

## TREASURY WINE ESTATES

4 October 2022

**ASX ANNOUNCEMENT**

### **TWE 2022 Sustainability Report**

Treasury Wine Estates Ltd (ASX:TWE) is pleased to present its Sustainability Report for the year ended 30 June 2022.

For the purposes of ASX Listing Rule 15.5, TWE confirms that this document has been authorised for release to the market by the Board.

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# Sustainability Report 2022



TREASURY  
WINE ESTATES



**Cultivating a  
brighter future**

## Contents

### About Treasury Wine Estates

Page 2

Message from Chairman and CEO	3
F22 sustainability highlights	4
Our approach to sustainability	5
Our material topics and commitments	6

Our value chain	10
Stakeholder engagement	11
Corporate governance	13
Risk management	15
Tax transparency	15
Managing human rights	16
About this Report	17
Key performance indicators	18



### Fostering healthy and inclusive communities

Page 28

Health, safety and wellbeing	29
Inclusion, equity and diversity	30
Consumer health and responsible drinking	33
Product quality and food safety	35
Community	35

### Building a resilient business

Page 19



Water stewardship	20
Climate risk and GHG emissions	22



### Producing sustainable wine

Page 36

Sustainable growing and production	37
Research and development	38
Pesticide use and management	38
Responsible supply chain	39
Sustainable packaging and circular economy	41
Waste management	42

### IMPORTANT INFORMATION

This Report is in summary form and is not necessarily complete. It should be read together with the Company's other announcements lodged with the Australian Securities Exchange, including the 2022 Annual Report, which are available at [asx.com.au](http://asx.com.au).

This Report contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward-looking statements are subject to a range of risk factors. The Company cautions against reliance on any forward-looking statements, particularly in light of the constantly evolving policy environment across our operating markets, shifting consumer preferences and priorities, uncertainty as to the rate of development and adoption of related technology, the outcomes of future innovation, and the inability to accurately predict the future climate and its impacts on our operations as well as stakeholder responses.

While the Company has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from projections. The Company will not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections from time to time. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Report, subject to disclosure obligations under the applicable law and ASX listing rules.

This Report is unaudited, however independent assurance has been obtained in relation to a limited set of performance metrics and disclosures. Refer to the 'About this Report' section for further detail.

Information in the Report is current as at 30 June 2022 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. All currency referred to in the Report is in Australian dollars, unless otherwise stated.

# About Treasury Wine Estates



**We're striving to be the world's most admired premium wine company, and we're boldly leading change in the world of wine**



**3**

## Brand portfolio divisions

A brand portfolio-led operating model with three key divisions – Penfolds, Treasury Premium Brands and Treasury Americas – supported by centralised business services, supply, and corporate functions.



**2,500**

## Team members

We pride ourselves on employing world-class talent across Australia, New Zealand, Asia, the Americas, the United Kingdom, Europe, the Middle East, and Africa.



**11,300**

## Hectares

Our global multi-regional sourcing model is at the heart of our business, and includes vineyards and production assets in some of the world's best wine regions.



# Message from Chairman and CEO

## PROGRESSING OUR AGENDA

We are delighted to present our 2022 Sustainability Report which sets out the progress we have made against our strategy as well as against our targets and commitments.

One year into our enhanced sustainability strategy, we are confident that we are making progress in the areas where we can have most impact. However, we also recognise that there is more work to be done and that the path ahead is not without its challenges.

When we set our sustainability ambition of *cultivating a brighter future* for everyone who touches our business and our products, we took a bold step towards sustainability leadership.

Significant events such as the global pandemic, floods in Australia and drought in California ensure that sustainability remains firmly on the agenda of our stakeholders. Our stakeholders include consumers, investors, and our team, and they have a very clear expectation that the companies from which they purchase products, in which they invest, and for which they work, will play an active role in a sustainable future.

We welcome the interest in, and scrutiny of, our sustainability performance, commitments, and strategic roadmaps, particularly as we continue to mature our approach.

In the critical area of climate and energy, we have completed our strategic roadmap and defined in detail the plans to drive towards our target of 100% renewable electricity by the end of calendar 2024. As part of this, we will invest \$20 million in on-site generation and metering



across our global production network. This is a significant commitment and one we believe is critical in us doing our part. This roadmap is an important step in decarbonising our business, which we have committed to do by 2030. This year, we are reporting our indirect emissions across the value chain for the first time.

Our climate research has shown that our main growing regions are generally getting warmer and drier, and so throughout the year we completed a comprehensive review of our water footprint. This resulted in a series of recommendations relating to our water security in addition to identifying key strategies and initiatives which will help to improve resilience and efficiency. This has been an important step in informing our role as a responsible steward of water in the communities where we operate.

A key highlight of the year was the refinancing of \$1.4 billion of existing debt into a Sustainability Linked Loan (SLL) that rewards performance against agreed milestones with discounts on the loan rate and penalises missing those milestones. This was one of the largest SLLs in the Asia Pacific and the first for a wine company in the region, and a tangible example of how we are integrating sustainability within our financial framework and holding ourselves to account.

Throughout the year we also made progress in the social aspects of our sustainability agenda, broadening our Inclusion and Diversity strategy to include the concept of Equity. This anchors our commitment to human rights, reinforces the TWE DNA and directs our focus towards

systems and ways of working. Alongside this Report, we have released our Alcohol and Health Policy, which articulates what we stand for in the area of consumer health and responsible drinking, including our support for the World Health Organisation's goal to reduce harmful use of alcohol by 20% by 2030. The development of the policy followed two significant pieces of research which have informed our thinking and strengthened our resolve to make moderation aspirational. Our new commitments include general health warnings on all our labels from 2025.

Whilst we continued to target 'destination zero harm' we missed our target of a 10% reduction in our Serious Incident Frequency Rate, recording six serious incidents throughout the year. Given the importance of safety across our team, these incidents made us stop and reflect on what more we needed to do to ensure every one of our team goes home safely every day, and to that end we implemented a number of new initiatives to ensure safety was front of mind for everyone. We are continuing to create a workplace where peoples' physical and mental wellbeing is a priority.

As we have said, we aspire to become a leader in sustainability across the global beverages sector, and while we consider ourselves very much a work in progress, we are confident that we are on the right track. We also understand that realising this ambition can't be achieved alone. As we mature our approach, we are aware of the need for leadership and collaboration across our value chain and with our industry if we are to really drive impact and make a meaningful difference. We remain focused on improving the quality of our data and systems and increasing the integration of sustainability across our business.

In closing, we acknowledge that the progress we have made reflects the collective efforts of our team and partners. We would like to thank those who have worked with us to progress our agenda and help us to bring our ambition to life.

Kind regards,

**Paul Rayner**  
Chairman

**Tim Ford**  
Chief Executive Officer

## F22 sustainability highlights

EBITS margin increased 1.3ppts to

**21.1%**

ROCE steady at

**10.7%**

Engagement score of

**70%**

in our engagement survey

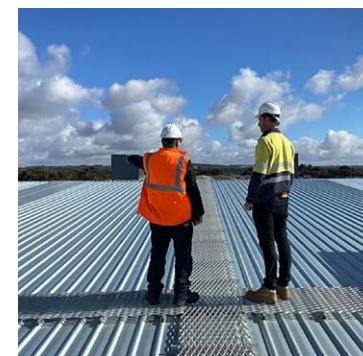
Overall female representation increased 1.7% to

**41.9%**

Opened our new \$165 million state-of-the-art wine production facility in the Barossa



Completed detailed roadmap to deliver renewable electricity commitment



Achieved carbon neutrality for Lindeman's globally



Expanded low and no alcohol product range



Refinanced

**\$1.4bn**

of debt facilities to sustainability linked loans

Implemented our Supplier Governance Framework

Completed a strategic review of our water usage and footprint globally



## Our approach to sustainability

One year into our evolved sustainability strategy, we have made good progress against our plans to cultivate a brighter future, building momentum across all aspects of our agenda.

The progress made throughout the year reflects the collective effort of our team and partners who recognise that sustainability is integral to building a more resilient business, producing sustainable wine and prioritising the wellbeing of our people, communities and consumers.

Our approach to sustainability is embedded in our [Ambition and Game Plan](#), and it's driven by our DNA. It reflects a clear commitment to innovation, partnership and taking a sustainability leadership role not just across the global wine sector but looking to those leading the beverages sector more broadly.

We recognise that we need to take a more integrated approach to sustainability. We need to focus on long-term value creation and on innovation, as well as committing to leadership and collective action if we are to effectively manage risks and make the most of new and emerging opportunities. We are also investing to ensure our data and systems support this ambition.

### Sustainability governance

As we implemented our strategy and sought to embed a deeper consideration of social and environmental issues into our business, we refined our governance of sustainability in F22.

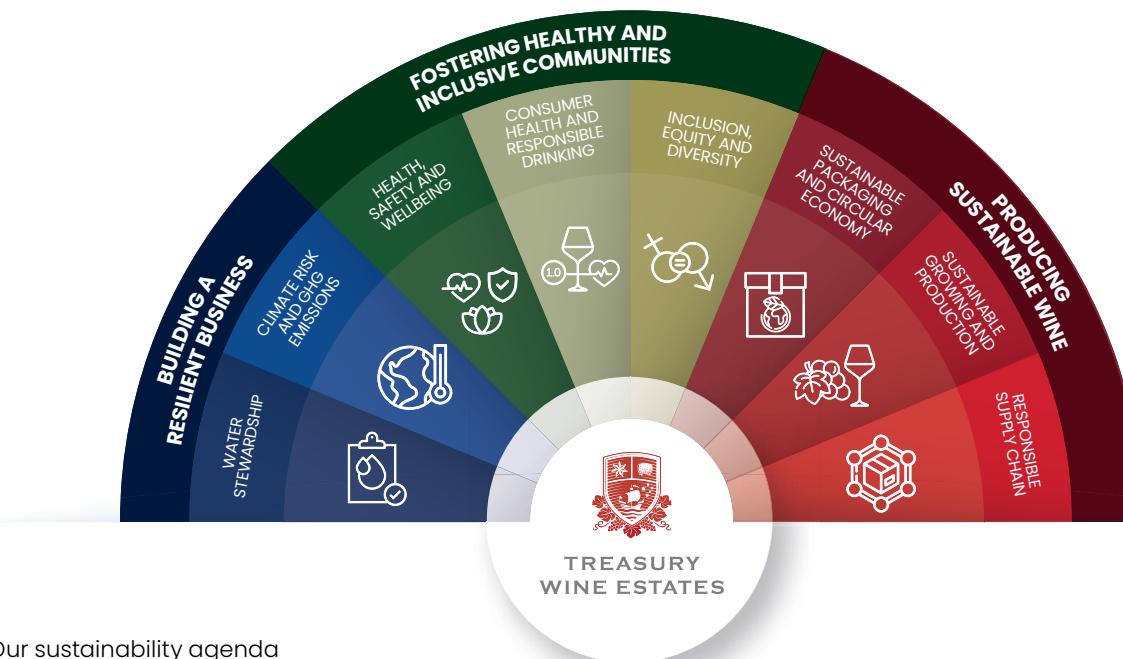
Strategic roadmaps were developed for each of our material topics as well as a number of enabling areas including communications and data. Progress against these is reported monthly to our two executive sponsors, with quarterly reporting to the Executive Leadership Team (ELT).

We also established a new Wine Operations and Sustainability sub-Committee of the Board to provide expert consideration of, and advice on a range of issues including supply chain, sustainability and oversight of the Company's sustainability reporting.

Further detail is provided in the [Corporate governance](#) section of this Report.

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## Cultivating a brighter future



Our sustainability agenda has three focus areas:

### BUILDING A RESILIENT BUSINESS

We want to ensure our business is resilient in the face of increasing uncertainty, complexity, and change. For more detail refer to page 19 of this Report.

### FOSTERING HEALTHY AND INCLUSIVE COMMUNITIES

We want to foster safe, sociable, and connected communities where our brands are promoted, and our wine consumed safely and responsibly. For more detail refer to page 28 of this Report.

### PRODUCING SUSTAINABLE WINE

We want every consumer to experience wine that is sustainably grown, made, and packaged. For more detail refer to page 36 of this Report.

The strategy responds to our material topics and reflects the areas in which we are able to make the greatest impact for our Company, industry and in response to pressing global issues, including those identified by the Sustainable Development Goals (SDGs).

Whilst we are pleased with our performance in F22 we acknowledge that we have more work to do. We remain focused on improving the quality of our data and supporting systems and increasing the integration of sustainability considerations across our business. We also recognise the leadership role we must play in shaping a positive future for everyone who touches our business, from grape to glass.

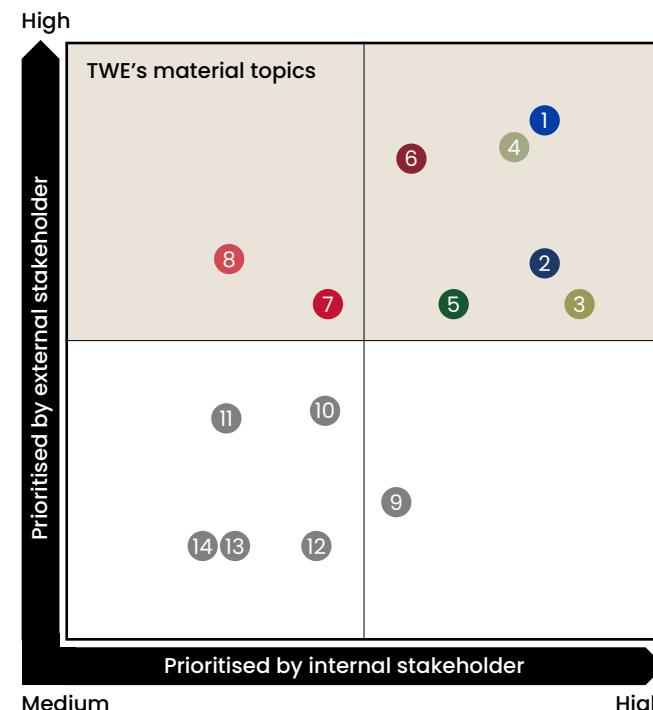
## Our material topics and commitments

In F21 we conducted an extensive assessment of the environmental, social and governance (ESG) issues, risks and opportunities of greatest significance to our stakeholders and our Company. Our approach was guided by the GRI Standard and the AA1000 Accountability Principles.

Our materiality assessment consisted of:

- A desktop review of key documents including consumer research, investor insights, global mega-trends, industry analysis and sustainability reporting practices to identify an initial list of material topics.
- Stakeholder engagement including interviews and focus groups with internal stakeholders such as members of the ELT to prioritise these topics.
- Development of an initial materiality matrix with prioritised topics plotted according to their relative importance to our business and its stakeholders.
- A workshop with cross-functional representatives to validate the material topics and their priority.

We identified eight medium and high priority topics through our assessment. These, and their relative importance are detailed in the matrix on this page. It should be noted that while there were a number of topics, such as Corporate governance and Product quality and safety, that our stakeholders did not identify as material to our sustainability strategy, they continue to be critical to our long term success and remain a priority for the business. More specific information on these topics, their relevance and our performance can be found throughout this Report.



### BUILDING A RESILIENT BUSINESS

- 1 CLIMATE RISK AND GHG EMISSIONS
- 2 WATER STEWARDSHIP

### FOSTERING HEALTHY AND INCLUSIVE COMMUNITIES

- 3 INCLUSION, EQUITY AND DIVERSITY
- 4 CONSUMER HEALTH AND RESPONSIBLE DRINKING
- 5 HEALTH, SAFETY AND WELLBEING

### PRODUCING SUSTAINABLE WINE

- 6 SUSTAINABLE PACKAGING AND CIRCULAR ECONOMY
- 7 SUSTAINABLE GROWING AND PRODUCTION
- 8 RESPONSIBLE SUPPLY CHAIN

- 9 Developing talent
- 10 Community engagement
- 11 Ethical corporate conduct and transparency
- 12 Product quality and safety
- 13 Authenticity and provenance
- 14 Corporate governance

## F22 COMMITMENTS

To hold ourselves to account and to ensure we focus our efforts on where we can make the most impact we have set a range of commitments, aligned to each of our material topics. They are also aligned with the United Nations Sustainable Development Goals (UN SDGs), and help to bring our ambition, path to deeper integration and value-creation to life.

TOPIC	COMMITMENT	STATUS	PROGRESS	SDG	SEE PAGE
<b>Building a resilient business</b>					
 WATER STEWARDSHIP	Comprehensive review of our water usage and footprint at a catchment level in F22	<span style="color: green;">●</span>	We reviewed our water management approach across our global operations. The review examined our practices related to extracting and using water as well as management of wastewater. The review considered the catchments where we operate, with recommendations informing the water strategy we have undertaken to refresh in F23.	6	20
 CLIMATE RISK AND GHG EMISSIONS	100% renewable electricity by 2024	<span style="color: blue;">●</span>	We focused on designing our implementation roadmap over F22, committing to spend approximately \$20 million in capital investment on installation of around 50 projects, as well as additional sub metering. Additional renewable electricity was sourced for our corporate head offices in Australia and California as well as for our New Zealand operations, meaning we achieved 5.5% renewable electricity over F22. Around 9,500 solar panels will be installed at our Barossa Winery and Packaging Centre in South Australia and our Karadoc Winery in Victoria by the end of 2022.	7, 13	22
	Net Zero by 2030 (Scope 1 and 2)	<span style="color: blue;">●</span>	We completed 30 detailed site inspections, covering over 80% of our Scope 1 and 2 emissions globally. A net zero roadmap is under consideration by management at time of writing this report and will be finalised in F23.	13	22
<b>Fostering healthy and inclusive communities</b>					
 HEALTH, SAFETY AND WELLBEING	10% reduction in Serious Incident Frequency Rate	<span style="color: red;">●</span>	We were disappointed with our failure to further reduce safety incidents in F22, with a Serious Incident Frequency Rate (SIFR) of 1.4, above our target of 1.08. The six Serious Safety Incidents is the same number reported in F21, with the increase in the F22 SIFR due to a reduction in hours worked in the year. In response, we held safety workshops for all teams globally and delivered a safety refresh plan for ANZ, focusing on active safety leadership in the field.	3	29
 CONSUMER HEALTH AND RESPONSIBLE DRINKING	Establish an advocacy strategy that emphasises consumer health outcomes	<span style="color: green;">●</span>	Our <a href="#">Alcohol and Health Policy</a> was developed in F22, and released concurrently with this report, following research into the scientific evidence between alcohol and harm and the shifting policy landscape across global markets.	12, 17	33
 INCLUSION, EQUITY AND DIVERSITY	50% women in senior leadership by 2025	<span style="color: blue;">●</span>	As at 30 June 2022, females comprise:		
	42% female representation overall by 2025	<span style="color: blue;">●</span>	<ul style="list-style-type: none"> <li>• 44.9% of senior leadership roles (-0.2pp)</li> <li>• 41.9% of employees (+1.7pp)</li> </ul>		
	30% female representation on Board	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>• 37.5% of Board members (-6.9pp).</li> </ul>	5	30

TOPIC	COMMITMENT	STATUS	PROGRESS	SDG	SEE PAGE
<b>Producing sustainable wine</b>					
 <b>SUSTAINABLE GROWING AND PRODUCTION</b>	Develop a plan for expanding sustainability certification through our grower and bulk wine network in F22	<span>●</span>	<p>We've sought to maintain certification across our owned and leased operations. For our grower network, we have focused on our main growing operations:</p> <ul style="list-style-type: none"> <li>In Australia, we've raised awareness, provided training, negotiated preferential rates for audits, and embedded our expectations into new grower and bulk wine contracts.</li> <li>In the US, we've matured our sustainability tracking and reporting systems to support the complex certification landscape, with a particular focus on certifying our luxury portfolio. Etude has obtained the trust mark, with others planned for F23.</li> </ul> <p>Over the longer term, we continue to support and lead the Sustainable Wine Roundtable as founding members, directing the industry to a consistent global standard.</p>	12, 17	37
 <b>RESPONSIBLE SUPPLY CHAIN</b>	In F22 develop TWE's Supplier Governance Framework and commence implementation of that Framework to strengthen controls through our supply chain	<span>●</span>	<p>We implemented a new Supplier Governance Framework, establishing a new operating model for TWE's procurement function focusing on effective supplier risk management and governance. We reviewed and updated relevant policies including the Procure to Pay Policy and further calibrated our risk assessment tool to incorporate risk areas and insights that reflect previous assessments. Our improved approach to key supplier relationships will enable joint business planning and a focus on achieving material sustainability outcomes.</p>	12, 17	39
 <b>SUSTAINABLE PACKAGING AND CIRCULAR ECONOMY</b>	100% of packaging to be recyclable, reusable, or compostable by 2022	<span>●</span>	<p>Despite progress in a number of areas, we anticipate we will not meet the delivery date of our target due to a small number of challenging material types used across the wine industry and beyond. We continue to work towards meeting the target, with a pragmatic approach that delivers environmental and quality outcomes while ensuring our product continues to maintain high standards.</p>	12, 13	41
	100% of product packaging to comprise 50% average recycled content by 2025	<span>●</span>	<p>We continue to increase the recycled content across categories such as glass, cartons and labels, while being constrained in others like cork. Recognising that glass will be a significant driver of progress, we're working with key suppliers to increase recycled content through closed loop recycling programs and expanding our glass colour range to increase cullet content.</p>	12, 13	41
	Collaborate with glass and carton partners on a closed loop packaging solution by 2025	<span>●</span>	<p>We've implemented closed loop programs from our own operations at the Barossa Packaging Centre for glass and shrink wrap, with a closed loop program in place for the site's cardboard recycling direct back to our supplier expected by the end of 2022.</p>	12, 13	41

 Achieved  In progress  Behind schedule  Did not achieve

See p 9 for our commitments for F23 and beyond

## F23 COMMITMENTS

## Building a resilient business



## TARGET

100% renewable electricity by 2024  
Net zero by 2030 (Scope 1 and 2)

## Fostering healthy and inclusive communities



## TARGET

10% reduction in Serious Incident Frequency Rate (1:26)

## Producing sustainable wine



## TARGET

Implement our plan to increase sustainability certification of our brands



## TARGET

Establish a global TWE water strategy that adopts key recommendations from the water review conducted in F22, including the establishment of material targets



## TARGET

50% women in senior leadership by F25  
42% female representation overall by F25  
30% female representation on Board



## TARGET

Complete supplier risk assessments for 100% of contracted spend<sup>1</sup>



## TARGET

100% of TWE brand product labelled from 2025 will include energy information (excluding products below 375ml)  
100% of TWE brand product labelled from 2025 will include a general health warning



## TARGET

100% of packaging to be recyclable, reusable, or compostable by end of CY2022  
100% of product packaging to comprise 50% average recycled content by end of CY2025  
Collaborate with glass and carton partners on a closed loop packaging solution by end of CY2025

<sup>1</sup> Contracted spend refers to the ~500 suppliers with whom we have an active agreement in the TWE contract repository.

## Our value chain

We are part of the global economy, meaning our value chain is connected to people, communities, ecosystems and other businesses around the world. This also means our economic, social and environmental impacts extend beyond our own operations and our direct control. As a business we believe in deep long-term partnerships and networks that use the size and scale of our business to leverage change – from the producers and manufacturers that supply us all the way to our customers and consumers.

The infographic below identifies the key stages of our value chain. To learn more about the material topics and relevant SDGs for each stage please refer to our [website](#).



## Stakeholder engagement

We consider our stakeholders to be any group or individual who influences or is impacted by our business.

We aim to build stakeholder trust by being transparent, responsive and accountable. We engage our stakeholders in a number of ways: face-to-face, through surveys and market research, or by participating in industry groups, forums and interacting with the broader business community.

The following table includes a list of our key stakeholder groups and the key issues we engaged in during F22.

**Treasury Wine Estates is a signatory to, participant in, or supportive of, the following voluntary sustainability initiatives:**

- Australian Packaging Covenant
- Global Reporting Initiative
- Porto Protocol
- RE100
- Swedish Beverage Industry's Climate Initiative
- Sustainable Development Goals
- Task Force on Climate-Related Financial Disclosures (TCFD)
- United Nations Global Compact (UNGC)
- DrinkWise

Our sustainability certifications are covered in detail on p 37.

Stakeholder	Key topics in F22 include:
<b>Consumers</b> We have millions of consumers around the globe and want them to enjoy our brands responsibly.	<ul style="list-style-type: none"> <li>• Responsible drinking including shifting consumer preferences towards moderation (including low or no alcohol)</li> <li>• Sustainability performance and credentials</li> <li>• Demand for sustainably produced wine</li> </ul>
<b>Customers</b> We market, sell and distribute our branded wine to a range of customers in more than 70 countries.	<ul style="list-style-type: none"> <li>• Sustainability performance and credentials</li> <li>• Responsible drinking including shifting consumer preferences towards low or no alcohol</li> <li>• Ongoing response to the COVID-19 pandemic</li> </ul>
<b>Employees</b> As a global business we have a diverse and talented workforce with 2,500 employees.	<ul style="list-style-type: none"> <li>• New operating model</li> <li>• Health, safety and wellbeing</li> <li>• Inclusion, equity and diversity</li> <li>• Ongoing response to the COVID-19 pandemic</li> <li>• Employee value proposition including development, capability and benefits</li> </ul>
<b>Communities</b> We actively engage with communities – including non-profit organisations, community groups and individuals – in all operating locations.	<ul style="list-style-type: none"> <li>• Community health and wellbeing, with a focus on responsible drinking</li> <li>• Tackling local industry, community and regional development issues collaboratively</li> <li>• Our sustainability performance and issues as well as opportunities to support organisations through partnerships, donations and in-kind support</li> <li>• Ongoing response to COVID-19 impacts</li> </ul>
<b>Governments</b> We routinely engage with ministers and staff from all levels of government.	<ul style="list-style-type: none"> <li>• Engagement with relevant ministers, advisers, local members of parliament and their departments on regulatory reviews, the development and passing of legislation and application for regional grants</li> </ul>

Stakeholder	Key topics in F22 include:
<b>Regulators</b> We work with regulators in all markets towards safe and legal consumption of our products.	<ul style="list-style-type: none"> <li>Supporting comprehensive community education initiatives on safe and responsible alcohol consumption</li> <li>Ongoing engagement with alcohol advertising bodies such as Alcohol Beverages Advertising (AUS), the Liquor Advertising and Promotion Pre-Vetting Scheme (NZ) and Portman Group (UK) to ensure the marketing and promotion of our products are compliant with the relevant codes and guidelines</li> <li>Ongoing engagement to ensure our products are produced, marketed and sold in compliance with relevant legislation</li> <li>Supporting regulatory investigations as they arise</li> </ul>
<b>Investment community</b> Our investor community comprises institutional investors, analysts, proxy advisors and around 82,000 domestic shareholders in Australia.	<ul style="list-style-type: none"> <li>The impact of the COVID-19 pandemic on business performance</li> <li>Penfolds reallocation and global growth trends</li> <li>The Treasury Americas Frank Family acquisition and divestment of non-priority brands and assets</li> <li>Supply chain and cost inflation</li> <li>Australian industry conditions such as supply, demand, and pricing</li> </ul>
<b>Industry bodies</b> We are members of many industry associations and play a leadership role through regular engagement in our key operating regions. We regularly review our industry association memberships to ensure alignment with strategy.	<ul style="list-style-type: none"> <li>Leadership and support to provide government and industry participants with informed and data led positions</li> <li>Developing new trade opportunities, removing barriers for Australian wine exports and advocating for favourable outcomes through trade negotiations</li> <li>Tax and excise duty reform</li> </ul>
<b>Suppliers</b> Over F22 we engaged with more than 5,000 suppliers from around 50 countries.	<ul style="list-style-type: none"> <li>Supply chain and logistics disruptions and delays as a result of COVID-19</li> <li>ESG performance</li> <li>Implemented joint business planning processes into new contractual arrangements to drive co-investment in product quality, sustainability, innovation and supply chain continuity</li> <li>Implemented sustainability practices and improvement targets into new contractual arrangements</li> </ul>

## Corporate governance

## APPROACH

TWE believes that transparent and robust governance practices are critical to delivering value to shareholders, promoting investor confidence, and meeting our ambition of being the world's most admired premium wine company.

## PROGRESS

F22 has seen continued progress and development in TWE's governance and compliance framework.

In F22 TWE reviewed its global Compliance Management Policy and continued to implement its revised Compliance Management Framework (CMF). This was led by a newly appointed Compliance Manager with support and input from across the business. The newly implemented CMF includes defined processes for compliance risk assessment, clear accountabilities, and regular review and reporting. Under the CMF, an assessment and attestation of the conformance with the framework in each compliance control area is conducted annually, with the first reviews completed in F22. The outcomes of the F22 assessment will inform the priorities and work in the coming financial year aimed at further strengthening compliance with the CMF.

During F22, TWE also updated its Whistleblower Policy. The key change was to provide people with more information about the practical ways TWE can support and protect whistleblowers, as well as providing greater information regarding the specific legislative protections for whistleblowers in Australia.

## BOARD OVERSIGHT OF ESG

At its AGM in October 2021, TWE announced the establishment of a new Board Wine Operations and Sustainability Committee. The purpose of the Committee is to assist the Board by providing expert consideration of, and advice on, the Company's wine making operations in the various regions in which the Company operates, expansion opportunities in winemaking areas, supply chain and sustainability and oversight of the Company's sustainability reporting. The Committee was established

to allow more time for in depth consideration of winemaking sustainability, and supply chain strategic, long term planning and operational issues, both in relation to the Company's own operations and its relationships with the sector in different winemaking regions.

In F22 we refreshed our management oversight of sustainability so we can respond more effectively to our heightened ambition and the increasing pace of change. Strategic roadmaps have been developed for each of our material topics, as well as a number of enabling areas including communications and data. Progress is reported monthly to our two executive sponsors, with quarterly reporting to the ELT.

TWE's governance structure ensures that the Board, with assistance from the Wine Operations and Sustainability Committee, oversees TWE's approach and management of Environmental, Social and Governance (ESG) matters and receives updates on sustainability and the status of key priorities and targets. In F22, the Board approved the full suite of TWE's sustainability targets outlined in the Material topics of this Report. The Board and the Wine Operations and Sustainability Committee of the Board also have oversight of the Company's key ESG disclosures, including this Sustainability Report and the Board approved Statement on Human Rights and Modern Slavery. The governance structure of sustainability at TWE is represented below.

## Sustainability governance



Current as at 30 June 2021

TWE's governance practices provide for continuous monitoring and reporting of non-financial risks across the organisation. Regular reporting is conducted on a range of topics including Inclusion, Equity and Diversity, Code of Conduct breaches, Whistleblower reports, litigation and compliance, anti-bribery and corruption matters, HSE performance and compliance, internal audit outcomes, and private sessions with internal and external audit. These reports extend beyond management level and are submitted to the Board bi-annually.



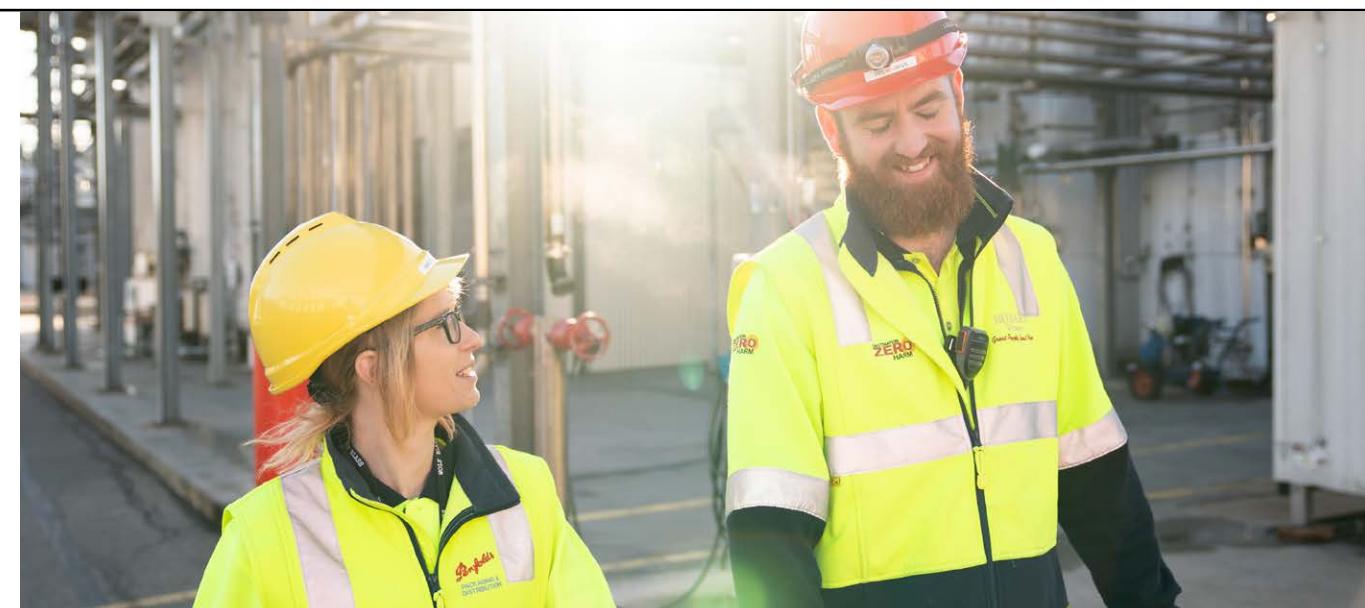
#### F22 Corporate Governance Statement

A comprehensive summary of TWE's corporate governance practices for the year ended 30 June 2022 can be found in its Corporate Governance Statement available at [tweglobal.com/investors](http://tweglobal.com/investors)



## What We Think

The results of our second global engagement and inclusion survey<sup>1</sup> – What We Think – reinforce the importance and value of our Ambition, Game Plan and our DNA. The results show that these frameworks have become a core part of who we are, and are embedded in our culture. We saw a fantastic increase in participation rates for the survey in F22 with 76% of the organisation taking the time to complete the survey, up 26% from prior year. Despite the survey being conducted during a COVID-19 impacted year and following our transition to the new global operating model, What We Think reported an engagement score of 70% favourable. We continue to strive to improve our employee experience by building on our strengths; further embedding our DNA into everything that we do, and building the capability of our leaders.



<sup>1</sup> Employee engagement measures the extent to which our people feel connected to, motivated by and committed to TWE. We use Culture Amp's 5-item engagement scale. The score represents the average of the percentage of survey respondents who agreed or strongly agreed with each item.

## Risk management

### APPROACH

Our continued growth and success depends on our ability to understand and respond to the challenges of the environments we operate in. By understanding and managing risk, we provide greater certainty and confidence for all our stakeholders that we will achieve our growth strategy in a sustainable way.

### PROGRESS

TWE has implemented a strategic and consistent enterprise-wide approach to risk management, underpinned by a risk-aware culture. TWE's Risk Management Framework defines the approach and standards for risk assessment including periodic identification, analysis and evaluation of financial and non-financial risks at group level and in each major function or region. The framework includes both financial and non-financial risks, such as environmental and social risks.

TWE's material business risks and how they are managed are set out in the [F22 Operating and Financial Review \(OFR\) of the Annual Report](#).

Over the last 12 months, we have reviewed TWE's environmental and social risk assessments including material risks such as the impacts of climate-related change. We continue to build our understanding and disclosure of the risks and opportunities presented by climate change, with further detail outlined in the [Climate risk and GHG section](#) of this Report.

## Tax transparency

### APPROACH

We place significant importance on transparency and maintaining high standards of tax governance and compliance. Our Tax Governance Policy includes the following core guiding principles:

- Comply with all tax laws in the countries in which TWE operates;
- Maintain effective relationships with revenue authorities in countries in which TWE operates; and
- Adhere to the Board approved Tax Risk Management Framework.

### PROGRESS

TWE paid approximately \$135.0<sup>1</sup> million tax within Australia in respect of its operations in the 2022 income tax year which is made up of a number of different costs relating to employee wages and benefits, Wine Equalisation Tax (WET), Goods and Services Tax (GST), excise tax and producer rebates, research and development and company income tax.



### Tax Transparency Report

TWE produces an annual Tax Transparency Report which meets the voluntary tax transparency code principles and outlines:

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

View TWE's most recent Tax Transparency Report at [tweglobal.com/sustainability](http://tweglobal.com/sustainability).



<sup>1</sup> Note this amount includes an estimate of the final income tax payment due in relation to the 2022 income year and is based on the current income tax liability disclosed in TWE's 2022 Annual Report. This number will be finalised after the completion of the Australian income tax return in December 2022.

## Managing human rights

### APPROACH

At Treasury Wine Estates, we believe that human rights recognise the inherent value of each person and encompass the basic freedoms and protections that belong to each of us. In doing business, we are committed to respecting human rights and seek to support and uphold the principles within the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO 1998 Declaration on Fundamental Principles and Rights at Work, as well as specific legislation in the markets where we operate. Our business and people can only thrive when human rights are safeguarded.

### PROGRESS

TWE's Human Rights Charter (Charter) sets out our commitment to upholding human rights and preventing modern slavery. The Charter sets out the expectations across our business from our Board of Directors, to our brands – and the role they each need to play. The Charter is underpinned by global policies and programs, including risk assessment processes designed to identify potential impacts and adopt preventative measures.

The Charter sets out three core commitments:

1. We protect human rights – we believe in acting fairly and making decisions based on merit
2. We respect human rights – we believe respect for human rights is the cornerstone of a culture where everyone can make a contribution and feel included so we strive to conduct business in a way that respects the rights and dignity of people and avoids complicity in human rights abuses
3. We remedy human rights – we encourage all stakeholders to report and express concerns relating to suspected violations of our policies, including the Charter.

### TRAINING

We celebrated International Human Rights Day by launching our human rights and modern slavery training. The training is designed to raise awareness of human rights in general, their alignment with our values, culture and policies as well as to give specific insight into the issue of modern slavery. These online training modules cover the topics listed below.

### Human rights

- The connection to other policies to ensure a fair, inclusive, safe and respectful workplace and responsible decision making
- Each employee's role in living and breathing TWE's human rights commitments
- How human rights apply to hiring practices; inclusion, equity and diversity; and flexible work arrangements
- How human rights apply to treating colleagues with dignity; health and safety including safety at home; and fair wages and employment rights.

### Modern slavery

- What modern slavery is and TWE's commitment to preventing modern slavery in any area of our business
- TWE's specific modern slavery risk areas
- 'Red flags' that may indicate modern slavery
- What employees can do to prevent and report modern slavery.

As at 30 June 2022, 96% of eligible employees had completed this training.

### TEMPORARY OR CONTRACTED LABOUR

Due to the seasonal nature of work, we use a combination of labour hire and subcontracted labour to support peak periods such as pruning and harvest. While not employed directly, TWE takes very seriously its obligations and responsibilities in workplace entitlements for, and working rights requirements of, all workers. We use our legal and commercial (i.e. contracts, purchase order conditions and expectations set out in our Responsible Procurement Code (RPC)) as well as operational controls (e.g. ongoing engagement) to ensure that suppliers understand and meet the expectations outlined in TWE's Human Rights Policy and have appropriate policies and practices in place to minimise the risk of modern slavery in the supply chain. More detail will be available in our 2022 Modern Slavery Statement which will be released later this year.



TWE's statement on Human Rights and Modern Slavery sets out the actions taken by TWE Limited and its reporting entities to understand, mitigate, and address human rights and modern slavery risks. It is available at: [tweglobal.com/sustainability#Modern-Slavery-Statement](http://tweglobal.com/sustainability#Modern-Slavery-Statement).

## About this Report

## OUR REPORTING

TWE's 2022 disclosures comprise this Sustainability Report, the 2022 Annual Report, and our 2022 Corporate Governance Statement. They should be read in conjunction with each other and where possible we have drawn links between the documents. They are all available for download on our website, as are a number of policies and documents referred to throughout this Report, at [tweglobal.com](http://tweglobal.com).

## THIS REPORT

This Report provides an overview of our approach, progress and performance in relation to TWE's most material topics and is structured according to our Sustainability strategy. Our material topics have been identified through a materiality assessment and reflect topics that are important to our Company and our stakeholders. This Report discloses performance information for the financial year 1 July 2021 to 30 June 2022 (F22) unless otherwise stated.

## ALIGNMENT WITH REPORTING STANDARDS

This Report has been prepared with consideration to relevant reporting standards including the Taskforce on Climate-Related Financial Disclosures (TCFD), the Global Reporting Initiative Standard (GRI) and the United Nations Global Compact (UNGC). We intend to increase our alignment with relevant reporting standards over time and are monitoring the changing reporting landscape.

## SUSTAINABLE DEVELOPMENT GOALS

The SDGs provide a blueprint to achieve a better and more sustainable future by 2030. TWE has reviewed and aligned its Sustainability strategy to seven priority SDGs that are highlighted on this page and our work to drive action towards these goals is highlighted throughout this Report.

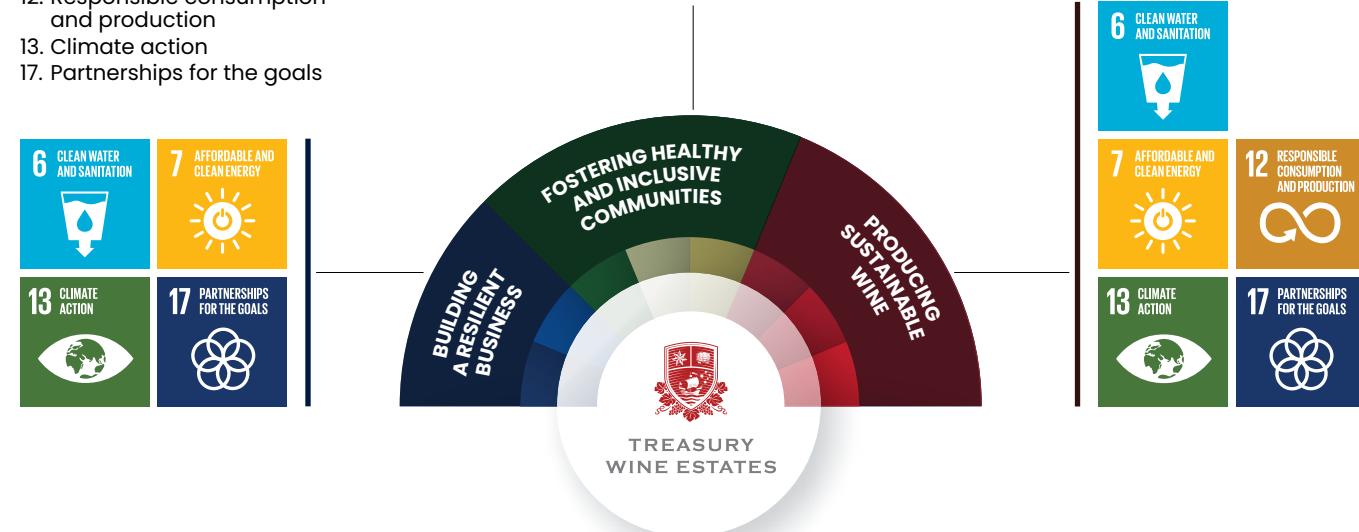
## VERIFICATION AND ASSURANCE

We utilise a range of internal verification processes and controls to help ensure the completeness and accuracy of information within this Report. These internal processes and controls relate to data collection, recording, collation and presentation for reporting purposes.

KPMG provides limited assurance over a selection of performance data and disclosures in our 2022 Sustainability Report. For an overview of the information subject to assurance this year, please see KPMG's Assurance Statement, available online at: [tweglobal.com/sustainability#Sustainability-Report](http://tweglobal.com/sustainability#Sustainability-Report).

## Priority SDGs

- 3. Good health and well-being
- 5. Gender equality
- 6. Clean water and sanitation
- 7. Affordable and clean energy
- 12. Responsible consumption and production
- 13. Climate action
- 17. Partnerships for the goals



The F22 UNGC Communication on Progress is published in conjunction with this Report and is available at: [tweglobal.com/sustainability](http://tweglobal.com/sustainability).



## Key performance indicators

METRIC	MEASURE	F20	F21	F22
<b>BUILDING A RESILIENT BUSINESS</b>				
Total water consumed <sup>1</sup>	Gigalitre (GL)	24.9	25.3	23.3
Water efficiency <sup>2</sup>	L/9LE	28.6	23.8	30.8
Total energy consumed <sup>1</sup>	GJ x 10 <sup>3</sup>	423.3	465.6	418.6
Total electricity consumed <sup>1</sup>	GJ	253.4	241.6	215.8
Renewable electricity <sup>3</sup>	GJ x 10 <sup>3</sup>	–	0.2	11.8
Renewable electricity <sup>3</sup>	% of total electricity consumed	–	0.1%	5.5%
Energy efficiency <sup>2</sup>	MJ/9LE	9.6	8.4	9.4
Scope 1 greenhouse gas (GHG) emissions <sup>4</sup>	Kilotonnes CO <sub>2</sub> e	14.8	14.0	13.1
Scope 2 GHG emissions <sup>4</sup>	Kilotonnes CO <sub>2</sub> e	34.1	33.3	27.7
Scope 3 GHG emissions (see p 27)	Kilotonnes CO <sub>2</sub> e	–	812	
Total CO <sub>2</sub> e emissions <sup>5</sup>	Kilotonnes CO <sub>2</sub> e	48.9	47.3	40.7
Carbon emission intensity ratio <sup>6</sup>	Kg CO <sub>2</sub> e/9LE	1.03	0.93	1.02
Environmental incidents	# of non-compliance with environmental regulations	0	0	0
<b>FOSTERING HEALTHY AND INCLUSIVE COMMUNITIES</b>				
Employee engagement <sup>7</sup>	Score in annual survey	–	68	70
Lost time injury frequency rate <sup>8</sup>	Lost time injuries per million hours worked	5.3	5.3	6.4
Serious incident frequency rate <sup>8</sup>	Serious incidents per million hours worked	1.8	1.2	1.4
Safety conversation frequency rate <sup>8</sup>	Safety conversations per million hours worked	441	697	996
Female representation in senior leadership roles <sup>9</sup>	%	41.2	45.1	44.9
Overall female representation <sup>10</sup>	%	39.1	40.2	41.9
Female representation on TWE's Board	%	44.4	44.4	37.5
Alcohol Policy training	% compliant eligible employees	98.0	95.9	97.0
Non-compliance findings with marketing regulation or voluntary codes	# of findings	1	1	0
Non-compliance findings with labelling codes or regulations	# of findings	–	–	–
<b>PRODUCING SUSTAINABLE WINE</b>				
Total solid waste generated	Kilotonnes	59.7	52.4	46.9
Solid waste diverted from landfill <sup>11</sup>	%	96.2	96.7	95.2

### Notes:

- 1 Absolute figures include all wineries, packaging centres, Company-owned or leased vineyards, cellar doors as well as offices with more than 20 employees. Cellar doors and offices excluded prior to F21.
- 2 Water and energy efficiency for TWE's wineries and packaging centres include non-TWE volumes packaged at our facilities under contract. TWE uses a unit of nine litre equivalent (9LE) to represent volume. Efficiency is based on production and what is bottled. It does not include water or energy used at Company-owned or leased vineyards, offices, cellar doors or 3rd party packaging facilities. Production of wine is a multi-year process (i.e. grapes crushed may not be bottled in the same year) meaning efficiency may not be reflective of what is bottled that year. Water and energy consumed on vineyards, offices and cellar doors is captured in absolute figures.
- 3 Renewable electricity generated on our owned/leased sites or bought via offsite renewable electricity options that meet RE100 technical criteria (see: [there100.org](http://there100.org)). F21 data has been restated to reflect alignment to the technical criteria.
- 4 Includes all wineries, cellar doors, packaging centres and Company-owned or leased vineyards and offices.
- 5 Includes all wineries, cellar doors, packaging centres and Company-owned or leased vineyards and offices. Does not include Scope 3 emissions.
- 6 Carbon emission intensity ratio for TWE's wineries and packaging centres include non-TWE volumes packaged at our facilities under contract. TWE uses a unit of nine litre equivalent (9LE) to represent volume.
- 7 Employee engagement measures the extent to which our people feel connected to, motivated by and committed to TWE. We use Culture Amp's 5-item engagement scale. The score represents the average of the percentage of survey respondents who agreed or strongly agreed with each item.
- 8 Global frequency rate calculations incorporate all TWE regions, all employees and casual workers. Contract workers not under the direct supervision of TWE are not included in the calculations.
- 9 TWE define senior leadership roles as senior leaders, professionals and specialists, including general, department and functional management.
- 10 Overall female representation is calculated as a proportion of all permanent employees, those on a fixed term employment basis and casual and seasonal employees

# Building a resilient business



Our ability to deliver over the long term relies on the health of our planet and the people around us. To thrive, our business needs to be resilient in the face of increasing uncertainty, complexity, and change. Being able to adapt to the trends impacting our business, such as climate change, requires new ways of thinking, innovation, and new partnerships.



## F22 COMMITMENTS

- 100% renewable electricity by 2024
- Net zero emissions by 2030 (Scope 1 and 2)
- Comprehensive review of TWE's water strategy, footprint and usage at a catchment level in F22

## F22 HIGHLIGHTS

Completed detailed roadmap to deliver renewable electricity commitment

Achieved carbon neutrality for Lindeman's globally

Refinanced \$1.4 billion of debt facilities to sustainability linked loans that incentivise action on climate

Completed a strategic review of our water usage and footprint globally



## Water stewardship



### APPROACH

As one of TWE's most critical assets there is acknowledgement of the growing urgency to increase the availability and security of reliable, high-quality water.

Our climate research shows us that TWE's main growing regions are generally getting warmer and drier. Water is a critical part of the equation in responding to a warmer climate,

meaning our water demand is likely to be increasing over time. Water scarcity is a risk to our Company's operations, and we have defined regional strategies for how we meet our water requirements, ensuring that the business continues to balance and protect this precious resource.

In the face of increasing competitive demands from urban uses, other horticultural crops, and minimum environmental flows water is emerging as a critical part of our social license to operate. We acknowledge we have a significant role to play in being a responsible steward of water in the regions in which we operate.

### PROGRESS

We secure water from a number of sources to support our grape growing and wine making operations. These have very different demand profiles but underpinning our management philosophy are strategic principles:

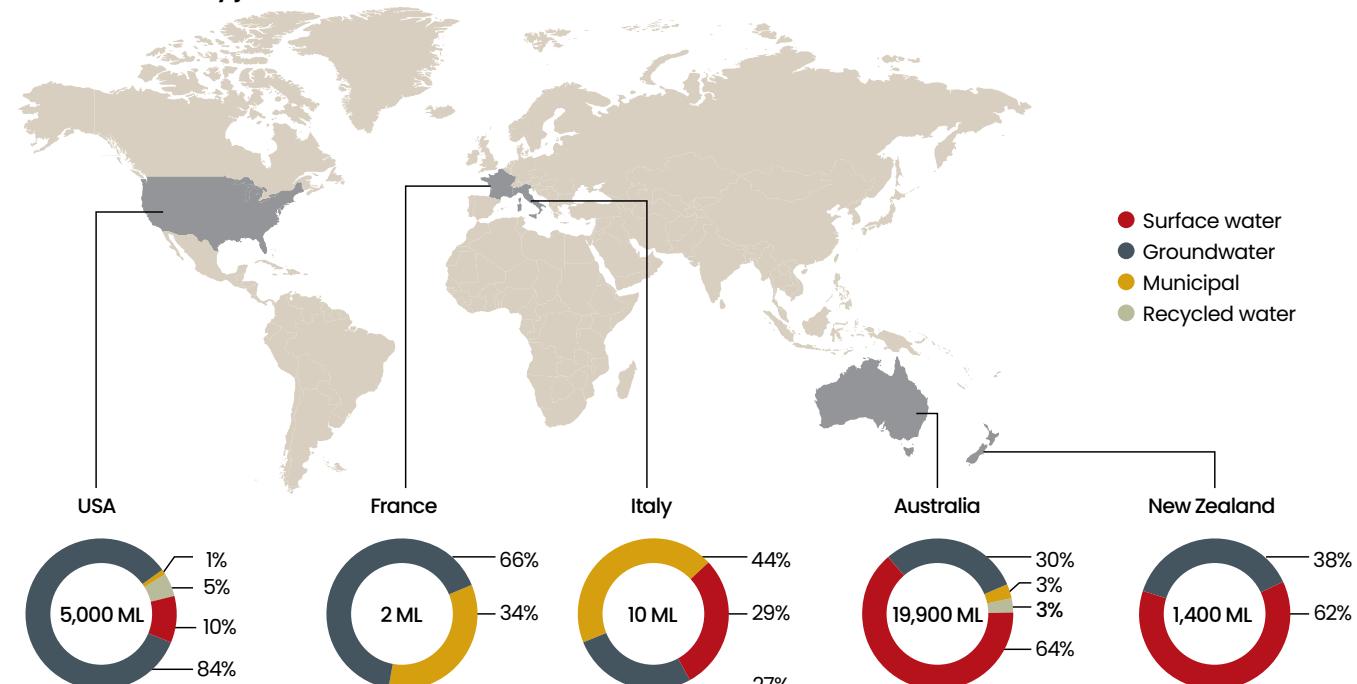
- Securing water resources
- Protecting water to minimise loss and maximise operational resilience
- Applying water efficiently.

Across our operations, we manage water – from a quality and scarcity perspective – on a daily basis. We do this by continuing to develop and maintain efficient practices, investing in technological improvements as well as infrastructure.

In recognition of our changing operating environment, TWE proactively undertook a strategic global review of our water management approach in F22 with the purpose of generating a baseline of TWE's current approach to global water management and identifying strategic areas for improvement. The work quantified our global water extraction, consumption, usage and wastewater practices at a catchment level, with breakdowns by jurisdiction, site type and water source. It also provided a consistent way to measure risk across our sites globally based on a number of factors including water availability, demand, as well as

stakeholder interest and the regulatory environment and identified and categorised systems which are suffering, or likely to suffer, water stress. Specifically, it found that TWE's operations occur in 17 water systems that range from low to high system level risk (no systems are considered very high risk). Seven of these systems are considered high risk, though once our preparedness is factored in there remain three systems with a high level of risk, representing 6% of our sites and 7% of water use globally. These systems are Eden and Clare Valley in Australia and Paso Robles in California.

### Global water use by jurisdiction and source in F21<sup>1</sup>



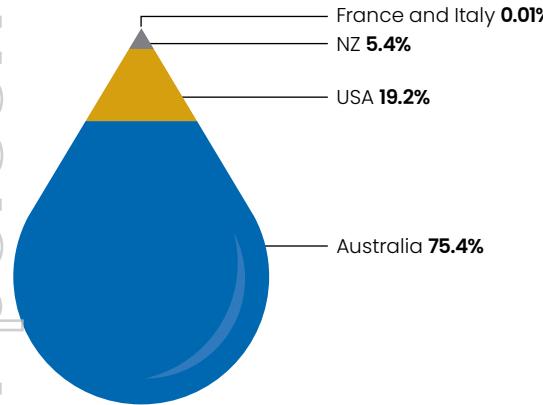
<sup>1</sup> Totals differ due to rounding

Key observations from this review include:

- Overwhelmingly, TWE's water usage occurs in our vineyards
- Around 75% of the global water use occurs in Australia, with most of the rest in California
- Water is mainly sourced from surface water systems in Australia but mainly from groundwater in the USA
- Water use efficiency is broadly similar across our major vineyard and wine making facilities.

Completion of the review is an incredibly important milestone in our water stewardship journey. We now have a consistent basis to review and analyse our performance, risks and opportunities as well as a series of recommendations to guide the development of a refreshed water strategy over F23.

#### Share of water use by geography (F21)

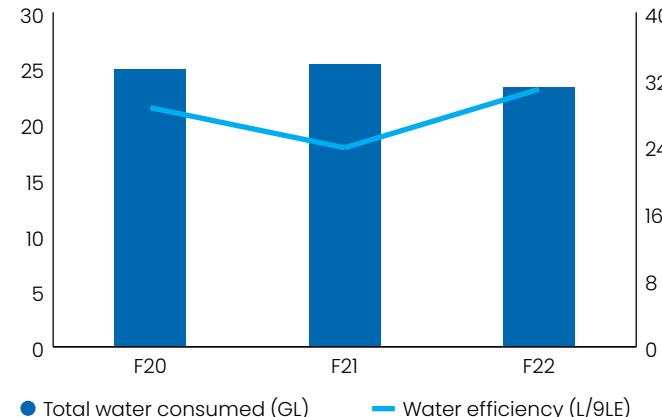


#### PERFORMANCE

Over F22 TWE consumed 23.3 Gigalitres of water in its operations, a decrease of 8.7% from F21, largely as a result of reduced demand as a result of lower temperatures over the growing season in our Australian operations. Lower production volumes reduced our water efficiency by 29% over the year across our winery and packaging sites. Our total water use across these sites dropped by 1.6% but smaller volumes means more frequent cleaning.

In F22 the Kalimna Dam project was completed. This is a 254ML lined dam in the Barossa that serves as offsite winter storage hub for treated winery effluent and the irrigation hub for vineyards during the summer growing season. This dam is an important part of ensuring our water security in the region.

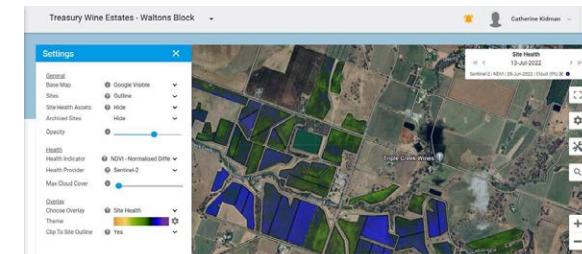
#### F22 Water usage and efficiency



#### INCREASING WATER EFFICIENCY IN OUR VINEYARDS

Irrigation application is a fundamental technique to help mitigate against the impact of extreme weather and climate variability. A warming, drying environment associated with climate change will continue to increase the pressure on our freshwater resources. Sustainable irrigation practices improve vineyard water use efficiency through targeted application to the vineyard when the environment and vineyard require, whilst maintaining fruit quality and integrity. We use a number of technologies to ensure that irrigation application is targeted to ensure the vines do not experience prolonged water stress at key stages of the growth cycle. We are utilising solutions that integrate site weather forecasting with soil moisture status to improve both monitoring and scheduling capabilities whilst integrating with our existing infrastructure. This means that the irrigation applied to our vineyards is

measured and targeted through advanced, accurate scheduling that achieves a match between vine water requirement and water application required for those specific weather conditions resulting in improved water use efficiency or 'crop per drop' of our water resource.



Examples of the soil moisture data we are able to obtain through these technology solutions.



## Protecting water

Restoring and rehabilitating rivers helps to reduce the likelihood and impact of flooding, manages invasive plant species, and improves biodiversity whilst also helping to fight climate change.

Since 2011, TWE has worked to restore riparian habitat on our Gamble Ranch and Yountville Vineyards – located within the Oakville and Oak Knoll AVAs in the United States. In these riparian we have provided approximately 10 acres of land through increasing the set back of vineyard plantings. These allow the river to rise and widen naturally in order to prevent buildup of sediment and preserve fish habitats. Along these corridors we have helped to replant thousands of native trees to capture carbon and provide shade to cool the river for native salmon spawning.

This project, funded by the Environmental Protection Agency, Napa County, CA Coastal Conservancy, CA state Integrated Regional Water Management Grants, and CA Wildlife Commission, has served as a case study and model for river restoration in the United States.

## Climate risk and GHG emissions



### APPROACH

TWE is a global viticultural business exposed to both physical and transitional climate risks. We have a responsibility to minimise and mitigate the negative impacts of our operations and to build resilience to a changing climate. We have implemented operational management strategies to help us adapt to the challenges of short-term weather cycles and long-term climate change. This includes the ability to manage the impact of heatwaves, drought, increased fire risk, and salinity to mitigate their effect on grapevine physiology, and subsequently, grape and wine quality.

TWE supports the aim of the Paris Agreement, to limit global temperature rise to 1.5°C above preindustrial levels and intends to reach net-zero emissions (Scopes 1 and 2) by 2030 to do our part to ensure we can avoid the worst impacts of climate change.

### PROGRESS

Calendar 2021 was one of the hottest years on record, and as the world warms extreme events are increasingly common. Our Californian operations continue to experience drought conditions as well as wildfires, while the eastern seaboard of Australia saw an increase in the frequency and severity of floods. These typify the extreme ranges of events that TWE needs to successfully navigate year on year to produce exceptional wine.

There's an urgent need for action on climate, and we're tackling our contribution to climate change in a number of ways, including:

- Playing our part by measuring and reducing emissions and decarbonising our business;
- Adapting our business to respond to the risks and opportunities that climate change presents; and

- Engaging stakeholders through transparent disclosures that explain our approach and help promote awareness and understanding.

### PLAYING OUR PART

We have a responsibility to be part of the transition towards a low carbon economy while managing the impacts and opportunities that climate change presents to our business. Key stakeholders such as our employees, customers and investors are increasingly valuing this commitment.

TWE's operations emitted 40.7 Kilotonnes of greenhouse gases in F22 (Scope 1 and 2). Although we are a relatively low emitter in the context of some other large businesses, we believe that every business and every person needs to play a part in reducing emissions, and we take our responsibility to do so very seriously.

We took further steps forward in the decarbonisation of our operations this year. Focusing on electricity is the single most effective action we can take to mitigate our impact because electricity accounts for 68% of our Scope 1 and 2 emissions. This year we finalised our strategic roadmap to achieve 100% renewable electricity across our operations by 2024. The roadmap articulates an ambitious but pragmatic approach to actively support the transition to renewable electricity across the economy. We joined RE100 in 2021 (a global business group committed to leading the way to 100% renewable energy) and have adopted their technical criteria to inform our implementation approach. There are two important elements to this – firstly, that we have adopted an active approach – in that our claims are based on specific actions to procure or produce additional renewable electricity as opposed to relying on proportions provided by default in each market. This helps to encourage additional investment in renewable electricity. It also means we're taking a market-based approach to ensure our activity drives renewable capacity in the regions where we do business.



As part of this we announced a significant capital investment in solar generation, with construction recently starting on Australia's largest winery solar installation. Around 9,500 solar panels will be installed at our Barossa Winery and Packaging Centre in South Australia and our Karadoc Winery in Victoria by the end of 2022. The installation, which includes solar panel car park shelters, are expected to generate more than 5,500 megawatt-hours of electricity per year, the equivalent of powering 900 homes. Beyond this installation, we identified around 50 additional feasible solar projects across our operations. We have committed to spending approximately \$20 million in capital investment on installation of these projects, as well as additional sub metering to improve effectiveness and insights. We believe each of these represent sound

decisions based not only on their project paybacks, cost reductions, and a range of other criteria, but importantly their role as a stepping stone to build resilience and prepare us for the future.

Alongside these on-site installations, we have purchased certified renewable electricity for our head offices in Australia, America, and Europe as well as Energy Attribute Certificates (EACs) for a portion of our NZ operations. This has resulted in TWE using 5.5% renewable electricity in F22. Looking forward, we will use a combination of behind-the-meter solar generation, certified renewable electricity, power purchase agreements, and EACs to achieve our 100% renewable electricity goal.

#### Keeping stakeholders informed

We continue to evaluate and enhance our climate-related disclosures to reflect our maturing approach to climate change. As such, we have begun to align our reporting with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) and are working to respond more fully, especially to the financial implications of climate change. The TCFD-recommended disclosures can be found in the following locations:

TCFD RECOMMENDATIONS	LOCATION
<b>Governance:</b> Disclose the organisation's governance around climate-related risks and opportunities	<ul style="list-style-type: none"> <li><a href="#">Corporate Governance Statement: Section 2: Role and responsibilities of the board</a></li> <li><a href="#">Sustainability Report: Sustainability governance</a></li> </ul>
<b>Strategy:</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	<ul style="list-style-type: none"> <li><a href="#">Sustainability Report: Material topics; Climate risk and GHG emissions</a></li> </ul>
<b>Risk management:</b> Disclose how the organisation identifies, assesses, and manages climate-related risks	<ul style="list-style-type: none"> <li><a href="#">Corporate Governance Statement: Section 2: Role and responsibilities of the board; Section 3: Risk management and internal controls</a></li> <li><a href="#">Annual Report: Material business risks</a></li> <li><a href="#">Sustainability Report: Managing our risks; Climate-related risks and opportunities</a></li> </ul>
<b>Metrics and targets:</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	<ul style="list-style-type: none"> <li><a href="#">Sustainability Report: Material topics; Key performance indicators; Climate risk and GHG emissions</a></li> </ul>

We know that switching to renewables is not enough, and we must also increase the efficiency of our operations to reduce our overall demand for power. Over F22 we continued to invest in more energy efficient plant and equipment as well as on-site solar installation. We largely completed significant upgrades at our TWE Barossa production facility, with the commissioning of key upgrades such as the anaerobic wastewater treatment plant in progress. This, and other planned upgrades such as better understanding our use profile through investment in sub-metering, will continue to improve our efficiency.

The source of our Scope 1 emissions are varied – from lawnmowers to gas fired boilers – and shifting these to more sustainable choices will take time given the lifecycle of the equipment, and in some cases, the need for technological advancement. We have begun to expand our understanding and use of new and emerging technologies. For example, in America, where the adoption of electric vehicles is relatively more mature than Australia, we have trialled, and now commenced, the switch over of our fleet to electric or hybrid vehicles. We have also started a series of trials of electric off-road vehicles in our viticulture sites.

At the same time, we are moving to detailed planning at key sites with a high-level assessment of key opportunities to reduce our Scope 1 emissions to be completed in F23. Our approach will be to reduce our consumption of these energy sources by focusing on efficiency, switching technologies, and adopting alternative fuel types where possible. Ultimately, we expect to sequester any limited remaining emissions that are difficult or uneconomical to decarbonise.

## CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our products reflect the unique set of circumstances where they are grown. Our ability to grow, make, and market quality wines will be affected by physical risk factors including:

- Increasing average temperatures can affect yield and quality of vineyards, with grape varieties or rootstocks potentially needing to be adjusted in certain regions. Warmer temperatures may compress or advance harvest times or impact the suitability of regions for grape growing.
- More frequent extreme weather events can affect yield and quality of vineyards (e.g. via smoke taint from bushfires, heatwaves, or flooding).
- Changes in availability and supply of water causes water insecurity, which can result in an escalation of purchasing prices or impact quality and yield.

TWE's business strategy is climate-adaptive, allowing us to consider the impacts and leverage the opportunities posed by climate change. Central to this is a multiregional sourcing program, which has been in place since the business's inception and features an increasingly agile and efficient production and processing footprint.

Our strategy is supported by a range of measures including improved weather data and forecasting abilities, optimised irrigation and soil moisture, and agronomic practices such as delayed pruning or improved canopy architecture and row orientation. We continually collaborate with universities and industry experts to further investigate new technologies and accelerate our transition to a low carbon future.

We are equally exposed to transition risks, which are those arising from policy, legal, technology, market, and reputation changes associated with the transition (or lack thereof) to a low-carbon economy. To appraise these risks, we continue to monitor and understand emerging trends, policy developments, and changing customer and consumer preferences. We believe there is opportunity and a need to be bold in responding to climate change and its impacts, and that the companies that move quickly will be well placed to succeed.

During F22, we continued our integration of sustainability into our business by transitioning \$1.4 billion of financial loans into a Sustainability Linked Loan (SLL). This historic SLL is one of the largest in the Asia-Pacific region, and the first for a wine company in the region. This structure provides an incentive for TWE to progress towards our sustainability goals as the cost of the loan varies with performance and serves to integrate sustainability into our financial framework.

We also achieved Carbon Neutrality for our global Lindeman's product portfolio. Lindeman's is one of our largest brands and comprises 143 individual product lines. We worked with the Carbon Trust to obtain a Carbon Neutral certification to the internationally recognised PAS 2060 standard. This certification is supplemented and supported by measures across our operations an

supply chain to reduce the carbon footprint of Lindeman's products, such as increasing recycled content of our packaging, light-weighting packaging, and improving energy efficiency in facilities where Lindeman's products are made and packaged.

We also continued to invest in technology that captures key vineyard data points which will enable the business to understand climate impacts in greater detail, improving decision making and efficiency (see case studies on increasing the accuracy of weather predictions on p 26 and increasing water efficiency in vineyards on p 21). We actively participate in industry forums to help inform our thinking on the emerging policy and regulatory landscape and actively share our approach, challenges, and progress with peers and interested stakeholders.



## Healthier soil

Improving soil carbon helps to improve soil health, increases its capacity to retain water, fosters biodiversity and increases nutrient efficiency. In pursuit of these improvements, our Napa viticulture team, alongside the Napa Resource Conservation District (RCD), received a grant from the US Department of Agriculture's Sustainable Agriculture Research and Education program to study the effectiveness of biochar and compost applications in improving soil health, sequestering carbon, and improving overall vineyard performance. Over the next two to three years the viticulture team and the Napa RCD will be evaluating soil health parameters alongside vine nutrition, growth and yield so that recommendations for their use can be made for vineyards in the North coast of California. There is potential to use local biomass from forest management practices to simultaneously reduce wildfire risk.



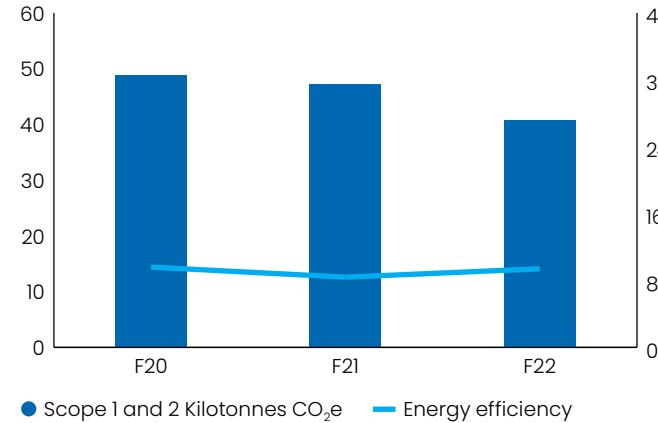


### ENERGY AND EMISSIONS PERFORMANCE

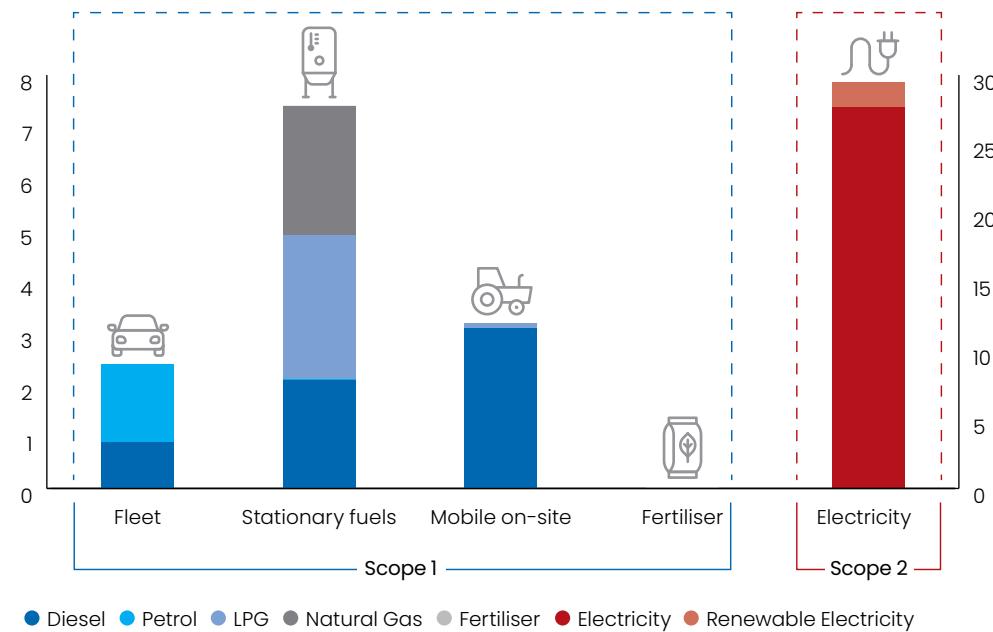
TWE relies on a mix of energy sources and types to power its operations. The breakdown of our Scope 1 and 2 greenhouse gas emissions is shown in the chart on this page. The Australian component of these emissions (over 77%) is reported under the Australian Government's National Greenhouse and Energy Reporting Scheme (NGERS) program annually. Our emissions profile has remained relatively constant over time, with a 13% decrease over F22. This was driven by an increasing share of renewable electricity, energy efficiency initiatives and declining production volumes.

We seek to maximise efficiency and invest in upgrades to infrastructure and processes across our network of vineyards, wineries, and packaging centres. For example, refrigeration represents a large component of energy used within TWE's wineries, accounting for up to 70% of a winery's electricity consumption. To reduce electricity consumption associated with refrigeration, we have implemented a series of process changes such as shutting down systems when not in use, utilising variable speed drives, night cooling, increasing coolant efficiencies, and tank farm insulation. Water heating for cleaning purposes is another energy-intensive area in wine production. To minimise energy consumption associated with water heating, we invested in a solar hot water system at our Sonoma Bottling Center in California.

### GHG emissions and energy efficiency



### F22 GHG emission by source (Kilotonnes CO<sub>2</sub>e)



## CLIMATE SCENARIOS AND RISK

In F22 we completed our initial Climate Scenario Analysis (CSA), which was designed to help us understand what trends, opportunities, and risks to our global viticultural operations may emerge as a result of climate change, and to help inform our strategy. To assess climate risk at the local level, we followed the CSA with a more detailed climate risk assessment for each of our viticultural sites using local climate models.

The CSA indicated that TWE's business is exposed to a changing climate. Both high and low emission scenarios present challenges to our business and operations with the significance and speed of risks driven by the level of global emissions. Risks are materially more severe under the high emissions scenario although in most cases the projections do not widely diverge from one another until after 2030.

The CSA showed that, without mitigation and adaptation, it will generally be getting hotter across our growing regions. This will impact quality and grade of grapes, threaten varietal suitability, and cause capacity issues due to likelihood of vintage compression. We anticipate our demand for water is likely to increase over time as a function of increasing temperature as well. Further, we anticipate that we will be more likely to experience acute physical events (e.g. heatwaves, bushfires, etc) in all regions, and the magnitude of these events are likely to increase over time.

The localised risk assessments found similar themes. Given the more detailed scale, the assessments provided operational insight to adaptation measures that might be useful at each specific site or region.

The rationale for developing a climate risk assessment was that as climate science (and data sets) improves, we will need a reliable and repeatable way to project the likely climatic conditions at each of our sites over time. This capability will enable us to better understand our resilience and vulnerabilities and inform opportunities for improvement via risk mitigation and adaptation responses that we might usefully deploy over time.

<sup>1</sup> Scenarios were based on data, which was chosen based on three criteria: Data sources were scientifically reputable; Data was applicable globally to ensure consistency in variables across TWE's operations; a number of climate models were used as the multi-model average has been shown to outperform a single model. For each of our key growing regions we used a high (RCP 8.5) and low scenario (RCP 2.6) and identified a series of hypothesis related to water availability, long term temperature and climate extremes that were modelled over various time horizons (2030, 2050 and 2070). RCPs refer to 'Representative Concentration Pathways' and are representative of possible future concentration scenarios.

In F23, we will pilot a range of adaptations with the goal of improving our resilience and understanding the practical challenges that may occur while implementing these solutions at our viticultural sites. These pilots seek to broaden our technical capacity and will build on existing investment for improvement of weather and climate

forecasting, development of drought- and disease-resistant grape varietals, application of precision viticulture practices, irrigation optimisation, a focus on soil health, and management of temperature, frost, drainage, and pests.



## More accurate weather predictions

Weather is one of the biggest challenges facing agricultural businesses globally. Increasing uncertainty caused by climate change and unpredictable environmental conditions directly affect the quality of our fruit and can cause major issues such as vintage compression at our wineries. Having accurate outlooks helps us plan for these events ahead of time. We use a variety of technology solutions to tackle this problem, including detailed weather forecasts and climate outlooks for our growing regions as well as digital analytics that enable more specific site forecasts. Both short and long-term forecasting is becoming more reliable thanks to Artificial Intelligence and machine learning, with 14-day forecasts allowing us to scenario plan for optimal spray days (i.e. low or no wind to eliminate spray drift) as well as the likelihood of extreme weather events so we can mitigate well ahead of the impending event. This capability is also used for day-to-day events like irrigation scheduling. Long term outlooks give an indication of harvest timing or probability that weather may impact a certain phenological stage (i.e. flowering and fruitset). We also have weather sensors deployed at most of our viticulture sites that measure a wide range of parameters including air temperature, humidity, wind speed and direction, rainfall, and soil moisture. This enables us to be more precise in our applications of inputs like irrigation but also more accurately predict key phenological stages like flowering and veraison (the onset of ripening).



### SCOPE 3 EMISSIONS

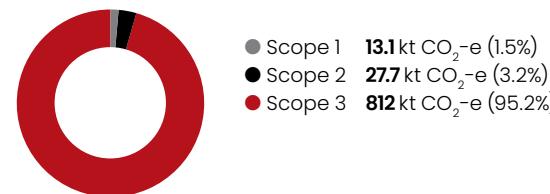
Scope 3 emissions are the indirect emissions from activities we rely on to operate our business and provide products to consumers. They are the emissions upstream (i.e. made by our suppliers when manufacturing packaging) or downstream (i.e. by the transportation of goods to customers and consumers). These emissions are greater than our own Scope 1 and 2 emissions, are difficult to accurately measure and, in many ways, far less within our control. They are also substantially larger – at 812,000 tonnes CO<sub>2</sub>e/year – over 16 times our own footprint.

However, it is important to take responsibility for these emissions, and act within our sphere of influence to support our suppliers and customers in their own decarbonisation journeys. Understanding where our Scope 3 emissions are coming from is the first step towards reducing them. In accordance with the GHG Protocol we have expanded our greenhouse gas emissions disclosures to include all relevant Scope 3 emissions categories<sup>1</sup>. Within these categories, Purchased goods and services (Category 1) and Upstream transportation and distribution (Category 2) contribute to the majority of our Scope 3 emissions, at 58.6 and 33.3 per cent respectively.

The majority of our expanded Scope 3 data has been developed based on a series of assumptions and estimates. As there is a lag in obtaining supply chain emissions data (as it takes time to source or obtain proxies for this data) we are reporting F21 emissions. We anticipate there will be shifts in the quantum of some of these categories in the future – for example, as travel returns to pre-COVID-19 levels. In the coming years, we plan to better understand and disclose our Scope 3 emissions profile by improving data quality and encouraging decarbonisation efforts from our suppliers.

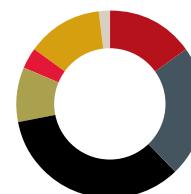
#### Scope 1 and 2 emissions (F22) and Scope 3 emissions (F21) overall

Kilotonnes CO<sub>2</sub>-e/ year %



#### Breakdown of Scope 3 emissions by activity (F21)

Contribution %



● TWE Operations	<b>15.3%</b>
● Bottling and packaging	<b>22.7%</b>
● Logistics, warehousing and distribution	<b>34.2%</b>
● Plant and equipment	<b>9.3%</b>
● Vineyard	<b>3.6%</b>
● Winemaking: grapes, bulk wine and additives	<b>13.2%</b>
● Sold products	<b>1.8%</b>



<sup>1</sup> Our relevant Scope 3 categories are: 1 – Purchased goods and services (476,000 Tonnes CO<sub>2</sub>e/year); 2 – Capital goods (38,000); 3 – Fuel and energy related activities (7,000); 4 – Upstream transportation and distribution (270,000); 5 – Waste generated in operations (3,000); 6 – Business travel (1,000); 7 – Employee commuting (3,000); 9 – Downstream transportation and distribution (15,000); 12 – End of life treatment of sold products (0); 13 – Downstream leased assets (1,000). See [tweglobal.com/sustainability#Sustainability-Report](http://tweglobal.com/sustainability#Sustainability-Report) for further information on boundaries and calculation approach.

# Fostering healthy and inclusive communities



A healthy and safe workplace will always be our first priority. But behind every bottle of wine is a team that is also passionate about building an inclusive and equitable culture that delivers better outcomes for all our stakeholders. We want to foster safe, sociable, and connected communities where our brands are promoted, and our wine consumed, safely and responsibly.



## F22 COMMITMENTS

- 10% reduction in Serious Incident Frequency Rate
- 50% women in senior leadership by 2025
- 42% female representation overall by 2025
- 30% female representation on Board
- Establish an advocacy strategy that emphasises consumer health outcomes

## F22 HIGHLIGHTS

Development and release of Alcohol and Health Policy

Engagement score of 70% in our engagement survey

Overall female representation increased by 1.7% to 41.9%

Expanded low and no alcohol product range

Conducted our first ever Mental Health survey





### APPROACH

The health, safety, and wellbeing of the TWE team and everyone who touches our business remains our highest priority. TWE recognises the importance of ensuring our people stay physically and mentally safe by closely managing existing and emerging risks.

Our TWE team members recognise they are responsible for health, safety and wellness, and our people leaders are accountable for managing the safety of their people.

### PROGRESS

During F22 we continued to closely manage and respond to the second year of the COVID-19 pandemic. Business disruption associated with COVID-19 was minimised and support continued for our people who, across the regions, worked from home at different intervals throughout the year.

Progression of our critical risk program continued with focus on developing minimum electrical safety standards and commencing gap audits in ANZ. This program will be finalised in other regions in F23.

Our mental health program continued with a focus on COVID-19 support and the development of our new mental health framework.

The F22 global engagement survey has again confirmed the strength of our safety and wellbeing culture. Our employees recognise the commitment to ensuring we have a safe and healthy workplace with four of our top five employee engagement scores relating to safety and wellbeing. Reflecting our focus on creating a strong safety culture at TWE notable results include: 'I am comfortable voicing my concerns or making suggestions about workplace safety' (88%), 'day to day decisions here demonstrate that safety is a top priority' (87%), 'I believe any safety concerns would be made a high priority' (88%) and lastly an overall wellbeing score of 84% which has improved by 2% from F21.

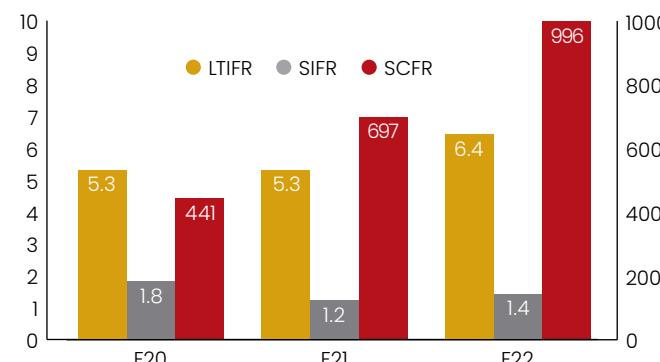
However, in the first half of F22 we recorded six Serious Incidents (SSIs) in the Supply area of the business. During F22, one incident occurred in America and five occurred in Australia of which three of these did not result in injury.

The Serious Incident Frequency Rate (SIFR) provides visibility of actual incidents as well as high potential near miss events to ensure a detailed investigation occurs and appropriate safe controls are implemented. Key learnings from the incidents are shared across the organisation.

The lost time injury frequency rate increased to 6.4 from 5.3 in F22. Slips, trips, and falls contributed 36% of our lost time incidents and will be part of the focus of a behavioural change program planned for F23.

In response to the SSI and LTI incident trend global stop for safety workshops were held with all teams and secondly, an ANZ 'Safety reset plan' was deployed with every team member participating in a one-hour safety refresher that focused on our five safety commitments. Two hour workshops were conducted for all ANZ Supply people leaders with a focus on active leadership and engagement in safety with their team members. These initiatives delivered results, with zero SSIs recorded in the following five months. At the completion of the campaign a 43% increase in Safety Conversation Frequency rate (SCFR) was recorded, which is a lead indicator of active safety leadership.

### SAFETY METRICS



Over the course of the year the first phase of our new Health and Safety reporting and management system was implemented. The new system includes mobile functionality enabling our team members to record safety-related events, safety conversations and risk assessments as they occur in the field. The second phase is scheduled for F23 and includes advanced safety management tools which will increase the standardisation of our processes and the transparency and consistency of safety data.

### UNDERSTANDING AND SUPPORTING MENTAL HEALTH

Continuing our quest to improve our awareness and support for mental health TWE joined the Corporate Mental Health Alliance Australia (CMHAA). We are collaborating with several major Australian companies to improve understanding, best practice prevention and support for mental health in the workplace. In F22 we conducted our first ever Mental Health Survey with 850 people across 15+ countries participating. The survey results have informed our Mental Health Framework and action plan by identifying key focus areas. These include: managing stress and workload, enhancing our stance on workplace behaviours, and ensuring there is high-quality support available for our people. There are three key pillars to our new Mental Health Framework – reduce and support mental ill health, create a healthy and safe workplace, and promote thriving with our team members.

 Reduce & Support Mental Ill Health	Understand and reduce mental ill health Great mental health leadership Identify and support our people with mental ill health
 Create a Healthy and Safe workplace	Create a mentally healthy and safe workplace Ensure everyone belongs Capable and supportive people leaders
 Promote Thriving	A great place to work where people connect and feel they belong Effective in our support of work-life balance Helping our people grow

## Inclusion, equity and diversity



### APPROACH

At TWE, it's in our DNA to bring our whole selves to work. It's the diversity of our people that makes us unique, and we strive to create a professional and safe working environment where respect for human rights is the cornerstone of our culture and where everyone can contribute and feel included.

The diversity of our people and their contribution to the business broadens our collective knowledge and capabilities. It also gives us a competitive advantage in the marketplace by helping us understand and connect more effectively with our customers, consumers, communities and each other. It is fundamental to being the world's most admired premium wine company.

### PROGRESS

As at 30 June 2022, TWE has achieved:

- 44.9% female representation in leadership roles towards its target of 50% by 2025. This is a slight decrease of 0.2% from F21. Relative hiring and termination rates for females compared to males show that the longer term trend to achieve target is on track.
- 41.9% female representation overall. This is an increase of 1.7% from F21 and leaves us well positioned to achieve our target of 42% by 2025.
- 37.5% female representation on the Board.

Specific activities such as the 'Empower Me' program, a focus on internal appointment of females as part of the new operating model design and improved parental leave policies continue to support the retention of females and progression into leadership roles.

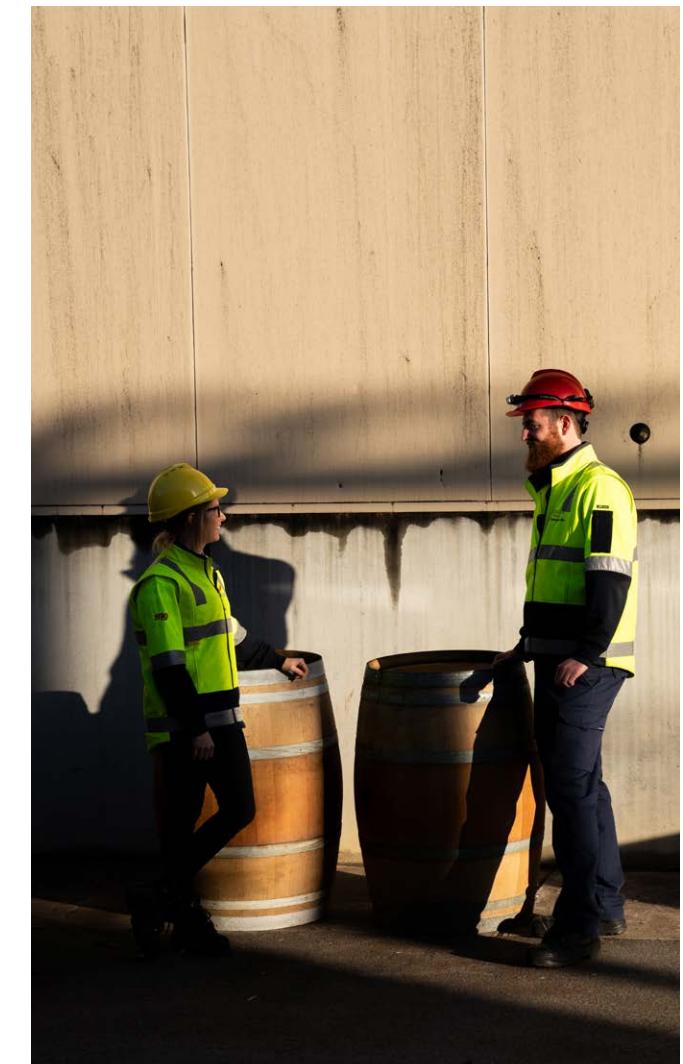
This year we refreshed our strategy, anchoring our commitment to human rights, reinforcing the importance of the TWE DNA and adding the concept of Equity to direct our focus towards systems and ways of working.

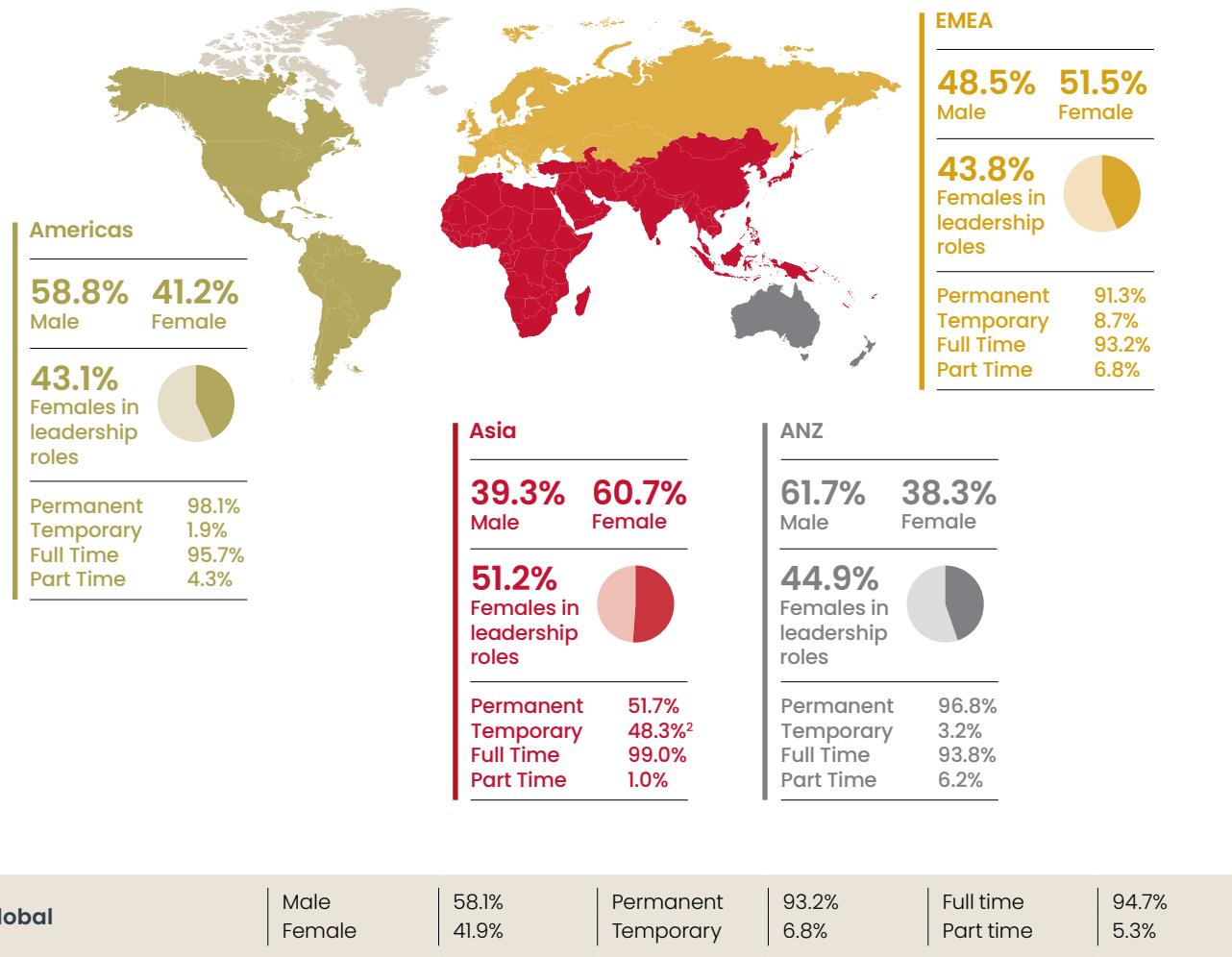
The refreshed Inclusion, Equity and Diversity (IE&D) strategy will deliver our vision of 'One Globally Inclusive Team Where We All Belong, Contribute and Thrive', through three strategic pillars:

- Leaders who model our DNA: leaders who steadfastly role-model and lead inclusion and have a true understanding of employee experience and culture, enabled by world class leadership and development programs;
- Engaged employees, consumers and communities: employees who bring their whole selves to work, consumers who recognise our commitment to inclusion and diversity through our brands and partnerships with purpose-aligned communities, suppliers and initiatives produce meaningful outcomes; and
- Employer of choice: Industry leading policies and work processes maximise inclusion and minimise bias, innovation optimised through team contribution and data informed plans and allocation of resources.

TWE's commitment to IE&D is governed through an IE&D policy and strategy, overseen by the Human Resources Committee, the Global IE&D Council and supported by Regional IE&D Committees and Employee Resource Groups. IE&D commitments are included in the Key Performance Objectives of Executive Leadership Team members and selected senior leaders.

The TWE Board is also committed to ensuring that it maintains a membership of individuals with diverse experience and backgrounds, including cultural, geographic and gender aspects to ensure that TWE maintain a broad representation and support the Company's strategic objectives. Further information on diversity can be found in our [Corporate Governance Statement](#).



A snapshot of TWE employees across the world<sup>1</sup>

<sup>1</sup> The information in this table is current as of 30 June 2022 includes casual, on call and seasonal employees and excludes contractors, which make up 8.2% of TWE's total workforce.

<sup>2</sup> The Asia region has a higher proportion of employees identified as 'Temporary' due to common legal practice in China to place employees on three-year fixed term contracts. After ten years, an employee is considered permanent.

Key achievements for this year against each of the strategic pillars include:

#### Leaders who model our DNA

- To build leadership capability and awareness, more than 190 people leaders undertook Inclusive Leadership training. In addition, each ELT member was mentored by an individual employee from a different background to help develop a stronger and personalised understanding of the importance of inclusion and our IE&D strategy and plan.
- We created and introduced an IE&D Manifesto through inclusive and courageous conversations. The purpose of the Manifesto is to illustrate the beliefs that underpin our IE&D strategy and plan, to define a standard to which we can be held to account.
- Inclusion was hardwired into TWE's leadership competency model, helping to bring to life good leadership through the attribute of 'Helping People Belong'.
- To increase the number of females in senior leadership, we delivered 'Empower Me', our female and non-binary top talent leadership development program. More than 25 females participated in the program this year, during which time two were promoted.

#### Engaged employees, consumers and communities

- To ensure greater diversity of voices in the governance of our IE&D strategy and plans, we extended the membership of the Global IE&D Council beyond the ELT to include representatives from each global Employee Resource Group (ERG) and all Regional IE&D Councils. This has helped build connection and relationships between ERGs and regions and promote greater collaboration and innovation which has been evident through many of the ERG initiatives in F22.
- To drive more meaningful connection between our consumers and brands, we have integrated purpose into our marketing strategies. For example, Squealing Pig launched a new long-term partnership with Sydney Gay & Lesbian Mardi Gras and Sydney World Pride 2023, significantly improving brand affinity.

- To leverage external expertise and escalate progress, TWE Enable established a partnership with the Australian Network on Disability and TWE Pride with Pride in Diversity. Through the efforts of TWE Pride, in its first submission, TWE has been acknowledged with the 2021 Bronze Award for inclusivity of LGBTQIA+ employees by the Australian Workplace Equality Index.
- To make TWE more accessible, we have installed mobile wayfinding technology (BindiMaps) at 161 Collins Street Melbourne and Magill Estate Adelaide, with further sites to follow.
- To raise awareness, we held or participated in local and global events including 16 days of Activism against Gender Based Violence; International Women's Day; Taste of Harmony and Pride Month; an indigenous walk of Melbourne; Culture Day in Asia; International Day of People with Disabilities. We were also invited to speak at, host and participate in numerous industry events, including Black Food and Wine Event (US), Black Business Week and Diversity in Grocery LIVE! (EMEA).

#### Employer of choice

- To better support our people impacted by Domestic and Family Violence (DFV) we updated our global policy and improved the support available which now includes up to 10 days paid leave for both the impacted employee and anyone supporting someone impacted by DFV as well as emergency financial support of up to AUD\$5,000. Recognising that the work environment may be the only place an employee feels safe enough to seek help for domestic and family violence we provided training to people leaders and employees in particular in People and Culture and Health and Safety to enable them to better recognise, respond and refer impacted people to get the help they need.

- We established the TWE approach to blended work which is designed to sustain our culture through hybrid working, balancing individual autonomy and flexibility with connection and belonging, as well as the needs of individuals with those of teams and the business.
- To ensure equity in remuneration globally, we reviewed our gender pay gap to determine the difference between male and female earnings, irrespective of role or seniority. There were 5 instances that required adjustment as a result of the analysis, which otherwise showed a lack of gender-based pay difference.
- We were recognised externally by the Australian Financial Review as one of the Best Places to Work; by the Drinks Association as the Most Inclusive and Diverse Workplace; and certified as a Great Place to Work in the UK. TWE Americas was recognised as one of the Healthiest Employers of the Bay Area (4th in the mid-sized firm category).



## Consumer health and responsible drinking



### APPROACH

Millions of adults around the world enjoy drinking our wines and as one of the world's leading producers of premium and luxury wines, we recognise the role we play in promoting and celebrating moderation so that together we can foster safe, sociable, and connected communities. We believe that excessive alcohol consumption is harmful to your health and to those

around you and that's why we take responsible drinking seriously. We support the World Health Organisation's (WHO), and the UN Sustainable Development Goals to reduce harmful use of alcohol by 20% by 2030 (in comparison to 2010).

### PROGRESS

Throughout the year we undertook two significant pieces of research. The first piece of research reviewed the scientific evidence of harm associated with alcohol consumption. TWE appointed a research partner with deep experience across health and health technology to undertake the review. The review provided us with an independent and objective view of the relationship between alcohol and harm. The evidence is clear that there are established links between alcohol and associated harms. In particular, links between high and acutely high levels of alcohol consumption and harms such as injury or chronic conditions are well established and increasingly the evidence base linking alcohol consumption to longer term or chronic conditions is becoming more robust.

This research has led us to two broad conclusions. Firstly, we must do more to reduce harmful consumption of alcohol believing that this is in the best long-term interests of our business and everyone who touches our business from grape to glass. Secondly, it has strengthened our resolve to make moderation aspirational by giving consumers better information to help them drink better

not more on every occasion as well as provide more choice when it comes to quality, premium low and no alcohol products.

The second piece of research we undertook was to review policy trends in key priority markets including Australia, United Kingdom, and the United States, as well as markets in Europe and Asia. Through this review we identified a number of policy areas relatively consistent across markets including product labelling, marketing, and advertising, accessibility of alcohol and taxation models targeting health outcomes. These are areas where we can help inform policy direction working with other parts of the sector as well as a range of stakeholders.

Using this research, we developed our [TWE Alcohol and Health Policy](#) that publicly steps out what we stand for

and where our stakeholders should expect us to act. The policy sets out our minimum position on areas such as under-age drinking and drink driving, and covers our commitment to include energy labelling and general health warnings on our products by 2025. In F23 we will continue to do more work in these areas to understand how we can continue to play our part in reducing harmful drinking.

Alongside the launch of this policy, we have also created a dedicated site on [tweglobal.com](http://tweglobal.com) as the first step in giving our consumers more health information about our products. This will continue to evolve in F23, because we want to support our consumers in being able to make better choices.



## Stay tasteful while tasting

We were proud to host the launch of Drink Wise's *Stay tasteful while tasting* initiative at Magill Estate. The initiative, a partnership between DrinkWise, the National Wine Foundation and Australian Grape and Wine, gives visitors to winery cellar doors across Australia access to a tasting tracker 'scratches' and other education resources to help them keep tabs on their consumption and understand how many standard drinks they are consuming. The *Stay tasteful while tasting* resource packs have been distributed to more than 1,800 cellar doors and tourism associations across Australia. Our support of DrinkWise and tools like these brings to life our commitment to the health of our consumers and our aspiration to be great neighbours to the communities around our cellar doors. We encourage all consumers to watch out for them when they next visit any of Australia's cellar doors.



## RESPONDING TO THE CONSCIOUS CONSUMPTION TREND

Global wine consumption increased slightly in 2021 (up 0.7%) when compared to 2020 marking a shift in the downward consumption trend that started in 2018<sup>1</sup> driven by a number of factors across markets including the re-opening of channels following the global COVID-19 pandemic.

Consumption patterns do vary across markets, and our consumer research indicates that alcohol moderation continues to be a global trend, with adults under the age of 35 years leading the way. Consumers are looking to reduce their alcohol intake for a wide variety of reasons from wanting to improve their health through to life-stage changes such as pregnancy. The conscious consumer segment continues to grow with almost half (45%) of consumers looking for more health-conscious options and as a result it is changing the way consumers approach the wine category leading to the emergence of low or no alcohol alternatives.

During the year we launched two meaningful innovations in this space, Matua Lighter in the United States as well as Wolf Blass Zero in Australia which is driving premiumisation across the no alcohol wine category and will soon be available in select European and Asian markets. We will continue to push the boundaries on no alcohol wine. We have been investing significantly in a number of different areas to improve the quality of no alcohol wine including de-alcoholisation technology, replicating the 'mouthfeel' in terms of aroma and taste and viticulture and wine making methods that reduce the sugar content in the grape juice yet retaining the wine varietal characteristics when it goes through the dealcoholisation process.

We see a significant opportunity to be the global leader in this emerging segment of the wine category and we will continue to invest in our R&D, capacity, and capability to deliver the leading brand and wine quality combination in this space, particularly in mature wine markets.

In F22 we introduced a range of new products in the lower or reduced alcohol category including Squealing Pig Lighter (Rosé, Cuvee) and Matua Lighter (Sauvignon Blanc) as well as Wolf Blass Zero in the zero alcohol category (Sauvignon Blanc, Shiraz, Sparkling).

## INDUSTRY LEADERSHIP

We work with several industry groups and organisations to promote responsible consumption programs and activities within the community including DrinkWise (AU/NZ), Drinkaware (UK), The Alcohol Beverages Advertising Code Scheme (ABAC), Alcohol Beverages Australia (ABA), who also partner with the International Alliance for Responsible Drinking (IARD), and Community Alcohol Partnerships (UK).

Throughout the year we also announced our intention to re-join The Portman Group in the UK from July 2022, and in F24 TWE will also join the International Alliance for Responsible Drinking (IARD) signalling our intent to lead the wine industry in reducing harmful consumption of alcohol and celebrating moderation wherever our products are sold and consumed around the world.

## RESPONSIBLE MARKETING

Our commitment to the responsible marketing and sale of alcohol is covered by TWE's Alcohol Policy, Alcohol Policy Guidelines, Alcohol Policy Guidelines for Winemakers, our new Alcohol and Health Policy, as well as our Responsible Marketing Guidelines and Responsible Sales and Marketing Handbook.

TWE's global Marketing teams complete annual training on the Alcohol Policy, Social Media Policy, Anti-Bribery and Corruption Policy, as well as the Responsible Marketing Guidelines and Responsible Sales and Marketing Handbook led by TWE's legal and governance team. A training program specifically designed for the United States was rolled out in F22 to the sales, direct to customer, marketing, and commercial strategy teams.

Our Marketing and Legal teams ensure that all marketing communications comply with the Responsible Marketing Guidelines. This is undertaken through reference to a comprehensive marketing checklist, seeking legal guidance, and escalating approvals as required. This process applies to digital and social media, as well as traditional marketing platforms.

## STARTING WITH OUR TEAM

In F22 we once again held our annual Smart Drinking campaign to empower team members to make responsible choices when drinking alcohol and promote education and awareness around responsible consumption. This year's program was held in December as our team headed into the busy end of year festivities and holidays, and we ran a series of activities and events providing useful information on staying at your social best, and to encourage everyone in our team to share their smart drinking tips for the social season, as well as reflect on and assess their own drinking habits.

In addition, 97% of eligible employees completed online training which sets out roles and responsibilities and the expectations we have regarding the safe and responsible consumption of alcohol from workplace health, safety and wellbeing, to drinking at work, drink driving and responsible marketing.

In F23 we will be looking to enhance our internal training, education and engagement programs for responsible consumption with an increased focus on improving the alcohol health literacy of our teams, and ensuring they are ambassadors for celebrating moderation and supporting their colleagues, friends and family in making responsible choices.

We believe that consumers should have easy access to information about our products so that they can make informed and responsible choices about drinking alcohol. We believe that product transparency is just one way we can help improve alcohol literacy. To help our consumers make informed choices we have set two new public targets focussed on introducing voluntary energy and health labelling on TWE brand product labels where they are permitted by law and where mandatory requirements do not already exist.

<sup>1</sup> State of the World Vine and Wine Sector 2021 released by the International Organisation of Vine and Wine in April 2022.

## Product quality and food safety

## APPROACH

At TWE we have a commitment to making products that are consistently high quality, safe for consumption and compliant to market access requirements in each region of sale. This commitment is underpinned and delivered by adherence to our robust and mature Food Safety and Quality Management systems.

## PROGRESS

Throughout F22 our technical teams continued to improve the effectiveness and efficiency of our Quality Management systems and also maintained our 3rd party Quality and Food Safety accreditations in all regions.

As we expanded our wine sourcing model into new supply regions we deployed our specification management and bottling approval systems to ensure that wine quality standards are maintained to a consistent and high level across the portfolio. Effective deployment of these standards to our wine supply partners has ensured consistency of wine blend style within a brand whilst also ensuring that wines conform to compliance requirements in both source and sales regions.

Our Quality Management systems are integrated into our management systems to ensure the consistent delivery of high quality wine product. As our Quality and Assurance system continues to mature, we focus on opportunities to enhance our management processes further. We are currently finalising the design of a new and integrated approval system that will align our product quality specifications with market entry requirements.

## TRACEABILITY

TWE's Quality management and production systems cover the entire winemaking process from raw materials to distribution. These systems are engineered to ensure traceability of all wines from grape, to bottle, to consumer. We challenge our traceability systems on an annual basis to verify our ability to trace products in an effective and timely manner. We also expanded the

scope of our traceability systems in F22 to enable verification of sustainability growing and winemaking standards to support sustainability labelling.

TWE's product quality and food safety systems are verified via third party audits and certifications. These vary by region and include:

- Hazard Analysis Critical Control Points (HACCP)
- British Retail Consortium Global Standard for Food Safety (BRC)
- International Featured Standards (IFS)
- Food Safety System Certification 22000 (FSSC).



# Innovation meets heritage

To achieve the ultimate in traceability using blockchain innovation Penfolds launched a limited edition non fungible token (NFT) tied to a Magill Cellar 3 barrel of wine. The Magill Cellar 3 is the ultimate collector's item as it is not available for public purchase and it sold within 12 seconds of release. The single barrel NFT will be converted into 300 bottle NFTs at the date of bottling the wine in October 2022 with each bottle being identified with both a barrel and bottle number. The NFT serves as a digital receipt that verifies the buyer's ownership and the authenticity of the wine bottles. In order to achieve this we became the first wine partner with BlockBar, a leading NFT marketplace for luxury wine and spirits products.



## Community

## APPROACH

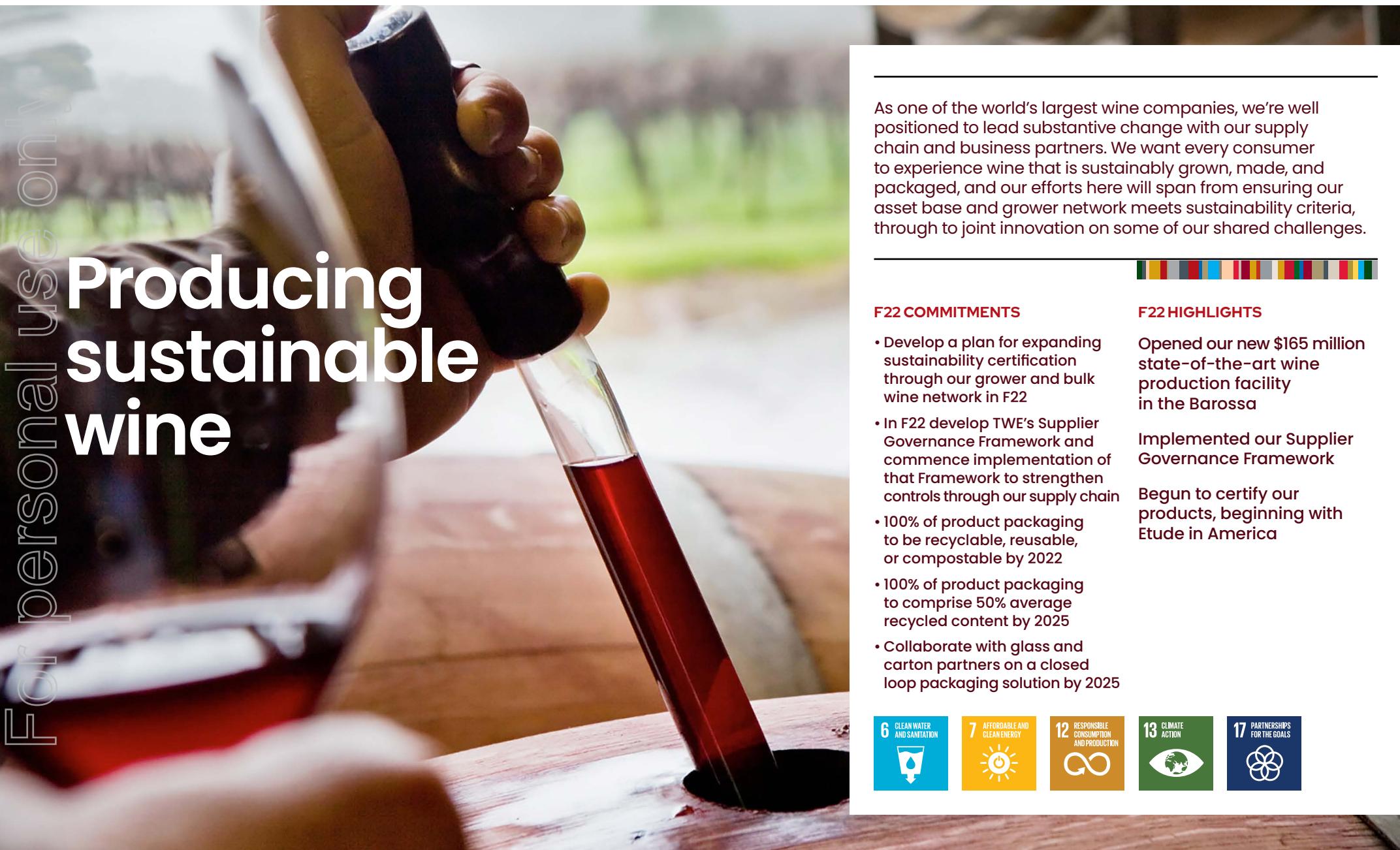
We're a significant contributor to communities in regional wine growing areas and our positive impact goes beyond our role as a major employer. Our community engagement activities aim to build strong relationships with our stakeholders through two-way conversations, partnerships, and other value-adding opportunities.

## PROGRESS

Over F22 our community partnerships, which often include volunteering opportunities for our people, have included habitat restoration activities in the Napa Valley and Adelaide Hills, environmental clean-ups in the UK, and support for social services like food hamper donations in the Barossa. Our charitable partners have received financial and volunteering support, as well as product donations to further support their fundraising activities. We have also invested in local schools and universities, providing in-kind support in STEM and agricultural studies, involving them in revegetation projects, and offering work experience opportunities.

We also encourage our people to be connected to their local communities and encourage their involvement in fundraising and volunteering activities. Our people are supported in these endeavours by receiving two days paid volunteer leave per year and we provide the opportunity to boost their fundraising activities with matching donations.

# Producing sustainable wine



As one of the world's largest wine companies, we're well positioned to lead substantive change with our supply chain and business partners. We want every consumer to experience wine that is sustainably grown, made, and packaged, and our efforts here will span from ensuring our asset base and grower network meets sustainability criteria, through to joint innovation on some of our shared challenges.



## F22 COMMITMENTS

- Develop a plan for expanding sustainability certification through our grower and bulk wine network in F22
- In F22 develop TWE's Supplier Governance Framework and commence implementation of that Framework to strengthen controls through our supply chain
- 100% of product packaging to be recyclable, reusable, or compostable by 2022
- 100% of product packaging to comprise 50% average recycled content by 2025
- Collaborate with glass and carton partners on a closed loop packaging solution by 2025

## F22 HIGHLIGHTS

Opened our new \$165 million state-of-the-art wine production facility in the Barossa

Implemented our Supplier Governance Framework

Begun to certify our products, beginning with Etude in America



## Sustainable growing and production



### APPROACH

We are committed to promoting and participating in sustainable winegrowing wherever we operate. Sustainable agricultural practices minimise the use of resources whilst seeking to maintain and improve soil health, biodiversity, access to clean water and the protection of habitat. These practices also enhance natural ecosystem

services which can buffer us from the impact of invasive species, catastrophic wildfires, excessive flooding and extended drought.

Wine production can also be energy and water intensive. Understanding our impact allows us to adjust processes to increase efficiencies and reduce our footprint. Careful measurement of the resources we use, innovation and adoption of new technologies is a major factor in reducing our impact.

### PROGRESS

A fundamental component of our approach to growing and production is the attainment and retention of third-party independently verified sustainability certifications across TWE's owned and leased vineyards and wineries. Over F22 we have maintained certification across approximately 97% of our operations.

TWE is subject to various environmental laws and regulatory frameworks governing energy, water, waste and greenhouse gas reporting across its global operations. TWE's Environment Policy is the core document that sets out the company's commitment to environmental management, compliance and continuous improvement. It reflects our enhanced commitment to sustainability and recognises the direct link between effective management of our environmental impacts and business success. It is supported by a range of policies, procedures and practices to ensure that we maintain focus on resource efficiency and continuous improvement, and that environmental laws and permit conditions are complied with.

### CERTIFYING OUR WINES

We believe that certification programs not only foster stronger relationships between growers, wineries and their regions but provide confidence to consumers that they are receiving a product that is produced sustainably. In F22 we identified key barriers to sustainability certification expansion such as fragmented global and national schemes, grower and bulk wine supplier education, and track and trace capability for sustainability information in our supply network. Tackling these in F23 will deliver expanded sustainability certification across our global portfolio.

In Australia, we have focused on raising awareness, providing training and begun to embed our expectations into new grower and bulk wine contracts. We have also used our influence to negotiate preferential rates for audits for our growers to ensure costs are minimised. In F23 we will continue to work across our grower and bulk wine network to raise awareness and engagement with the Sustainable Winegrowing Australia scheme.

In America, we have expanded the use of the California Certified Sustainable logo on the majority of our Etude wines and will continue to increase certification labelling in our luxury portfolio in F23.

We continue to work on our internal systems to ensure they have the capability to support certification at scale.

Treasury Wine Estates is a Founding Member in the Sustainable Wine Roundtable, participating in local and national sustainability accreditation groups, presentations, conferences, and events across the globe.



## Restoring wetlands

In recent decades, the lack of regular high flows and flooding has put many River Murray floodplains and wetlands under stress. One of these, Markaranka Wetland, is located within our Markaranka vineyard and contains a network of ecologically significant wetlands filled with aquatic plants and rare and vulnerable species such as the Musk Duck and the Regent Parrot. Between September 2021 and May 2022 a total of 3.7 gigalitres of water for the environment was pumped into this floodplain helping to restore this wetland. This project is a joint initiative between the Commonwealth Environmental Water Holder and Treasury Wine Estates.

In F22, TWE retained the following certifications for both owned and leased vineyards and wineries and is expanding coverage to newly acquired locations:

**Australia:** Sustainable Winegrowing Australia

**New Zealand:** Sustainable Winegrowing New Zealand

**Italy:** VIVA Sustainable Wine and ISO 14001 – Environmental Management

**Americas:** Certified California Sustainable Winegrowing, Fish Friendly Farming and Napa Green Winery

**France:** Haute Valeur Environnementale (HVE)

### IMPROVING BIODIVERSITY

A key benefit of owning and operating iconic properties across the world is our ability to enhance the ecology and biodiversity within and surrounding the grapes we grow. In F22 we planted over a kilometre of native hedgerow to provide food sources such as hawthorn, medlar and rose hips for wildlife in Bordeaux. We also planted pollinator habitat for the endangered Monarch Butterfly and restored a riparian corridor hit hard by the 2020 Glass fire in Napa.



## Research and development

### APPROACH

TWE continues to focus on research and development opportunities to seek out new and innovative product offerings, improve product quality and supply efficiencies, and reduce risk.

We have established strong partnerships with globally recognised research institutes and industry experts to ensure that their priorities align with TWE and industry requirements and inform our business of the latest scientific and technological developments.

### PROGRESS

In F22 we continued our work to develop and improve our winemaking techniques and processes to enhance our offering of No and Low alcohol wines. We also progressed our technology roadmap to progress digital platforms and management of big data to deliver improved forecasting of vineyard production and changing weather patterns to protect our crops and improved overall operational efficiencies. Our research focus on automation has been extended to the evaluation of smart irrigation solutions, use of autonomous vehicles and technical developments in implements to minimise weed spread and chemical use on vineyard floors.

## Pesticide use and management

### APPROACH

Pesticides are used to help protect crops against insects, weeds, microorganisms and other pests, but some pesticides are potentially toxic to humans and can have adverse effects on the environment. Therefore, it's imperative to carefully manage pesticide use responsibly.

TWE's approach seeks to balance the protection of human health, environmental impact, and the quality of our fruit. In many cases, minimal use of agricultural inputs leads to better balanced outcomes for all three areas. TWE is committed to continually perfecting this balance by striving to find new techniques and approaches to ensure quality whilst being active in, and cognisant of, industry trends and the latest scientific and regulatory advice.

Where chemical inputs are necessary, their use is regulated globally. At a minimum we abide by the relevant legislation in the jurisdictions in which we operate, but as a business that exports its products we also need to abide by the legislation of where our goods might be exported to. This results in an approach that follows the most stringent requirements and latest health advice in relevant jurisdictions.

We use an integrated pest management approach which combines the use of biological, cultural, and chemical practices to control pests in our vineyards. Our viticultural standards combine mechanical and chemical interventions to ensure the most effective and balanced outcome – that is, one that minimises the impact of our chemical footprint on the environment whilst maintaining crop protection.

This involves:

- The use of mulch and cultural control methods such as pruning techniques and canopy management as a first line of defence against pests and diseases.
- Minimising the use of any chemical input where chemical sprays are necessary and rotating these to avoid resistance. This approach is more effective in terms of balancing costs and outcomes and can also help to reduce our use of fossil fuels through limiting tractor utilisation.
- Ensuring that every chemical application on our vineyards is recorded in our operational traceability systems, which also supports compliance with the various end market requirements.
- Actively participating in a variety of industry forums – such as the Agrochemical Reference Group in Australia and The Wine Institute Technical Advisory Committee in USA – to build our understanding and collectively agree on approaches. This also allows us to monitor emerging issues and trends as well as the latest scientific advice.

- Continually investing in innovation; for example, focusing on the development of disease resistant varieties which require less chemical management while also delivering high yielding and quality fruit. We also actively explore other management practices, including cover crops, evaluating non-chemical weeding techniques and targeted weed removal, which is less invasive to the surrounding soil, preserves topsoil, and reduces compaction. Weather forecasting and modelling can also help to manage risk and frequency of chemical applications.

### MANAGING EMPLOYEE HEALTH AND SAFETY

Ensuring employee health and safety around pesticides and other chemicals is a priority. Our general approach to health and safety is outlined on p 29 of this Report but specifically in relation to pesticides, we ensure:

- TWE conducts risk assessments and has safe operating procedures for pesticide use
- Our team members are trained and follow our strict processes and guidelines
- Our employees have the correct personal protective equipment and use it in accordance with our safe operating procedures
- TWE has the relevant chemical information available through material safety data sheets.

### ENSURING CONSUMER HEALTH

In addition to the range of methods we use to ensure Product quality and safety we proactively monitor and test our products to ensure that they meet requirements on a random basis. This involves residue testing a targeted selection of fruit as it enters our wineries. The risk is elevated during high-pressure seasons, such as when there has been rain close to picking. When this occurs, we increase our sampling and testing regime to confirm compliance with the respective market-based residue standards. Finished product is also tested against residue limits to confirm the effectiveness of spray controls and degradation of agricultural residues.

## Responsible supply chain



## APPROACH

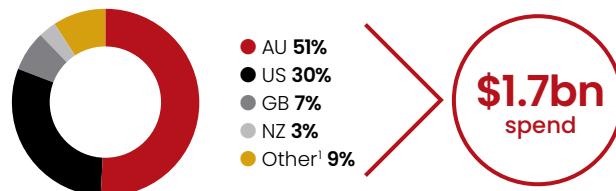
In F22 we sourced goods and services worth approximately \$1.7 billion from around 50 countries. Given this large global supply footprint many of our social, ethical, and environmental impacts reside as much in our supplier relationships as in our own activities.

We believe that by working closely with our suppliers we can reduce our impacts, manage risk and position for growth. We take care in selecting to ensure constructive, long-term relationships with suppliers and partners that share our commitment to socially responsible and sustainable business practices. Our approach includes:

- Clearly defined acceptable standards for suppliers via the Responsible Procurement Code (RPC)
- Working with key or high-risk suppliers to improve performance and to ensure key risks and opportunities are identified and managed
- Ensuring a fit for purpose risk assessment platform to address key risks in our supply chain.

## PERFORMANCE

In F22, over 90% of our procurement spend was in 4 countries; Australia, USA, UK, and New Zealand. This spend was across more than 5,000 suppliers, although 60% of our spend was with our top 140 suppliers.



## SUPPLIER GOVERNANCE FRAMEWORK

Over F22 we continued to improve our Supplier Governance Framework, which assesses suppliers against seven categories of risk (see table). This involved implementing a new operating model for procurement that gave additional focus to effective risk management, sustainability and governance of our suppliers. We have also commenced a more strategic approach to key supplier relationships, which will enable joint business planning and a focus on achieving sustainable packaging and circular economy outcomes.

We reviewed and updated relevant policies such as our Procure to Pay Policy and our RPC

RISK CATEGORY	WE HAVE EXPECTATIONS THAT SUPPLIERS:
Conduct	Comply with all applicable laws and regulations as a non-negotiable minimum and we prefer to work with partners that demonstrate leadership in how they act in an ethical, fair and responsible manner.
Business continuity	Have resources and plans in place to understand, prepare and respond to disruptions to minimise the impacts on continuity and quality of supply.
Bribery and corruption	Do not tolerate any form of bribery and corruption and promote a culture of compliance.
Modern slavery and labour practices	Respect the human rights and labour rights of the workers in their operations and supply chain.
Health and safety	Provide a safe and healthy workplace for their workers.
Environmental management	Minimise the environmental impacts of their operations, products, and services and have environmental practices and policies in place.
Privacy and information security	Maintain standards to safeguard the security, confidentiality and integrity of information assets and resources.

This year we also rolled out specific training on human rights and modern slavery across our global business. See the [Managing human rights](#) chapter of this Report for more detail.

We continue to monitor our external environment, stakeholder expectations and will update our governance focus areas over time.

<sup>1</sup> 48 additional countries, with vast majority of the remaining spend in China, South Africa, Denmark, Italy, Singapore, France, Hong Kong, Sweden and Spain

## RESPONSIBLE PROCUREMENT CODE

TWE sets out its expectations for suppliers via the RPC in areas of human rights, employee benefits (covering wages, conditions and working hours), health and safety, discrimination as well as environmental impacts. The RPC is provided to all suppliers during supplier selection, embedded into TWE contract templates, TWE Purchase Order terms and conditions, as well as being a compliance requirement for all new suppliers. Failure to meet these requirements will result in remediation actions which may include termination of the relationship between TWE and that supplier.

## SUPPLIER RISK ASSESSMENT

In F22 TWE continued to utilize our supplier onboarding platform for all new suppliers. This platform enables us to leverage an intelligence database to determine the level of risk posed by a supplier across a number of factors including labour issues, human rights, anti-bribery and corruption. Following the first year of operation we further calibrated this risk assessment tool to incorporate identified insights and opportunities to streamline the process.

Should risks be identified, the system flags the appropriate people within the business to take action prior to onboarding a supplier. These actions include supplier adoption of the RPC, education of risk mitigations and corrective steps, and contract terms adjusted to respond to the identified risk. To date, this process has raised just over 6,000 risks, of which less than 6% are pending further action.

During F22 we assessed an additional 484 new suppliers (total suppliers assessed to date is 1,339) for their ethical, social, and environmental performance, with 406 of these approved and activated (total 956). Out of these activated suppliers, 218 higher risk suppliers have been endorsed with the risk identified and actioned accordingly. The most common areas of risk related to smaller organisations not having documented policies in relation to issues like anti-bribery and corruption and the more extensive scrutiny of areas of known higher-risk services such as cleaning, security and temporary labour hire. The remaining suppliers are currently pending remediation and approval. Examples of required remediation include suppliers adopting relevant policies such as the TWE RPC as well as being required to provide greater evidence of controls and activity to meet our incremental due diligence questioning.

Please refer to the [Managing human rights](#) section of this Report for further information on how we manage human rights and modern slavery.



## Sustainable packaging and circular economy



### APPROACH

We continue to focus on our circular economy model and also sustainable packaging design. There has been a continued refinement and implementation of our Sustainable Global Packaging Guidelines and the establishment of a Sustainable Packaging Committee who govern the delivery against these guidelines.

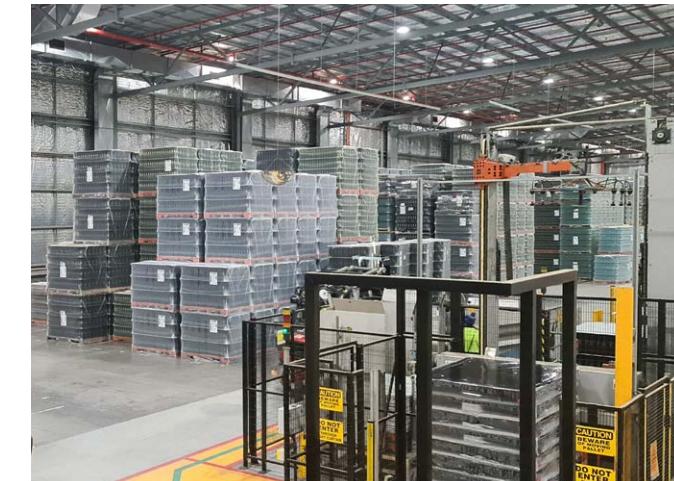
### PROGRESS

We have made considerable progress on our sustainable packaging targets and have actively delivered a number of strategic advances to address our problematic materials over the course of the past year. To help drive greater alignment we formed the TWE Sustainable Packaging Steering Committee in 2022. It is a multi-functional steering committee helping to drive TWE's sustainable packaging strategy with not only a focus on recyclability, reusability and compostability of our packaging materials but also with a focus on reducing our material usage and carbon footprint.

Over the course of the year we addressed a number of problematic materials used in our products including:

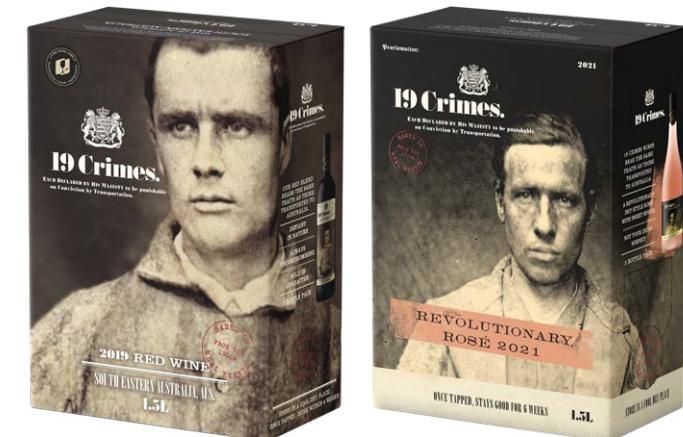
- Switching bag in box bladders to ones that are compliant with the various recycling initiatives in the regions in which they are sold
- Redesigning aluminium hoods to remove the plastic PET tear tab to enable full recyclability
- Commencing the transition to remove PET sleeves from all of our products and ensuring alternative options such as frosted glass and screen printed glass are recyclable
- Trialling re-designed shippers that are made of 100% recyclable cardboard as opposed to Polystyrene or treated wood to ensure product is protected
- Re-designing gift boxes with recyclability in mind which has led to the removal of magnets and switching to water based glues and varnishes.

Much of this has been achieved by working closely with industry and supplier partners to ensure they are aligned with TWE's principles and that we are working together to deliver against commitments. We do consider ourselves behind schedule for the near term target of having 100% of packaging recyclable, reusable or compostable by the end of 2022. There are a few materials we find challenging to shift, such as the liners in our screwcaps and crown seals. These represent an industry-wide problem and an area where research and development is needed. Our objective is to find alternatives that meet the recyclable, reusable or compostable criteria yet do so in a way that ensures the quality of our wines is protected today and into the future. Additionally, we continue to explore recovery and circular economy options with our business partners and other groups.



## Increasing recyclability of our Bag in Box

We have been working with key partners globally to solve for some of our recyclability challenges with our Bag In Box products. Through innovation in alternative materials, we are now implementing changes in EMEA with our 19 Crimes 1.5lt bag in box products transitioning to a recyclable EVOH film in lieu of the traditional metallised metPET bladder whilst ensuring we maintain our high quality and food safety standards. Additionally, the new design has removed all carbon black plastic from our taps allowing for improved detection and sorting at the recycling plants as well as removing 5g of plastic with every BIB produced.



The suitability of existing recycling and recovery infrastructure across the global market is challenging with a mosaic of approaches and acceptable materials. We continue to innovate in new and novel materials to propel our product offering forward. Working with strategic partners we have designed and brought to market several alternate packaging formats including alternative bladder materials for our UK 19 Crimes bag in box range, eco gifting options for our luxury range as well as an alternate direct to customer packaging that removes the use of polystyrene. This replacement shipper was trialled in F22 after several years of development and is a 100% recyclable shipper that provides equivalent thermal protective properties to that of polystyrene. We have commenced phasing this new solution to our Australian network in 2022.

Building on our closed loop recycling program at TWE Barossa Packaging with our key glass supplier, we have continued to strive for increased cullet content bottles for our entire range of products. Increasing recycled glass content changes the colour profile of the resulting bottle. Knowing this, we have adjusted our internal bottle colour specifications so that suppliers can increase the amount of recycled content from 30% to 50%. This year in the US we are proud to be recognised in the August Free Flow Wines 'Keggy Awards' for saving more than 500,000 bottles through use of re-usable stainless-steel kegs at our on premise customers. According to our supplier, the reusable metal keg will save 1,300kg of CO<sub>2</sub> emissions over its lifetime compared to pouring the same volume of wine out of glass bottles. Our current keg footprint in the US equates to over 400,000 kg of CO<sub>2</sub>e emissions saved.

## Waste management

In F22, TWE diverted 95.2% of waste from landfill. This reflects a commitment to waste management practices that focus on avoiding waste, as well as reducing, reusing and recycling waste.

A significant proportion of the waste produced from winemaking is organic material such as marc, stalks and stems. During the year some of this was provided to local

livestock owners for supplementary feed or was taken for local composting, whilst the skins and seeds (grape marc) were typically sent for further processing, where further value can be extracted such as producing tartaric acid. In addition, wineries, packaging centres, cellar door and office sites separate cardboard, glass, plastic and organic material for appropriate disposal including reuse, recycling and composting.





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