



## Yalumba's Business Case For Sustainability

Micro-economics, in particular the theory of the firm, explains that production is a function

of three factors – namely land, labour and capital. This is synonymous with the currently accepted wisdom that sustainable business activity requires the consideration of environmental, social and economic factors. With 160 years of winemaking heritage in the Barossa Valley of South Australia, *Yalumba and its People* are convinced that wine quality is inherently linked to the ecosystem services afforded by the ancient elements of earth, water, air and fire (*sensu lato* sun; energy). With due care and diligence, human skill and entrepreneurship harness these elements to grow and make wines that delight both the producer and the consumer. To ensure the sustainable stewardship of these elements, Yalumba's financial statements must demonstrate profitability and sufficient cashflow to ensure liquidity while producing a persistent above average return to shareholders without compromising the life options of current and future stakeholders. These stakeholders are those individuals, groups of individuals or organisations that are affected and/or may be affected by Yalumba's activities, products or services and associated performance. Moreover, Yalumba's stakeholders are entitled to quality wine brands produced by safe and sustainable processes and a healthy and productive life in a healthy environment that is aesthetically pleasant and ecologically functional. Typical examples of stakeholders include, but are not limited to, consumers, customers, employees, business partners, suppliers, the society in which Yalumba operates, and those with a financial stake in Yalumba. Importantly, sustainability is about choices – namely the choice-mix of economic, social and environmental decisions taken to ensure profitability, competitive advantage and reputation. Sustainability is about the ethical allocation of resources amongst the competing social, economic and environmental needs of current and future generations.

### Yalumba's 'Sustainability' Vision

Yalumba aspires to be recognised as a *smart*, knowledge-based, independent Australian wine company with the necessary adaptive capacity and resilience to succeed in a

globalised competitive wine-market that is increasingly being impacted by climate change, and where the consumer and other stakeholders are at the centre of its concerns for sustainability. Yalumba is uncompromising in its commitment to sustainable winemaking and leaves nothing to chance when it comes to protecting the essential elements that make up wine – air, water, soil and energy. By sharing its hand-crafted wines with the world Yalumba will continue to share the responsibility for protecting the future.

### Yalumba's 'Sustainability' Mission

Though constancy of purpose and consistency of approach, Yalumba aims to appreciatively and affirmatively implement a programme of activities that demonstrates its long-term commitment to sustainable grapegrowing, winemaking, packaging and distribution in a manner that delights both the producer and the consumer.

### Yalumba's Sustainable Operating Principles

Yalumba is a family-owned organisation that has been operational for over 160 years and is proud of its heritage and organisational values, which include a passion for winemaking and grapegrowing, quality of life, family values and a commitment as well as dedication to the conservation and long-term sustainability of the environment. These core values underpin Yalumba's operating principles by defining the way in which the wine firm operates to retain authenticity and create value. Yalumba is proudly committed to the pursuit of continued sustainability and best management practices in all spheres of its business activities by balancing modernity and tradition.

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### Yalumba - Growing and Making Wine Responsibly

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## Commitment to Sustainable Winemaking

THE YALUMBA WINE COMPANY

### A Commitment to Sustainable Business Practices – The Business Case –

The Yalumba Wine Company is the oldest family-owned wine company in Australia. Its principal aim is to be recognised as the finest independent wine company in Australia. This commitment and dedication to excellence spans all activities from vineyard practices to consumer service.

As a wine business operating in the rural environment for over 160 years Yalumba understands the significance of sustainability. Therefore, Yalumba does not only aim to meet its legal obligations but, as part of normal operating practice, also strives to integrate cost-effective environmental and social objectives into relevant business activities.

At Yalumba environment-friendly sustainable activities are recognised as an intrinsic aspect of wine quality. In order to substantiate this aspect of quality Yalumba is implementing a brand stewardship programme that reflects authenticity, due diligence, product safety and credible environmental management. By addressing those activities that have a significant environmental impact Yalumba ensures its employees and other stakeholders a healthy and productive life in an environment that is safe, aesthetically pleasing and ecologically functional.

Yalumba is committed to working co-operatively with its suppliers of goods and services to help them minimise their environmental impacts by adopting clean technology and best practice procedures. This approach to supply chain management is emphasised through its integrated procurement policy, which strives to strike a balance between price, quality, environmental and safety issues, and availability. All things being equal, Yalumba also strives to give preference to locally produced goods and services. Furthermore, the company seeks to encourage its customers to dispose of product packaging in an environmentally and socially responsible manner.

Through a programme of continuous improvement and monitoring Yalumba continues to deliver authentic Australian wines, making it the natural choice of the discerning consumer.



**YALUMBA'S COMMITMENT TO SUSTAINABLE WINEMAKING PROGRAMME**

<b>Governance</b>	<b>MANAGEMENT SYSTEM BASED ON ISO9001 and ISO14001</b> <b>General Objective:</b> To contribute to the sustainability of the firm by demonstrating a high standard of due diligence and corporate environmental citizenship. [ Policy → Objectives → Targets → Actions (Best Practices) → Outcomes (Value Adding) → Review ↻ ] Environmental Policy = Waste Minimisation & Pollution Prevention Strategy + Heritage Conservation Strategy + Best Practice + Stakeholder Engagement					
	<b>Objective</b>	<b>LAND STEWARDSHIP</b>	<b>PRODUCT STEWARDSHIP</b>	<b>GREENHOUSE CHALLENGE - Mitigation &amp; Adaptation -</b>	<b>WASTE MANAGEMENT</b>	<b>ENVIRONMENTAL CITIZENSHIP</b>
		To sustainably produce quality grapes by creating a cultivated but balanced vineyard ecosystem that makes efficient use of natural capital, stems environmental decline, regenerates resources and promotes environmental health and safety.	To demonstrate extended and shared producer responsibility through continuous improvement in packaging waste reduction and management.	To minimise the emissions of greenhouse gases throughout the life cycle of wine and to encourage the conservation of greenhouse sinks.	To achieve high levels of eco-efficiency by using environmental resources more efficiently, thereby reducing ecological impact and resource intensity throughout the life cycle of quality wine.	To promote amongst stakeholders a better understanding of environmental issues as a basis for responsible environmental action, and to enable the environmental objectives of key customers to be achieved.
<b>Action Plan</b>		The <i>Vitis</i> Programme 1. <i>Integrated Viticultural Production</i> <ul style="list-style-type: none"> <li>Agchemical Management (pesticides and fertilisers)</li> <li>Biodiversity Management</li> <li>Energy Conservation</li> <li>Integrated Pest Management</li> <li>Irrigation Management</li> <li>Soil Nutrient Management</li> <li>Soil Structure Management</li> <li>Waste Management</li> </ul> 2. <i>Mainstreaming of Biodiversity Conservation</i> <ul style="list-style-type: none"> <li>Land Set-Aside for Conservation</li> <li>Conservation of Ecosystem Services in Vineyard &amp; Winery Properties</li> </ul>	<ul style="list-style-type: none"> <li>Membership of the National Packaging Covenant &amp; other International Product Stewardship Schemes</li> <li>Greener Business Alliance Network</li> <li>Eco-labelling and other Consumer Information</li> <li>Lightweighting of Packaging</li> <li>EcoRedesign™ of Packaging</li> <li>Stakeholder Education and Awareness</li> <li>Support for Kerbside Recycling</li> <li>Support for Litter Reduction</li> <li>Support for Market Development</li> <li>Research</li> </ul>	The <i>Bacchus</i> Programme 1. <i>Mainstreaming of Lifecycle Thinking and Lifecycle Management</i> 2. <i>Reduction of Greenhouse Gas Emissions</i> <ul style="list-style-type: none"> <li>Energy Conservation</li> <li>Logistics - stock control, transport &amp; distribution</li> <li>Packaging Stewardship</li> </ul> 3. <i>Greenhouse Sinks &amp; Sustainable Land Management</i> <ul style="list-style-type: none"> <li>Land Set-Aside for Greenhouse Gas Sequestration</li> <li>Integrated Best Practice Environmental Management</li> </ul> 4. <i>Stakeholder Engagement</i> 5. <i>Strategic Alliances &amp; Communications</i>	1. <i>Wastewater Management Plan</i> <ul style="list-style-type: none"> <li>Monitoring Programme</li> <li>Odour Control</li> <li>Best Practice Land-Based Wastewater Treatment</li> <li>Emergency Contingency Plan</li> <li>Wastewater Improvement Programme</li> <li>Stakeholder EPA Licence Awareness Programme</li> <li>Independent Verification</li> </ul> 2. <i>Lean, Clean &amp; Green Production, Packaging &amp; Distribution</i> <ul style="list-style-type: none"> <li>Environmentally Preferred Purchasing of Goods and Services</li> <li>Waste Reduction</li> <li>Value Chain Management</li> </ul>	Share <i>Yalumba</i> Environmental Communications Programme 1. <i>Professional Training &amp; Lifelong Learning</i> <ul style="list-style-type: none"> <li>Identification of Learning Needs</li> <li>Competency-Based Accredited Training - implementation of environment policies and procedures</li> <li>On-going Evaluation &amp; Review</li> </ul> 2. <i>Stakeholder Relationship Management</i> <ul style="list-style-type: none"> <li>Effective use of <i>Information &amp; Communications Technology</i></li> <li>Strategic Tracking of Stakeholder Awareness, Attitudes and Behaviour</li> <li>Performance as a function of Stakeholder Satisfaction</li> </ul> 3. <i>Wine and Landscape Interpretation</i> <ul style="list-style-type: none"> <li>Sense of place</li> <li>Wine - the product of the elements earth, air, water &amp; energy</li> </ul>
<b>MANAGEMENT ACCOUNTING FOR SUSTAINABILITY</b> <b>Objective:</b> To generate physical and financial information for internal decision-making and to break environmental costs out of overheads attributing them to products, processes, systems or departments in order to enhance environmental performance and reduce overall environmental costs						
<b>Target</b>	<b>Sustainable Competitive Advantage &amp; Profitability</b> <b>Stewardship of Earth, Air, Water and Energy</b> <b>Assurance of Corporate Responsibility</b>					
<b>Outcomes</b>	<b>CORPORATE SUSTAINABILITY</b> Comprehensive Brand Image & Reputation: Consumer Knowledge - Differentiation - Relevance - Esteem Maintenance or Improvement of Economic Viability Maintenance or Enhancement of Production Protection of Environmental Integrity Consumer & Stakeholder Satisfaction Minimisation of Risk					