL CHAIR



“

*The success of our business
is indeed underpinned by being
sustainable in everything we do.*

”

Welcome to the inaugural 2018 Sustainability Report for Treasury Wine Estates Limited (TWE).

The success of our business is indeed underpinned by being sustainable in everything we do. TWE therefore has an enduring commitment to operate sustainably, safely and responsibly as we continue our journey to realising our vision of being the world's most celebrated wine company.

In support of this, we have decided to illustrate how the Company and its people contribute to this commitment through the production of a clear, concise and accessible document – the Sustainability Report.

This Report is a milestone in TWE's Corporate Responsibility (CR) journey. It outlines how we work to create long term value through our CR program, as well as through effective management of environmental, social and governance (ESG) topics, which range from the consideration of climate change impacts to supporting and promoting the responsible consumption of our wines.

Our strategies and activities to mitigate potential risks posed by ESG topics, while at the same time leveraging the opportunities these may create, are described throughout the Report.

Each section outlines TWE's key achievements in F18, with respect to specific ESG topics. Particular highlights include:

- the identification of the Company's priority United Nations (UN) Sustainable Development Goals (SDGs);
- the launch of the Sustainable Future framework, driving environmental best practice across our supply business;
- enhanced commitment to human rights through updated policies and embedding an ESG review system in the Company's supplier on-boarding process; and
- upholding product quality and safety standards and certifications to produce high quality wine.

In F18, a substantive review of TWE's CR program was undertaken, including a comprehensive CR materiality assessment, resulting in realignment of the program's focus under a framework of four key pillars – Performance, Planet, People and Product – as represented in Graphic 1.

We are proud to be delivering the refreshed program from F19 onward.

Through this program, we remain driven to achieving our mission of creating long term value for TWE and everyone who touches our company, and recognise the challenges and opportunities this presents.

Finally, in F19, TWE will continue to support the UN Global Compact and its ten principles relating to human rights, labour, environment and anti-corruption. We will participate in the UN Global Compact Local Network as a means of engaging, sharing and learning from other Global Compact signatories.






We thank you for your interest in our Company and we hope you enjoy reading this Report.

Kind regards,

Michael Clarke
Chief Executive Officer

Tim Ford
Deputy Chief Operating Officer
& CR Council Chair

Graphic 1 TWE's Corporate Responsibility framework

VISION					To be the world's most celebrated wine company					
MISSION					Create long term value for TWE and everyone who touches our Company by being sustainable in everything we do					
TWE STRATEGIC IMPERATIVES	 PARTNERS	 MODEL	 PEOPLE	 BRANDS						
	 MARKETS									
CR PILLAR										
GUIDING PRINCIPLE	<i>Be transparent and hold ourselves to account</i>	<i>Be sustainable and efficient when sourcing and producing our wine</i>	<i>Respect and enhance the lives of our people and our communities</i>	<i>Create quality wines that are consumed and promoted responsibly and safely</i>						
AMBITION	<i>Our stakeholders believe in and trust our Company to operate sustainably</i>	<i>Our environmental impact is sustainable and reducing over time</i>	<i>Our peoples' human rights, safety and wellbeing is protected</i>	<i>Our wines are produced, marketed and consumed responsibly</i>						

PRIORITY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



PERFORMANCE



GUIDING PRINCIPLE

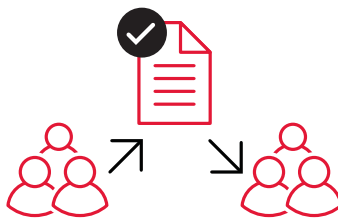
Be transparent and hold ourselves to account

AMBITION

Our stakeholders believe in and trust our Company to operate sustainably

F18 KEY ACHIEVEMENTS

CR program reviewed



CR materiality assessment completed

Identified seven priority

SUSTAINABLE DEVELOPMENT GOALS

WE SUPPORT



Commenced membership UN Global Compact Local Network (Australia)



2017 Tax Transparency Report published



CORPORATE RESPONSIBILITY

Corporate Responsibility Governance

In F18, the Global Corporate Responsibility (CR) Council (the Council) continued as the CR program’s governing body, with oversight of the CR program and its strategy. The Council’s role is to:

- determine the strategic direction of the CR program;
- identify CR related risks and opportunities and determine how they may be managed;
- make CR related policy decisions for the business;
- report CR matters to management and the Board, and other business areas as required; and
- assist in the execution of CR activities.

The Council comprises several members of the Company’s Executive Leadership Team, including the Chief Executive Officer (CEO), and senior representatives from regional and functional areas of the business. The Council is chaired by Tim Ford, TWE’s Deputy Chief Operating Officer¹.

A visual representation of TWE’s CR program governance is represented in Graphic 2.

The Corporate Responsibility Program

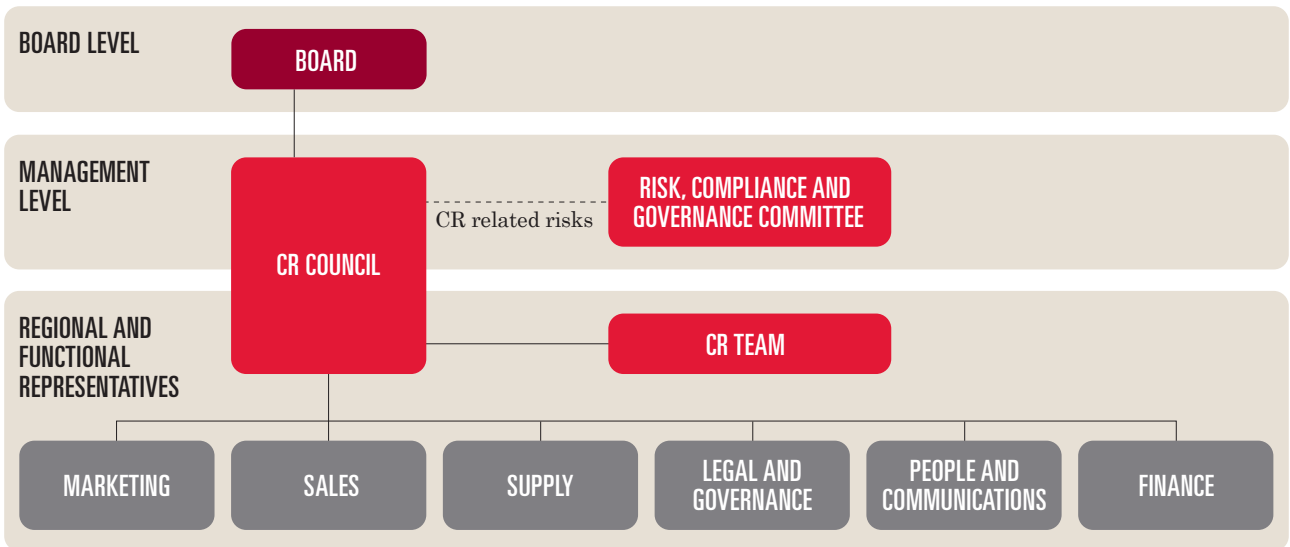
In F18, the Council oversaw a review of TWE’s CR program, including its pillars, guiding principles, strategic priorities, and governance framework.

The review considered the Company’s vision, strategy and business priorities, and was supported by a comprehensive CR materiality assessment².

A range of internal and external stakeholders, including employees, suppliers, customers, consumers, investors and members of the public sector participated in the CR materiality assessment. These stakeholders were asked to provide views on a range of ESG topics, in terms of the significance of these topics to them, and to TWE. Stakeholders were also surveyed on their views of CR and sustainability, reporting, and communication. A sample of respondents participated in follow-up interviews to further expand on their views.

Several international frameworks, and regulatory and quasi-regulatory schemes were incorporated into the review, and considered in light of the CR materiality assessment results. TWE will continue to consider relevant reporting frameworks, including the Task Force on Climate-related Financial Disclosures.

Graphic 2 Corporate Responsibility Governance



1. Tim Ford’s position as Deputy Chief Operating Officer commenced on 1 July 2018.

2. The CR materiality assessment was a process undertaken to inform TWE of its stakeholders’ views on ESG topics. Priority ESG topics identified through the CR process are therefore not necessarily the business’s material risks. TWE’s material business risks are outlined in the Operating and Financial Review (OFR) of TWE’s Annual Report.

PERFORMANCE

The review informed the identification of the Company's priority ESG topics. These topics were grouped, resulting in the establishment of four key pillars – Performance, Planet, People and Product, as shown in Graphic 3. The four key pillars are aligned to the business' strategic imperatives.

Graphic 3 CR Pillars and priority ESG topics

<p style="text-align: center;">PERFORMANCE</p> <ul style="list-style-type: none"> • Corporate responsibility program governance • Corporate governance • Reporting and disclosure 	<p style="text-align: center;">PLANET</p> <ul style="list-style-type: none"> • Environmental management, including: <ul style="list-style-type: none"> • Water • Energy • Climate change • Emissions • Waste • Packaging
<p style="text-align: center;">PEOPLE</p> <ul style="list-style-type: none"> • Human rights and labour • Diversity and inclusion • Community donations and volunteering • Health, safety and wellbeing 	<p style="text-align: center;">PRODUCT</p> <ul style="list-style-type: none"> • Product responsibility, including: <ul style="list-style-type: none"> • Marketing and sales • Consumption • Product quality and safety

United Nations Global Compact

In F18, TWE continued to support and be a signatory to the UN Global Compact.



TWE is committed to integrating the Global Compact's ten principles on human rights, labour, environment and anti-corruption into its business operations and supplier base. In F18, the Company joined the local membership chapter Global Compact Network Australia, and throughout the year participated in the chapter's activities.

TWE's F18 Communication on Progress (COP) is submitted as an integrated part of this report.



TWE's F18 UN Global Compact COP, is found on page 31. Previous COPs are published on the Company's website at www.tweglobal.com/responsibility.

United Nations Sustainable Development Goals (SDGs)

In F18, following the CR program review and the CR materiality assessment process, the Company identified seven priority SDGs. These SDGs were identified as having the most impact on TWE, whilst also being closely aligned to the Company's vision and strategy, and are:



CORPORATE GOVERNANCE

Good corporate governance and transparency in corporate reporting are a fundamental part of TWE’s culture and business practices and are vital in supporting TWE’s vision of becoming the world’s most celebrated wine company.

Effective governance practices and processes are critical to creating and delivering value to our shareholders; promoting investor confidence; and underpinning effective decision-making, accountability, and transparency across our business.

TWE complies with the *ASX Corporate Governance Principles and Recommendations*, which set out recommended corporate governance practices for ASX listed entities.

TWE’s Board is responsible for the overall corporate governance of the Company and is assisted by its committees, as shown in Graphic 4.

At a high level, the Board’s main objectives are to:

- provide strategic guidance for the Company and effective oversight of management;
- optimise TWE’s performance and shareholder value within a framework of appropriate risk assessment and management; and
- recognise TWE’s legal and other obligations to all legitimate stakeholders.

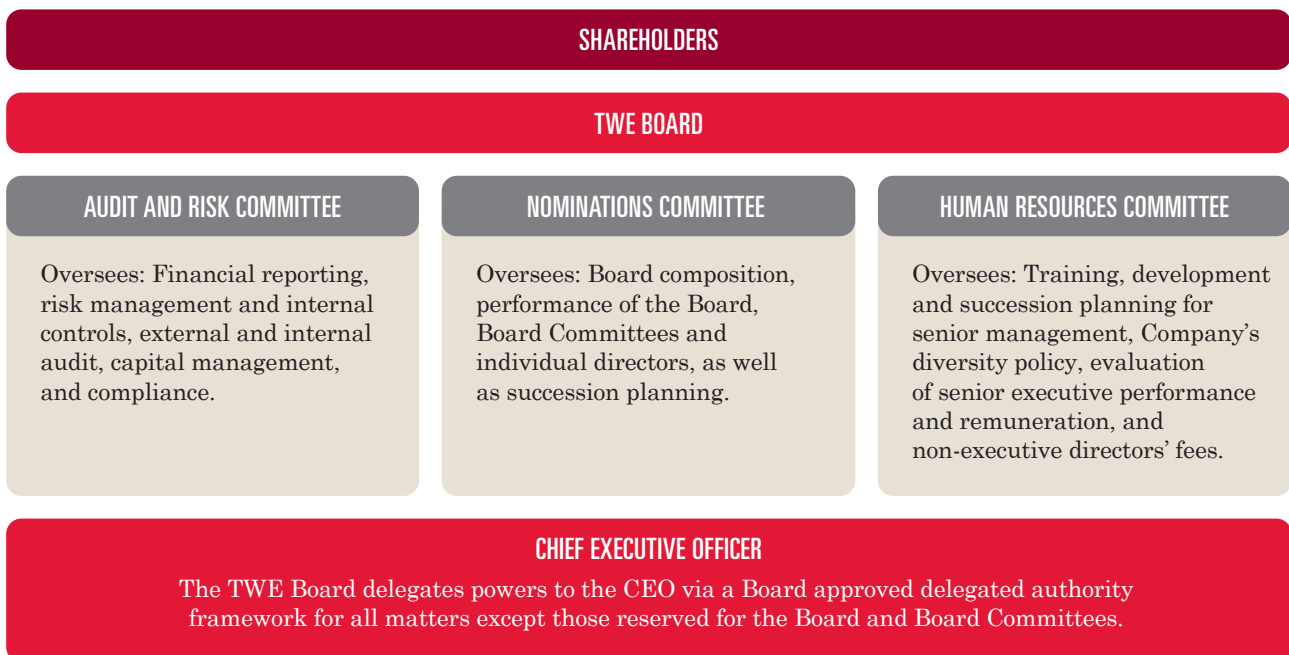
TWE’s Corporate Governance Statement

Each year, TWE prepares a Corporate Governance Statement, which is submitted to the ASX and published on the Company’s website alongside Board charters and key policies that underpin the Company’s corporate governance practices.

The F18 Corporate Governance Statement outlines the corporate governance framework established by TWE and its compliance with that framework for the period ended 30 June 2018. In particular, the Corporate Governance Statement provides a detailed overview of TWE’s governance practices in relation to:

- the Board, its role and responsibilities, including the division of responsibility between Board and management;
- Board composition;
- Director independence;
- risk management and internal controls;
- TWE’s commitment to promote ethical and responsible behaviour;
- TWE’s commitment to diversity and inclusion; and
- market disclosure and communication with shareholders.

Graphic 4 TWE’s Board and Committees



In addition, TWE's 2018 Annual Report includes a corporate governance summary, which provides an overview of the Board's F18 key governance areas of focus. The 2018 Annual Report also contains information on the Company's ownership and its shareholders. TWE's 2018 Annual Report, as well as an archive of prior year Annual Reports, are available on the Company's website at www.tweglobal.com/investors.

Key TWE Policies

Key policies are periodically reviewed and approved by senior management and where appropriate, the Board or relevant Board Committee. The review and approval process ensures that the policies comply with relevant regulatory requirements, are consistent with market practice, and reflect current business priorities. A list of TWE policies referenced in this document can be found on the inside back cover of this Report.

TWE supplements key policies and programs with mandatory online training and education on workplace behaviour, health and safety, competition and consumer protection, and anti-bribery, fraud and corruption, amongst other topics. Every TWE new-starter must complete a suite of training within the first three months of employment. This training is repeated every two years thereafter.

Non-desk based employees receive training within the first three months of starting on site. This training is managed through each site's administration team and is repeated every two years.

Information on TWE's group and regional policies, and supporting initiatives, is communicated through various internal communication channels and can be accessed by employees on the Company's intranet.

Senior leaders are responsible for reinforcing the contents and spirit of all TWE policies within their teams, whether they be conducting business internally or engaging with external stakeholders.

Breach of any TWE policy may result in disciplinary action, up to and including dismissal in serious cases.



PROMOTING ETHICAL AND RESPONSIBLE BEHAVIOUR

TWE's commitment to promote ethical and responsible behaviour is governed by several key policies, which are also outlined in the Corporate Governance Statement. These include the:

- *Code of Conduct*, which recognises that TWE's reputation is one of its most valuable assets, founded on the ethical behaviour of the people who represent TWE.
- *Disclosure Policy*, which recognises the importance of timely disclosure of TWE's activities to shareholders and market participants so that trading in TWE's shares takes place in an informed market.
- *Fraud and Corruption Policy*, which confirms TWE's commitment to a zero tolerance approach to bribery and corruption.
- *Potential Conflicts of Interest Policy*, which guides the disclosure and management of potential conflicts of interest.
- *Whistleblower Policy*, which promotes and supports TWE's culture of honest and ethical behaviour by encouraging the reporting of instances of unethical, illegal or fraudulent behaviour or any other matter that may contravene TWE's Code of Conduct, policies or the law.
- *Share Trading Policy*, which prohibits trading in the Company's shares by directors and employees if they are in possession of 'inside information' and also during 'blackout' periods, and provides additional restrictions that specifically apply to directors, Executive Leadership Team members and certain employees who have been notified by the Chief Legal Officer or Company Secretary.

Political Donations

TWE participates in policy-making processes in priority markets, and accordingly engages with government officials and members of political parties. In line with relevant company policies, TWE does not provide cash donations to political parties, and our government engagement occurs within the boundaries set by internal policies, including the Delegated Authority Limits Policy; the Corporate Gifts, Entertainment and Unacceptable Payments Policy; and the Fraud and Corruption Policy.

RISK MANAGEMENT

Effective risk management enhances the likelihood of TWE achieving its business objectives whilst improving stakeholder value, confidence and trust.

To oversee and manage risk, the Board and its Audit and Risk Committee have approved a Risk Management Policy and an enterprise Risk Management Framework, both of which are reviewed annually.

The Risk Management Policy provides guidance and direction on the management of risk in the Company and states our commitment to the effective management of risk to reduce uncertainty in the Company’s business outcomes.

The Risk Management Framework explains the philosophy and structure required to recognise business improvement opportunities through the effective management of risk. It describes the systems that are necessary to manage risk, and the supporting management disciplines in place to bring these systems to life.

The Company’s material business risks and how those risks are managed, are set out in the Operating and Financial Review (OFR) contained in the Company’s 2018 Annual Report.

Table 1 is an extract from the 2018 OFR, summarising a number of the material business risks and mitigating actions that relate to ESG topics. This Report does not include a full description of all of TWE’s material business risks or the relevant mitigating actions undertaken by the Company.

TAX TRANSPARENCY

TWE places significant importance on maintaining high standards of tax governance and compliance, and supports the work on tax transparency performed by the Organisation for Economic Co-operation and Development, the Group of Twenty, the Australian Taxation Office, and other organisations.

TWE considers the greater transparency of corporate tax affairs to be an opportunity to share relevant tax information with stakeholders to assist them in understanding our tax profile and to demonstrate our commitment to transparency in the communication and management of tax affairs.

Tax is considered in the context of TWE’s Risk Management Framework. In addition, TWE has a Board approved Tax Governance Framework and Tax Risk Framework, which provides greater detail regarding the management of tax risks.

TWE’s 2018 Annual Report details the value of income taxes paid by the Company in F18.



Tax Transparency Report

TWE produces an annual Tax Transparency Report, which outlines the Company’s:

- tax governance and strategy;
- income tax reconciliation;
- Australian federal tax contribution; and
- international related party dealings.

You can view the most recent Tax Transparency Report on the Company’s website at www.tweglobal.com/responsibility.

PERFORMANCE

Table 1 Extract from TWE’s 2018 material business risks as it relates to priority ESG topics

SUMMARY OF ESG RELATED MATERIAL BUSINESS RISKS	SUMMARY OF MITIGATING ACTIONS	INFORMATION ON MITIGATING ACTIONS FOUND IN THIS REPORT
<p>Constrained grape supply, which can be impacted by climate change, agricultural and other factors, such as disease, pests, extreme weather conditions, water scarcity, biodiversity loss and competing land use.</p>	<ul style="list-style-type: none"> • Long-term vintage planning and ongoing integrated business planning processes. • Strategic climate change remediation investment plan and vineyard capital investment plan. • Balanced grape intake between owned/leased vineyards and third party suppliers. • Multi-regional growing and sourcing. • Innovative agronomic practices. • Strong grower relationships and defined service level agreements. • Innovation investment, including collaboration with research institutes on climate change adaptation and water efficiency research, development and extension projects. • Environment Policy and Standard, monitoring and reporting systems. 	<ul style="list-style-type: none"> ● PLANET: Water ● PLANET: Climate Change
<p>Loss of key leadership/talent, TWE’s ability to deliver on strategic targets is reliant on attracting and retaining experienced, skilled and motivated talent in core functions such as winemaking, sales and marketing.</p> <p>It also requires strong, resilient and effective leaders as the business grows at pace.</p>	<ul style="list-style-type: none"> • Strategically aligned and targeted learning and development programs. • Talent review and succession planning processes. • Employee safety (including health and wellbeing) program. 	<ul style="list-style-type: none"> ● PEOPLE: Performance, Leadership and Development ● PEOPLE: Health, Safety and Wellbeing
<p>Brand reputation/damage, which can be impacted by social and environmental risks, unsatisfactory supplier performance, supplier environmental or social incidents, product quality issues, amongst other things.</p>	<ul style="list-style-type: none"> • Code of Conduct, Responsible Marketing Guidelines, Responsible Consumption program, Responsible Procurement Code, Environment Policy and Standard, Media Policy and Social Media Policy and incident management procedures. • Corporate Responsibility program. 	<ul style="list-style-type: none"> ● PERFORMANCE: Corporate Responsibility ● PLANET: Environmental Risk Management ● PEOPLE: Supply Chain Management ● PRODUCT: Responsible Marketing and Consumption ● PRODUCT: Product Quality and Safety
<p>Changing laws and government regulations, TWE operates in a highly regulated industry in many of the markets in which it makes and sells wine. Each of these markets have differing regulations that govern many aspects of TWE’s operations.</p>	<ul style="list-style-type: none"> • Company-wide policies, standards and procedures. • Crisis and Business Continuity Plans. • Specialised and experienced resources and teams. • Executive Leadership Team oversight via the Risk, Compliance and Governance Committee. • Relationships and engagement (where relevant) with key government, industry advocacy and regulatory bodies. 	<ul style="list-style-type: none"> ● PERFORMANCE ● PLANET ● PEOPLE ● PRODUCT
<p>Significant business disruption and/or catastrophic damage or loss, TWE’s scope of operations exposes it to a number of business disruption risks, such as environmental catastrophes, natural and man-made hazards and incidents, or politically motivated violence.</p>	<ul style="list-style-type: none"> • Crisis and Business Continuity Plans, training and resources. • Dedicated health and safety team oversight, audit programs and training. • Preventative repair and maintenance program. • Multi-regional and global sourcing and production capability. 	<ul style="list-style-type: none"> ● PLANET: Environmental Risk Management ● PEOPLE: Health, Safety and Wellbeing

PLANET



GUIDING PRINCIPLE

Be sustainable and efficient when sourcing and producing our wine

AMBITION

Our environmental impact is sustainable and reducing over time

F18 KEY ACHIEVEMENTS

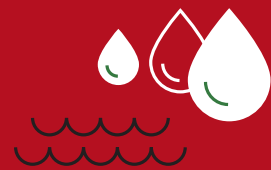
Launched



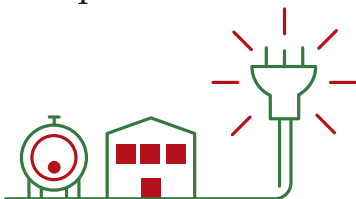
Achieved
100%
sustainability
certification of
vineyards and
wineries



Decreased water
use per 9LE³



Decreased energy
use per 9LE³



Reduced carbon
emissions by

10.85%
from F15
to F18



Diverted
95.98%
of waste from
landfill

ENVIRONMENTAL RISK MANAGEMENT

Environmental risks are identified and managed at a global, regional and site level.

Global and regional risks are identified through the Company’s Risk Management Framework with a risk owner and risk mitigation actions assigned to each. A summary⁴ of the material business risks that relate to the environment include:

- constrained grape supply;
- brand reputation/damage;
- changing laws and government regulations; and
- significant business disruption and/or catastrophic damage or loss.

Aspects of how these risks are managed are detailed in this section.

Group and regional material risks differ from site-level environment risks, which are identified by the local teams, reflecting on the unique environment and resources attributable to each vineyard, winery and packaging centre. As a result, site-level environmental considerations are identified and managed through a site-run process, which includes a separate risk assessment.

Environmental management plans and action trackers are informed by the outcomes of this process. The site environmental management plans have a person and time frame assigned to each identified action so that issues are managed and opportunities are leveraged in a timely manner.

Crisis and Incident Management

In the event of an environmental incident, emergency or crisis, TWE applies its global Crisis and Incident Management Plan (the Plan). The Plan addresses a range of incidents, emergencies and crises, inclusive of those that impact the environment in which TWE operates, such as natural disasters, smoke taint, frost, and pest control.

In F18, the Napa Valley and Sonoma County experienced wildfires, which necessitated the use of the Plan to minimise risk to employees and TWE infrastructure.

Environmental incidents of varying severity are recorded internally via TWE’s Vintrak incident recording system. Significant environmental incidents are escalated to senior management as required.

In F18, there were zero findings⁵ of non-compliance with environmental regulations, and TWE was not required to report any environmental incidents to an external body.

Third-party Sustainability Certification

Fundamental to ensuring TWE’s production is sustainable is the Company’s independent third-party sustainability certification of its owned or leased vineyards and wineries. In F18, TWE attained 100% sustainability certifications of its vineyards and wineries.

These certifications are in addition to local regulatory requirements. The certification programs attained for each region are below:

Australia	Entwine Australia
New Zealand	Sustainable Winegrowing New Zealand
Italy	VIVA Sustainable Wine and ISO 14001 – Environmental Management
Americas	Sustainability in Practice, Certified California Sustainable Winegrowing, Fish Friendly Farming, or Napa Green

Environment Policy and Reporting

At a global level, TWE’s Environment Policy outlines the Company’s commitment to understanding and minimising any adverse impacts its operations and products have on the environment. It is designed to proactively mitigate and manage environmental risks that have the potential to damage the environment, TWE’s reputation, and our brands. Its objectives include:

- Compliance with environmental regulation
- Reducing and/or optimising resource use
- Monitoring environmental risk
- Waste reduction
- Biodiversity protection
- Innovation for sustainability
- Environmental reporting
- Environmental management systems and processes
- Building business capacity to drive sustainability
- Long-term partnerships

In F18, TWE developed an Environment Standard, which connects the global objectives of the Environment Policy to activities at each of our vineyards, wineries and packaging centres. It specifies the Company’s minimum requirements with regard to energy, water, waste water, waste, chemicals, soil, air, light, noise and nature conservation (biodiversity).

3. Compared with F17.

4. A full account of TWE’s material business risks is located in the Operating and Financial Review of the 2018 Annual Report.

5. A finding refers to a determination by the responsible external body.

TWE’s Environment Standard forms the basis of regulatory compliance, risk assessment and environmental action plans across our sites, as well as supporting compliance with regional sustainability certifications.

TWE complies with relevant local, state and federal environmental regulation. Each year regional teams report to the numerous local and national agencies regarding environmental management. These include, but are not limited to:

- California Regional Water Quality Control Boards and California State Water Resources Board (United States of America (US))
- California Air Resources Board; the Bay Area Air Quality Management District; and San Luis Obispo County Air Pollution Control District (US)
- California Department of Pesticide Regulation (US)
- National Pollutant Inventory (Australia)
- National Greenhouse and Energy Reporting (Australia)
- Australian Packaging Covenant Organisation (Australia)
- CONAI Consorzio Nazionale Imballaggi (Italy)

TWE has previously reported on key environmental metrics through its Annual Reports, however this information will now be reported in this Report.

Energy and water usage reported includes all wineries, packaging centres and company-owned or leased vineyards. It does not include all offices and cellar doors.

Carbon emissions reported include emissions from the Company’s direct operations, being Scope 1 and 2 emissions, from all wineries, packaging centres and company-owned or leased vineyards. It does not include emissions from all offices and cellar doors, wastewater treatment plants, refrigerants or Scope 3 emissions (indirect emissions).

Energy and water efficiencies, and our carbon emission intensity ratio, include TWE’s wineries and packaging centres, including packaging undertaken for third-parties, but do not include company-owned or leased vineyards, or all offices and cellar doors. While TWE undertakes a number of activities to reduce energy and water used in vineyards, the agricultural nature of operations at vineyards means that operations need to respond to local climatic conditions, resulting in potentially widely varying and non-comparable efficiency rates.

Not all office and cellar door carbon emissions, energy and water usage is captured as segregated data availability is limited. Office and cellar door environmental impacts are minor compared to overall usage.



SUSTAINABLE FUTURE

In F18, TWE launched Sustainable Future, the Company’s globally aligned approach to driving action against the Environment Policy objectives through the creation of TWE’s Environment Standard, a Best Management Practice framework, and increased opportunities to collaborate, communicate, and learn from each other’s best practice and achievements.

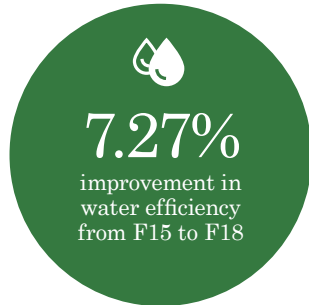
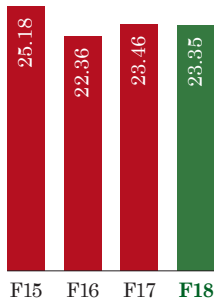
Sustainable Future builds on regional viticulture, winery and packaging centre environmental management practices and certifications. It encourages environmental resource reductions and efficiencies by engaging sites to better monitor and share success and best practice across the business.

The program will continue to be embedded across the regional supply business in F19.



WATER

WATER EFFICIENCY⁶
L/9LE



Naturally, TWE relies on water to grow our grapes and make our wine. We consider water to be a precious and fundamental resource, and we are committed to managing its use carefully.

We recognise that water availability, use and conservation are ongoing challenges for the wine industry and other industries that use this precious resource in production. We rely on water from varied sources, depending on the vineyard and winery location, local regulation and available infrastructure. Sources include:

- Municipal mains
- Groundwater
- Surface water (rivers, creeks and dams)
- Rainwater
- Recycled water

As outlined on page 10, water scarcity contributes to the material business risk of constrained grape supply.

We are working to mitigate the impact of water scarcity through a combination of actions. Actions taken to reduce water use and improve efficiency include:

- *Improvement to process* in our vineyards and wineries. In our vineyards, TWE uses drip irrigation to ensure water is applied in minimal amounts and only when needed. In addition, TWE uses select drought-resistant rootstocks and grape varieties appropriate for the environment; uses recycled municipal water where available; and places compost and mulch under vines to retain soil moisture, as required. Across our winery network, we closely manage winery wastewater and reuse it for vineyard irrigation when quality permits.
- *Investment in innovation and technology* in our vineyards, wineries and packaging centres. At selected vineyard sites TWE has the capacity to monitor soil moisture and visualise water stress through analytical processes that take into consideration climatic conditions, vine requirements and soil moisture levels. We are trialing the use of thermographic cameras, hyperspectral imaging and real-time evapotranspiration monitoring to enhance these processes.

Across selected winery and packaging sites, sub-metering and real-time monitoring technology has been deployed to identify and reduce water intensive activities or leaks. ‘Pigging’ technology, which pushes wine with inert gas instead of water, has been installed at frequently used transfer lines.

- *Water trading* to manage water security. TWE owns water entitlements (separate to land title) in Australia and the US (where required). In Australia, water rights are traded to manage water security.



TWE'S WATER STEWARDSHIP IN THE COMMUNITY

TWE acknowledges that water is a shared resource amongst communities, the environment and our own operations. For this reason, we contribute to environmental and community water projects. Significant examples include:

- Donation of 794.74 ML of water during 2012–2016 to the Markaranka floodplain rehabilitation project in the Riverland region of South Australia, and continued collaboration with the Natural Resources South Australia Murray-Darling Basin Management Board.
- Ongoing wetland rehabilitation projects in pond and stream waterways close to the Company's Marlborough vineyards in New Zealand.
- Dedication of 5.1 acres to the ‘Oakville to Oak Knoll Reach restoration project’ in F18, to restore and improve sediment loading and pollution in a nine-mile section of the Napa River, California.
- Volunteering activities with Thames 21, a UK conservation organisation that works to clear litter from rivers across London and restore and enhance natural river ecology.

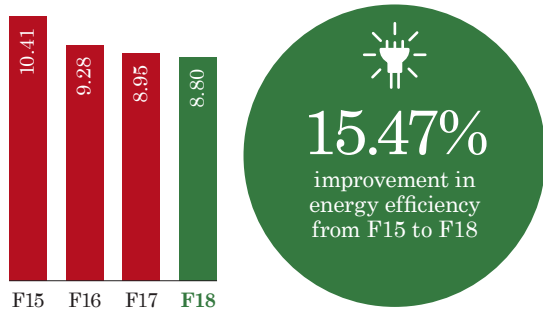
6. For more detail on TWE's water use and efficiency, refer to the key performance indicator table at the back of this Report.

- *Repairs and maintenance* as required. TWE has replaced sprinkler frost protection in several vineyards with automated frost fans to reduce the amount of water used when protecting our vines from frost events. In our winery and packaging network, there has been a focus on updating barrel washers to more water efficient models.
- *Awareness and education* through management systems, such as Sustainable Future, and our online data repository and reporting tool, which measures water use and helps to engage our people on conservation techniques.
- *Research, development and extension* undertaken in collaboration with research institutes includes projects on water efficiency and climate change adaptation.

Over time, water usage is largely trending downwards, with water efficiency having improved by 7.27% since F15.

ENERGY

ENERGY EFFICIENCY⁷
MJ/9LE



Energy management is critical to TWE’s wine production. TWE recognises the importance of managing our energy sourcing, use and efficiency as a part of operating sustainably, safely and responsibly. We strive for energy efficiency improvement across all areas of the business, from the vineyard to our regional head offices.

Actions taken to reduce energy use and improve efficiency include:

- *Improvement to process* in our wineries and packaging centres, where we are increasing the use of counter-current heat exchange, and pulse cooling, while implementing highly efficient cold stabilisation technology, all of which contribute to improving energy efficiency.

- *Investment in innovation and technology* to mitigate the impact of increased energy use. TWE has invested in solar energy systems at several US sites. Of the total electricity consumed at our US wineries and bottling centres from off-site sources, almost 50% is from renewable energy, which equates to approximately nine million kWh per year. TWE continues to investigate alternative energy sources for use across major sites in Australia.

Our winery and packaging centres are continuing to invest in innovation through building controls including, motion light sensors, economic temperature control, and night time cooling, to reduce the demands from heating, ventilation and air conditioning.

- *Repairs and maintenance* as required. In our vineyards, TWE invests in energy efficient lighting, pumps and tractors; multi-row harvesting equipment (as appropriate); and energy efficient re-design of driving pathways. Across our wineries and packaging centres, we are replacing older equipment with energy efficient options such as variable frequency pumps, LED lights, and smart-meter electricity sub-monitoring.

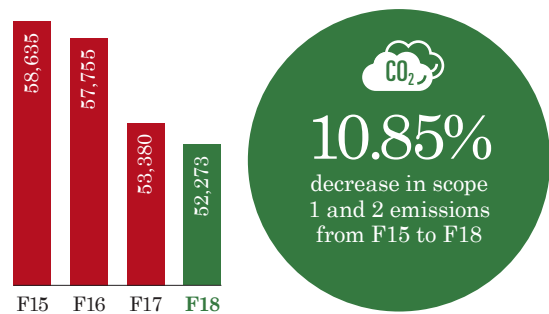
- *Awareness and education* through management systems as described in ‘Water’.

Over time, energy usage is trending downwards, with energy efficiency having improved by 15.47% since F15.

CLIMATE CHANGE

CARBON EMISSIONS⁸

Carbon Emissions (Scope 1 & 2) CO₂e tonnes



TWE acknowledges the challenges and risks posed by climate change. TWE also recognises the responsibility of minimising negative climate change impacts by monitoring and reducing carbon emissions.

As outlined on page 10, climate change contributes to the material business risk of constrained grape supply.

7. For more detail on TWE’s energy use and efficiency refer to the key performance indicator table at the back of this Report.

8. For more detail on TWE’s Scope 1 and 2 carbon emissions refer to the key performance indicator table at the back of this Report.

TWE has been investing in climate change mitigation and adaptation research for more than a decade and we are continually implementing findings and adapting practices to suit the current and predicted changing conditions.

A summary of actions taken by TWE to mitigate and adapt to impacts associated with climate change include:

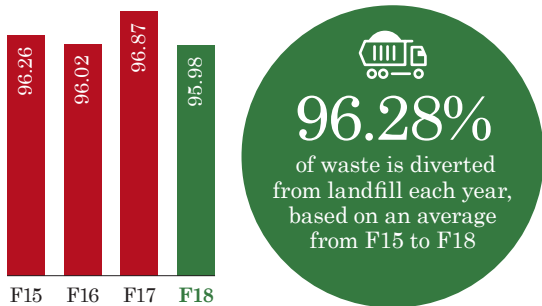
- *Securing long-term grape supply* through long-term vintage planning and ongoing integrated business planning processes; a strategic climate change remediation investment plan and vineyard capital investment plan; balancing grape intake between owned or leased vineyards and third-party suppliers; multi-regional growing and sourcing; innovative agronomic practices; and strong grower relationships and defined service level agreements.
- *Innovating to manage compressed vintages* across our vineyards and wineries. In the vineyard, TWE has invested in improved logistics applications that improve visibility of grape delivery and reliability of truck scheduling; and integrated vintage information into the Company’s IT infrastructure to better monitor changes to vintage timing. In the winery, TWE has introduced technologies that allow for optimised fermentation durations and processing.
- *Continuous data collection and analysis* through collaboration with partners, including industry bodies and research institutes, on climate change adaptation projects.

Over time, TWE’s Scope 1 and 2 emissions are trending downwards. In F18, TWE commenced reporting its carbon emission intensity ratio in our key performance indicator table at the back of this Report.

WASTE AND PACKAGING

WASTE GENERATION AND DIVERSION⁹

Waste diverted from landfill rate (%)



TWE is committed to reducing adverse impacts on the environment by minimising waste generated and maximising recycling or reuse, from within our operations, to the end use consumer.

TWE recognises the importance of managing waste and packaging materials as an important part of operating sustainably, safely and responsibly. Through a combination of actions we are working to reduce waste production and improve diversion from landfill rates.

These actions include implementing effective recovery systems. Within TWE wineries, most waste is organic. Grape skins and seeds, referred to as marc or pomace, are a by-product of the winemaking process and are specifically treated by third parties to extract further value from the waste, or sent to composting facilities.

Cardboard, glass and plastic is carefully separated at our winery and packaging centres to ensure that major materials in our waste streams are either reused or recycled. This includes:

- cardboard, which is recycled through contractors;
- plastic wrap, which is repurposed for multiple reuse functions, such as being transformed into pallet slip sheets for export; and
- wooden pallets, which are redistributed throughout regional distribution networks.

In addition, TWE works to promote recycling initiatives in its regional head offices and records office waste volumes where possible.

TWE’s sustainability, procurement and marketing teams also work with suppliers to optimise product packaging and develop improved supply chain systems that secure high quality raw material inputs, such as cork, cardboard and glass. These systems ensure less is wasted through defect, conflict with design specifications, or inefficiency in operations.

The majority of the Company’s product packaging is made from highly recyclable materials (glass and cardboard). TWE is a signatory to the Australian Packaging Covenant Organisation and publishes an annual report on its Australian packaging materials, optimisation, impact and leadership.

In F18, TWE diverted 95.98% of waste from landfill, representing a slight decrease compared with F17. The decline is attributable to a decrease in grapes crushed in Australia and New Zealand (ANZ), which impacts the proportionate amount of organic waste sent to third parties, compost or other reuse facilities.

The Company’s overall waste generation decreased by 11.69% in F18 compared with F17. In F17, there was an increase in waste generation caused by numerous supply chain optimisation projects.

9. For more detail on TWE’s waste indicators, refer to the key performance indicator table at the back of this Report.

PEOPLE



GUIDING PRINCIPLE

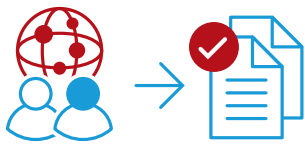
Respect and enhance the lives of our people and our communities

AMBITION

Our peoples' human rights, safety and wellbeing is protected

F18 KEY ACHIEVEMENTS

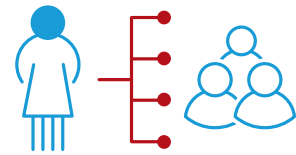
Human Rights or ESG topics added to codes and policies



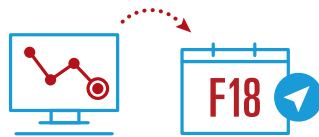
Introduced a Spanish language option for the US whistleblower toll-free number

37.1%

female representation in leadership roles



Contributed over
A\$1m
in value to the community



Established a Serious Incident Frequency Rate (SIFR) health and safety indicator



Reduced the SIFR to

3.5



PEOPLE

HUMAN RIGHTS AND LABOUR PRACTICES

TWE is committed to building a high performing organisation by driving an inclusive, supportive and collaborative culture; growing our people's capability; and operating efficiently and sustainably. A key part of this is ensuring our peoples' human rights, labour rights, and health, safety and wellbeing are respected and upheld through company-wide policies, standards, and procedures that protect permanent, temporary and contract employees.

TWE and its suppliers operate in regions governed by a wide range of laws. A summary¹⁰ of the risks associated with human rights, labour and the supply chain include:

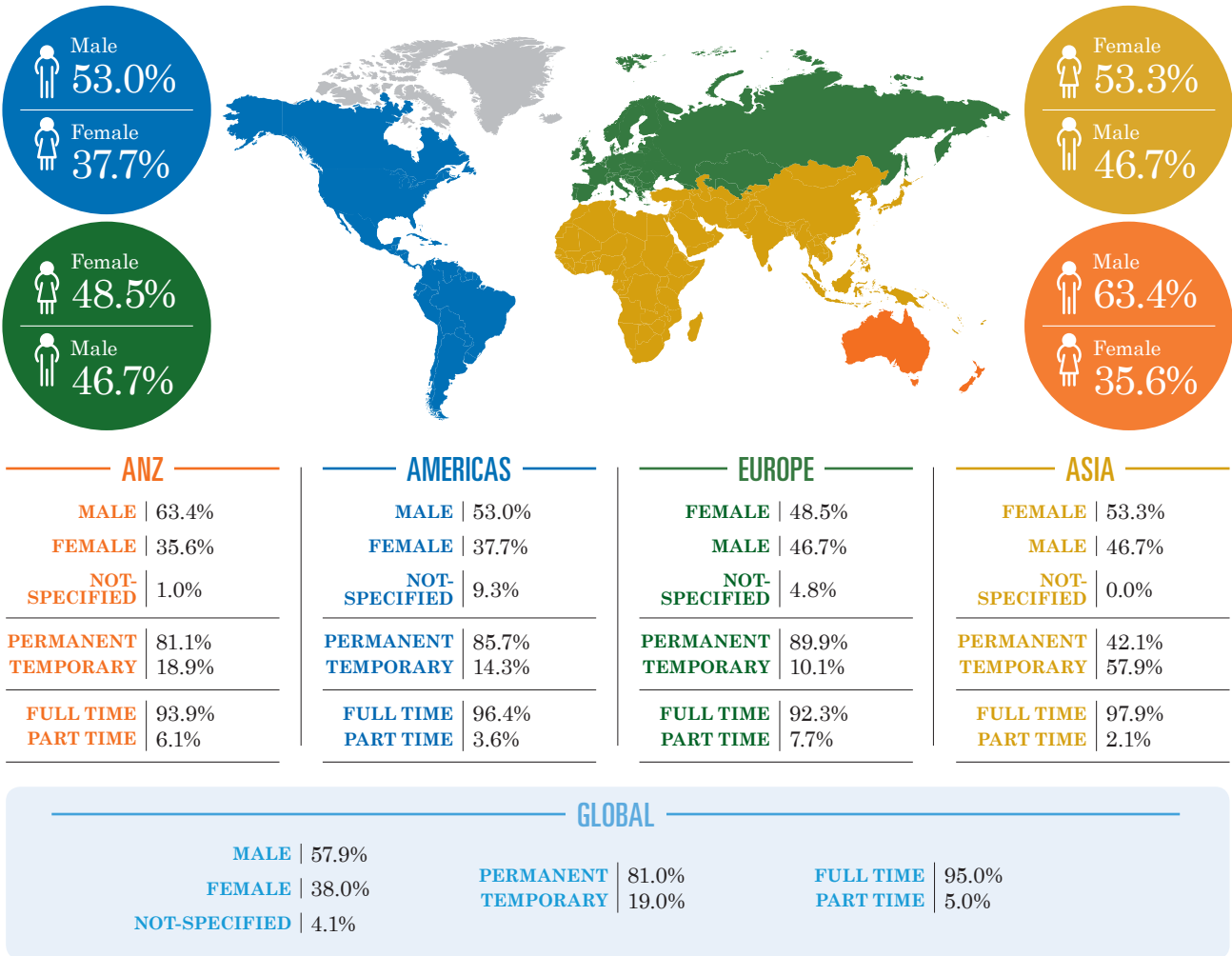
- loss of key leadership/talent;
- brand reputation/damage; and
- changing laws and government regulations.

Aspects of how these risks are managed are detailed in this section.

The United Nations (UN) Global Compact's ten principles, six of which relate to human rights and labour, and various international standards and principles¹¹, are incorporated into internal resources as necessary and are embedded across the Company by the Human Resources arm of TWE's People and Communications function.

The Human Resources team report regularly to the Human Resources Committee of the Board on items of risk, opportunity and performance relevant to people. Relevant initiatives are publicly reported in TWE's Annual Report, Workplace Gender Equity Agency Report (Australia) and the Annual Statement on the Prevention of Modern Slavery.

TWE people – a snapshot of our employees across the world¹²



10. A full account of TWE's material business risks is located in the Operating and Financial Review of the 2018 Annual Report.

11. Including the principles within the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) 1998 Declaration on Fundamental Principles and Rights at Work.

12. The information in this table is current as of 30 June 2018 and includes contractors as well as employees. It therefore differs slightly from similar information presented in TWE's 2018 Annual Report.



TWE's Annual Statement on the Prevention of Modern Slavery

TWE is committed to preventing slavery and human trafficking in its corporate activities and global supply chain. The Company provides public information on the actions it takes to understand, address and prevent modern slavery through its Annual Statement on the Prevention of Modern Slavery, which is available on the homepage of the Company's website at www.tweglobal.com.

The Asia region has a higher proportion of employees listed as 'temporary' due to common legal practice in Asia to place employees on three-year fixed term contracts. After ten years, an employee is considered 'permanent'.

Human Rights

TWE's commitment to protecting the human rights of our people and to the prevention of, and protection against modern slavery is underpinned by a range of policies, standards and procedures that are intended to ensure our sites meet international labour standards and ethical processes.

In F18, the Code of Conduct and Responsible Procurement Code (RPC) were updated to include a clear reference to the Company's commitment to respect and uphold human rights. Additionally, the New Market Entry Policy, which specifies how to assess the likelihood and consequences of a range of risks when entering a new market, was updated to include a specific reference to environmental, social and governance (ESG) topics, inclusive of human rights and labour impacts.

TWE respects employees' freedom of association in the workplace by recognising the right of employees to negotiate either individually or collectively. TWE engages with trade unions where they represent employees, to negotiate employment agreements.

Whistleblower

TWE's Whistleblower Policy is supported by a confidential whistleblower service, which is administered independently by an external service provider (Deloitte). This service offers local toll free numbers to reflect our major operating regions, which include services in local languages for China, Hong Kong, Singapore, Japan, Australia, New Zealand, United Kingdom and the United States of America (US).

In F18, TWE expanded the program adding a Spanish language option for the US toll free number, reflecting employee diversity in the Americas region.

Matters raised through the confidential whistleblower service are reported to the Board through the Audit and Risk Committee. All issues are resolved by way of investigation led by the Legal and Governance team and action is taken as required.

The Whistleblower Policy and confidential whistleblower service are communicated to employees annually through internal communications channels, and is available on TWE's intranet and the Company's website.

Child Labour

On occasion TWE employs minors¹³. In F18, TWE employed a small number of people under 18 years of age in Australia and New Zealand (ANZ), typically in apprentice, vintage or hospitality roles as permitted by local legislation.

The Company's Employing and Engaging Minors Policy ensures that these relationships are managed appropriately. The policy requires that all minors are employed or engaged lawfully, that their employment is overseen by a member of the People and Communications team, and that a support system is implemented within the first 30 days of a minor's engagement.

Supply chain management

Protections against child labour and employing minors are extended to TWE's supply chain through the RPC. This commits our suppliers to:

- act in accordance with legislative and ratified International Labour Organisation (ILO) conventions relevant to children;
- not prevent members of their workforce under the age of 18 from accessing education; and
- protect members of their workforce under the age of 18 from working conditions that are harmful to health and safety or likely to hamper normal development.

Forced Labour

TWE policies, standards and procedures are designed to protect our people from forced labour.

The Global Payroll Policy recognises the importance of paying employees fairly, completely and accurately. The policy is intended to protect employees from being bonded to the organisation by debt, having their pay withheld, or having their movement restricted due to inconsistent payment times.

Accordingly, the policy outlines the requirements for key payroll activities, such as approval and processing requirements for permanent and temporary employees, or for any individual or corporate entity associated with TWE, and includes monitoring of any processing performed by a third-party service provider.

13. The definition of minor depends on the relevant country, jurisdiction, and legislation.

Supply chain management

Protections against forced labour are extended to TWE’s supply chain through the RPC. This commits our suppliers to:

- not use forced, prison or slave labour in any form;
- ensure the workforce has entered into employment freely (at their own choice); and
- not restrict the movement of members of the workforce through withheld remuneration or threatening their safety, or the safety of their family.

Remuneration

TWE’s Remuneration Policy aims to attract, retain and reward the best talent while building a performance oriented culture. It sets out principles and processes to ensure the Company’s remuneration practices attract and motivate the highest calibre employees to achieve TWE’s business objectives.

TWE analyses, monitors and benchmarks external and internal remuneration data, including pay equity, to ensure that pay decisions are fair, competitive, market-relative, and reflective of performance. The Company recognises evolving shareholder concerns and expectations in matching pay to performance and produces an externally audited Remuneration Report, included as part of its Annual Reports.

Performance, Leadership and Development

The performance of our employees is measured against TWE’s Performance Framework, which promotes the accomplishment of TWE’s strategic objectives. TWE’s Performance Framework aligns our managers and employees on how they will deliver upon objectives and TWE growth behaviours, and highlights areas for employee growth and development.

At TWE, we believe that everyone is a leader, whether they manage people or not. TWE’s Leadership Framework outlines five capabilities that underpin our four growth behaviours and guide our leadership development. These capabilities describe the skills and knowledge our people need to be great leaders.

Development at TWE is provided through a blended learning approach, with on-the-job training and development, coaching and mentoring, as well as classroom based programs.

A SNAPSHOT OF TWE’S GLOBAL CAPABILITY DEVELOPMENT IN F18



Our Global Leadership Development and Functional Capability programs build upon TWE leadership capabilities to drive high performance. In F18, our global capability program highlights include:

- Achieved more than 2,000 attendances at various leadership development programs, across every region.
- Launched ‘Mutage’ leadership program, with 44 employees from TWE’s ANZ Supply team participating in the program, and each participant being awarded a Diploma in Leadership and Management.
- Delivered multiple leadership programs in Spanish to respond to the diversity in our Americas business.



Supply Chain Management

TWE’s standards on human rights, labour (including labour conditions, child labour and forced labour), discrimination, health and safety and the environment are extended to its supply chain through the Company’s RPC.

The RPC outlines TWE’s expectation of its suppliers, including labour hire suppliers, to comply with standards in relation to the conduct of, and expectations placed on, the suppliers’ (including labour hire providers’) officers, employees and contractors.

The RPC has been embedded as a prerequisite in TWE's partner engagement and tender processes, and is included in TWE's supplier contract templates globally. In F18, the RPC was translated into simplified Chinese to ensure it is aligned with the language in which relevant contracts are prepared in China.

Training on the RPC and its contents is provided to those employees who deal with suppliers and have the authority to enter into transactions on behalf of TWE. This is administered by regional Procurement teams through the Company's learning management system.

In F18, TWE embedded ESG criteria and an escalation process in to its supplier on-boarding process, allowing the Company to identify potential suppliers who may carry ESG related risks based on country and industry of operation, and the value of TWE's proposed annual spend.

If concerns are identified, an escalation process is triggered, involving collaboration with the supplier to mitigate and safeguard against any adverse impacts these may present. This criteria complements the RPC and strengthens the Company's supply chain management and supplier engagement processes.

In F18, training on the ESG criteria and escalation process was provided to each region's Procurement, Grower Relations, Bulk Wine Management and Legal and Governance teams. In F18, no suppliers were escalated under this process.

DIVERSITY AND INCLUSION

TWE is made up of individuals as diverse as its wines and the people who enjoy them.

We are committed to creating an inclusive, supportive and collaborative culture to attract and retain the best possible talent, and create an environment where people from diverse backgrounds can fulfil their potential. Our diversity and inclusion program, which is guided by TWE's Diversity and Inclusion Policy and strategy, drives performance against this priority and focuses on gender, flexibility and inclusion.

The Executive Leadership Team manages TWE's diversity and inclusion goals and objectives, which are approved by the Human Resources Committee of the Board, and are detailed in the Company's 2018 Annual Report.

In addition, the Executive Leadership Team, including the CEO, supports the achievement of diversity and inclusion measures and targets as part of their annual key performance objectives. Senior leaders are also assessed on their 'Inclusive Leadership' through our annual 360-degree feedback survey, the results of which are taken into account when assessing annual performance.

All employees are required to follow and promote TWE's Diversity and Inclusion Policy, ensuring they treat all people they interact with respectfully and in accordance with the policy's principles.

Gender

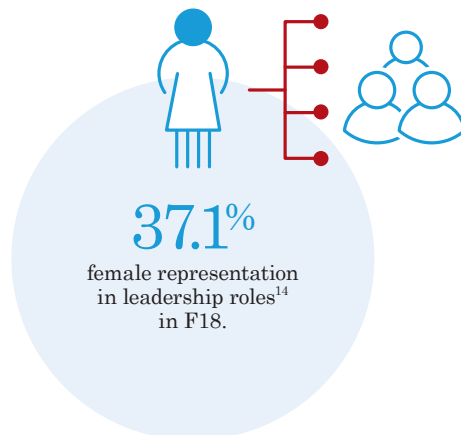
TWE aims to improve the gender balance of employees in our workforce. The actions taken to do this are governed by the Code of Conduct and Diversity and Inclusion Policy.

The Company reports annually to the Australian Workplace Gender Equality Agency on matters including:

- gender composition of the workforce and governing bodies;
- equal remuneration between men and women;
- flexible work conditions;
- employee consultation on gender equality; and
- sex-based harassment and discrimination.

This report is published on the Company's website at www.tweglobal.com/careers.

In F18, TWE had 37.1% female representation in leadership roles against a target of 38% by 2020. Additionally, we continued to celebrate women who have made an extraordinary impact at TWE through the annual Mary Penfold Award.



14. TWE define leadership roles as senior leaders, professionals and specialists, including general, department and functional management.

Flexibility

In support of the need to recognise the individual circumstances of our people, TWE has a Global Flexible Work Practices Policy, which establishes the framework through which employees can apply to have flexible work practices approved. Flexible work can be formal or informal, depending on the circumstances. TWE has a Flexible Work Practices Global Toolkit intended to support both employees and line managers in successfully managing flexible work arrangements.



TWE CONTINUES TO INVEST IN TWEforShe

The TWEforShe ‘She Leads’ capability program was delivered globally, with more than 700 female participants in F18. This program is focused on unlocking the potential of our female employees, which in turn will lead to a truly diverse and high performing culture.

The TWEforShe ‘On the Job’ learning program – TWE Tasker – was launched in the second half of F18 and is being rolled out globally. This phase is focused on tangible, cross functional development opportunities for females.



Inclusion

We strive for a diverse and inclusive workforce where all individuals are treated with courtesy, dignity and respect and are provided with equal opportunity in all employment matters. The TWE Code of Conduct commits us to maintaining a work environment

free of discrimination, harassment and bullying, and is supported by our region-specific Harassment, Bullying and Discrimination Policies.

Employees are encouraged to raise any concerns via specific mechanisms outlined in individual TWE policies, issue resolution processes, or via the confidential whistleblower service. In addition, all employees and eligible family members have access to free and confidential professional counselling on a range of personal and work related issues through the Company’s third-party provided Employee Assistance Program.

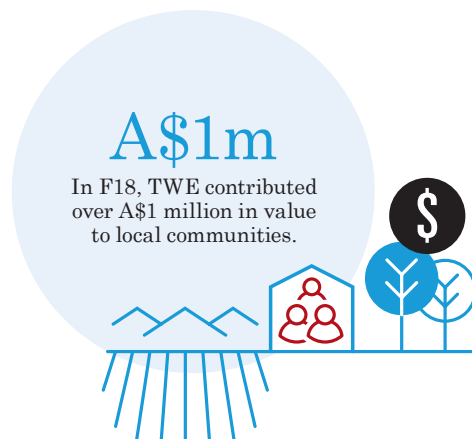
Discrimination based grievances are managed on a case by case basis and are managed commensurate with their degree of severity. Formal complaints and incidents are reported and discussed at the Human Resources Committee of the Board.

COMMUNITY ENGAGEMENT

TWE is committed to having a positive impact in the communities in which it operates. A key part of this commitment is giving back to those communities through corporate volunteering, fundraising and community donation initiatives.

The centrepiece of TWE’s community engagement is the annual Global Volunteering Week. This event forms a platform to co-ordinate employee volunteering efforts across the world and build long-term partnerships with organisations.

In F18, the week saw more than 1,400 employees volunteer with more than 75 charitable partner organisations across the globe. In F18, the value of TWE’s corporate volunteering efforts was over 10,000 hours. Volunteering efforts included food preparation and serving, packing and sorting household and school items for those in need, clearing local waterways and conservation areas, and rehabilitating natural spaces.



PEOPLE

TWE also supports employees to contribute to their local community through our corporate fundraising program – Fundraising Boost. The program matches money raised by employees for causes close to their hearts, up to a capped value. The program is offered to all TWE employees, and in F18 close to A\$37,000 was donated to a variety of causes.

TWE offers longstanding charitable partners and local organisations with a connection to TWE’s people and regions, product and monetary contributions. In F18, TWE supported the Napa, Sonoma and Lake County areas in their recovery efforts from the devastating fires in October 2017, and communities in Texas and the Caribbean as they worked to recover from Hurricanes Harvey and Irma.



The Company’s donations to local natural disaster relief funds totalled US\$140,000, and was distributed for the provision of medical care, temporary shelter, meals and counselling.

Several TWE brands also participated in major community and not-for-profit collaborations, including:

- BV Coastal and ocean conservation organisation Oceana *Save Something Beautiful* collaboration (US) (pictured).
- A sponsorship between the Gentleman’s Collection and the Movember foundation that supports a variety of men’s health initiatives (Global) (pictured).



HEALTH, SAFETY AND WELLBEING

TWE cares for its employees because everyone’s life is important, and every employee deserves to go home safe, every day.

Health, safety and wellbeing risks are identified in TWE’s Risk Management Framework. A summary¹⁵ of the risks that relate to health, safety and wellbeing include:

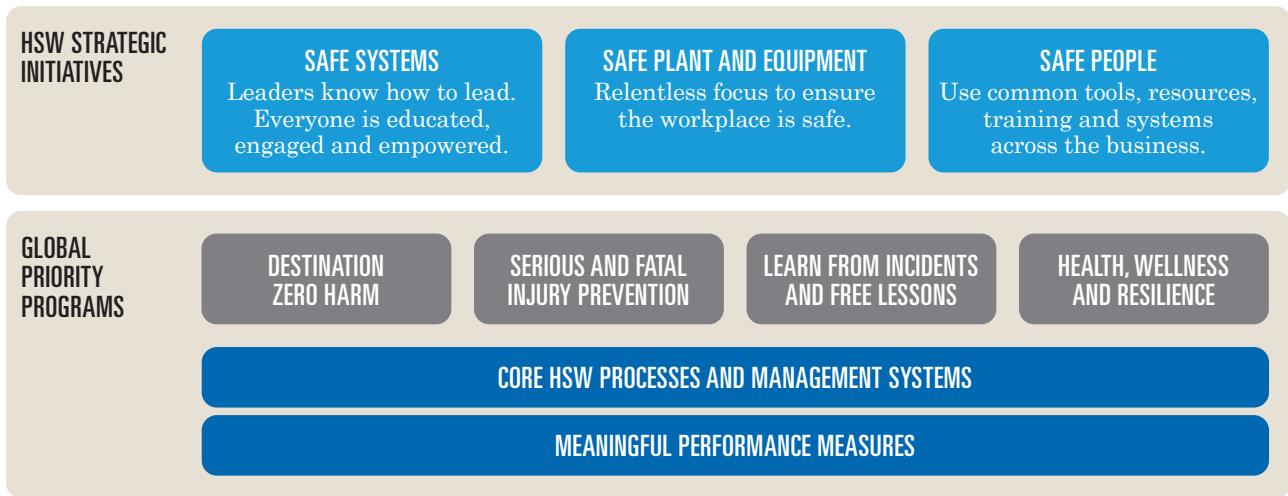
- loss of key leadership/talent; and
- significant business disruption and/or catastrophic damage or loss.

Aspects of how these risks are managed are detailed below.

The safety of our people is every employee’s responsibility. It is referenced as a strategic imperative in the TWE Strategy and specific measures and targets are included in the Executive Leadership Team’s annual key performance objectives, which are cascaded throughout the organisation.

15. A full account of TWE’s material business risks is located in the Operating and Financial Review of the 2018 Annual Report.

Graphic 5 Global Health Safety and Wellbeing (HSW) Strategy



TWE’s Global Health, Safety and Wellbeing (HSW) Strategy has three Strategic Initiatives and six Global Priority Programs, as shown in Graphic 5.

Each year the strategy and objectives of the Global Priority Programs are reviewed and signed off by HSW Senior Leaders and the Company’s Executive Leadership Team. TWE uses lead and lag performance indicators to assess effectiveness of our HSW policies, systems and programs. These performance measures are presented as a standing agenda item at monthly Executive Leadership Team meetings and at every Board meeting.

In F18, TWE’s HSW Strategy led to a number of key achievements, including:

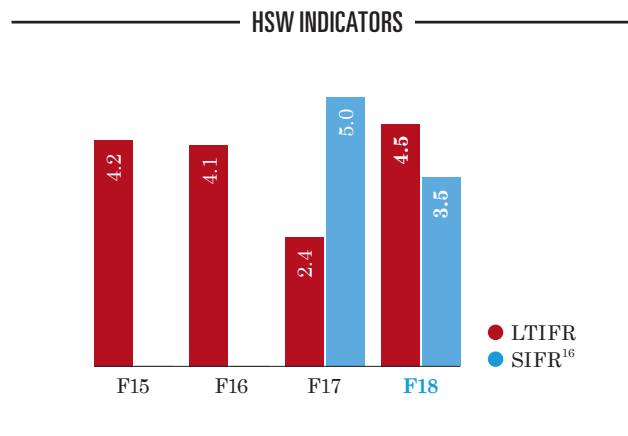
- Approximately 90% of employees attended a 60–90 minute training session, which introduced the Destination Zero Harm (DZH) program, its objectives, and the concept of mindfulness.
- Increased health and safety communications, shared learnings and controls of incidents and their root causes across the global health and safety network.
- Upgraded the Company’s incident reporting system to include DZH behavioural reporting.
- 24 months of actual and potential serious incident data was captured and combined to develop a Serious Incident Frequency Rate (SIFR) indicator, which measures serious incidents per million hours worked. In F18, the indicator commenced being reported to the Board and Executive Leadership Team.

The SIFR is a combined lead and lag indicator that enables our site and HSW teams and senior management to have greater visibility on potential and actual incidents that are reported as having

a high or very high severity within the Vintrak reporting system. By recording potential incidents, our teams are able to proactively work to minimise HSW related risks.

TWE continues to record its Lost Time Injury Frequency Rate (LTIFR), which measures lost time per million hours worked. This indicator records lost time whether the incident in question was low or high in severity.

In F18, TWE set a target to reduce its lagging indicator by 5% on F17 levels. This target was not met and the LTIFR indicator trended upwards from 2.4 to 4.5 due to a number of minor injuries in the production and commercial business that required time away from work as the best course of treatment. However, incident reporting of all incidents was improved and in F18, the SIFR decreased by 30%, from 5.0 in F17 to 3.5 in F18.



16. Comparable SIFR data is only available from 1 July 2016 to 30 June 2018.

PRODUCT



GUIDING PRINCIPLE

Create quality wines that are consumed and promoted responsibly and safely

AMBITION

Our wines are produced, marketed and consumed responsibly

F18 KEY ACHIEVEMENTS

Integrated digital and social media into Responsible Marketing Guidelines

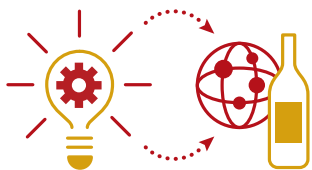


97.1%
of employees trained on TWE's Alcohol Policy

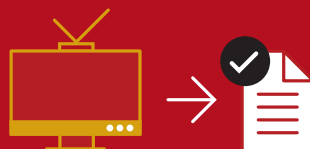
Maintained third party quality and food safety certifications



Launched a Global Innovation Strategy



No marketing regulation non-compliance



No labelling regulation non-compliance



RESPONSIBLE CONSUMPTION AND MARKETING OF ALCOHOL

As one of the world’s largest wine companies, TWE aims to enrich the culture and the lives of the millions of adults around the world who enjoy our brands by promoting the responsible consumption of wine.

Responsible consumption, marketing and sale of alcohol risks are identified through TWE’s Risk Management Framework. A summary¹⁷ of these related risks include:

- brand reputation/damage; and
- changing laws and government regulations.

Aspects of how these risks are managed are detailed in this section.

Employee Advocates

TWE endeavours to ensure our employees act as champions for responsible consumption.

The Company’s Alcohol Policy and the supporting Alcohol Policy Guidelines are fundamental to this commitment. These resources confirm our commitment to responsible consumption and outline TWE’s expectation of employees when consuming alcohol and promoting our wine.

All employees and our key marketing agency partners are trained on the Company’s Alcohol Policy when they join, or are engaged by the Company. Employees are then trained every two years thereafter. In F18, this training was improved and expanded upon by enhancing the Alcohol Policy compliance module.



The Alcohol Policy is supported by regular global internal communications on aspects of responsible consumption, and an annual Responsible Consumption

Week that engages employees with relevant activities, third party speakers, and further resources to aide them in understanding and promoting responsible consumption.

In addition, in F18, the importance of responsible consumption was highlighted as a key theme of TWE’s Destination Zero Harm health, safety and wellbeing program.

Promoting Wine Responsibly

TWE’s Alcohol Policy is supported by Responsible Marketing Guidelines and a Responsible Sales and Marketing Handbook, which outline requirements for promoting our wines in the different markets in which we operate in across the world.

These resources have been expanded to provide additional guidance to the marketing and sales teams on how these guidelines apply to new and rapidly evolving digital and social media platforms.

TWE’s marketing team ensures that all marketing communications are vetted against these guidelines during development. This is undertaken through reference to a comprehensive marketing checklist, seeking legal guidance, and escalating approval as required. This process applies to digital and social media as well as traditional marketing platforms.

In F18, there were zero findings¹⁹ of non-compliance with marketing regulations or voluntary codes.

Partnerships

TWE is proud to work in partnership with organisations that promote responsible consumption. We work with several groups that lead alcohol education and responsibility initiatives, including DrinkWise, Drinkaware, the Alcoholic Beverages Advertising Code (ABAC), and national organisations such as Alcohol Beverages Australia (ABA) who are partners of the International Alliance for Responsible Drinking (IARD).

TWE embeds other world-leading voluntary initiatives into its internal Responsible Marketing Guidelines, including the principles of the Wine Institute Code of Advertising Standards and the Portman Group Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks.

In F18, these commitments were extended to global travel retail through TWE’s commitment to the Duty Free World Council Code of Conduct.

17. A full account of TWE’s material business risks is located in the Operating and Financial Review of the 2018 Annual Report.

18. It is anticipated that the 2.9% of employees who have not completed the training are new-starters who are yet to complete the training within their first three months of commencing with TWE, as well as a minor number of employees who may be overdue in completing refresher training.

19. A finding refers to a determination by the responsible external body.

PRODUCT

TWE fosters relationships with governments and other stakeholders in markets across the world to identify shared opportunities to promote responsible consumption activities. In F18, these included branded collaborations between:

- Sterling Vineyards and Uber (US), promoting responsible consumption in the *Always Polished Never Dull* campaign (pictured);
- DrinkWise and brands Samuel Wynn and A'tivo (pictured), promoting responsible consumption during the Spring Racing Carnival, and Wolf Blass as part of our AFL sponsorship (Australia).

STERLING VINEYARDS | **UBER**

TEXT. WIN. RIDE.
TEXT "STERLING" TO 87654
FOR A CHANCE TO WIN A
\$10 UBER RIDE.
SEE BOTTLE FOR DETAILS.

**ALWAYS POLISHED
NEVER DULL**

**You won't miss
a moment if you
DrinkWise.**

DrinkWise. **ativo**
SPRITZ WITH A TWIST



PRODUCT LEADERSHIP

TWE has invested in the development of lower in alcohol and no-alcohol wines, and is a market leader in Australia and Europe, with Lindeman's Early Harvest (lower alcohol), Lindeman's Maiden Press (no alcohol²⁰) and Rawson's Retreat (no alcohol²⁰).



20. No-alcohol wines contain no more than 0.5% alcohol by volume from natural fruit fermentation.

Information and Labelling

TWE provides a range of information on its labels and online to assist consumers to drink responsibly and safely.

Our internal regional policies on labelling outline information that must be provided to consumers. This includes labelling all our products with the number of standard drinks or alcohol content of the product; a responsible consumption message; and a warning message on drinking alcohol during pregnancy.

TWE was the first global wine company to commit to providing calorie information on its products. The calorie content of TWE’s wine is available online for consumers around the world. TWE focuses on providing the calorie content of its wines, as there are negligible amounts of other constituents traditionally found on a full nutritional panel; for example, fats and protein.

Where relevant, TWE’s global and brand websites include links to local responsible consumption partners, such as DrinkWise and Drinkaware, whose websites provide further information to consumers on the social and health impacts of alcohol consumption, such as binge drinking, drink driving, and the effects of alcohol consumption on pregnancy and relationships. Where there is no local responsible consumption partner identified the Enjoy Responsibly logo is used.



TWE’s regional labelling policies require all labels to include:

- 1 number of standard drinks or alcohol content;
- 2 responsible consumption message;
- 3 warning message on drinking alcohol during pregnancy;
- 4 country of origin, this may include information on the product geographic indications (i.e. which region the wine is sourced from);
- 5 information on the producer (i.e. TWE’s company details);
- 6 importer contact details, as required by local regulators²²; and
- 7 allergens and other health warnings, as required by local regulators.

21. A finding refers to a determination by the responsible external body.

22. The label pictured does not include importer details as this product is destined for the market in which it was produced (Australia).

PRODUCT QUALITY, SAFETY AND INNOVATION

Quality and Safety

Assurance of the product quality and food safety of our wines is a core priority and is critical to TWE’s success.

Product quality and safety risks are identified through TWE’s Risk Management Framework. These risks relate to²³:

- brand reputation/damage; and
- changing laws and government regulations.

Aspects of how these risks are managed are detailed in this section.

Our commitment to quality is embedded in the Company’s policies, standards and procedures.

The Food Safety and Quality Policy confirms our commitment to deliver consumer expectations and comply with all internal and external food safety, regulatory and quality requirements by ensuring that we produce a consistent fit-for-purpose product using best practices.

This process is verified by third-party certifications provided by Hazard Analysis Critical Control Points, British Retail Consortium Global Standard for Food Safety, International Featured Standards, Food Safety System Certification 22000, and the International Organisation for Standardisation (ISO 22000).

Our quality management and production systems cover the entire winemaking process from raw materials to distribution. These systems are engineered to ensure traceability of our wines from grape, to bottle, to consumer (pictured). Traceability allows us to verify the integrity and authenticity of our wines.

Our ongoing focus is on improving product *Quality Right First Time* performance, which drives improvements in production efficiencies; reduces the potential for rework or waste; and ensures robust collaboration with our material suppliers. Quality is integrated into product design as part of our innovation and product development pipeline in alignment with our food safety and regulatory requirements.



23. A full account of TWE’s material business risks is located in the Operating and Financial Review of the 2018 Annual Report.

Stakeholder Relationship Management

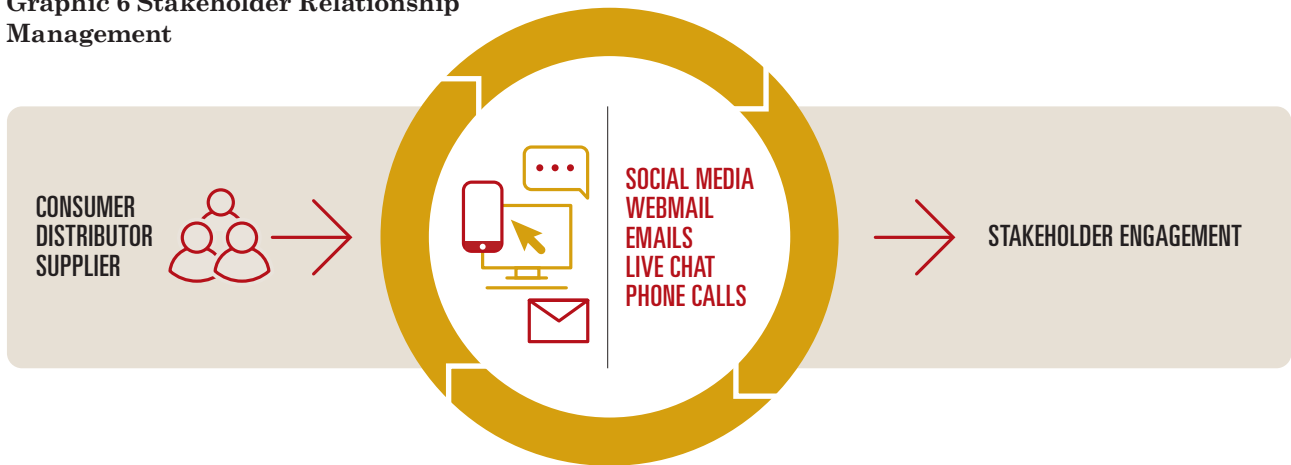
As a brand-led organisation, stakeholder feedback is a key indicator of our product quality performance. At TWE, we engage with our consumers to review product, brand and service experiences to identify opportunities for improvement, which are fed into our innovation systems to continually enhance our product offering.

Each year our business manages tens of thousands of consumer, supplier and distributor contact enquiries through social media, webmail, emails, live chat and phone calls, among other channels. TWE endeavours to investigate and respond promptly to these queries to ensure satisfactory feedback to stakeholders. This process is represented in Graphic 6

TWE understands that personal information is valuable and sensitive, and is committed to protecting the privacy and security of this information, and complying with global data protection regulations.

TWE’s Data Protection Policy reflects the requirements of applicable privacy and data security laws, including the Australian Privacy Act 1998, European Union General Data Protection Regulation and the Payment Cards Industry Data Security Standard. The Data Protection Policy is a global policy and applies to the whole business, including TWE’s Stakeholder Relationship Management processes.

Graphic 6 Stakeholder Relationship Management



Innovation Management

TWE invests in breakthrough innovation to satisfy consumer and customer desires and expectations, without compromising its supply chain optimisation, quality and cost objectives.

In F18, TWE’s Global Innovation Strategy was launched internally. The Strategy captures the way the Company identifies, prioritises and manages innovations across the business and focuses on using innovation to improve quality and product offering, safety, sustainability, and efficiency, while minimising cost and delivering value to our stakeholders.

TWE’s Global Innovation Strategy is supported by collaborative partnering with public and private institutions across the world, including government, universities, suppliers and entrepreneurs. Significant partnerships with leading research organisations include Commonwealth Scientific and Industrial Research Organisation (CSIRO, Australia), Australia Wine Research Institute and University of California, Davis (US).

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS



PRINCIPLES	SUMMARY OF ACTIONS	PAGE
Human rights		
Principle 1 Protection of human rights	Maintained a policy framework, including Code of Conduct, Whistleblower Policy and New Market Entry Policy designed to protect human rights.	18
	Maintained reporting to the Board Audit and Risk Committee on matters that have been raised through the whistleblower process.	19
	Implemented an ESG review system designed to proactively identify suppliers with high ESG risk potential.	21
	Committed suppliers to uphold human rights through the RPC.	19
Principle 2 No complicity in human rights abuse	Strengthened ability of TWE employees and contractors to identify grievances through updates to the whistleblower process and maintenance of Human Resource assistance channels.	19
	Maintained reporting to the Board Audit and Risk Committee on matters that have been raised through the whistleblower process.	19
	Implemented an ESG review system designed to proactively identify suppliers with high ESG risk potential.	21
	Committed suppliers to uphold human rights through the RPC.	19
Labour		
Principle 3 Freedom of association and right to collective bargaining	Upheld the right to freedom of association of TWE people.	19
	Recognised the right to collective bargaining.	19
	Committed suppliers to uphold freedom of association and collective bargaining rights through the RPC.	20
Principle 4 Elimination of forced and compulsory labour	Adhered to local laws and regulations.	NA
	Maintained a policy framework, including Global Payroll Policy and RPC, designed to prevent the use of forced labour within TWE operations and its supply chain.	19
	Implemented an ESG review system designed to proactively identify suppliers with high ESG risk potential.	21
Principle 5 Abolition of child labour	Adhered to local laws and regulations.	NA
	Maintained a policy framework, including Employing and Engaging Minors Policy and RPC, designed to prevent the use of child labour within TWE operations and its supply chain.	19
	Implemented an ESG review system designed to proactively identify suppliers with high ESG risk potential.	21
Principle 6 Elimination of discrimination	Maintained a policy framework that encourages diversity and inclusion among TWE people, which is designed to prevent discrimination, harassment and bullying.	21
	Executive Leadership Team, including the CEO, supports the achievement of diversity and inclusion as part of their key performance objectives.	21
Environment		
Principle 7 Precautionary approach to environmental challenges	Launched Sustainable Future, which improves environmental monitoring and aims to reduce negative environmental impacts.	13
	Completed environmental risk assessments at a global, regional and site level.	12
	Maintained TWE's Environment Policy and introduced TWE's Environmental Standard.	12
Principle 8 Environmental responsibility	Attained 100% sustainability certification of company-owned or leased vineyards and wineries.	12
	Invested in water, energy and waste efficient technology for vineyards, wineries and packaging centres.	14
Principle 9 Environmentally friendly technologies	Launched Sustainable Future, which encourages sharing of best practice processes.	13
	Invested in water, energy and waste efficient technology for vineyards, wineries and packaging centres.	14
	Developed a new internal Global Innovation Strategy, which considers sustainability outcomes of current and future innovation projects.	30
Anti-corruption		
Principle 10 Work against corruption	Maintained a policy framework, including Code of Conduct; Whistleblower Policy; Fraud and Corruption Policy; and Gifts, Entertainment and Unacceptable Payments Policy, which supports TWE's commitment to a zero tolerance approach to bribery and corruption.	8
	Provided training to TWE employees on policy framework on a periodic basis.	8
	Maintained reporting to the Board Audit and Risk Committee on matters that have been raised through the whistleblower process.	19

KEY PERFORMANCE INDICATORS



	METRIC	UNIT OF MEASURE	F15	F16	F17	F18
PLANET ¹	Environmental incidents	Number of incidents reported by external body	0	0	0	0
	Total energy consumed ²	GJ	498,526	488,658	487,521	472,295
	Energy efficiency ³	MJ/9LE	10.41	9.28	8.95	8.80
	Total water consumed ²	ML	26,975	27,072	22,337	22,751
	Water efficiency ³	L/9LE	25.18	22.36	23.46	23.35
	Total CO ₂ -e emissions ⁴	Tonnes CO ₂ -e	58,635	57,755	53,380	52,273
	Carbon emission intensity ratio ^{5,9}	Kg CO ₂ -e/9LE	–	–	–	1.07
	Total solid waste generated ²	Tonnes	62,987	55,076	65,350	57,708
	% solid waste diverted from landfill	%	96.26	96.02	96.87	95.98
PEOPLE	Female representation in leadership roles ⁶	%	33.8	35.9	37.3	37.1
	Participation in Global Volunteering Week	Number of employees	1291	1290	1369	1412
	Lost time injury frequency rate (LTIFR)	Lost time injuries per million hours worked	4.2	4.1	2.4	4.5
	Serious incident frequency rate (SIFR) ⁷	Serious incidents per million hours worked	–	–	5.0	3.5
PRODUCT	Alcohol Policy training ⁸	% of compliant employees	–	96.8	98.0	97.1
	Non-compliance with marketing regulation or voluntary codes ⁹	Number of findings	–	–	–	0
	Non-compliance with labelling codes or regulations ⁹	Number of findings	–	–	–	0

1. Every year, due to timing requirements of reporting and billing latency from third-party suppliers, most of the June environmental performance data for energy, water, waste and carbon emissions is estimated. Prior to annual publication, the June figures of the previous year are replaced with actual values. Similarly, any other discrepancies in the previous year's data are amended.
2. Absolute figures include all wineries, packaging centres and company-owned or leased vineyards. They do not include data from all offices and cellar doors.
3. Energy and water efficiency for TWE's wineries and packaging centres include non-TWE volumes packaged at our facilities under contract. Efficiencies do not include energy and water used at company-owned or leased vineyards, or all offices and cellar doors.
4. Includes all wineries, packaging centres and company-owned or leased vineyards. Does not include emissions from all offices and cellar doors, wastewater treatment plants, refrigerants or Scope 3 emissions.
5. The carbon emission intensity ratio for TWE's wineries and packaging centres include non-TWE volumes packaged at our facilities under contract. The intensity ratio does not include carbon emitted at company-owned or leased vineyards, or all offices and cellar doors.
6. TWE defines leadership roles as senior leaders, professionals and specialists, including general, department and functional management.
7. Comparable SIFR data is only available from 1 July 2016 to 30 June 2018.
8. This indicator was established in F16 and as such TWE does not have information for previous financial years.
9. This indicator was established in F18 and as such TWE does not have information for previous financial years.

REFERENCES



DOCUMENTS REFERRED TO THROUGHOUT REPORT

TWE POLICY, STANDARD OR CODE ¹	PUBLICLY AVAILABLE
Alcohol Policy	● www.tweglobal.com/investors
Code of Conduct	● www.tweglobal.com/investors
Corporate Gifts, Entertainment and Unacceptable Payments Policy	
Data Protection Policy	
Delegated Authority Limits Policy	
Disclosure Policy	● www.tweglobal.com/investors
Diversity and Inclusion Policy	● www.tweglobal.com/investors
Employing and Engaging Minors Policy	
Environment Policy	● www.tweglobal.com/investors
Environment Standard	
Food Safety and Quality Policy	
Fraud and Corruption Policy	
Global Flexible Work Practices Policy	
Global Payroll Policy	
Media Policy	
New Market Entry Policy	
Potential Conflicts of Interest Policy	● www.tweglobal.com/investors
Regional Harassment, Bullying and Discrimination policies	
Remuneration Policy	
Responsible Marketing Guidelines	● www.tweglobal.com/responsibility
Responsible Procurement Code	● www.tweglobal.com/investors
Responsible Sales and Marketing Handbook	
Risk Management Policy	● www.tweglobal.com/investors
Risk Management Framework	
Social Media Policy	
Share Trading Policy	● www.tweglobal.com/investors
Tax Governance Framework	
Whistleblower Policy	● www.tweglobal.com/investors
Workplace Health, Safety and Wellbeing Policy	● www.tweglobal.com/investors
TWE PRODUCED REPORTS	PUBLICLY AVAILABLE
2017 Australian Packaging Covenant Report	● www.tweglobal.com/responsibility
2017 Tax Transparency Report	● www.tweglobal.com/responsibility
2018 Annual Report	● www.tweglobal.com/investors
2018 Corporate Governance Statement	● www.tweglobal.com/investors
2018 Statement on the Prevention of Modern Slavery	● www.tweglobal.com
UN Global Compact Communications on Progress	● www.tweglobal.com/responsibility
2018 Workplace Gender Equality Agency Report	● www.tweglobal.com/careers

1. This is not a full list of TWE's policies, standards or codes. This list reflects those policies, standards and codes that are referenced in the 2018 Sustainability Report. Additional TWE policies are listed on the Company's website at www.tweglobal.com/investors.



**TREASURY
WINE ESTATES**



————— **CONTACT** —————

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