

EST.  1976

THE
DUCKHORN[®]
PORTFOLIO

RESPONSIBILITY
AND
SUSTAINABILITY
REPORT

— — — — —
2021



*Gap's Crown Vineyard
Sonoma Coast, CA*

CONTENTS

Shaped by our History	2
Focused on the Future.....	3
Welcome to Duckhorn	4
SOCIAL	11
Our People	12
Benefits, Rewards & Recognition	13
Talent Development.....	14
Diversity and Inclusion	15
Employee Feedback.....	16
Health and Safety	17
Our Response to COVID-19	18
Promoting Responsible Enjoyment	19
Our Tasting Rooms.....	19
Our Advertising	19
Our Direct-To-Consumer Service.....	19
Contributing to Our Communities.....	20
ENVIRONMENTAL	21
Land Stewardship.....	22
Vineyard Practices	23
Grower Partners	24
Risk Mitigation	24
Water Stewardship.....	25
Energy Management	26
Climate Change and TCFD	26
Quality Management.....	27
Responsible Packaging and Waste.....	28
GOVERNANCE	29
Board of Directors.....	30
Enterprise Risk Management.....	31
ESG Governance.....	32
Data Security and Customer Privacy.....	33
Glossary.....	34



ALEX RYAN

President,
Chief Executive Officer
and Chairman

Our initial public offering in March of this year was a watershed moment for The Duckhorn Portfolio. More than simply charting a new, dynamic course for our company’s future, it was a powerful and prescient reminder of the vision and values that have guided us for the past 45 years. Since our founding by Dan and Margaret Duckhorn in 1976, we have prided ourselves on being good stewards of the land, champions of our employees and positive agents of change in the communities we call home.

There are many dimensions to our business, but at heart, we are a traditional, agricultural-based company. With 30 world-class estate vineyards and hundreds of grower partners, we know that our future is intrinsically tied to our relationship with the land. America’s greatest vineyards - sites like our own famed Three Palms Vineyard - are nationally renowned. Realizing their full potential can take decades, and ensuring their vitality for generations to come through our winegrowing practices is both virtuous, and integral, to our long-term success. This is why we champion sustainable farming practices, making the long-term health of our vineyards, our environment and the planet a priority.

While a sustainable vineyard program is central to our mission of producing some of the world’s finest luxury wines, our 400+ employees are The Duckhorn Portfolio’s greatest strength. As someone who began my career removing rocks from our vineyards for \$5 an hour and rose through the ranks to CEO, I am both profoundly aware of, and indebted to, the culture that nurtured and supported both my personal and professional growth.

In addition to dedicating significant resources to being a supportive and empowering force for positive growth in the lives of our employees, we established a Volunteer Time Off program, which gives most full-time employees eight hours paid time off each year to volunteer at a charitable organization of their choosing, so that they

can contribute to their communities. We also chartered The Duckhorn Portfolio Founders Fund, which has already awarded more than \$100,000 in grants to local organizations that support educational opportunities. As an equal-opportunity employer that views a diversity of backgrounds, perspectives and life experiences as both a strength and a key driver of innovation, we also developed in-house, company-wide Diversity and Inclusion training program to ensure all of our employees, as well as our customers and trade partners, are treated with fairness, respect and dignity.

Our inaugural Sustainability and Responsibility Report is both a testament to what we have already achieved, and a baseline from which to work from as we look toward the future. Our commitment to the environment, our employees, the broader communities in which we live and work and good governance is continuously evolving. In this era that favors trusted brands that exhibit integrity and sound values, we believe companies like The Duckhorn Portfolio will be best positioned to thrive. By creating realistic benchmarks for performance, acknowledging areas in which we can improve and building on our strengths, we will continue to strive to be at the forefront of corporate responsibility, while contributing to a healthier planet and a more fair, equitable and inclusive wine industry.

A handwritten signature in black ink that reads "Alex Ryan". The signature is fluid and cursive.



SEAN SULLIVAN

Executive Vice President,
Chief Administrative Officer
and General Counsel

“Time and tide wait for no man.” English poet Geoffrey Chaucer wrote these words over 600 years ago, but they still beautifully and succinctly remind us today that of all the resources we value, time may be the most precious. As we reflect on our history, we are inspired by the entrepreneurial spirit of our founders. We draw inspiration—and a sense of urgency—from their stories and the realization that vast opportunities lie before us. As we look to the future, we are committed to enhancing our thoughtful stewardship of the land, championing our employees and communities in new ways and reinforcing our commitment to responsive and transparent corporate governance. Most importantly, we are conscious that the time to act is now.

This inaugural Responsibility and Sustainability Report represents the culmination of our work over the past 45 years establishing a baseline against which we can measure our progress and a first look at how we see our ESG initiatives evolving in the years to come. While our initial public offering in March was certainly a headline event for our company, we are proud to have made meaningful progress across a number of key ESG initiative areas this year:

- Over the course of the summer, we started transitioning our consumer packaging to BioFoam, a biodegradable packaging material made from organic matter.
- Our Employee Stock Purchase Program is launching next month, a new opportunity for our colleagues to be a part of our ownership culture and further aligning the interests of our employees and our stockholders.
- Our management team, working in conjunction with our Audit Committee, completed our annual enterprise risk identification, monitoring and mitigation assessment under our new comprehensive framework of analysis.

Today, we are at a turning point. Over the next year, we plan to determine the areas in which quantitative and qualitative goals can help us organize our efforts, set targets and develop implementation plans to achieve those results. We hope that you will keep in touch with us as we provide updates on our progress in The Duckhorn Portfolio’s periodic reports, on our quarterly earnings calls and in other communications. Next fall, we will publish our second Responsibility and Sustainability Report, discussing our work and future goals with respect to myriad topics, including land stewardship, employee development, community enhancement and transparent governance.

I would like to gratefully acknowledge the many individuals who devoted their time and talent to preparing and publishing this report. It takes deliberate and thoughtful teamwork to achieve a result that celebrates many perspectives and speaks with one collective voice—not unlike the work we do every day to make great luxury wine.

Enlightened and enlivened by a shared understanding of the progress we have made and the work yet to be done, all of us at The Duckhorn Portfolio are honored to present this inaugural Responsibility and Sustainability Report to you. We hope you’ll find learning more about our efforts in these areas time well spent.



*Duckhorn Vineyards Tasting Room
Napa Valley, CA*

WELCOME TO DUCKHORN

The Duckhorn Portfolio is the premier scaled producer of luxury wines in North America. We have delighted millions of consumers with authentic, high-quality, approachable wines for over four decades. Founded by our namesakes Dan and Margaret Duckhorn in 1976, we began by pioneering Merlot wines in Napa Valley and now produce a curated and comprehensive portfolio of highly acclaimed luxury wines across multiple winery brands, varietals, appellations and price points.

MISSION

To have our wines poured and enjoyed wherever fine wines are served throughout North America and the world.

OUR CULTURE

Underpinning our success is a relentless focus on quality that has been ingrained in our culture ever since the inaugural harvest of our iconic Three Palms Vineyard in 1978. The Duckhorn Portfolio has consistently received stellar reviews across varietals, geographies and price points from the industry's top critics and publications. Two of our wines, the Kosta Browne Sonoma Coast Pinot Noir and the Duckhorn Vineyards Napa Valley Three Palms Vineyard Merlot, have received one of the industry's most prestigious awards, *Wine Spectator* magazine's Wine of the Year.

Each winery brand boasts its own winemaking team to create distinct experiences for consumers, ensure product quality and continuity and galvanize sustainable farming practices. In this era that favors trusted brands with sound values, we believe companies that have a positive impact on society and the environment, like The Duckhorn Portfolio, will be best positioned to thrive. From our vineyards to wineries, our organization is comprised of passionate, talented employees, including a highly tenured executive team that has approximately 100 years of cumulative experience with Duckhorn.

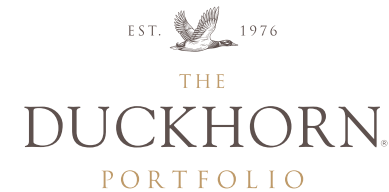
From our inaugural vintage of 800 cases each of Cabernet Sauvignon and Merlot in 1978 to the expansion into Sauvignon Blanc in 1982 and the embrace of on-site tasting in 2001, Duckhorn Vineyards has cultivated a tradition focused on quality, consistency and excellence that continues today.



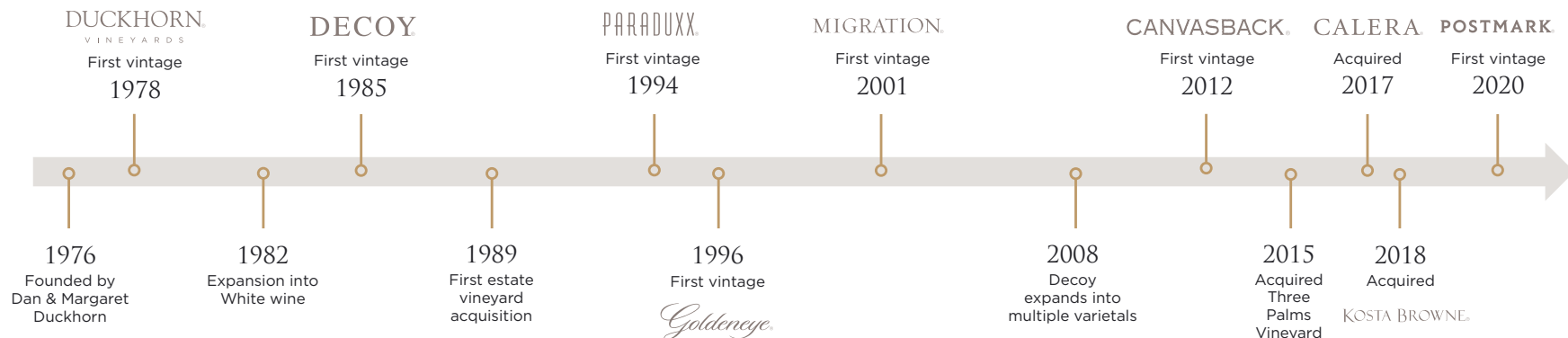
OUR WINERIES



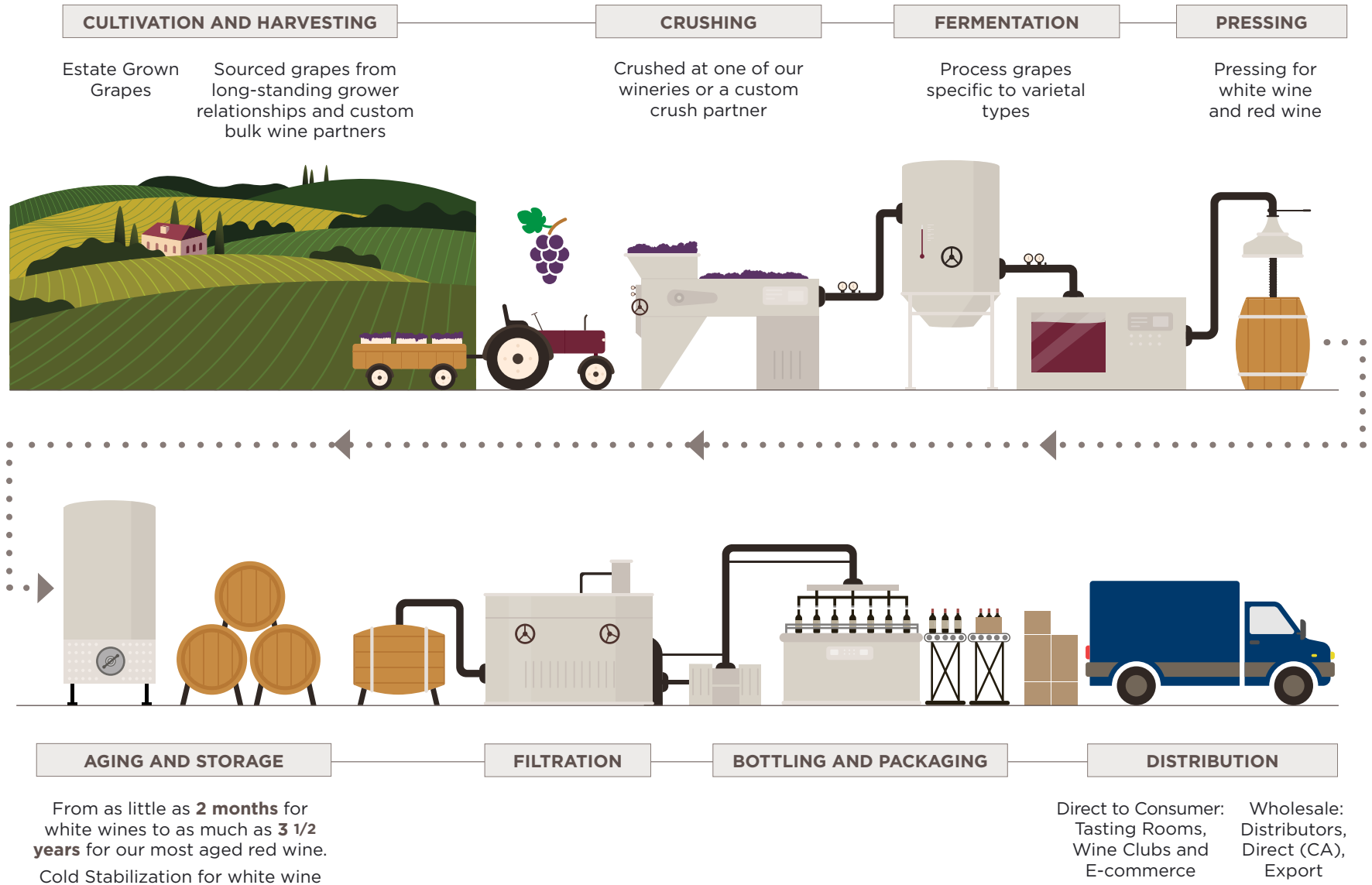
Today, we collaborate with a diversified network of grape growers to supplement and complement our world-class Estate vineyards, located primarily throughout the varied microclimates of Northern California and Washington. We are proud of our exceptional winemaking teams, who work hard to create distinct experiences for consumers, maintain quality standards and continuity of our brands and facilitate our continued growth.



A PIONEER IN LUXURY WINE FOR OVER 40 YEARS



OUR WINEMAKING PROCESS



Red Wine - Harvest-to-release inventory cycle 15-48 months | **Wine, Rose and Sparkling Wines** - Harvest-to-release inventory cycle 5-35 months

DUCKHORN AT-A-GLANCE



¹ Average over past five years (includes bulk wine suppliers)

OUR ESG FRAMEWORK AND OVERSIGHT

At Duckhorn, we pride ourselves on being stewards of the land, champions of our employees and communities and committed to risk management practices central to good governance. We employ a holistic approach to addressing the Company's risks and opportunities by making sustainable choices that consider our communities both environmentally and socially. We believe this allows us to build positive, long-term value for our stockholders.

Our commitment to excellence, diversity, integrity, innovation, environmental sustainability and good governance is exhibited every day by demonstrating the utmost respect for our employees, customers, trade partners, land, communities and stockholders.

Our management team and Board of Directors ("Board") support our mission with an unwavering commitment to transparency and accountability. We formalized Duckhorn's ESG strategy, reporting process and oversight structure over the past year, demonstrating our commitment to prioritize these initiatives in the future. These efforts are led by the Executive Vice President, Chief Administrative Officer and General Counsel and the ESG Team. Our inaugural Sustainability and Responsibility Report is meant to establish a baseline of metrics for our business and define how we plan to identify and assess relevant ESG risks and opportunities in the future.

Assessment of ESG Priorities

We assessed potential ESG priorities and areas of action by conducting a broad stakeholder inquiry. We relied on (i) feedback from internal stakeholders, (ii) analyses of ESG frameworks, (iii) review of best disclosure practices and (iv) perspectives from the investor community.

• Best Disclosure Practices

We reviewed the best practices of our peers to assess how Duckhorn can best communicate our ESG priorities and progress.

• ESG Framework Analysis

We identified, analyzed and summarized key factors addressed in ESG frameworks that are recognized by stockholders broadly, including Sustainability Accounting Standards Board (SASB) standards, Taskforce on Climate-related Financial Disclosures (TCFD) and United Nations Sustainable Development Goals (UN SDGs).

• Internal Feedback

We considered and incorporated feedback from each of Duckhorn's departments to determine areas that have the greatest impact on our business, while also incorporating perspectives from our suppliers and customers.

• Investor Perspectives

We considered the priorities of current and prospective investors to ensure our perspective was attuned to the areas of importance to the market.



*Rector Creek Vineyard
Napa Valley, CA*

Duckhorn's ESG Areas of Action

The selected ESG focus areas were chosen based on alignment with business strategy, engagement with the investor community and correlation to mitigation of material risk.

SUSTAINABLE AGRICULTURE

WATER CONSERVATION

RESPONSIBLE PACKAGING

DIVERSITY & INCLUSION

HUMAN CAPITAL MANAGEMENT

HEALTH AND SAFETY

CUSTOMER PRIVACY

RESPONSIBLE DRINKING PRACTICES

ETHICAL BUSINESS PRACTICES

DATA PRIVACY AND CYBERSECURITY

CHARTING OUR PROGRESS: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We place great value on our long-standing relationships with our local communities and the land we farm. We are therefore mindful of the consequences that flow from how we choose to operate our business. This concern animated the discussion of our Board and management team to align our ESG goals with the UN SDGs.

Established in 2015, the UN SDGs are designed to support a world that benefits both people and our planet. The goals address a host of issues, including education, water conservation and sustainable industrialization.



We identified these six UN SDGs, which directly correlate to Duckhorn’s own contributions to a more sustainable world and will be used to set our goals:



Ensure healthy lives and promote well-being at all ages

We support the health and well-being of our workforce and community by requiring all employees, partners and vendors involved in the promotion of our wine to engage in practices consistent with responsible consumption of our wines. We also prioritize our employees’ enrichment through benefits and wellness plans that seek to maintain a safe work environment both physically and emotionally.



Ensure availability and sustainable management of water and sanitation for all

Water is not only a crucial input for our agricultural practices, but an extremely limited resource, especially in California. While viticulture is inherently water-conscious, we promote processes that further reduce water consumption throughout our vineyards including drip irrigation and drought-tolerant rootstock. We target water conservation measures in areas with the greatest potential for positive change, so we focus on making our production facilities as efficient as possible.



Reduce inequality within and among countries

Embracing and celebrating the diversity of perspectives that come with a growing employee base is a foundational part of Duckhorn’s growth as a public company. We are committed to fostering a community of engagement, acceptance and inclusivity, and promoting diversity throughout the organization through our training, recruitment and community outreach efforts.



Ensure sustainable consumption and production patterns

We strive to be a responsible producer of consumer packaged goods by using reusable and recyclable packaging sourced from regional, sustainability-focused producers, whenever possible. From the bottles themselves to the packaging in which they are transported, we aim to stay at the forefront of sustainable production and consumption materials.



Take urgent action to combat climate change and its impacts

We are acutely aware of the climate vulnerabilities and natural disasters that are occurring with increasing frequency. We employ sustainable winegrowing practices to mitigate climate-related impacts and have developed action plans at our wineries and tasting rooms to respond to and protect our assets from fire and smoke risks. To limit greenhouse gas (GHG) emissions, we look to evaluate and improve the efficacy of our transportation and energy systems and procedures.



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

We are committed to responsible land stewardship and have designed our vineyards to minimize impacts on the surrounding environment. In addition, we utilize sophisticated farming practices to encourage soil enhancement, erosion control and healthy ecosystems.



*Migration Tasting Room
Napa Valley, CA*

SOCIAL

The passion and diversity of our talented employee base is integral to our success as a leading wine company. We strive to cultivate a workplace where everyone is treated fairly and with respect, and where each team member can experience rewarding, challenging and productive careers.

IN THIS SECTION:

OUR LEADERSHIP

OUR PEOPLE

BENEFITS, REWARDS & RECOGNITION

TALENT DEVELOPMENT

DIVERSITY & INCLUSION

HEALTH & SAFETY

PROMOTING RESPONSIBLE ENJOYMENT

CONTRIBUTING TO OUR COMMUNITY

Applicable United Nations Sustainable Development Goals (UN SDGs)



OUR LEADERSHIP

At the helm of The Duckhorn Portfolio is an exceptional leadership team, made up of six strategic and functionally-focused professionals dedicated to the success and growth of the Company. Since 2010, this leadership team has grown net sales by approximately 650%, successfully managing the business through multiple economic cycles, challenging environmental externalities and the integration of two acquisitions. Supporting this leadership team is a deep bench of highly talented managers, many of whom have a long history with us and with our winery brands. Throughout our history, we believe we have been able to attract the highest caliber employees in the wine industry because of our reputation, prioritization of sustainability and corporate responsibility, holistic focus on our team members and commitment to developing, empowering, supporting and promoting our employees.

OUR PEOPLE

We employ a diverse workforce with experience in all facets of the wine industry, including viticulture, winemaking, hospitality, finance, IT, legal, HR, administration and sales. As of July 31, 2021, we had approximately 400 full-time employees and 74 part-time and seasonal employees.

The Duckhorn Portfolio is the premier scaled producer of luxury wines in North America. Our small-company culture and dedication to our deeply held values we established as a “flock” have been unwavering since our founding. We believe our company culture is a key competitive advantage and a strong contributor to our success.



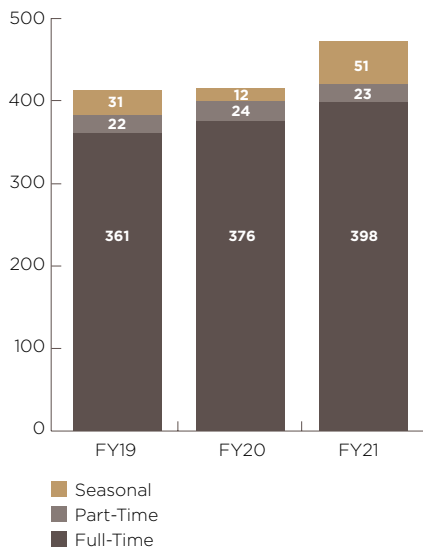
Leading by example and rising through the ranks

Our highly tenured executive team is led by Alex Ryan, who began his work at Duckhorn almost 40 years ago. His rise from vineyard hand to operations manager to President, Chief Executive Officer and Chairman is one of true passion and drive, beginning when he was still in high school. Working his way up through the vineyard and production teams, Alex has shown relentless and unwavering dedication and care for every facet of the business. The deep institutional knowledge of Duckhorn he has collected throughout the years equips him with the ability to uniquely support each team and uphold a culture of unity and excellence.

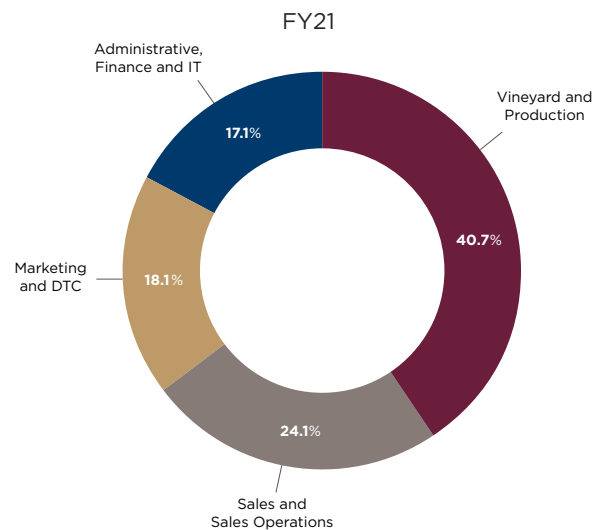
“It’s easy to make great wine during a great vintage, it’s what you do when you make wine from a challenging vintage where your true colors show.”

—Alex Ryan

Duckhorn Employees



Employees By Department



BENEFITS, REWARDS & RECOGNITION

Through our comprehensive benefit plans, educational opportunities and recognition programs, we aim to position all of our employees for success in their careers and enable them to lead well-balanced and meaningful lives.

Optimal human capital management requires an understanding of the obstacles our employees face and how they may be affected by external factors. For example, many of our production facilities, offices and hospitality centers are located in areas with high costs of living. One way we aim to alleviate this and other financial pressures on our employees is through our tiered-based benefits plan. Under this approach, the Company pays a greater percentage of the cost of health care and certain other benefits for lower compensated employees, so that benefits are affordable without sacrificing quality.

Our suite of benefits includes:

- Medical, Dental and Vision Coverage
- Flexible Spending Accounts
- Supplemental Voluntary Life Insurance
- Short- and Long-Term Disability
- Paid parental leave
- Paid Time Off, starting at 20 days per year
- 10% Employer 401(k) contribution
- Lactation policy
- Annual footwear reimbursement
- Participation in the cash-based annual bonus program
- Employee wine allotments and discounts
- Merchandise discounts
- Discounted stock sold under an Employee Stock Purchase Plan
- Commuter benefits program
- Employee Assistance Program (EAP)

Retirement Savings for All Initiative

We are proud to invest in the future of all part-time and full-time our employees through our 401(k) plan. Irrespective of whether the employee contributes to his or her retirement savings, Duckhorn automatically contributes an amount equal to 10% of their compensation to his or her 401(k) account as an employee contribution. We believe this added contribution on the part of the Company is an attractive benefit to prospective employees and increases retention, while also giving us a competitive advantage in the job market and furthering our commitment to our employees in all seasons of their lives.

Note: The provision of some benefits is conditioned on meeting specified requirements (e.g., employment for six months).



*Fermin Hurtado
Celebrating over 20 years
working for The Duckhorn
Portfolio*

Milestone Recognitions

At Duckhorn, we celebrate the dedication and commitment of our employees. Longevity in our employee base is not only good for business, but an important part of building and maintaining our strong company culture. Each of our employees receive a large format bottle of wine, presented in a wooden box on their 5-year anniversary. At the 10-year mark, we etch the bottle of wine and provide monetary awards.



TALENT DEVELOPMENT

Our benefits and recognition programs are attractive as we engage prospective employees in addition to our talent development programs, which support employee retention. In tailoring our mentorship to each employee specifically, we are empowering every Duckhorn employee to take control of their career growth and realize their full potential with our training, mentorship and development opportunities. Our customized approach to talent development not only incentivizes our workforce, but positively impacts our ability to recruit and retain the best possible employees.

Mentorship Program

In 2020, we launched an internal six-month new hire mentorship program that pairs new employees with current employees. This provides a sounding board for new hires to ask questions, acclimate to Duckhorn and become familiar with our culture and values. To date, we have welcomed 64 new hires through this program.

Tuition Reimbursement

To foster the development of employees through continuing education and job-related skill development opportunities, Duckhorn developed a Tuition Reimbursement program in 2012. In 2021, we increased the amount allotted for this benefit to \$3,500 per year, to help cover the costs of tuition and books. Since its launch, more than 20 employees have taken advantage of this benefit. Many have used the reimbursement to help offset the cost of the Wine and Spirit Education Trust (WSET) certification to gain a deeper understanding and appreciation of wine. We view this program as an investment in our most important assets - our people and culture.

Professional Development Reviews

The annual Professional Development Review (PDR) program allows employees to examine their job performance, explore areas for knowledge expansion, career advancement objectives and assess overall satisfaction. We use the aggregated data learned from the PDR process to measure trends and establish future areas of focus.

Recruitment as a Tool for Greater Diversity

As we grow, we benefit from ideas and opinions that come with employees offering new perspectives. To ensure hiring of the best possible candidates who will thrive in the Duckhorn culture, we established an employee referral program. The program rewards employees who refer new hires who are employed for at least six months. It is important to us that our employee base is representative of our communities and our customers, so we have implemented recruitment efforts at job fairs, among other efforts that target diverse candidates.

Job Training and Development

We cultivate a supportive and safe working environment where our employees can succeed by providing training and advancement opportunities to assist in their development. Depending on their role or position, employees receive trainings on a number of topics, including:

- American Management Association workshops
- Anti-harassment
- COVID-19 protocols
- Diversity & Inclusion
- Managerial leadership
- Public speaking
- Recruitment
- Responsible beverage service
- Safety
- Wine Industry Sales Education

Internship Programs

Our internship programs are designed to give back to our communities and impart knowledge of winemaking in the California and Washington wine regions. In addition, we work with global recruitment companies to bring international harvest intern candidates to Duckhorn.

We have partnered with various California universities at their career fairs and offer part-time internship opportunities to exceptional student candidates. These partnerships provide valuable insights and skills development for our interns, and offer opportunities for us to recruit new employees.



DIVERSITY AND INCLUSION

Our commitment to our employees goes beyond our benefit and mentorship programs. In the past year, we launched our Diversity and Inclusion (D&I) initiative, providing an avenue for all employees to share experiences, recognize one another and learn to be more thoughtful in our interactions with fellow employees, customers and partners.

Our D&I efforts focus on building a foundation of respect and integrity among colleagues and recognizing the potential biases and prejudices that may exist in the workplace. To create a customized experience for our employees, our Administrative team developed and presented a three-module curriculum (offered in both English and Spanish) that covered the important topics noted at right.

Anti-bullying policy

We strive to provide a work environment that is free from harassment, discrimination and retaliation. This policy is designed to prevent any form of hostile and/or offensive act, be it physical, verbal or written. Every employee completes 1-2 hours of anti-harassment training every 2 years to cultivate a workplace where employees are engaged and feel empowered to share their opinions, while dignity and respect guide their connections.

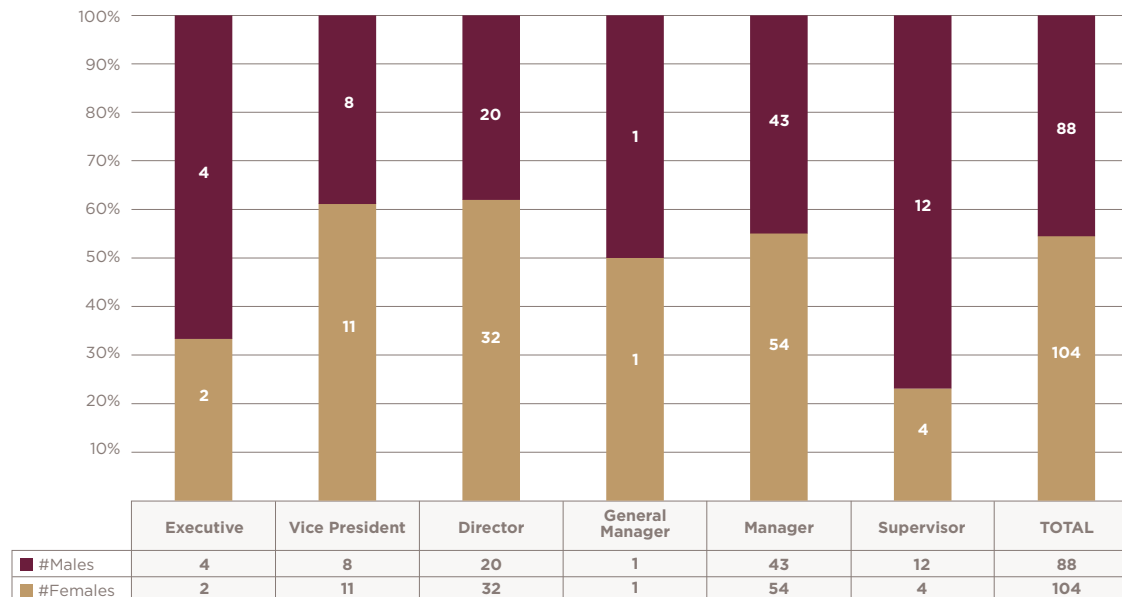
Our inaugural D&I curriculum addressed:

- **Inclusion Literacy**
Focused on the benefits, examples, actions and importance of diversity and inclusion in the workplace
- **Unconscious Bias**
Offered guidance as to what unconscious bias is, how to identify and address biases and the types of biases commonly exhibited in the workplace
- **Identification of Microaggressions and Actions**
Identification of microaggressions, the intent and impact of our actions and ways to acknowledge and prevent microaggression in the workplace

All of our employees were encouraged to participate in the program and our inaugural year saw an average completion rate of 92% across all three modules. Moving forward, our trainings will be standard for all of our employees and new hires.

FEMALE REPRESENTATION IN LEADERSHIP

Duckhorn has long valued the role of female leadership. As of November 1, 2021, 55% of leadership positions were held by individuals who identify as female.¹



¹ Data as of November 1, 2021

At Duckhorn, we are an Equal Opportunity Employer.

We do not discriminate against any employee or potential applicant based on sex, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, gender identity or gender expression, military or veteran status, marital status, registered domestic partner status, genetic information or any other basis protected by applicable law. When hiring, retaining, promoting, training and supporting other professional development opportunities, we focus on each persons' merit, qualifications and competencies.



EMPLOYEE FEEDBACK

Diversity and Inclusion Module 1-3 Feedback

With the goal to honestly assess our potential for improvement in the space of diversity and inclusion, these trainings afforded us the ability to receive feedback from our employees, to facilitate engaging conversation and to offer employees an outlet to ask questions, raise concerns and generally work toward a common goal of creating and supporting a diverse workplace. The feedback from the first three modules will inform the topics and approach of modules 4-6 in Spring 2022.

“I am so proud to be a part of a company that is constantly looking forward to see how we can all continue to learn and be more present for ourselves, our colleagues, and our clients. I believe trainings like this are vital to our continued success. Thank you!”

“Los entrenamientos me parecieron de mucha utilidad. Me van a ayudar a manejar mejor las situaciones incómodas tanto en mi lugar de trabajo como en mi vida personal. Muchas gracias por la educación y la oportunidad de superación que nos están dando.”

Translation: The training sessions seemed very useful to me. They will help me better handle uncomfortable situations both in my workplace and in my personal life. Thank you very much for the education and the opportunity for improvement that you are giving us.

“Excellent training. I think it is something that we all need to be reminded of regularly because often we are not aware of our own biases & microaggressions. It’s a good reminder and keeps us aware of how we are interacting and what we want to accomplish as individuals, as a part of a team and as a part of a company. This company has a great culture from the very top down.”

“I think the training we had was very effective in pointing out many issues and topics with regards to Diversity & Inclusion, and hearing & reading employee accounts and examples really helped drive the subject matter home. I believe Duckhorn Portfolio has done a great job by implementing this program, and I look forward to more company trainings and programs that help bring to light tough issues that may not affect me every day, but might be harming someone else that works right along with me.”

95%
RECOMMENDED

Based on company exit interviews from **FY20** and **FY21**, **95%** of former employees would recommend working at The Duckhorn Portfolio.

“Duckhorn has our back, so it makes it easy to have the company’s back as well. Overall, the culture makes us want to do a good job - and the compensation is good, too.”

— Former Sales Employee

Photos by: Wildly Simple Productions



HEALTH AND SAFETY

Ensuring the safety and well-being of our employees is fundamental to our operations. In our everyday activities, we aim to create a workplace that is safe, with as few accidents as possible. We view our commitment to safety as an investment in our employees - and our business - for the long-term.

We have implemented the following programs and initiatives to assist with this effort:

Occupational Health and Safety (OHS) Program

Our comprehensive program meets or exceeds the OHS regulatory requirements, while empowering our employees to help us achieve our goal of a zero-accident workplace and to create a proactive safety culture.

Interdepartmental Safety Committee

Committee members are selected from various operations across all production departments and locations to ensure consistent application of our safety policies and initiatives. The Safety Committee also includes Property Safety Champions who, along with their supervisors, monitor our properties and report potentially unsafe conditions to our Manager of Environmental Health, Safety and Risk for remediation before accidents occur.

Injury Illness Prevention Program (IIPP)

Our state-of-the-art IIPP is a written code of safety programs and policies, which aims to eliminate foreseeable dangers that could lead to injuries, work-related illnesses and other hazardous conditions.

Safety Training

Employees undergo regularly scheduled role-based safety training, which address a number of topics, including:

- Emergency safety preparedness
- Forklift and scissor lift trainings and certifications
- Workplace hazards and accident avoidance
- Heat stress
- Fire safety

16 HOURS

Annual minimum required safety training for our estate vineyard employees.



OUR RESPONSE TO COVID-19

The health and wellness of our employees, vendors and customers is our primary concern no matter the circumstances. When the world faced the unprecedented challenge of a worldwide health crisis, Duckhorn management prioritized clear, concise communication with our fellow employees, relying on the combined efforts of the safety, human resources and legal teams in the Administrative Department.

Hospitality

With the onset of COVID-19 in March of 2020, Duckhorn's tasting rooms were closed through mid-June 2020, pursuant to applicable County regulations. Upon reopening, we instituted mask and social distancing protocols to protect the health and safety of our employees and our guests. Additionally, we adapted traditionally in-person experiences, like winemaker dinners and other events, to virtual platforms to engage our guests safely and continue to offer our outstanding hospitality.

Vineyards and Production

We were designated under applicable law as an essential business at the onset of the pandemic, allowing the essential elements of our work to continue in person despite the COVID-19 crisis. However, the management team elected to temporarily halt production and vineyard operations in the immediate aftermath of the closures to ensure safety measures and protocols could be implemented. By the end of March 2020, our vineyard and production teams used heightened disinfection processes in their respective facilities, modified workspaces for social distancing, provided employees with PPE and implemented a daily symptom tracker.

Administrative Offices

Employees who could work from home were transitioned to remote work arrangements with the ability to access corporate offices when necessary. Managers were encouraged to set up weekly check-ins with their teams and our CEO hosted live monthly webinars to ensure a continued sense of community.

Employee Support

Our Human Resources team was critical in addressing the needs of our employees and the potential health impacts of COVID-19. We expanded health benefits and instituted our Employee Assistance Program to support employees' mental health. The Company encourages vaccinations going as far as scheduling appointments for large groups of employees, and offering paid time off to obtain vaccinations.

Repopulating Workspaces

During the fall of 2021, the management team established guidelines for a post-pandemic working environment. To enhance flexibility and productivity, and ensure competitiveness in the labor market, we introduced a hybrid workplace structure for some roles, allowing a mix of in office and remote work each week.



Photo by: Wildly Simple Productions



Diversity in Advertising

Our wines appeal to a wide range of consumers. Through our influencer partnerships, we are connecting and engaging with our wine-drinking audience and those who may be new to our wines. They represent people across many races, sexual orientations and age groups.

PROMOTING RESPONSIBLE ENJOYMENT

Our customers enjoy our wines when visiting our tasting rooms, dining at their favorite restaurants and entertaining at home, among many other occasions. Whether a bottle is opened for a simple weeknight dinner or a festive celebration, we always encourage safe and responsible consumption. We adhere to applicable local, state and federal regulations, in addition to the California **Wine Institute's** codes and standards regarding advertising, responsible beverage service and direct shipping.

Our Tasting Rooms

Our tasting rooms are designed to offer a relaxing and engaging environment for the enjoyment of our wines. Our seated model of hosting guests provides a mature and responsible guest experience, and only those who are 21 years of age or older are allowed in our Napa Valley tasting rooms. We prioritize the health and well-being of our visitors by monitoring for signs of intoxication and promoting a measured tasting experience. We encourage our guests to savor the moment and to explore the complexities of our wines by accompanying each tasting with a food pairing or palette cleanser.

Our Advertising

Duckhorn approaches our marketing and advertising in a thoughtful, consistent and structured manner to promote the responsible enjoyment of our luxury wines. Our marketing team is responsible for the development and oversight of Duckhorn's content from our websites, print ads and social media content to our bottle labels.

Across our marketing platforms, Duckhorn adheres to the Wine Institute's best practices, detailed in its Code of Advertising Standards and Digital Marketing Guidelines. These standards provide guidance on responsible content and placement, which requires:


- Promoting wine as a mature lifestyle
- Avoiding imagery of excessive drinking
- Selecting appropriate brand ambassadors
- Monitoring of site activity

We are focused on protecting our brands' advertising impressions from individuals under the age of 21. We have implemented age verification systems, age-gating when visiting our website or social media channels, and age confirmation when purchasing our wines online. Additional measures include restricting advertising on platforms that appeal to younger audiences, and directly targeting advertising and media, such as product promotion in movies and television, for audiences at or above the legal drinking age.

Our Direct-to-Consumer Offering

Through our direct-to-consumer (DTC) service, customers have the opportunity to responsibly share our wines with friends and family at home.

We use a third-party compliance software system and our in-house DTC and regulatory compliance personnel to monitor our direct-to-consumer practices. This software identifies the rules and regulations in each state and region to prevent any potential infraction and seeks to ensure our wines are only reaching those who are of legal age.



Duckhorn has not been subject to any non-compliance or licensing revocation associated with labeling and/or marketing practices for the past seven years, the extent to which records are available

Note: Bolded terms are defined in the Glossary on Page 34

CONTRIBUTING TO OUR COMMUNITIES

Duckhorn is committed to supporting individuals in our communities who are members of historically disadvantaged groups. In 2020, we chartered the Duckhorn Portfolio Founders Fund (the “DPFF”), which aims to support education in the communities in which Duckhorn Portfolio employees and their families work and live. In its inaugural year, the DPFF granted \$100,000 in awards, with a goal of additional grants and greater geographic influence in the years to come.

To begin the grant award process, DPFF committee members, made up of employees from across all departments, presented organizations that he or she believed were aligned with the DPFF tenets and were geographically proximate to Duckhorn operations. A three-stage matrix assisted in determining grant eligibility and more thoroughly vetted the organizations’ programs. These discussions brought to light the ways in which the Company could meaningfully contribute to each organization, not only by way of financial support, but also with volunteer hours through our VTO program. Based on this matrix and virtual meetings hosted with the top four organizations, the DPFF Committee awarded each organization with a grant. In addition, the Duckhorn executive team personally matched the Company’s contribution, bringing the total overall grants to be awarded by the DPFF to \$100,000.

Each recipient organization is unique in its approach to service, but all of the recipient organizations reflect the principles that were paramount to Duckhorn’s founders and continue to guide us today. While extremely proud of this initiative, it is but one of the many philanthropic efforts undertaken by the Company each year.



A New Paid Volunteer Time Off Program

We strive to be at the forefront of corporate responsibility in our industry, and it is our goal to create robust internal philanthropic opportunities in which our employees can participate. The Volunteer Time Off (VTO) program is a new benefit allowing most full-time employees eight hours per year to volunteer at charitable organizations of their choosing while retaining their pay. The Company encourages employees to use their VTO hours at local organizations that support historically underprivileged groups.

At Duckhorn, we are committed to uplifting local communities especially those in which we live and work. We believe that efforts like DPFF and VTO are meaningful steps towards fulfilling our commitment, which not only utilize monetary assets, but also the valuable resource of time to give back.



The DPFF Committee awarded grants totaling \$100,000 in July 2020 to support four local organizations:

- Social Advocates for Youth (SAY)
- 10,000 Degrees
- Community Action Partnership Sonoma County
- EAHS Foundation





*Three Palms Vineyard
Napa Valley, CA*

Photo by: Wildly Simple Productions

ENVIRONMENTAL

Duckhorn is fortunate to be part of an established agricultural industry that prides itself on being good stewards of the land and committed to the conscientious use of natural resources. Using collective industry power to create sustainable standards and best practices to tackle climate change, we can be responsive to shifting agricultural processes while maintaining the high quality of our products.

IN THIS SECTION:

LAND STEWARDSHIP

VINEYARD PRACTICES

GROWER PARTNERS

RISK MANAGEMENT

WATER STEWARDSHIP

ENERGY MANAGEMENT

CLIMATE CHANGE AND TCFD

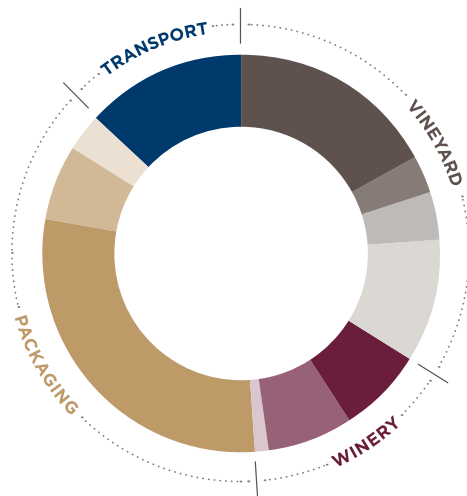
QUALITY MANAGEMENT

RESPONSIBLE PACKAGING AND WASTE

Applicable United Nations Sustainable Development Goals (UN SDGs)



Relative impacts of the carbon footprint for California Wine¹



VINEYARD

- 17% Bio-geochemical field emissions²
- 3% Fuel production and combustion
- 4% Electricity consumption
- 10% Raw materials production³

WINERY

- 7% Fuel production and combustion
- 7% Electricity consumption
- 1% Other winery⁴

PACKAGING⁵

- 29% Glass bottle
- 6% Corrugate case box
- 3% Other packaging⁶

TRANSPORT

- 13% Transport of bottled wine⁷

¹ California Sustainable Winegrowing Alliance, Assessment on California Wine's Carbon Footprint.

² Footprint associated with greenhouse gas emissions that are a result of natural bio-geochemical processes and impacted by local climate, soil conditions and management practices like application of nitrogen fertilizers.

³ Footprint associated with the manufacture and shipment of materials used at a vineyard such as fertilizers and pesticides.

⁴ Footprint associated with transport of grapes from vineyard to winery, raw material production, refrigerant losses and manufacturing waste treatment.

⁵ Footprint associated with the manufacture and shipment of materials used for packaging wine.

⁶ Footprint associated with the natural cork with aluminum foil and treatment of waste at packaging manufacture.

⁷ Footprint associated with fuel production and combination in trucks and trains based on typical distances for the industry when shipping in the United States to retail facilities.

LAND STEWARDSHIP

Vineyard Practices

Maintaining the health of our vineyards and promoting the longevity of their use is integral to the success of our business and the quality of our wines. We operate as a conscientious wine producer, adjusting and adapting to the changing climate with a focus on making luxury wine and leaving behind fertile land for future generations. Operating with this philosophy in mind, we work synergistically with the climate, seasons and natural weather variations to produce the highest quality wine.

While viticulture and the broader wine industry are lower-emitting sectors, they are certainly impacted by climate change and increased incidence of natural disasters. To combat these obstacles, we are implementing innovative, adaptable practices such as drought-tolerant rootstocks and grape varieties and cultural practices more conducive to a warmer climate. We have implemented sustainable agricultural practices such as using the **permaculture framework**, an integrated approach to designing agro-ecological systems that support a fully sustainable system, to guide our farming. We also use cover-cropping to support nutrient-dense soil regeneration. Intrinsic to the success of our sustainability goals is the support of our third-party partners and stakeholders. We aim to work with growers and management partners who share our vision and believe in collective responsibility.

As a lower-emitting sector and an agricultural business, much of our focus is on our land use. The journey from grape to bottle begins in our vineyards. No two vineyards are the same; each imparts its own unique set of qualities that contribute to the diversity of wines created therein. From riparian regions to hillsides, we use a site-by-site approach to how we farm our vineyards and cultivate our grapes. With each unique agricultural approach, the wine's "terroir," or sense of place, is developed. By staying true to our roots, and working within the scope of our vineyard's natural conditions, the terroir of each vineyard is brought to life through our wines.

We manifest our land stewardship through our certifications and programs, which keep us accountable. For example, all of our North Coast vineyards are certified by the **Fish Friendly Farming® (FFF)** program. The FFF program promotes efficient and cost-effective **Beneficial Management Practices (BMPs)** that help restore natural fish and wildlife habitats. Programs like FFF support the ecosystems in which we operate, a crucial part of the cultivation process of any high-quality, sustainable crop. Best practices from this program have also been adopted at our other vineyards that are not yet certified.

The Fish Friendly Farming® Program:

- Sets limitations on chemical use
- Implements practices that promote soil and water conservation
- Supports restoration and re-vegetation along rivers and creeks
- Manages sediment runoff from roads
- Adapts to avoid migration barriers
- Addresses water diversion and storage sensitive to high flow and dry season conditions

We meet the objectives of the BMPs and incorporate the practices of other organic and environmentally driven certifications, such as **Certified California Sustainable Winegrowing (CCSW)** and **Sustainability in Practice (SIP)**. These holistic approaches to agriculture consider the experience of the land and the people who help farm it, and emphasize attentiveness to each of the systems that impact our vineyards and surrounding areas.

Using the latest available technologies and **Integrated Pest Management (IPM)**, we supplement our seasonal activities with action plans that address acute risks identifying and preventing potential biological threats. In addition to the environmental benefits, these practices reduce our costs, potential risk exposure and the amount of time spent in the fields, making our work more sustainable.

5  tons per acre

Amount of organic compost applied to vineyards every three years

The sustainable farming practices implemented at our vineyards include:

- Planting annual and permanent cover crops to support erosion control and enhance nitrogen content in the soil
- Installing straw and straw wattles to reduce water flow and runoff
- Minimally cultivating vineyard rows to retain ground cover around the vines
- Applying compost and plowing down cover crops to increase soil health and microbial activity
- Using under-vine cultivation, hand shoveling and grazing by sheep and livestock to reduce weeds and our reliance on herbicides and insecticides
- Restricting the use of glyphosate herbicides across all our vineyards and applying only soft, non-broad-spectrum pesticides, when necessary, in addition to utilizing aerial imagery to shrink application radii
- Preserving riparian zones and habitat refuges to support native flora diversity and wildlife corridors
- Releasing beneficial insects to improve the local populations and enhance biodiversity
- Conducting weekly insect field scouting and trapping to monitor pest lifecycles and limit insecticide applications
- Tracking mildew and other pest and disease models to reduce spray applications and cultural practice timing
- Selecting rootstock with the appropriate properties for the site-specific conditions and water availability
- Using native ground cover plants in our vineyards such as fescues, barley, rye grass, wildflowers, and nitrogen fixing legumes and mustard

OUR CERTIFIED VINEYARDS

We are proud that our vineyard practices meet some of the highest standards in our industry. While we have not yet initiated certifications for all of our vineyards, some have already achieved recognition.

CALERA ESTATE
California Certified
Organic Farmers (CCOF)

GOLDENEYE WINERY
Certified California Sustainable
Winegrowing (CCSW)





Longwinds Vineyard
Red Mountain, WA

Photo by: Wildly Simple Productions

Grower Partners

Between 2015 and 2020, our Estate vineyards produced on average more than 10% of the grapes required to meet our needs, and the remainder of our total production was sourced from third-party growers and, to a lesser extent, the bulk wine market. Our confidence in the quality of our grapes comes from long-standing relationships with our growers. They have established themselves as responsible agricultural producers, making them reliable and trustworthy partners in making our luxury wines.

Many of our cooperative farming contracts include provisions to ensure the quality of the grapes over time and lessen the reliance on chemical and synthetic inputs. These arrangements can cover activities like over-cropping and excessive irrigation, while also setting expectations for incorporating the best practices that we use at our Estate vineyards.



Through our many sustainable farming practices, we work to address the goals of UN SDG 15 by protecting our terrestrial ecosystems and increasing biodiversity.

Risk Mitigation

We are conscientious that the risks related to climate change and unforeseen natural events will only become more likely in the short-term. Extreme temperatures and unusual weather patterns have increased our concerns with respect to both drought and wildfire severity. While we have managed our limited water resources well despite the worsening drought in the West, we recognize the critical importance of water conservation in our grape cultivation. We have implemented fire prevention practices in our vineyards, such as vegetation clearing, and work in consultation with local firefighting organizations to enhance preparedness and resiliency.

Our procedures to manage risks include our long-term cultivation of a strong and agile supply chain, making possible our efficient and successful production of luxury wine. Our supply chain is highly diversified, as we source grapes from our estate vineyards and approximately 300 distinct grower vineyards, many of whom we have worked with for decades. Our 30 owned and leased Estate vineyards are equally diversified by being non-adjacent and varied by climate across California and Washington. This allows us to be nimble with our grape supply, providing opportunities to shift our sourcing away from a given vineyard in the event it is impacted.



Our acute awareness of climate change and addressing its impacts is in line with UN SDG 13 as we have developed action plans to mitigate increasing climate risks.



Water Stewardship

While winemaking and viticulture generally require less water than other crops, like almonds and rice, water is a vital component of the winemaking process. Accordingly, our methods are attentive to water consumption, especially as California experiences severe drought conditions, flooding and wildfires. Water stewardship is paramount to achieving sustainability and longevity, and requires attention not only in the vineyards, but also in our production facilities, tasting rooms and corporate offices.

We continue to discern new ways to be more water-efficient. In July 2021, we pilot-tested California Sustainable Winegrowing Association's (CSWA) water monitoring tool among select wineries. This tool allows us to review our current consumption and develop a roadmap for future consumption goals and initiatives. Tools such as CWSA water monitoring will help us set goals with respect to water utilization in the future.



As we work to ensure sustainable consumption and production patterns in accordance with the goal of UN SDG 12, we take the following actions:

- Monitoring concentrations of cleaning chemicals
- Reusing the base source of the cleaning chemicals and cycling them to next wash or sanitization process
- Capturing rinse waters as part of the next load of cleaning chemicals
- Recycling hose rinsing water
- Replacing boilers and other aging equipment
- Rotating cleaning chemical skid type and tanks
- Using high-pressure flow nozzles



Photo by: Wildly Simple Productions

- Sweeping floors before wash downs to avoid the use of hoses to wash debris away
- Using steam instead of water for sanitizing barrels and bottling lines and swelling barrels
- Pushing wine lines with gas and pigs (small balls inserted into the transfer lines) instead of water
- Replacing water-based chemical sanitization and rinsing with ozone
- Implementing automated barrel washers for an efficient cleaning process
- Utilizing Neutron Probes and Sap Flow sensors to employ deficit irrigation strategies
- Leverage aerial imaging to improve irrigation efficiency

Additionally, our vineyards utilize drip irrigation to deliver water more precisely to vine roots and we regularly monitor weather to inform irrigation timing and quantity. Finally, we will be installing “water misters” in some locations to combat extreme heat days as a technique to reduce water use during hot days.





Profile of Goldeneye Winery

In 2010, our Goldeneye Winery earned the **Leadership in Energy and Environmental Design (LEED) Gold Certification** from the U.S. Green Building Council, making us one of the first wineries in California to receive that designation.

Highlights of the project included:

- Installation of a 30-Kilowatt photovoltaic array
- Energy efficient architectural design to maximize natural light and heat gain
- Use of redwood lumber from our Narrows vineyard, which was a **Forest Stewardship Council (FSC) Smartwood Certified Forest**
- Implementation of a rainwater collection system for roof runoff
- Installation of motion-sensor controlled lighting systems
- Procurement of energy-efficient HVAC systems and electric water heater to run off the solar power

Energy Management

We are improving our energy efficiency practices and assessing our consumption internally and through third-party audits. Some of our current best practices and recent upgrades across our facilities include:

- Shifting away from peak demand energy use
- Converting fluorescent lighting to LED lighting
- Installing Photovoltaic Solar Systems at our facilities
- Utilizing Variable Frequency Drives (VFDs) to reduce energy consumption of equipment such as pumps, conveyors and compressors
- Integrating building management systems
- Insulating outdoor storage tanks
- Reducing energy use during cold stabilization through the use of in-tank mixers
- Upgrading process chilling equipment to increase efficiency and be more environmentally friendly
- Utilizing night air cooling if atmospheric conditions allow

Another way we are reducing our energy footprint is by transitioning our forklift fleet to electric vehicles. In addition to furthering our environmental goals, this contributes to our eligibility for carbon credits from **e-Mission Control's Green Fleet Pioneer Program**, which is a low carbon fuel standards program. We plan to use the credits to purchase additional electric forklifts and fund restoration projects.

MEASURING AND REPORTING ON CLIMATE CHANGE

Together with our environmental and sustainability initiatives, we are also building a framework to report GHG emissions and climate impacts. The data we will collect will guide disclosures related to quantifiable financial impacts under various global warming scenarios.

Our Board and management have initiated the evaluation of our ESG risks and opportunities, as disclosed in this report. To guide our initiative, we intend to utilize the TCFD framework to disclose how we are measuring and mitigating risk.

1.21 kWh
per 9-litre case of wine

At Waterfowl winery, our largest production facility, we developed an energy use target of **1.5 kWh** of energy consumed per 9-litre case of wine.

In 2021, we beat this goal, reducing actual energy use to **1.21 kWh** per 9-litre case of wine during FY21.

54,668
vehicle miles



Equivalent carbon emission reduction from the transition to **19 electric forklifts**

20%
energy savings

From the transition to **LED lighting** at Waterfowl winery



QUALITY MANAGEMENT

Curating high-quality wines for our customers is our top priority at Duckhorn, and our winery teams leverage state-of-the-art technology designed to ensure optimal products and consistent quality. Our quality management procedures are woven into each stage of the production process and the high bar we set for our grapes is applicable both to our Estate vineyard fruit and fruit from our grower partners. We scrutinize all grapes we receive from our growers to help ensure the product is free from insects, pesticide residue, mildew, mold and bunch rot organisms.

About 50% of our winemaking is conducted at our Waterfowl winery, our largest production facility, which is **ISO 9001-certified**, meaning we employ a system that meets the best practices to achieve a quality product. At present, our processes integrate documented, regular quality checks of wine as it moves through each phase of production. These quality assurance processes are implemented at both our wineries and at our custom crush partner facilities.

In addition to conducting site audits of our packaging vendors for the past two years, we frequently evaluate our supply chain vendors with respect to their adherence to expectations for quality, customer service responsiveness and service availability. Our corrective action process ensures that if issues are identified, effective and timely improvements are made to prevent recurrence. Finally, we choose our distribution and transportation partners based on their ability to monitor and control temperatures to maintain the integrity of our wine.



*Paraduxx Winery and Visitor Center
Napa Valley, CA*

RESPONSIBLE PACKAGING AND WASTE

In 2011, in partnership with the Wine Institute, PE INTERNATIONAL conducted a carbon footprint assessment of the California Wine Industry to understand the impact on GHG emissions and areas for improvement. One of the “hot spots,” or areas of greatest potential, was packaging and transportation.¹ To address those aspects of our business that can be most detrimental to the earth, we use reusable, recyclable and sustainably sourced materials and make improvements in our processes whenever possible.



Our bottling and packaging materials include environmentally-friendly elements.

- Glass bottles
- Screwcaps
- Cork
- Cardboard
- Ice packs
- Packing pulp
- Foam

It is crucial that the inputs used in the production and shipping of wine are chosen with care, paying attention to the environmental conditions conducive to the safe transportation of wine. These materials must support a fragile, yet heavy, perishable good that is sensitive to temperature fluctuations, while also meeting the aesthetic and physical standards of a luxury good, as well as meeting regulatory and logistical standards.

We can minimize our carbon footprint by sourcing regional materials and choosing to partner with North American suppliers whenever possible. Regional suppliers provide greater assurance of meeting our supply needs and delivery expectations, while building relationships with those in our region and decreasing GHG emissions caused by air and sea freight.

Many of our packaging materials are recyclable, including glass bottles, screwcaps, cork and cardboard shipping boxes, which are made of triple recycled materials. We recently made a shift towards procuring specific types of glass that result in lighter bottles, helping to minimize shipping impacts and associated GHG emissions.

We have changed the materials used for cooling our wine shipments in the summer months. When temperatures reach 90°F+, we have historically used Styrofoam and ice packs as insulation. In 2021, we started transitioning our 6- and 12-bottle packages to BioFoam, an eco-friendly alternative. Testing has shown it biodegrades over 90% over a four-year period as opposed to Styrofoam at 5.75% over the same period. We have also started transitioning to Enviro Ice, an environmentally-friendly nitrogen-based liquid gel that can replace silica-based gel packs. Enviro Ice packs can be refrozen or cut open and used to nourish plants due to their Nitrogen-based fertilizing properties. In the coming year, we are looking to expand our use of BioFoam to substantially all of our packaging.

We support comprehensive recycling programs at all of our facilities. We have also instituted 100% composting of our green waste, including grape skins, pulp and seeds. On an annual basis, we generate between 100-200 tons of compost, which generates the organic material of pomace, which can be later used as cattle feed or recycled in vineyards as mulch.



Reaching our Goal to source 100% of our Glass from North America

For the past three years, Duckhorn has been driving towards sourcing all our glass from North America. Our initial challenges included securing flint glass and finding a reliable supplier.

Through engagement with our primary glass provider, we identified a vendor in Mexico that was able to meet our production needs. Some of the benefits of this transition include transparency in the plant producing our glass, consistency in the end product and road as opposed to marine transportation.

92% of our products are shipped with recyclable **cardboard pulp**

8% of our products are shipped with **BioFoam** and **Enviro Ice**

¹ California Sustainable Winegrowing Alliance, Assessment on California Wine's Carbon Footprint.



*Paraduxx Visitor Center
Napa Valley, CA*

GOVERNANCE

Our values of respect, quality and integrity underpin our efforts of effective and diligent corporate governance. They reinforce our commitment to our stakeholders, promote our long-term business interests and strengthen the accountability and transparency of the management of the Company. Duckhorn strives to conduct business in an honest and ethical manner, ensure compliance with all applicable rules and regulations and adherence to industry and public company best practices.

IN THIS SECTION:

[BOARD OF DIRECTORS](#)

[ENTERPRISE RISK MANAGEMENT](#)

[ESG GOVERNANCE](#)

[DATA SECURITY AND CUSTOMER PRIVACY](#)

BOARD OF DIRECTORS

Alex Ryan

Chairman, Director Since 2012

Daniel Costello

Director Since 2016;
Audit Committee, Nominating and
Corporate Governance Committee (Chair)

Melanie Cox

Director Since 2021;
Compensation Committee (Chair), Nominating
and Corporate Governance Committee

Charles Esserman

Director Since 2016

Michelle Gloeckler

Director Since 2021;
Audit Committee, Nominating and
Corporate Governance Committee

Deirdre Mahlan

Director Since 2021; Audit Committee (Chair),
Compensation Committee

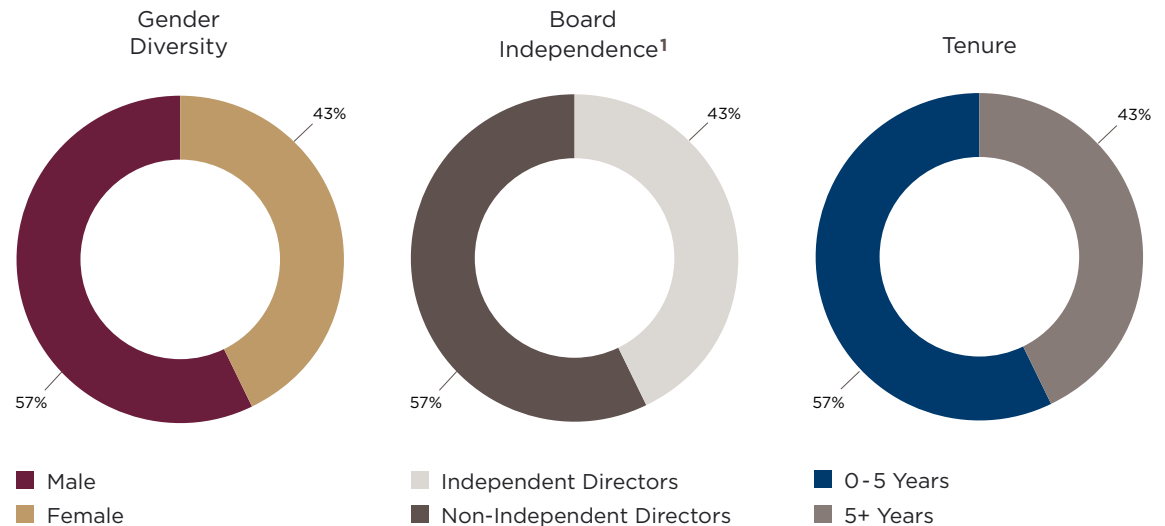
James O'Hara

Director Since 2016; Compensation Committee

BOARD OF DIRECTORS

Our Board is currently comprised of seven individuals, who have a range of experiences, perspectives and backgrounds. Members of the Board draw upon expertise in wine and spirits, retail e-commerce and consumer packaged goods sectors, serve as public company executives and directors and have experience in shaping the strategy of a growing luxury business. When identifying candidates to serve on our Board, we seek qualified individuals who are diverse in gender, ethnicity and work experiences, and who have the requisite skills and areas of expertise that will complement our current Board composition while supporting the strategic aims of the Company and the management team.

As of November 19, 2021, our Board composition was as follows:



Our Board and management team are focused on establishing trust and accountability with Duckhorn's stakeholders, and have distilled our Company values, practices, standards and principles into our Code of Ethics and related Company policies to guide the actions and behavior of all employees.

¹ Duckhorn is a controlled company under the rules of The New York Stock Exchange.

ENTERPRISE RISK MANAGEMENT

Our Board and its committees are responsible for managing and mitigating Duckhorn's enterprise risks. The Board oversees Duckhorn's strategic and financial planning, as well as its execution by the Company's management. We have developed standardized frameworks for identifying, monitoring and mitigating risk. For example, the Audit Committee provides broad oversight of the risk assessment and mitigation structure and provides insight into how management can address risks and seize opportunities that arise. Management undertakes an annual cross-disciplinary exercise to determine the salient risks facing the Company, organized by likelihood of occurrence and severity of consequence. The current and proposed mitigation techniques are discussed and refined throughout the year.

A capstone summary of the evolution of the principal risks and mitigation techniques occurs at the late May meeting each year. The process begins again in the new fiscal year.

Our Directors provide measured guidance to Duckhorn's management team to ensure that not only are all employees working in pursuit of our shared business goals, but also that all employees are actively engaged in risk management in their respective areas of the business. The management team provides regular updates to the Board and the Nominating and Corporate Governance Committee with respect to the elements of enterprise risk management.

COMMITTEE STRUCTURE

The Board's committees meet regularly and play a vital role in monitoring and managing specific areas of risks.

Audit Committee

Oversees the management of enterprise risks, financial risk, regulatory compliance and cybersecurity.

Compensation Committee

Oversees the management of risks relating to our executive compensation plans and arrangements, as well as the incentives created by the compensation awards it administers.

Nominating and Corporate Governance Committee

Oversees corporate governance, business conduct and ethics, the review and approval of related party transactions and our ESG strategy.



A LEADER AMONG OUR PEERS

We hold memberships and leadership roles in a number of industry and trade associations. Notably, our President, Chief Executive Officer and Chairman was recently elected to the Board of Directors of the Wine Institute and our Executive Vice President, Chief Administrative Officer and General Counsel was elected as an alternate to the Board of Directors.



napa valley vintners

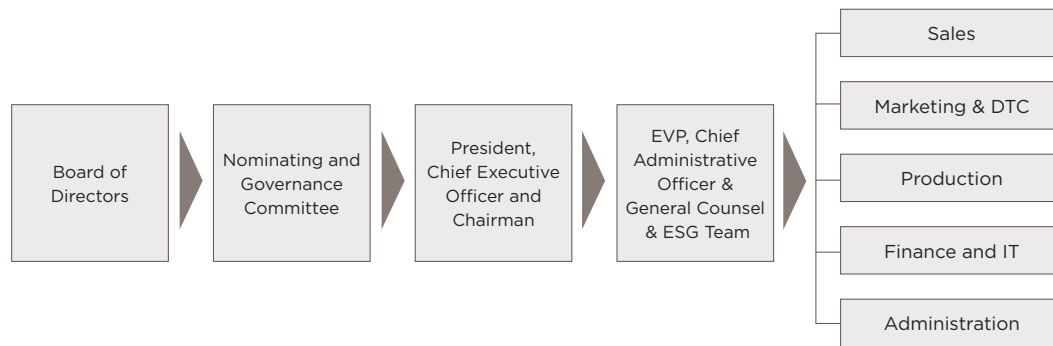


RED MOUNTAIN AVA ALLIANCE

ESG GOVERNANCE

As a newly public company, we have formalized the oversight of our ESG initiatives to streamline management and communication. Our ESG initiatives are led by the Company's Administrative Department with our Executive Vice President, Chief Administrative Officer and General Counsel primarily responsible for the day-to-day strategy and execution of the Company's ESG-related work. Within the Administrative Department, the cross-disciplinary ESG Team supports the execution of Duckhorn's priorities, working in coordination with, and seeking input from, internal and external stakeholders, including our investors. The President, Chief Executive Officer and Chairman provides guidance and oversight with respect to the strategic priorities of the ESG initiatives on a weekly basis.

Our Nominating and Governance Committee serves as the primary vehicle of oversight of our ESG initiatives at the Board level, discussing updates from the management team and providing direction with respect to the strategic priorities being set and progress in the achievement of the goals in these areas. This oversight is enhanced by the input of the Board collectively and individual directors, who regularly provide guidance with respect to the Company's ESG initiatives and the optimal ways in which to achieve discrete goals.



The ESG team works interdepartmentally to facilitate the creation and maintenance of our sustainable initiatives. For example, our internal partnerships across departments led to the organization of the DPFF Committee, which institutionalized a portion of the Company's corporate giving. Additionally, our work with production led to the strategic plan to more carefully manage our water use, by implementing meter mandates across our production facilities.



DATA SECURITY AND CUSTOMER PRIVACY

We recognize the value of enhancing and extending the uses of Information Technology (IT) in every area of our business and we rely on many IT systems, both owned by us and administered by third parties, to effectively manage, analyze and support the Company's daily operations. Our IT systems and functions are overseen by our Executive Vice President, Chief Financial Officer, who is in regular contact with the Audit Committee. Cybersecurity is handled jointly by the IT and Legal departments in an integrated manner. Together, these departments manage and assess enterprise risk, cyber-risk and maintain the integrity of our customers' data and privacy.

We are vigilantly monitoring for breaches, evaluating exposure and protecting customer information. As a result of our reporting structure, the Audit Committee and Board are poised to provide guidance quickly regarding adverse events should they arise, so we can limit risk and maximize business continuity.



The third-party systems we use include point-of-sale systems at our tasting rooms, websites for our e-commerce and business operations, compliance programs for our order processing, shipments, and e-commerce functionality and shipment tracking purposes.

System Security

Our IT systems are guarded through a multilayer technology stack and a strict security protocol intended to aid in the harmonization of our multi-process security systems and solutions. We continuously monitor our systems, and regularly conduct third-party security audits and testing to verify our network's integrity and protect against compromises from any potential internal or external source. We also maintain a comprehensive multi-year replacement and upgrade program to enhance our security and optimize performance. Additionally, these systems are subject to annual audits under Sarbanes-Oxley (SOX) to ensure these processes remain robust into the future.

Personal Data Protection

One of our primary data security risks relates to storage of personal information on our networks. This includes personally identifiable customer information collected in our tasting rooms and on e-commerce websites, employees and our supplier information and other information critical to our business operations. To safeguard personal information, we employ a number of practices in our data privacy program.

Key components of our data privacy program:

- Personal information is not sold or transferred to unaffiliated third parties, nor collected from or about individuals who are under 21 years of age
- Credit card information processed at our tasting rooms and e-commerce site is not stored, and all systems are compliant with the Payment Card Industry (PCI) security council standards
- Protocols and practices are in place to prevent unauthorized access, use and disclosure of personal information
- Customers can unsubscribe to promotional communications at any time
- Customers can request what personal information Duckhorn has stored, as well as request that Duckhorn delete their information, in compliance with California Consumer Privacy Act

Oversight & Employee Training

Our Board and Audit Committee oversee our information security protocols and implementation of the cybersecurity program, which is executed by Duckhorn's management team. They receive regular updates on our cybersecurity events and activities from our IT department. Staff training is provided as part of onboarding and is refreshed on an annual basis. Depending on the role, training covers data security, PCI compliance, phishing and related vulnerability topics.

Our Privacy Policy

Our policy is available on our website at: <https://www.duckhorn.com/Privacy-Policy>
It details the types of information we collect and how we use, share, store and safeguard the information our customers provide to us through our websites, mobile software systems and points of sale. Protecting customer data and respecting our customers' right to privacy is essential to maintaining a loyal and trusting relationship.

Beneficial Management Practices (BMPs)

Agricultural conservation management practices to address environmental risks such as soil erosion, runoff, etc.

California Sustainable Winegrowing Association (CSWA)

A 501(c)3 non-profit organization created by the Wine Institute and the California Association of Winegrape Growers based in San Francisco, California that promotes sustainable winegrowing practices and administers the Certified California Sustainable Winegrowing (CCSW) program.

California Certified Organic Farmers (CCOF):

A non-profit organization that advances organic agriculture for a healthy world through organic certification, education, advocacy, and promotion.

Fish Friendly Farming® (FFF)

An environmental certification program in Napa County, California run by the non-profit California Stewardship Institute providing beneficial management practices and plans for watershed stewardship.

Forest Stewardship Council (FSC)

The leading catalyst and defining force for improved forest management and market transformation, shifting the global forest trend toward sustainable use, conservation, restoration and respect for all.

Green Fleet Pioneer Program

A greenhouse gas reduction program for vehicle fleets for participants of California's and Oregon's low carbon fuels standards programs and Oregon's CFP led by e-Mission Control, an electricity consumption consultant for on- and off-road vehicle fleet operators.

Integrated Pest Management (IPM)

An effective and environmentally sensitive approach to pest management that relies on a combination of common-sense practices. IPM programs use current, comprehensive information on the life cycles of pests and their interaction with the environment.

This ESG Report includes forward-looking statements. These forward-looking statements generally can be identified by the use of words such as "anticipate," "expect," "plan," "could," "may," "will," "believe," "estimate," "forecast," "goal," "project," and other words of similar meaning. These forward-looking statements address various matters including our ability to successfully meet our ESG goals presented in this ESG Report within the expected timeframe. Each forward-looking statement contained in this ESG Report is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. For a discussion of some of the risks and important factors that could affect such forward-looking statements, see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2021 and in the Company's other filings with the SEC. The Company cautions readers not to place considerable reliance on the forward-looking statements contained in this ESG Report. The forward-looking statements in this ESG Report speak only as of the date of this document, and the Company undertakes no obligation to update or revise any of these statements.

The goals presented in this ESG Report are aspirational and not guarantees or promises that such goals will be met.

Inclusion of ESG-related or other information in this report is not an indication that such information is necessarily material to investors.

ISO 9001

The International Organization for Standardization's requirements for a company's quality management system's (QMS) policies, process and procedures.

Leadership in Energy and Environmental Design (LEED)

A green building rating and certification system of Certified, Silver, Gold and Platinum assessing the health, efficiency and cost-saving aspects of buildings.

Lodi Rules

A sustainable winegrowing standard and program focused on measurable practices of business, human resource, ecosystem, soil, water and pest management developed by Lodi, California farmers and accredited by a third-party.

Napa Green

A sustainable winegrowing program in Napa County, California offering certification for vineyards and wineries on sustainability and stewardship standards.

Permaculture

An integrated approach to designing agro-ecological systems developed by ecological scientist Bill Mollison. Permaculture focused initially on developing a resilient "permanent-agriculture" but it was expanded to stand also for "permanent culture," as it was seen that social aspects were integral to a truly sustainable system.

Sustainable in Practice (SIP)

A certification for vineyards, wineries and wines based on science and expert-derived standards that require measurable, holistic practices on habitat, water, energy, soil, recycling, air quality, packaging, pest management, social equity and business management.

The Wine Institute

A U.S. public policy advocacy association for California wineries supporting state, federal and international legislative and regulatory issues on marketing, media relations, scientific research and education.

Notes for our Readers

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