

EST  1976

THE  
DUCKHORN®  
PORTFOLIO

RESPONSIBILITY  
AND  
SUSTAINABILITY  
REPORT

2022

*Postmark Vineyard  
Paso Robles, CA*



*Mt. Harlan AVA  
Hollister, CA*

## CONTENTS

- Building a Foundation ..... 2
- Welcome to Duckhorn ..... 3
- ESG Framework and Oversight ..... 8
- ENVIRONMENTAL ..... 11**
  - Climate Risk Management and TCFD Reporting ..... 12
  - Energy Management ..... 18
  - Carbon Reduction Initiatives ..... 20
  - Water Stewardship ..... 22
  - Responsible Packaging and Waste ..... 25
  - Biodiversity and Land Stewardship ..... 27
  - Grower Partners ..... 29
- SOCIAL ..... 30**
  - Human Capital Management ..... 31
  - Professional Development ..... 34
  - Diversity, Equity and Inclusion ..... 36
  - Human Rights and Labor Practices ..... 38
  - Health and Safety ..... 39
  - Promoting Responsible Enjoyment ..... 42
  - Contributing to Our Communities ..... 44
  - Quality Management ..... 46
- GOVERNANCE ..... 47**
  - Board of Directors ..... 48
  - Our Management Team ..... 49
  - Enterprise Risk Management and Strategic Execution ..... 51
  - Committee Oversight and Structure ..... 52
  - Data Security and Customer Privacy ..... 54
- APPENDIX**
  - Performance Data Tables ..... 56
  - Climate-Related Risks and Opportunities ..... 60
  - Notes for Our Readers ..... 61



**ALEX RYAN**

President,  
Chief Executive Officer  
and Chairman

Last year, in our inaugural Responsibility and Sustainability Report, I stressed the importance of quantifying our company’s environmental and social impact as an integral first step towards creating performance benchmarks and making positive, evergreen changes for our business and surrounding communities. Being at the forefront of climate risk management and corporate responsibility is an ongoing journey. The baselines we establish serve as a compass, guiding us as we strive to be good stewards of the land, champions of our employees and positive agents of change for our industry.

By our initial measures, the past year has been extremely positive and productive. From the baseline quantification of our Scope One and Two greenhouse gas emissions and energy usage to gender diversity, employee retention and employee safety, we now have a much more detailed understanding of our strengths and opportunities for growth. This information is pivotal as we set short- and long-term targets for improvement.

*Photo by: Wildly Simple Productions*

**Towards a Better Environment**

As part of our goal of reducing emissions, we continue to transition our forklift fleet to electric vehicles, contributing to our carbon credit eligibility from e-Mission Control’s Green Fleet Pioneer Program. For the first time, we piloted a third-party verified Carbon Offset Program for the international transport emissions associated with Kosta Browne’s Burgundy Series wines. Given our focus on land stewardship, our carbon offset program will support the restoration of the old-growth Klamath National Forest. To further decrease our environmental footprint and bring greater stability to our supply chain, we contracted with a new glass supplier based in Mexico, which helps us close in on our goal of sourcing 100% North American glass and decreases emissions from shipping. We also have internal targets to “lightweight” or reduce the weight of some bottles and continue to make environmentally conscious packaging choices. Midway through fiscal year 2022, we began formal water monitoring at all production facilities to capture baseline consumption metrics. While this process is ongoing, we have already started the work to reduce water usage—one of our most precious resources.

**A Culture of Equality and Excellence**

Our acclaimed team of more than 430 full-time employees continues to be the engine of our success. While our company culture already puts us at the forefront of human capital management, celebrating and supporting our diverse workforce and championing equality and employee wellbeing pays dividends. Beyond offering highly competitive employee benefits, we actively work to enhance employee wellbeing on numerous fronts. These include internal and external training, professional development, talent attraction, tuition reimbursement and a health and safety program.

These investments have yielded numerous successes; the retention rate at our ISO 9001 certified Waterfowl Winery—our largest facility—was 99% last year. We hosted more than 150 safety tailgates across all properties, saw increased participation in our tuition reimbursement program and in fiscal year 2022, 56% of our leadership positions were held by women, reflecting our company’s overall gender parity.

**A Foundation for Good Governance**

Today, our ESG practices are woven into every layer of our business, from our Board of Directors (“Board”) through every employee. With the continued advancement of our data collection and reporting processes, we are dedicated to transparency in providing concrete, accurate and verifiable information to our investors, consumers and employees.

Dynamic change creates its own powerful momentum. At The Duckhorn Portfolio, we have built a foundation that allows us to continue to make significant gains in every area of operations, from climate risk management to the good governance practices that are integral to a successful business. This collective effort empowers all of our employees to make sustainable choices on both environmental- and social-related fronts. In turn, this commitment to change, innovation and excellence will unlock the power within our people as we pursue our mission of creating a healthier planet and a more fair, equitable and inclusive wine industry.



Photo by: Nat & Cody Photography

## 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.*



It is with a heavy heart that we remember our late co-founder, Margaret Duckhorn, who recently passed away. Margaret carried an active role in the company, from day-to-day operations to later specializing in marketing and public relations. A pioneering woman in the Napa Valley wine industry and gracious leader at Duckhorn, she was deeply loved and universally respected, and we will miss her dearly.

*“We recognize the importance of taking care of this remarkable place, and giving back to the community that has given us so much. In addition, we make certain that our practices at the winery and in our vineyards are sustainable.”*

Margaret Duckhorn  
Co-Founder

## OUR VALUES AND COMMITMENT TO SUSTAINABILITY

Duckhorn values supporting our people, protecting our planet and operating our business to be best positioned for longevity. From the beginning, our founders instilled a sense of ownership and pride in the company.

Over the past year, we have committed to unearthing what makes Duckhorn so special and where we have room to grow, and have focused on highlighting those areas that contribute to the enhancement of our company and community. In fiscal year 2022, we concentrated on the collection and analysis of data, so that we can understand our baseline and determine the most fruitful areas of emphasis. To that end, we are proud to include data this year with respect to Scope One and Two emissions, water management, health and safety and supply chain management, among other areas.

## OUR BRAND

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

### 2022 Recognition

In April of this year, we were honored to be presented with two awards from the [Social Impact Awards](#) organization, which highlights companies making strides in corporate social responsibility and diversity, equity and inclusion initiatives.

- Winner: 2022 ESG Program
- Honorable Mention: 2022 Community Affairs



## OUR WINERIES

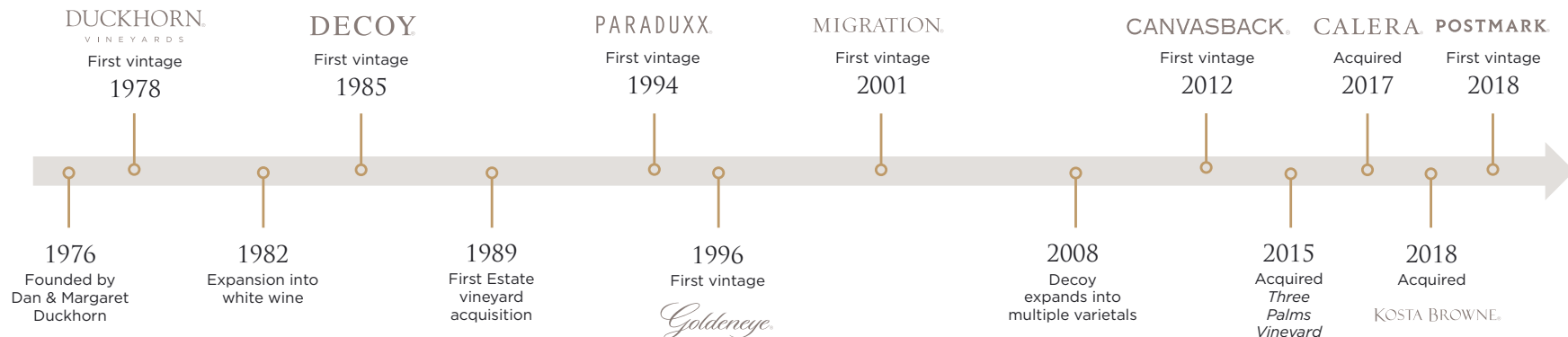
Each winery brand boasts its own winemaking team to create distinct experiences for consumers, ensure product quality and continuity and encourage sustainable farming practices. In this era that favors trusted brands with sound values, we believe partners that share our principles will be best positioned to thrive. From our vineyards to our wineries, our organization is comprised of passionate, talented employees, including a highly tenured executive team with over 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 introduction of on-site tasting in 2001, Duckhorn Vineyards has cultivated a tradition focused on quality, consistency and excellence that continues today.

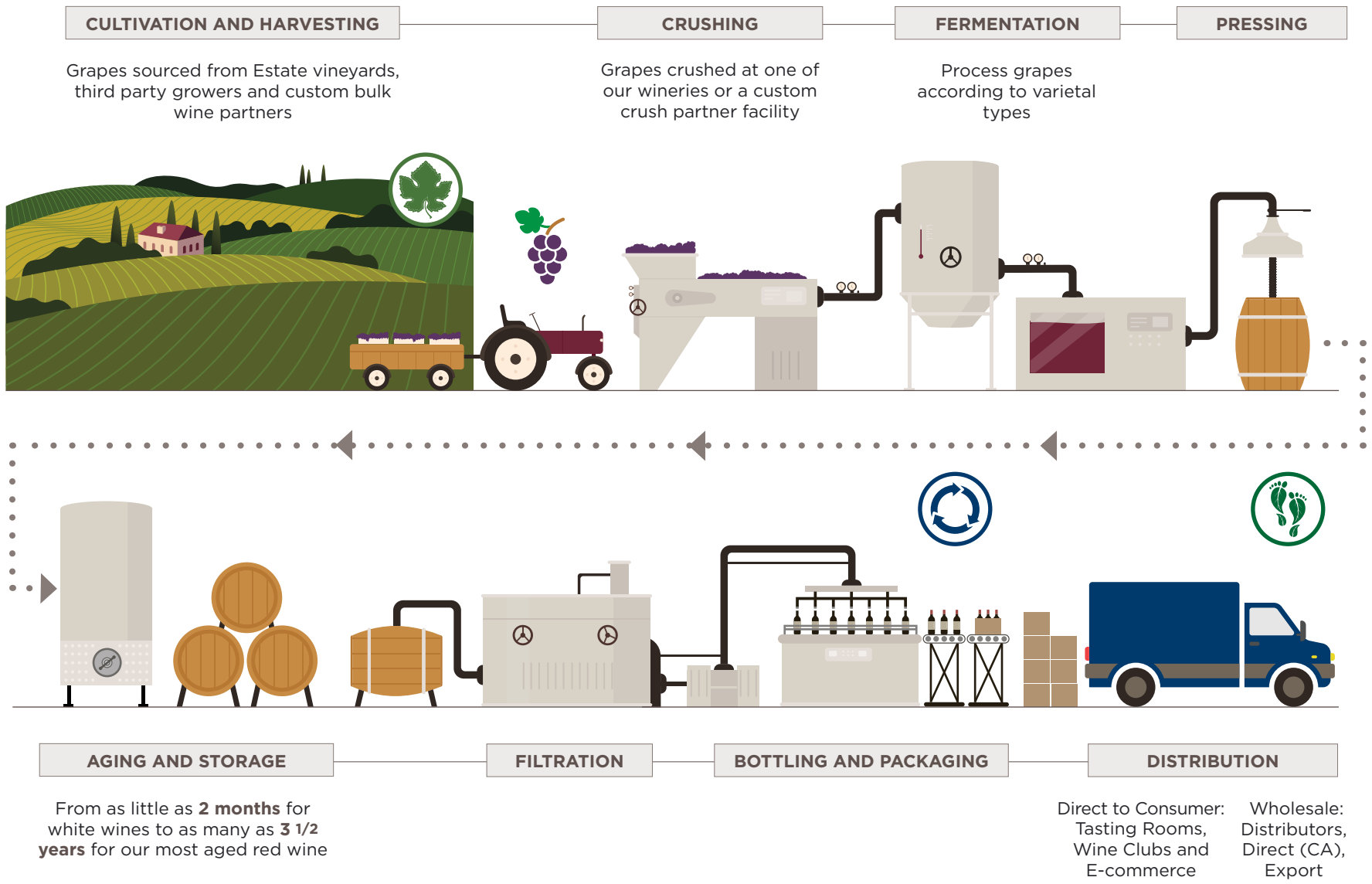
Today, we collaborate with a diversified network of more than 318 partners, including long-standing grape growers and a small number of trusted bulk wine producers, to supplement and complement our world-class Estate vineyards, located primarily throughout the varied microclimates of Northern and Central California and Washington. We are proud of our exceptional winemaking teams at each of our winery brands, who work hard to create distinct experiences for consumers, maintain quality standards and continuity of the Duckhorn brand and facilitate our continued growth. These farming and winemaking teams integrate sustainable, efficient choices whenever possible. For example, we are nearing the completion of a project at El Veredicto Vineyard, part of our Migration winery, which will “flip the faucet” to recycled water in the coming months. This vineyard uses just over 3.5 million gallons of water per year, and soon, 100% of the water will be provided by Napa Recycled Water.





## A PIONEER IN LUXURY WINE FOR NEARLY 45 YEARS




# OUR WINEMAKING PROCESS



 Grapes grown at our Estate vineyards are grown conscientiously and cared for by our vineyard teams. Most of our estate vineyards are certified to a third-party sustainability certification and utilize sustainable agriculture practices that limit water and energy use. Please see the [Biodiversity and Land Stewardship](#) section of this report for additional information.

 When choosing packaging materials for our wines, we are focused on selecting materials that are high quality and that best present our luxury product. With 27% of our packaging materials made from previously recycled and/or renewable materials and 99% of our packaging recyclable, reusable and/or renewable, we are always working to minimize our footprint.

 With shipping and packaging accounting for such a significant portion of Greenhouse Gas (“GHG”) emissions in the wine industry at large, we work to be conscientious of our GHG contributions. This year, we piloted a carbon offset of the international portion of the transportation of our new Kosta Browne Burgundy Series wines. Our carbon offset project neutralized the carbon emitted during overseas and on-land shipping of the wines from France to California. We will continue to work to reduce our emissions and energy use while offsetting the emissions we cannot.

DUCKHORN FISCAL YEAR 2022 (“FY22”) OVERVIEW



<sup>1</sup> California operations only

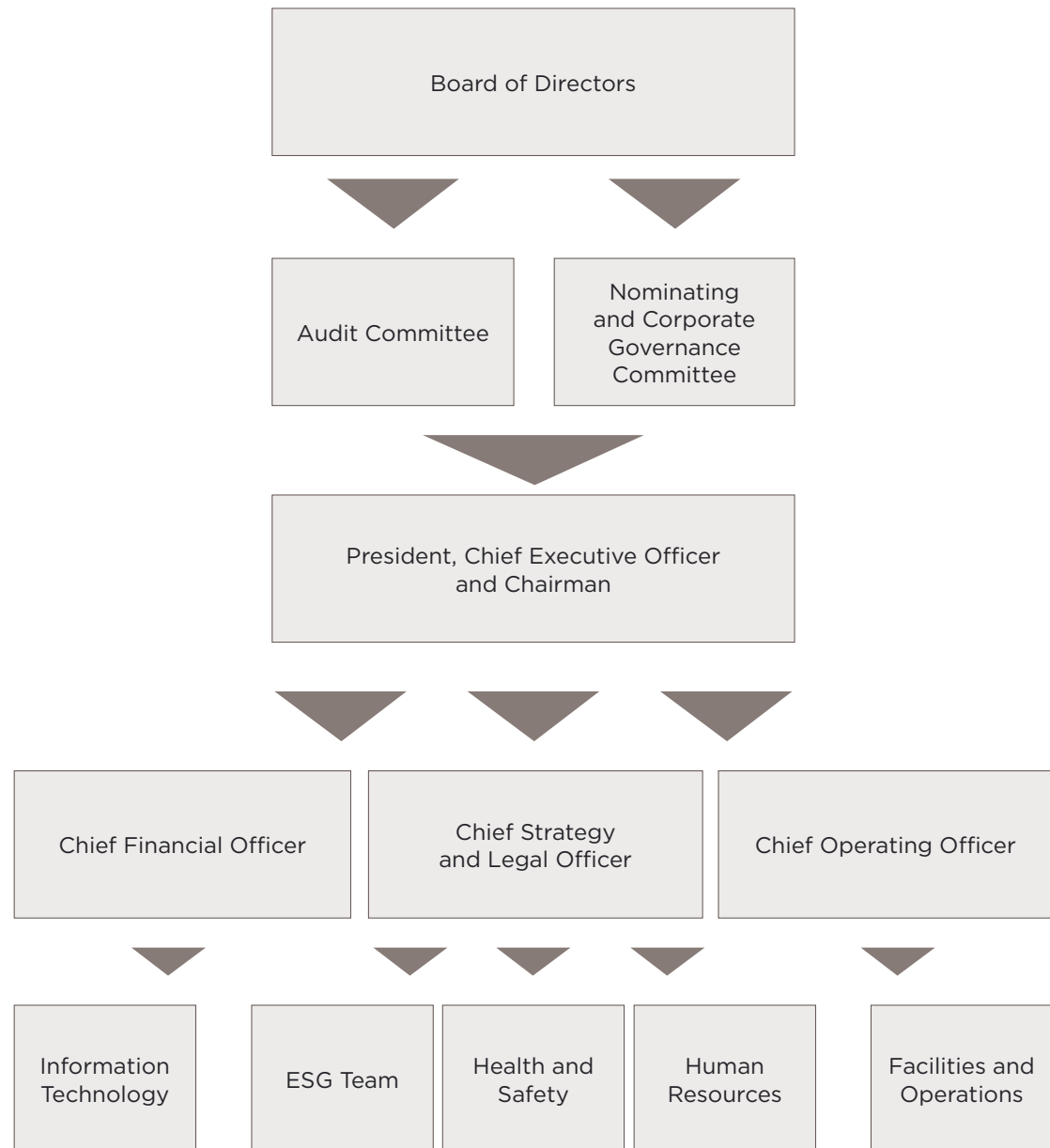


## ESG FRAMEWORK AND OVERSIGHT

We employ a holistic approach to addressing the Company's risks and opportunities by making sustainable choices that consider both the environmental and social elements of our communities. We believe this allows us to build sustainable, 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 support our mission with an unwavering commitment to transparency and accountability. Over the past year we continued formalizing Duckhorn's ESG review and reporting process, as well as our oversight structure to demonstrate the importance of these initiatives within our company. While ESG initiatives at Duckhorn demand buy-in from all departments, these efforts are predominantly led by the Executive Vice President, Chief Strategy and Legal Officer and the ESG Team. At Duckhorn and beyond, ESG continues to grow in relevance and reach. ESG responsibilities permeate all facets of our business, from supply chain to human resources. ESG work necessitates participation from all teams, evidenced by our first ESG workshop this summer, where a cross-section of employees from various departments met and discussed the Company's ESG initiatives and next steps. Our inaugural Responsibility and Sustainability Report was published last year to set the tone for our business and define how we plan to identify and assess relevant ESG risks and opportunities in the future. This year, we have expanded on the goals of our inaugural report plan by quantifying our impact on the industry, where possible, establishing baseline metrics and further discussing our current and future sustainable business practices.





### 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 and other external parties.

- **Internal Feedback:** We considered and incorporated feedback from each relevant department at Duckhorn to determine focus areas that have the greatest impact on our business.
- **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”). Our first performance data table that discloses this information can be found at the [back of this report](#).
- **Best Disclosure Practices:** We reviewed the best practices of our peers to assess how Duckhorn can best communicate our ESG priorities and progress and align with industry best practices.
- **External Perspectives:** We considered the priorities of current and prospective investors to ensure our perspective was attuned to the areas of importance to the market. We also incorporated perspectives from our suppliers and customers and feedback from the communities in which we operate.




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### 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 Stewardship
  - Responsible Packaging
  - Diversity, Equity and Inclusion
  - Human Capital Management
  - Health and Safety
  - Responsible Beverage Service Practices
  - Enterprise Risk Management and Strategic Execution
  - Data Privacy and Cybersecurity
-

# CHARTING OUR PROGRESS THROUGH FRAMEWORK ALIGNMENT

In our first report, we aligned 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. Our intention behind aligning with the UN SDGs in our inaugural year was to offer our stakeholders a framework to which they could frame Duckhorn's priorities and long-term goals.

We identified the following UN SDGs, which directly correlate to Duckhorn's contributions to a more sustainable world and will be used to align our current and future priorities:

## Supporting positive consumption habits and overall health



## Encouraging and supporting Diversity, Equity and Inclusion practices



## Protecting valuable and limited water resources through sustainable water management



## Taking strong climate action towards a low carbon future



## Ensuring our consumption and production patterns are sustainable by design



### Alignment

As we crafted our second Responsibility and Sustainability Report, we prioritized developing our ESG disclosure to be more robust in alignment with the best practices of public companies and additional ESG frameworks, in response to feedback from our internal and external stakeholders. Our FY22 report aligns with the TCFD framework. We have also disclosed metrics in the [appendix](#) of this report in line with the material metrics recommended by the SASB in the standards for Alcoholic Beverages and Agricultural Products.



"I am honored to be a part of the ESG team and to help draft this second Responsibility and Sustainability Report. Many of the disclosures in this year's report align with the TCFD framework, which we hope will allow us and our stakeholders to track our progress in our ESG initiatives in the coming years."

Sean Sullivan  
Executive Vice President, Chief Strategy and Legal Officer



*Patzimaro Vineyard  
St. Helena, CA*

*Photo by: Bob McClenahan Photography*



*Ridgeline Vineyard  
Geyserville, CA*

## ENVIRONMENTAL

Duckhorn is a 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 coordinated industry action to create sustainable standards and best practices to tackle climate change, we are responsive to shifting agricultural processes while maintaining the high quality of our products. We are dynamic in our responsiveness to environmental opportunities and always seek to find the optimal confluence of improved business efficiency and environmental preservation.

### IN THIS SECTION:

CLIMATE RISK MANAGEMENT AND TCFD REPORTING

ENERGY MANAGEMENT

CARBON REDUCTION INITIATIVES

WATER STEWARDSHIP

RESPONSIBLE PACKAGING AND WASTE

BIODIVERSITY AND LAND STEWARDSHIP

GROWER PARTNERS

## CLIMATE RISK MANAGEMENT AND TCFD REPORTING

In conjunction with our environmental and sustainability initiatives, we are building a framework to report GHG emissions and related climate impacts. The data collected for FY22 will guide our future disclosures regarding our emissions footprint and the related quantifiable financial impacts resulting from global warming.

### Governance

The wine industry has always been forward-thinking in how it considers climate-related risks and opportunities. Managing our climate risks and opportunities benefits our business and is an integral part of management's decision-making when it comes to climate protection. At Duckhorn, climate-related discussions are ongoing at every element of the business.

As a newly public company, we have formalized the oversight of our ESG initiatives to increase transparency, streamline management and enhance communication. Our climate-related initiatives are overseen by the Company's Board, often through direct engagement by the Nominating and Corporate Governance Committee. Guided by the Committee's charter, the Nominating and Corporate Governance Committee reviews strategies, activities and policies regarding ESG-related matters, including those related to climate change, and makes recommendations to the Board. Internal oversight led by the President, Chief Executive Officer and Chairman provides guidance with respect to the strategic priorities of the ESG initiatives on a monthly basis. At the management level, the Executive Vice President, Chief Strategy and Legal Officer is primarily responsible for the day-to-day strategy and execution of the Company's climate-related work. Our Executive Vice President, Chief Operating Officer ("COO") oversees the day-to-day management of our vineyards, wineries and production, making him keenly aware of how climate risks impact production directly and allowing him to fluently discuss climate risks with the broader management team. Within the Administrative Department, the ESG Team manages the execution of and supports Duckhorn's ESG priorities through future planning, working in coordination with, and seeking input from, internal and external stakeholders, including our investors.



"I am very pleased that our efforts in being good corporate citizens are highlighted. These efforts are a continuation of what we have practiced at The Duckhorn Portfolio for my 27 years here; just part of the way we do things. I am excited about our continual improvement of these efforts, and of us formally recognizing them!"

Pete Pryzbylinski  
*Executive Vice President, Chief Sales Officer*



*Kosta Browne Winery  
Sebastopol, CA*



### Board and Management Oversight of Climate Risks

At the Board and Committee level, the management team provides a cross-disciplinary climate-related briefing annually to the Board. During these updates, management presents to the Board on climate risk mitigation and its impact on business strategy. This allows our Board to be proactively informed of ESG risks and opportunities and to enhance optimal, innovative ways to manage climate risk. Our conversations with the Board on ESG topics afford us the unique opportunity to further connect sustainability as an important element of enhancing stockholder value while simultaneously driving sustainable financial results.

Our Nominating and Governance Committee serves as the primary vehicle of direct oversight for our climate-related initiatives at the director level, discussing updates presented by the Company's management and ESG Team and providing direction with respect to the mitigation of climate-related risks. This oversight is enhanced by the input of the Board collectively and individual directors, who regularly provide guidance regarding the Company's broader ESG initiatives, the optimal ways to achieve discrete goals and our communication strategy. The Audit Committee is a secondary vehicle of ESG oversight, managing the enterprise risks facing the Company, within which sustainability risks factor heavily. 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.

The ESG Team works interdepartmentally to facilitate the creation and maintenance of our sustainable initiatives and regularly partners with the operations side of the business to put in place strategies to decrease climate risk. For example, this year, the ESG Team partnered with production to implement water meters at various properties to track and monitor water usage across the properties. Looking to the future, we aim to increase opportunities for cross-collaboration to build climate resistance, which began with a Climate Change Consortium in November 2022, which brought together a key group of Duckhorn team members to explore the effects of climate change on our business.

Duckhorn management and the ESG Team ensure that employees are working in pursuit of our shared business goals and actively engaged in climate risk management in their respective areas of the business. We continue to refine our internal reporting structure by streamlining reporting of climate-related metrics and establishing formal lines for climate risk management.

Our production team has a meaningful and long-term role in our climate-related strategy. From managing weather dynamics to optimizing solar power, our production team is heavily impacted by climate-related risks and opportunities. At Duckhorn, the sustained dialogue between management and the production team leads to actionable strategies for climate-related risk management and sustainable growth in the long term. This continuous dialogue and active partnership between Duckhorn management and all facets of production have helped forge the execution of numerous climate-conscious projects, including the installment of drought-tolerant rootstock.

## RISK MANAGEMENT

### Climate Risk Assessment

We employ a holistic approach to addressing the Company's climate-related risks and opportunities. We place equal weight on our environmentally sustainable opportunities and our socially responsible ones. It is our view that being responsive to climate change and being socially conscious are not mutually exclusive. By making responsible and sustainable choices with respect to both environmental- and social-related matters, we can build positive, long-term value for our stockholders, employees and communities.

Our Board and its Committees are responsible for managing and mitigating Duckhorn's enterprise risks, including those related to climate change. The Board oversees Duckhorn's climate-related risk mitigation strategies and execution, led by the Company's management. Our COO is involved in the day-to-day management of our vineyards and wineries, making him acutely aware of how climate risks impact production directly and providing him the ability to fluently discuss climate challenges with the broader management team. In addition to specific discussions around climate issues between the COO and his production team, Duckhorn's weekly management meetings serve as a forum to discuss any business issues that touch climate matters. The ESG Team works directly with the COO and his respective team members to collaborate on ESG initiatives to advance our program in a manner consistent with the perspectives brought forth by both parties.



### Climate Risk Management

Throughout the climate risk management process, there is iterative dialogue between management and the production team regarding the climate impacts and associated mitigation strategies of specific winemaking activities, including the real-time discussion of how specific weather events impact harvest and yields. These discussions most recently led to our first Climate Change Consortium symposium, bringing forth an opportunity for all key internal stakeholders to gather and problem solve the Company's most pressing climate risks. We are focused on becoming more systematic and detailed in our processes and documentation with respect to climate risk management.

We are conscious that adverse events related to climate change are likely to become more prevalent over the next few years. Extreme temperature and precipitation events, as well as weather patterns with episodic droughts have increased our focus with respect to both drought and wildfire severity. While we have managed our water resources well despite episodic drought in California, we recognize the critical importance of water conservation in our grape cultivation.

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#### Three strategic advantages of Duckhorn's water management position:

1. Relative to many other crops, grapes require less irrigated water.
  2. Duckhorn has access to strong water entitlements in key areas; therefore, access to water resources, even in drought-like conditions, manages the risk of crop failure due to increasing temperatures.
  3. The majority of our Estate and grower vineyards exist in advantaged coastal regions, less directly impacted by low water tables and drying water basins.
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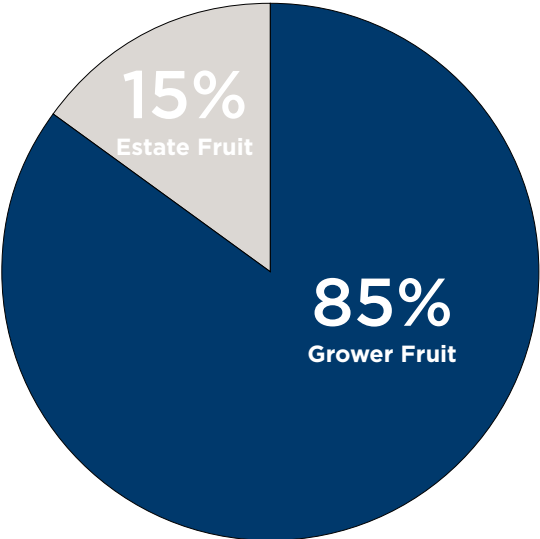


**Wildfire Risk Management**

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. Despite the clear threat that wildfire poses, vineyards are a firebreak in more fire events. Additionally, grapevines are incredibly resilient in the aftermath of fire, recovering quickly if not severely burned.<sup>2</sup>

**Grape Sourcing and Diversification**

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 have sold us grapes for decades. Our 33 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 by a localized adverse event. Not only does this diversified model naturally insulate adverse climate impacts, but our diversity in supply also offers immense runway and opportunity for wine supply going into the future, as we are not limited by Estate land. Both of these concepts strengthen our business’s resiliency, and we believe is important in achieving sustained strong financial performance.



Approximately 85% of our total production is sourced from third-party growers and, to a significantly lesser extent, the bulk wine market. Our ability to adjust the composition of a particular vintage among our grape and bulk wine sourcing supply channels allows us to tailor inputs based on varying market or seasonal factors.

<sup>2</sup> Thach, Liz (2018) : The amazing resilience of wine grape vineyards, Wine Economics and Policy, <https://doi.org/10.1016/j.wep.2018.04.002>



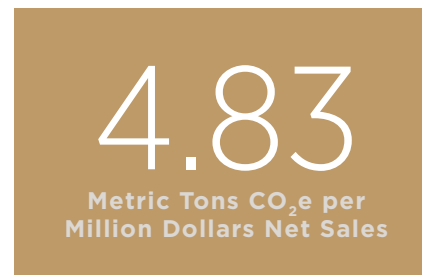
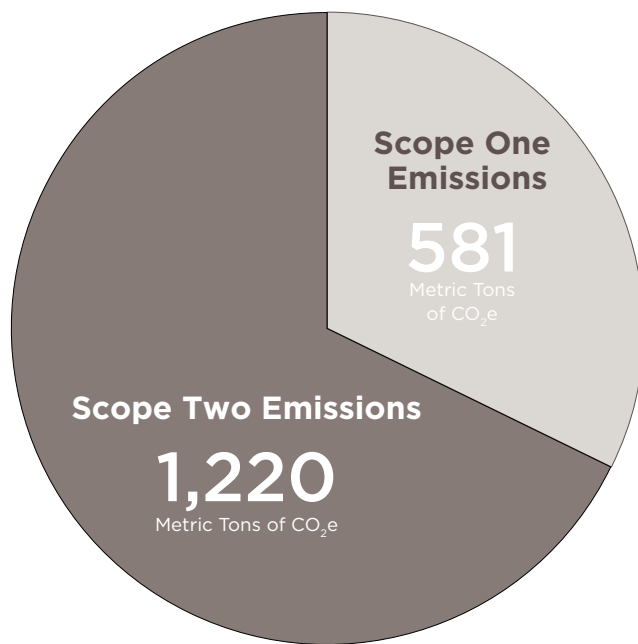
## SCOPE ONE AND TWO METRICS

### Taking the First Step

Calculating our Scope One and Scope Two emissions is an important step necessary to understand the impact our operations have on the environment. Additionally, in calculating our Scope One and Scope Two emissions, we are working to do our part to ensure much-needed global consistency in climate-related disclosure. It is our view that increased transparency with respect to ESG metrics, like Scope One and Two emissions, helps to offer our consumers, stockholders and employees the information needed to make informed decisions.

**Scope One emissions** include direct GHG emissions from our owned or controlled sources. This includes emissions from on-site energy like natural gas, fuel and refrigerants, combustion in owned or controlled boilers and furnaces, and emissions from fleet vehicles. Scope One emissions encompass process emissions that are released during industrial processes, and on-site manufacturing.

**Scope Two emissions** include indirect GHG greenhouse gas emissions from purchased or acquired energy, like electricity steam, heat or cooling, generated offsite and consumed by us. For example, electricity purchased from the utility company is generated offsite, so it is considered indirect emissions.



Scope One and Scope Two calculations were performed using the following assumptions and/or with the following limitations: all calculations include California operations only; CO<sub>2</sub>e = Carbon Dioxide Equivalent; total energy consumed excludes self-generated solar energy; gross Scope One emissions exclude fugitive emissions






## ENERGY MANAGEMENT

Energy management at Duckhorn is constantly improving through strategic, data-driven changes to our standard operating procedures. As a wine producer, we are always looking to increase energy efficiency and reduce resource consumption. Through internal assessments of our consumption and third-party audits, we can better understand areas of potential growth and advancement. Our Waterfowl facility undergoes an internal ISO audit conducted by Waterfowl personnel, as well as an external ISO audit conducted by a member of our accreditation company. While the audits themselves are not specific to energy use, the resulting information and best practices inform KPI targets for energy use. Processes and standard operating procedures are updated accordingly. Some of our current best practices and recent upgrades across our facilities include the following:

Energy Management Practices	Locations Practiced
Converting fluorescent lighting to LED lighting	Goldeneye Waterfowl Duckhorn Vineyards
Installing Photovoltaic Solar Systems	Migration Goldeneye Waterfowl - Planning Stage
Utilizing Variable Frequency Drives to reduce energy consumption of equipment such as pumps, conveyors and compressors	All properties
Insulating outdoor storage tanks	Duckhorn Vineyards Paraduxx Migration Waterfowl
Reducing energy use during cold stabilization through the use of in-tank mixers	Waterfowl
Upgrading process chilling equipment to increase efficiency and be more environmentally friendly	All properties
Utilizing night air cooling if atmospheric conditions allow	All properties

Our energy footprint is heavily impacted by the kind of energy we derive from the grid. We are pleased to say that of the total grid electricity used at our California wineries, vineyards and offices, 93% comes from GHG-free resources, including renewable, nuclear and large hydroelectric power.<sup>3</sup> This has a materially positive impact on the calculation of our Scope Two emissions, which we continue to strive to improve across our operating assets.

**93%**   
of grid electricity from  
GHG-free resources<sup>4</sup>

<sup>3</sup> [https://www.pge.com/en\\_US/about-pge/environment/what-we-are-doing/clean-energy-solutions/clean-energy-solutions.pageCal](https://www.pge.com/en_US/about-pge/environment/what-we-are-doing/clean-energy-solutions/clean-energy-solutions.pageCal)

<sup>4</sup> California operations only



*Goldeneye Winery  
Philo, CA*



**50%**

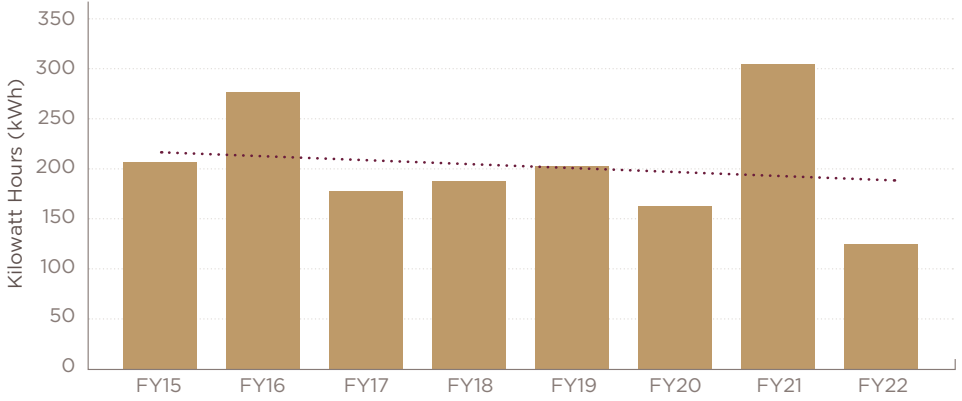
of all company winemaking is done at Waterfowl Winery, an ISO-9001:2015-certified facility

**Waterfowl Winery**

About 50% of our winemaking is conducted at our Waterfowl winery, our largest production facility, which is ISO 9001:2015-certified and also aligned to ISO 14001. Attaining ISO-certification and alignment requires a significant investment made by the company that standardizes management and data capturing systems. While Waterfowl is not yet fully ISO 14001 certified, aligning to these practices maps out a framework that a company can follow to set up an effective environmental management system. This helps us improve our environmental performance through efficient use of resources and reduction of waste. As we look to the future at Waterfowl, we continue to challenge ourselves to find ways to be more efficient, such as replacement of older tube lights in favor of LED lighting. Waterfowl is more than just a highly efficient and environmentally conscious production facility. Over FY22, the employee retention rate at Waterfowl was 99%, a testament to a management style that underlies the success in achieving the ISO certifications, especially in a period of high employee turnover in the broader economy.

**99%**

Waterfowl Winery employee retention rate



FY22 Energy use of  
**124kWh**  
per ton of grapes processed at Waterfowl Winery

FY22 energy use per ton of grapes processed at Waterfowl is equal to 124 kWh per ton. One notable difference between FY21 and FY22 is the increase in grape processing in FY22, 14,101 tons, versus FY21, 6,403 tons. Even so, the trend-line indicates a continued decrease in energy used per ton of grapes processed.



## CARBON REDUCTION INITIATIVES

### Fleet Electrification Progress - E-Mission Control

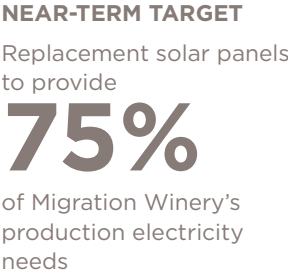
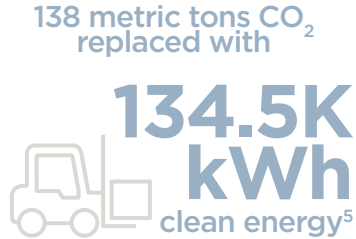
We are reducing our energy footprint by continuing the transition of our indoor, higher-emitting forklift fleet to electric vehicles. In addition to furthering our environmental goals, this often makes us eligible for carbon credits from e-Mission Control's Green Fleet Pioneer Program, a low carbon fuel standards program.

Since May 2021<sup>5</sup>, Duckhorn replaced 138 metric tons of CO<sub>2</sub> with 134,521 kWh of clean energy<sup>6</sup> through our partnership with E-Mission Control.<sup>7</sup> This effort reflects our commitment to supporting a zero-emission future and a focus on financially advantageous investments. We are excited to continue this progress in the coming years.

### Installation of Solar Panels - Migration Winery Replacement of Panels

This year, we completed a new 400 kW solar electric power installation at Migration, which replaced the winery's existing solar array. Using state-of-the-art, high-efficiency solar Photo Voltaic panels, the new system is projected by the manufacturer to produce 612,630 kWh annually when fully operational, providing approximately 75% of Migration Winery's main production electricity needs. By utilizing clean energy production at Migration, we are expected to offset around 434 metric tons of carbon annually, equivalent to removing the air pollution produced by a car driving a million miles.

The installation of this system represents another critical step in our commitment to sustainable winegrowing and winemaking. Being good environmental stewards and making financially sound choices are not mutually exclusive—in fact, they often go hand-in-hand. It will also reduce strain on our local power grid, which in turn, will help our community.



<sup>5</sup> This Responsibility and Sustainability Report is based on FY22 (August 1, 2021 - July 31, 2022) performance, however, some data was collected outside of the fiscal year.

<sup>6</sup> Clean Energy comes from renewable, zero-emission sources that do not pollute the atmosphere when used.

<sup>7</sup> E-Mission Control provided this statistic in May 2022.

### Carbon Offset Pilot Program

Duckhorn has partnered with “Watering the West,”<sup>8</sup> a carbon offset project for the restoration of Klamath National Forest, in connection with Kosta Browne’s new Burgundy Series offering.

The Kosta Browne Burgundy Series is a new offering for The Duckhorn Portfolio and required transportation of wines aged in our cellar in the Burgundy region of France to our Kosta Browne cellar in Sebastopol, California for the finishing and bottling of the wines. This carbon offset endeavor for Kosta Browne is particularly unique because a transcontinental luxury program of this nature has not been achieved at this scale and in this manner. Furthermore, the Burgundy Series wines were crafted under the bi-celled approach, meaning the wines are curated in two cellars, one in France and one in California. Given our focus on land stewardship and sustainable development, we elected to offset the carbon emissions resulting from the shipping and transportation of these wines from France to California as a pilot project for carbon offsets. In our inaugural 2021 Responsibility and Sustainability Report, we noted that nearly half of all carbon emissions in the wine industry are associated with shipping and packaging.<sup>9</sup> For this reason, among many others, we committed to target offsetting the carbon emissions associated with our first transcontinental wine shipment.

Our freight forwarding partner, Hillebrand, calculated the total greenhouse gas emissions, expressed as CO<sub>2</sub> equivalents, for all shipments<sup>10</sup>. This calculation includes emissions related to the extraction, production delivery and fuel usage related to the shipment.<sup>11</sup> Our offset project is third-party verified by two recognized U.S. organizations: the American Carbon Registry and the California Air Resources Board. We were very pleased with this inaugural carbon offset program and note the lessons learned from this program may be more broadly applied to other business operations in future years.

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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. We continue to maintain this certification.

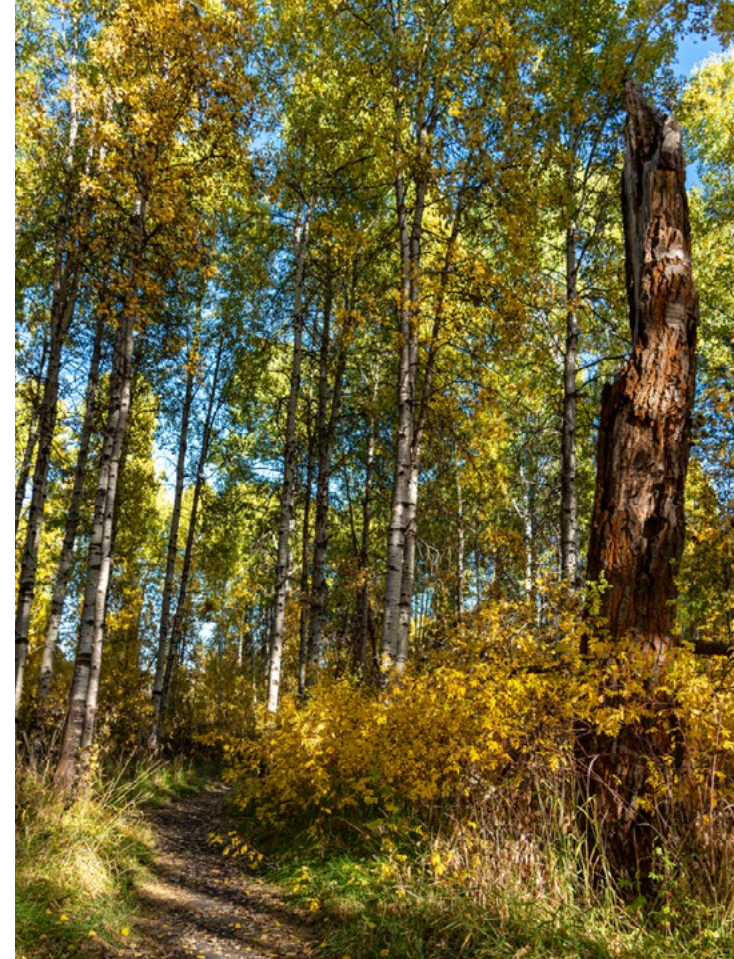
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<sup>8</sup> <https://www.cooleffect.org/project/watering-the-west>

<sup>9</sup> California Sustainable Winegrowing Alliance, Assessment on California Wine’s Carbon Footprint

<sup>10</sup> CO<sub>2</sub> equivalents are a metric measurement used to compare the emissions caused by various greenhouse gases on the basis of their global warming potential. CO<sub>2</sub> equivalents are calculated by converting the amounts of other gases to the amount of carbon dioxide with the same global warming potential.

<sup>11</sup> This calculation is performed according to EN 16258 using the Clean Cargo Working Group methodology for ocean legs.



### Klamath National Forest and Carbon Offsets

Our farming operations may be impacted by the changing climate and the local impacts of fire and erosion. Ensuring that the Klamath National Forest remains intact and responsibly managed is an important investment in maintaining global carbon stocks, while also protecting our future water basin levels. Appropriate forestry management will diminish the probability of fire and protect the West Coast watershed in the long term. While the impact of carbon emissions is global, this project also protects one of our most beautiful West Coast old growth forest ecosystems.

## WATER STEWARDSHIP

Winemaking and viticulture generally requires less water than the production of many other crops, including almonds or rice. According to a report published by UNESCO-IHE Institute for Water Education, the global water footprint of almonds is approximately 9.25 times that of wine grapes<sup>12</sup>. Even so, we recognize that water remains a vital component of the winemaking process, and our evolving methods reflect this recognition, especially as California experiences episodic drought conditions. Water stewardship is paramount to achieving longevity in the agricultural space, and requires attention not only in the vineyards, but also in our production facilities, tasting rooms and corporate offices. Given the nature of our agriculture business, there is a direct relationship between smart water use and better business results; we understand that in making strategic decisions about conserving and optimizing water use, we are simultaneously increasing long-term stockholder value by decreasing the risks associated with water scarcity.



<sup>12</sup> Mekonnen, M.M. and Hoekstra, A.Y. (2010) The green, blue and grey water footprint of crops and derived crop products, Value of Water Research Report Series No. 47, UNESCO-IHE, Delft, the Netherlands.

## WATER STEWARDSHIP OVERSIGHT



\* Responsible for overall water management strategy and performance

† Responsible for water management tactics and implementation

‡ Responsible for overall water management execution and tracking

### Water Reduction Practices

In January 2022, we began more formalized implementation of water monitoring at our wineries and facilities. Through the installation and monitoring of water meters, we have made note of the meters over the latter half of FY22, and identified opportunities to maximize efficiency. Accordingly, our catalogue of baseline water consumption is still being calculated as we formalize our processes and protocols with respect to measurement. Our continued focus on water monitoring allows us to determine the data we have, understand any gaps in our analyses and review our consumption levels to develop a roadmap for setting and achieving consumption targets. Tools, such as the California Sustainable Winegrowing Alliance’s (“CSWA”) water monitoring template<sup>13</sup> will help us set future goals for water utilization. Our vineyards utilize drip irrigation to deliver water more precisely to vine roots and we regularly monitor weather to inform irrigation timing and quantity. This type of irrigation also reduces water loss resulting from evaporation that is typical of overhead watering. We also reduce water used for frost abatement by switching from low-efficiency sprinklers to frost fans. Finally, as a technique to reduce water usage on hot days, we plan to install water misters in some locations.

### Selected Current Water Reduction Practices

### Locations Practiced

Reusing the base source of the cleaning chemicals and cycling them to next wash or sanitization process	All Wineries & Facilities (where applicable)
Capturing rinse waters as part of the next load of cleaning chemicals	
Recycling hose rinsing water	
Replacing boilers and other aging equipment with water efficient assets	
Using high-pressure flow nozzles (note that high pressure means low flow)	
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, which measures the vine’s need for water before irrigating, offering precision irrigation by demand	Estate Vineyards
Leverage aerial imaging to improve irrigation efficiency	



<sup>13</sup> <https://www.sustainablewinegrowing.org/economic-tools.php>



## Understanding Water Stress

Understanding what is taking place beneath the surface of the ground in our vineyards is key to understanding water intensity and stress of the vines. This geologic deep dive is instrumental in discovering our most at-risk areas for future climactic events such as drought and wildfire. This year, we conducted an inaugural water risk assessment of current operations, including production facilities, Estate vineyards and grower vineyards. For this assessment, and assessments moving forward, we used and will continue to use the WRI Aqueduct Tool, a data platform used widely by companies to understand and respond to water risks, to determine areas that may be considered “water stressed.” The data extracted from this baseline assessment informs our vineyard team of areas where our operations may face greater risk in the near- and long-term, and aids in future Estate and vineyard acquisition planning. As a climate-conscious business, we are always looking for ways to expand operations in a manner consistent with the changing climate to minimize future risk.

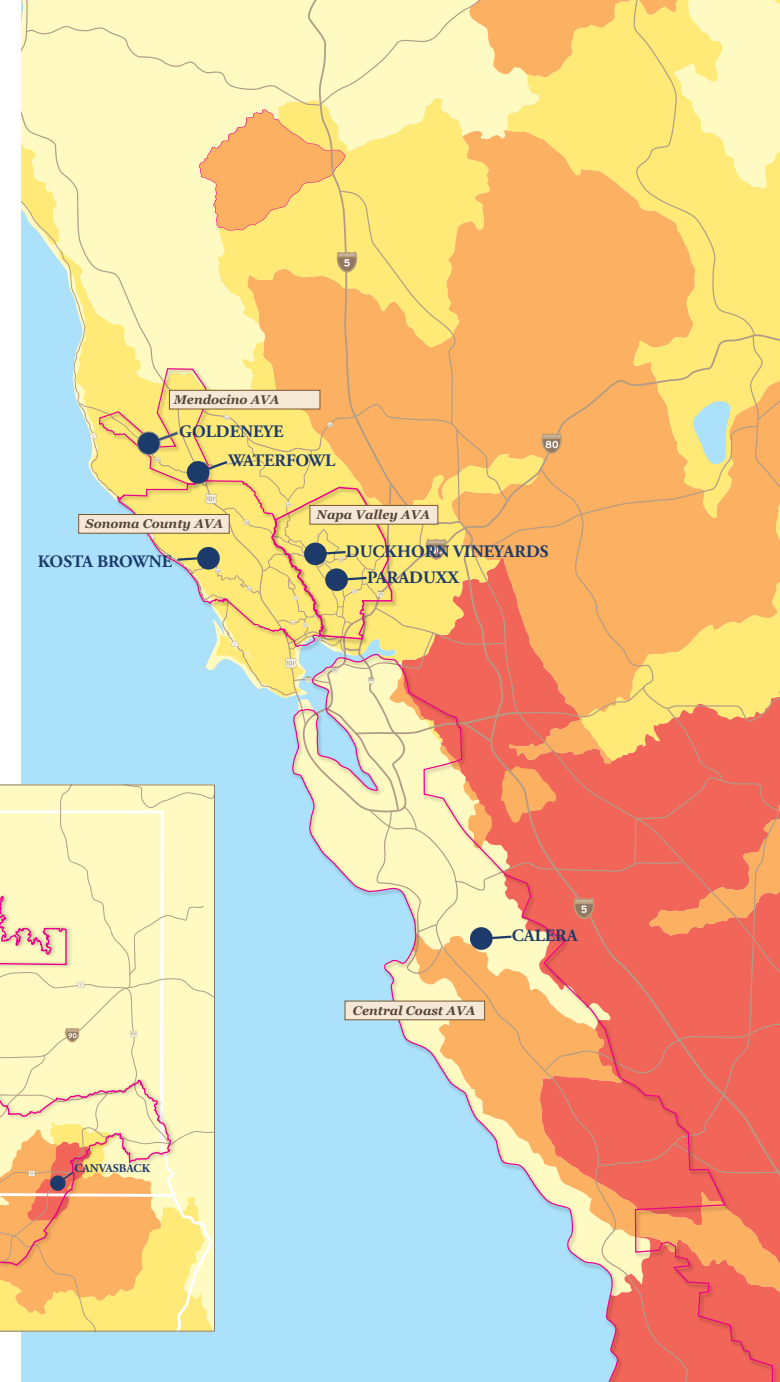
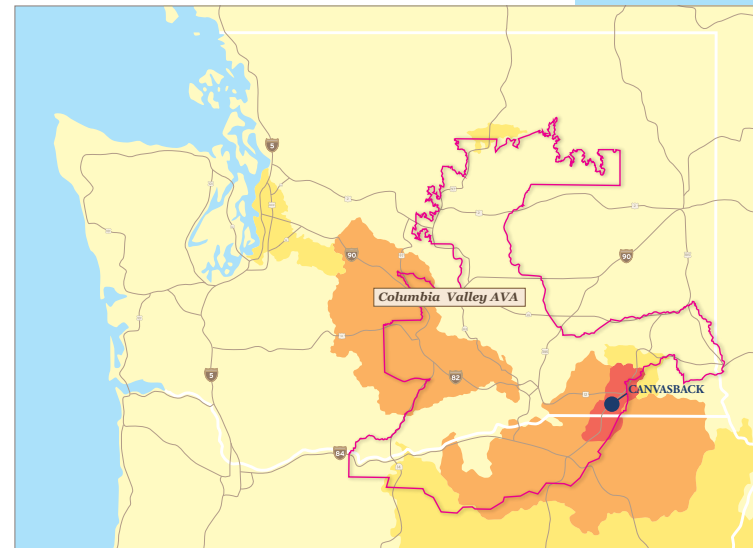
The baseline water stress assessment concluded that of our 33 Estate vineyards, only 6% exist in regions of high or extremely high water stress. We were impressed with these results, which align with our strategic land acquisition practices. Additionally, despite the already water-conscious nature of growing grapes, we understand our reliance on water throughout the production process to curate a finished bottle of wine. Only one of our tasting rooms exists in a location deemed high or extremely high water stress.

Only  
**6%**

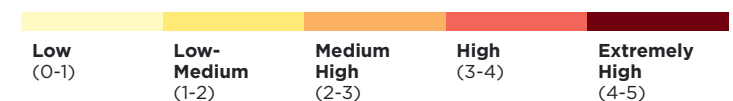
of Estate vineyards are located in regions of high to extremely high baseline water stress.

The water used in The Duckhorn Portfolio’s vineyards and wineries is site-specific in origin and is available to us from a number of different sources, property rights and entitlements. We are thoughtful about how we source our water and seek to do so in a manner that is sustainable in the long-term. Material sources of water for our business include:

- Surface Water – River/Creek/Dam
- On-site Groundwater Bore/Well
- Municipal/Mains
- Irrigation Channel/Bore/Pipe
- Incoming water from recycled Source
- Stormwater



### Baseline Water Risk



## RESPONSIBLE PACKAGING AND WASTE

In our inaugural Responsibility and Sustainability Report, we identified packaging and transportation as one area of focus for potential for improvement when it comes to reducing our emissions. We strive to decrease our footprint by increasing the lifespan of packaging used in shipping while simultaneously meeting the aesthetic and physical delivery standards our customers expect of luxury wine delivered to their homes. Our approaches to solving these challenges, as outlined in detail below, generally focus on thinking in new ways about how we can delight our customers, safely and compliantly deliver our luxury wines and achieve a greater level of sustainability.

### Sustainable Product and Circularity

We seek to reduce our landfill footprint by minimizing our use of climate negative packaging and ensuring that, whenever possible, our materials can be repurposed or returned to the earth. An analysis of the lifecycle of our packaging proved extremely encouraging—we audited the packaging we used in Wholesale and Direct to Consumer distribution, and concluded that 100% of the cork, paper and cardboard are made from renewable materials.<sup>14</sup> Much of the glass used to form our bottles is made from post consumer recycled glass, after which the bottles can be recycled again closing the supply chain loop. Then, when the shipment is delivered, 100% of our glass, paper, tin, cardboard, ice pack and padding can be recycled or composted. We imagine a future where products used in the packaging and ultimate delivery of our wines can be repurposed or recycled to decrease our environmental footprint, working towards a more circular supply chain, such that materials can be returned to the earth with a net neutral effect.

### Glass Bottles

We work to 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. In FY22, we executed a new contract with a glass supplier based in Mexico. This agreement furthers our progress toward our goal of sourcing 100% of glass from North America, thus decreasing emissions caused by transporting the supplied glass bottles to our facilities and helping to ensure a more reliable supply chain.<sup>15</sup> Similarly, approximately two years ago, we moved our Vineyard Designate Pinot Noir bottle molds across all brands to a lighter-weight mold.<sup>16</sup> As a continuation of this process, in the near-term, we have a target of light weighting 49% of our bottle molds.<sup>17</sup>

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It is crucial that the inputs used in the production and shipping of wine are chosen with care, paying attention to the nature of the product being transported. These materials must support a fragile, yet heavy, perishable good that is sensitive to temperature fluctuations.

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### NEAR-TERM TARGET

Light-weighting

**49%**

of our bottle molds<sup>17</sup>

<sup>14</sup> Renewable materials are defined as resources that can be naturally replaced through natural or ecological cycles.

<sup>15</sup> Note, a few odd size (3L, 375ml, etc.) glass molds may be sourced from France or China if we are unable to obtain it from our North American suppliers; they account for a very small percentage of our overall production.

<sup>16</sup> The previous mold was 919 g (+/-35g) per bottle. The new lightweight mold is 705g (+/- 25g) per bottle.

<sup>17</sup> Target based on the current 12-month forecast.



### DTC Packaging

In our inaugural report, we discussed the change in materials used to cool our DTC wine shipments in the summer months, switching to BioFoam, an environmentally friendly alternative to Styrofoam. In 2021, we started transitioning our 6- and 12-bottle packages to a curbside recyclable insulated material alternative.<sup>18</sup> We continue to use Enviro Ice, an environmentally friendly nitrogen-based liquid gel that can replace silica-based gel packs, to keep wine bottles cool during transit in warmer months. Enviro Ice packs can be refrozen or cut open and used to nourish plants because they are Nitrogen-based fertilizers. This packaging supports our purpose of having a responsible packaging and waste cycle that keeps our supply chain, and its many dynamic pieces, as circular as possible—returning our inputs to the earth with a near net zero impact, whenever possible. We are continuously evaluating new environmentally friendly shipping materials as they come to market. Additionally, we recently began consolidating shipments across winery brands to minimize excessive and inefficient use of packaging; this switch is both environmentally conscious and consumer-friendly as this reduces the number of packages the customer receives. We also take great pride in delivering our product in a manner consistent with the luxury wine itself, which is why we take into account not only the sustainability of the packaging, but the presentation and consumer experience as well.

### Waste Management

We employ waste management strategies at all of our facilities that attempt to reduce the impact we have on landfills. Our offices recycle and use reusable materials whenever possible. A significant portion of our waste is derived through the winemaking process; to mitigate suboptimal management of this organic waste, we continue to employ 100% composting of our green waste, which includes grape skins, pulp and seeds. On an annual basis, we generate between 100-200 tons of compost, which generates the organic material of pomace, later to be used as cattle feed or recycled in vineyards as mulch. In the near term, we expect to begin a more fulsome administrative composting program for our non-production sites, which will involve collecting and disposing of organic waste produced in day-to-day activities.



<sup>18</sup> Testing has shown BioFoam biodegrades over 90% over a four-year period, as opposed to Styrofoam, at 5.75% degradation over the same period.

## BIODIVERSITY AND LAND STEWARDSHIP

### Sustainability in the Vineyard

Maintaining the health of our vineyards and promoting the longevity and quality of the vines 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 the objective of making pristine luxury wine and leaving fertile land behind for future generations. Operating with this philosophy, we work synergistically with the climate, our trusted partners and annual weather variations to produce the highest quality luxury wine that speaks with a sense of place.

Viticulture is impacted by climate change and increased incidence of natural disasters. While we cannot control the weather, we continue to implement innovative, adaptable practices to mitigate its adverse impacts. These include:

- Implementing drought-tolerant rootstocks and grape varieties more conducive to our warmer climate.
- Furthering our robust R&D program to remain at the cutting edge of climate-related agricultural development through regenerative farming trials and replenishing soil microbiota.
- Utilizing the practices set forth by the permaculture framework, an integrated approach to designing agroecological systems that support a fully sustainable system.
- Utilizing cover-cropping to support nutrient-dense soil regeneration.
- Using deficit irrigation and managing water usage through increased data points.
- Altering vineyard row direction when redeveloping vineyards to account for heat differential and maximize shading.
- Using our inaugural [Climate Change Consortium](#) in FY23 to bring together key players at Duckhorn to explore the effects of climate change on our business and to create action plans to address risks and opportunities.



### Smartwood Forest: A Case Study

Because agriculture is at the core of our business, we are highly focused on land use. The journey from grape to bottle begins in our vineyards. No two vineyards are the same; each imparts its own set of qualities that contribute to the uniqueness of wines created therefrom. One particularly special vineyard is *The Narrows Vineyard*, which supplies fruit for our Goldeneye winery brand. Nestled in a narrow ridgetop at the northernmost tip of the Anderson Valley, *The Narrows Vineyard* is a historic mountain ranch planted with mature Pinot Noir vines. A mere 10 miles from the rugged Mendocino Coast, our lower-yielding hillside vineyard is affected by strong marine influences that produce summer fog and cool daytime temperatures. With about 50 acres of planted vineyard, the property is over 200 acres in size, the unplanted acres being lush forestland. That forest is certified Forest Stewardship Council (“FSC”) Smartwood Forest, meaning it stands up to the rigorous forest management standards set forth by the FSC, whose membership and governance are diverse and dynamic. This forest at *The Narrows Vineyard* lives up to the ten principles and 57 criteria adopted by the FSC for certified forests worldwide.<sup>19</sup>

When enjoying a bottle of Goldeneye Anderson Valley Pinot Noir *The Narrows Vineyard*, you can be certain that you are drinking wine made from grapes surrounded by stunning and responsibly managed forestland. Located in the cold “deep end” of the Anderson Valley, The Narrows has yielded a unique and evocative Pinot Noir with aromas of blackberry, ripe plum, forest floor, anise and cherry cola. On the palate, this rich and supple wine strikes an ideal balance between fresh fruit and savory spice, revealing juicy flavors of red and black cherry and layers of wild mushrooms, black tea, allspice and blackberry. Not only does the FSC certification program ensure forests are managed responsibly, it also works to protect rare, old growth, high conservation value forests, prohibit deforestation, restrict use of highly hazardous chemicals, protect water quality, protect indigenous peoples’ rights, limit clearcut size to protect forest ecology and protect endangered species.<sup>20</sup>

<sup>19</sup> <https://us.fsc.org/en-us/what-we-do/mission-and-vision>

<sup>20</sup> <https://us.fsc.org/en-us>





## Our Certified Vineyards

We show tangible evidence of our land stewardship and biodiversity focus when we earn certifications and involve our wineries and vineyards in programs that recognize leaders in those areas. For example, all of our North Coast vineyards remain certified by the Fish Friendly Farming® (“FFF”) program. The FFF program promotes efficient and cost-effective Beneficial Management Practices that help restore natural fish and wildlife habitats. The certification process is rigorous and requires end-to-end involvement from the winery and the FFF representatives, as well as a final sign-off by a NOAA representative. The FFF certification requires routine maintenance and checks, which require proof that relevant action items – assigned at the initial walk through – have been addressed. Action items can include things like planting willows along riverbanks, installing rock dissipaters at outlets or planting filter strips on hillside vineyards. At the core of the FFF certification is the goal to prevent any sediment or chemicals from entering nearby watersheds, protecting fish populations, fauna as well as insect populations like bees. 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.



As we expand our production and vineyard capabilities, we always look to find ways to make our systems more efficient for our teams and less impactful on our environment. Late this year, the newest vineyard for our Postmark winery brand passed the Sustainability in Practice (“SIP”) certification process.<sup>21</sup> The SIP certification takes into consideration “The 3 P’s: People, Planet, and Prosperity.” The certification relies on these three principles to guide a science-backed, transparent and rigorous sustainability review of wineries, vineyards and wines, looking holistically at environmental, social and business management practices. We believe whole-heartedly in the values set forth by the SIP program and believe in maximizing opportunities to carry over best practices to other properties whenever possible.

## Vineyard Certifications

	<b>Napa Valley</b>	<b>Sonoma County</b>	<b>Anderson Valley</b>
	Cork Tree Vineyard	Brownell Vineyard	Cerise Vineyard*
	El Veredicto Vineyard	Keefer Vineyard*	Confluence Vineyard
	Marlee’s Vineyard	Ridgeline Vineyard	Gowan Creek Vineyard
	Monitor Ledge Vineyard	Running Creek Vineyard	The Narrows Vineyard
	Patzimaro Vineyard		
	Rector Creek Vineyard		
	Stout Vineyard		
	Three Palms Vineyard		
	Wolfe Vineyard		
		<b>San Benito County</b>	
Jensen Vineyard			
Selleck Vineyard			
Ryan vineyard			
Mills Vineyard			
deVilliers Vineyard			
	<b>Paso Robles</b>		
	Postmark Vineyard		
	<b>Sonoma County</b>		
	Gap’s Crown Vineyard		

\*Finalization of Fish Friendly Farming certification in progress

21 <https://www.sipcertified.org/>

## GROWER PARTNERS

Our Estate vineyards produce on average more than 10% of the grapes required to meet our aggregate production needs<sup>22</sup>, and the remainder of our total production is sourced from third-party growers and, to a much lesser extent, the bulk wine market. Our confidence in the quality of our grapes comes from longstanding relationships with our growers. They have established themselves as responsible agricultural producers, making them reliable and trustworthy partners in producing our luxury wines. In a thorough review conducted this year, we proudly showcase that our suppliers had zero major or minor non-conformances with social and environmental audit standards and/or with their internally developed codes of conduct. Accordingly, they also had zero corrective actions associated with major or minor non-conformances.

The oversight structure in place to manage 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 overcropping and excessive irrigation, while also setting expectations for incorporating the best practices used at our Estate vineyards.

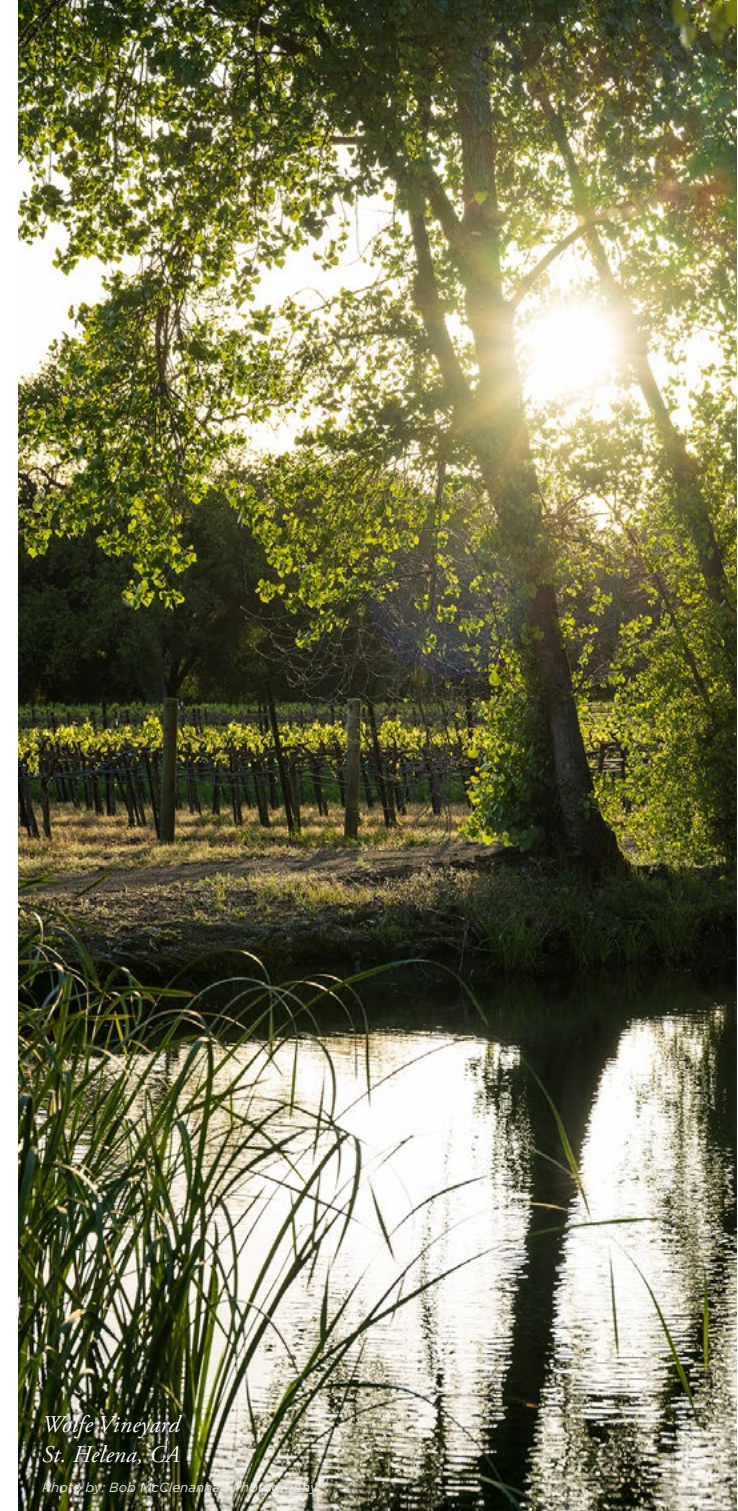
A fundamental component of biodiversity and land management involves the engagement of our grower partners to adhere, as closely as possible, to our own environmental standards,

certifying with third-party, independently verified sustainability certifications whenever possible. This year, we chartered an audit of our third-party growers, working to better understand the certifications already in place, and where there may be opportunities to align. We plan to finalize this audit in the upcoming year, giving us a baseline dataset from which we can build a more robust environmental integration plan. We believe that continuing our work to further the environmental certifications held beyond our owned and leased vineyards will foster even stronger relationships between our growers and provide confidence and assurance for our consumers that they are receiving the best possible product.

Our work to establish a diversified and dynamic supply chain that is resilient to future climate scenarios will best position us to tackle extreme changes in the future. Similar to the process we undertook to understand our vulnerabilities for our Estate vineyards, we also conducted an internal analysis of our more than 300 grower partner vineyards to better understand areas of potential risk or gaps in our supply chain. This analysis revealed that only 25% of our grape grower vineyards exist in regions with high or extremely high baseline water stress.<sup>23</sup> While we are confident in the work we do to ensure longevity in our supply chain, we will continue to assess the exposure our grower partners to baseline water risk as the climate continues to change.

Only  
**25%**  
of our grower partners Farm in  
regions of high or extremely high  
baseline water stress

<sup>22</sup> Average based on collected data from 2015 to 2021  
<sup>23</sup> According to WRI Aqueduct Tool



Wolfe Vineyard  
St. Helena, CA  
Photo by: Bob McCannan



Paraduxx Winery  
Yountville, CA

Photo by: Bob McClenahan Photography

## SOCIAL

The passion and diversity of our talented employee population are integral to our success as a luxury wine company. We work to cultivate an environment where all employees are treated fairly and with dignity, and where each team member can participate in a rewarding, challenging and productive career. Our company culture and dedication to the deeply held values we have established as part of our “flock” mentality have been unwavering since our founding, with Dan and Margaret Duckhorn setting the stage for an employee-centric business in 1976. As the pinnacle element of our story, our culture has remained a consistent through line of progress, in part because we’ve been led by just two CEOs in 45 years. We believe our unique company culture is a key competitive advantage and a strong contributor to our success.

### IN THIS SECTION:

HUMAN CAPITAL MANAGEMENT

PROFESSIONAL DEVELOPMENT

DIVERSITY, EQUITY AND INCLUSION

HUMAN RIGHTS AND LABOR PRACTICES

HEALTH AND SAFETY

PROMOTING RESPONSIBLE ENJOYMENT

CONTRIBUTING TO OUR COMMUNITIES

QUALITY MANAGEMENT

## OUR PEOPLE

Our workforce is comprised of dedicated, passionate employees who bring insights and knowledge to Duckhorn through a wide variety of professional experiences and backgrounds. At the end of FY22, we had 434 full-time employees, 23 part-time employees and 61 seasonal employees. Our company has evolved as we have grown, but its culture has remained rooted in the shared values central to the vision of our founders, who focused on respect, hard work, collaboration, innovation and a commitment to our mission.

## HUMAN CAPITAL MANAGEMENT

We are dedicated to building and maintaining a corporate workforce founded on a culture of equality, respect and integrity. Our people are the core of our company and are a part of every aspect of our business. As a small company, we rarely work in silos – in fact, we do our best work when we collaborate. All our teams, headed by five Executive Vice Presidents, specialize in work necessary to the success of our business, from viticulture to digital marketing, and from accounts payable to regulatory compliance. We prize working together to achieve our best results and maintain collegiality through it all, as it is essential that all employees, no matter their department, tenure or status are treated with respect and professionalism.

### Employee Wellbeing

Our comprehensive benefit plans, recognition programs and employee support systems seek to position all our employees for success in their careers and fulfillment in healthy and balanced lives.

### Benefits



Optimal human capital management requires an understanding of employee motivation, opportunity attainment and challenge mitigation. We believe that health care is one of the most important components of our benefits package, and we are cognizant of the rising health care costs in the United States. One way Duckhorn works to alleviate this and other financial pressures experienced by our employees is through our tiered benefits plan. Under this approach, the Company pays a higher percentage of the cost of health care and certain other benefits for employees with lower base salaries so that high quality benefits are affordable. Not only do we believe that offering tiered benefits is the right thing to do, but we also recognize that in subsidizing part of the cost of health care for our lower-income employees, we enhance retention and productivity.



We are proud to invest for the future of all part-time and full-time employees through our innovatively-structured 401(k) plan. Building upon a foundation of care for our fellow employees, Duckhorn contributes an amount equal to 10% of an employee's compensation as a tax-deferred employer contribution to their 401(k) account, irrespective of whether the employee contributes to their retirement savings. We believe this contribution by the Company is an attractive benefit to prospective employees and increases retention of current employees. This is one of the reasons we believe we are an employer of choice in the markets in which we conduct business, and it furthers our commitment to our employees in all seasons of their lives.



### Leading by example and rising through the ranks

Last year we profiled Alex Ryan, our President, Chief Executive Officer and Chairman, highlighting his nearly 40-year tenure, a perfect embodiment of Duckhorn values. This year, we wanted to take the opportunity to highlight Zach Rasmuson, our Executive Vice President, Chief Operating Officer (“COO”) and an employee for over 19 years. Zach has served as our COO since 2012, after serving as the winemaker and general manager for Goldeneye since joining the Company in 2003. Zach's story is one of deep passion and genuine commitment, as the care he has maintained for our employees and the planet has been unwavering since his start at the company. Zach's story is an excellent archetype of the investments Duckhorn continues to make in its employees. Through the support of the company and its leadership, Zach was able to develop and strengthen his innate talents and skills so that he could rise through the ranks. He continues to be an exemplary leader to all employees and a creator of climate-resilient solutions within Duckhorn.



**Our suite of benefits for participating employees includes the following:**

**Physical and Mental Health**

- Medical, Dental and Vision Coverage
- Calm App Premium subscription
- Flexible Spending Accounts
- Health Savings Accounts
- Short- and Long-Term Disability
- Hospital & Accidental Voluntary Insurance



**Financial**

- Participation in the cash-based annual bonus program
- Supplemental Voluntary Life Insurance
- 10% Employer 401(k) contribution
- Discounted stock sold under an Employee Stock Purchase Plan (“ESPP”)



**Personal and Family Wellbeing**

- Employee Assistance Program (“EAP”)
- Paid parental leave
- Paid Time Off, minimum of 20 days per year
- Dependent Care Flexible Spending Account
- Volunteer Time Off (“VTO”)



**Additional support**

- Tuition reimbursement (\$3,500/FY)
- Commuter benefits program (\$3 per day for employees who carpool to work)



**Extra Perks!**

- Annual footwear reimbursement
- Employee wine allotments twice per year and discounts at all times
- Merchandise discounts



**Employee Support**



Our Human Resources team is dedicated to addressing the changing needs of our employees. In response to the COVID-19 pandemic, we expanded our health benefits by establishing an Employee Assistance Program (“EAP”) to support the mental health needs of our employees. Even as the COVID-19 pandemic has become a less acute medical and societal event, Duckhorn understands the value of maintaining and enhancing many of the accommodating programs we have initiated for our employees to continue to support mental and physical health. We realized that it was imperative that we address the changing nature of the workplace to help shape it in a manner consistent with the expectations of our colleagues in the future. For example, the EAP benefit available to all Duckhorn employees and their families, including those not eligible for most medical benefits, is 100% employer-sponsored and offers a wide range of free support services and resources to achieve optimal mental wellbeing. Some of the resources provided by the EAP include crisis counseling, crisis consultation, dependent care and daily living resources, legal consultation, financial consultation as well as general healthy living resources.

In early 2022, Duckhorn established guidelines for a post-pandemic working environment. By the nature of their work, many Duckhorn employees are at their posts every day in the wineries, vineyards, tasting rooms and in the market with our customers. In selected positions, we introduced a hybrid employee classification to enhance flexibility, productivity, and mental wellbeing and ensure competitiveness in the labor market. These employees work in the office a set number of days per week and remotely on other days. Collaboration on days when hybrid employees are in the office is coordinated around meetings, team building and other work requirements. In doing so, we are maximizing the time we have in person together and are able to experience the more intangible benefits afforded by working in the office with our teams.



To further support our employee’s mental wellbeing, we provide premium subscriptions to wellness applications like the Calm App.

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

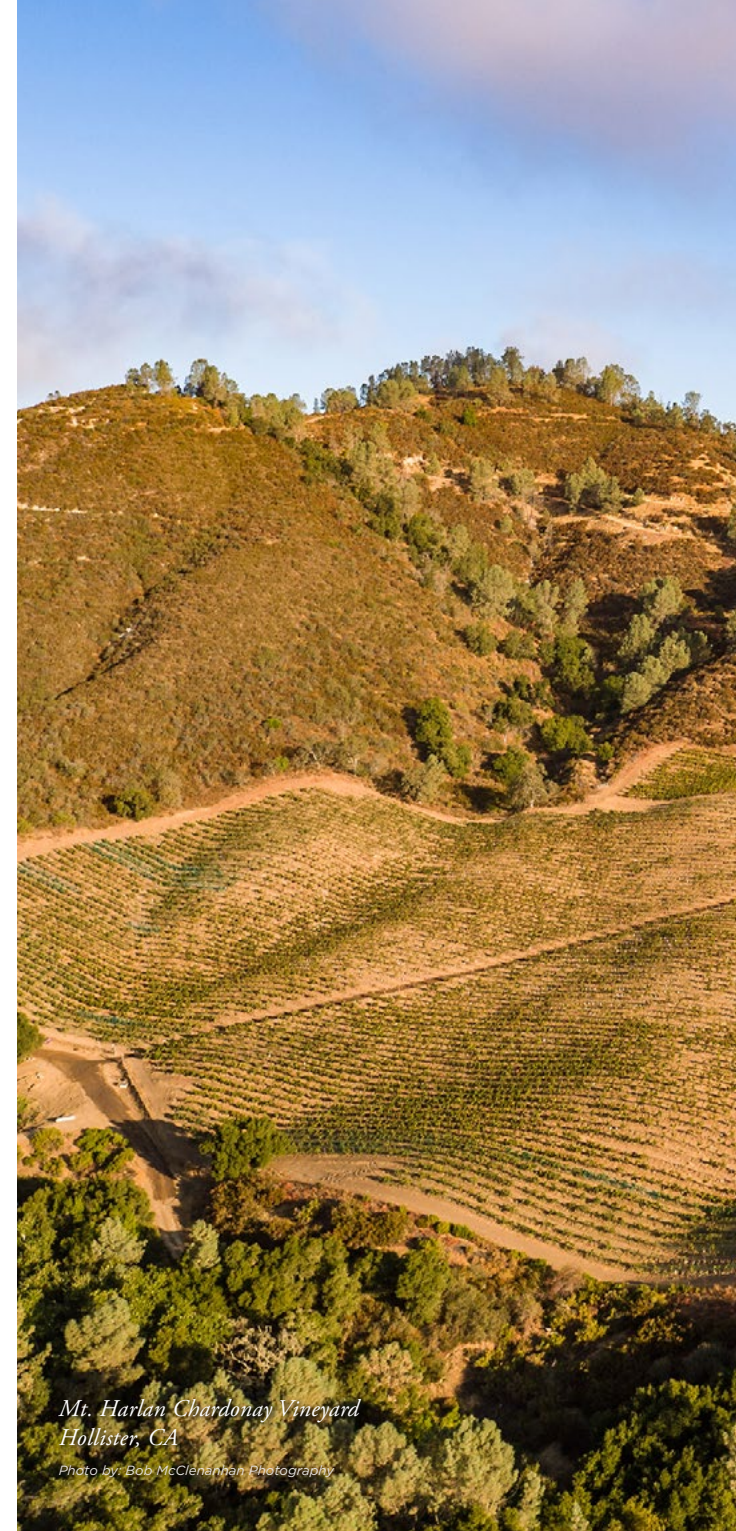
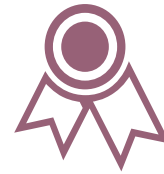
### Milestone Recognition



Tenure is an extremely valuable metric at Duckhorn. As of the end of FY22, approximately 27% of employees have been at the company for five years or more. These tenured employees receive a large format bottle of wine, signed by each member of the management team, presented in a wooden box on their fifth anniversary, and an etched bottle of wine on their tenth anniversary. Both of these milestones are typically recognized with monetary awards as well. In FY22, we implemented a new milestone recognition program, where employees with 25 years of service have an opportunity to name a vineyard block at one of our Estate vineyards, which is memorialized with a distinct sign bearing the name selected. We are proud to say that a few employees this year got to commemorate their twenty-fifth anniversary by naming a vineyard block. We enjoy recognizing and rewarding employees for their commitment to Duckhorn and believe that our employee tenure is not only an indication of a strong business, but a critical outcome of our work to strengthen our small company culture.



Abraham Corona, based at our Calera winery, celebrates 35 years working for The Duckhorn Portfolio. In honor of his service, Duckhorn chose to name a heralded block of Mt. Harlan Chardonnay, the Corona vineyard block. This year, we also, we mourned the loss of Calera's legendary founder, [Josh Jensen](#); we are inspired to see his legacy continue in the tenure of employees like Abraham at Calera.



*Mt. Harlan Chardonnay Vineyard  
Hollister, CA*

*Photo by: Bob McClenahan Photography*

## PROFESSIONAL DEVELOPMENT

We are committed to supporting our employees as they grow in their professional careers, both as individuals and as key contributors to Duckhorn's mission. In tailoring the employee experience individually, we seek to empower every Duckhorn employee to take control of their career growth and realize their full potential with our training, mentorship and professional development opportunities. Our investment in professional development not only incentivizes our workforce, but positively impacts our ability to recruit and retain the best employees.

The annual Professional Development Review ("PDR") framework allows employees, in conjunction with their managers, to examine their job performance, explore areas for knowledge expansion, career advancement objectives and assess overall satisfaction. The process occurs annually, beginning each spring with managers and employees filling out an online review form. A report is subsequently generated, which is reviewed by employees with their manager at an in-person or virtual meeting, and in some cases, with executives to ensure consistency throughout their department. Once the PDR data has been reviewed, a plan is created to drive progress against these goals, including career or educational development, for the employee. Managers reconnect with employees intermittently in the subsequent months to ensure progress is being made toward these goals. We use the aggregated data captured from the PDR process to measure trends and establish future focus areas.

In 2020, we launched an internal welcome program for new hires that pairs new employees with current employees. In FY22, we formalized the welcome program and refined it for widespread use within the company. New employees, who elect to be part of the program, are paired with "Navigators," or more tenured employees, within their respective departments, who act as a sounding board for new hires to ask questions, acclimate to Duckhorn and become familiar with our culture and values. In FY22, we welcomed 50 new hires through this orientation program, bringing the total to 105 new hires since the program's launch. Looking to the future, the Navigator program will become a more central part of new employee orientation and include additional incentives for participation.

### Talent Attraction and Recruitment

In addition to supporting new employees as they join our teams, we also work to ensure our employee population reflects the values and communities in which we live and work through our recruitment efforts. To help find candidates who will contribute to the Duckhorn culture and speed our recruitment processes, we established an employee referral program. The program rewards employees who refer new hires and who are both employed at the Company six months after the new employee joins the Company. In FY22, 33 new hires were internally referred, including full-time, part-time and seasonal employees. As of November 30, 2022, 29 have surpassed their six-month anniversary, and four more will soon mark their six-month anniversary. In addition, we have consistently augmented our recruitment efforts at local job fairs in an effort to diversify our candidate pool and reach new potential audiences.

**50**  
new hires were welcomed through the Navigator Program in FY22

**31**  
new hires were internally referred in FY22



### Employee Training

Once onboarded at Duckhorn, we cultivate a supportive and safe working environment where our employees can succeed professionally and thrive personally. Training is a priority at the company, and each employee is trained across general requirements like cybersecurity, health and safety and job specific elements. Depending on their role or position, an employee receives training on a number of topics, which may include:

- Anti-harassment
- Diversity, Equity & Inclusion (“DE&I”)
- Recruitment
- Safety

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Duckhorn also offers a variety job-specific, professional development training, including:

- Wine Industry Sales Education
  - Responsible beverage service
  - Managerial leadership
- 

We are currently working on incorporating new software to be implemented in the coming year to efficiently manage these training courses and track hours spent on them.

### Tuition Reimbursement & Education



To foster the development of employees through continuing education and job-related skill development opportunities, Duckhorn supports a number of educational opportunities and offsets the cost of many materials and experiences. One of the specific education opportunities is the Tuition Reimbursement program. In 2021, we increased the amount allotted for this benefit to \$3,500 per year, to help cover the costs of tuition, class fees and books. Since its launch, the company has spent over \$98,000 on tuition reimbursement.<sup>24</sup> In FY22, 26 employees took advantage of this benefit, an increase of 18 people over the prior fiscal year. Many have used the reimbursement to help pay for the Wine and Spirit Education Trust certification to gain a deeper understanding and appreciation of wine or to offset the cost of classes and books. We view this program as an investment in our most important assets - our people and culture.

### Paid Internship Program

Finally, to round out our job training and development, we look to lift up the next generation of the workforce. Our paid 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 students. These partnerships provide valuable insights and skill development for our interns and offer opportunities for us to recruit new employees.



<sup>24</sup> This figure excludes other spend on educational opportunities for employees such as attending seminars, specific trainings, meetings, personal coaching and subscriptions to educational materials as part of the employee’s core job function.

## DIVERSITY, EQUITY AND INCLUSION

### Engaging Employees in DE&I

Our commitment to employees goes far beyond our professional development programs. In our inaugural Responsibility and Sustainability report, we touched on the launch of our Diversity and Inclusion initiative, now expanded to include “Equity,” which is the act of ensuring processes and programs are impartial, fair and provide equal potential outcomes for every individual, a critical aspect of diversity programming. We decided to include Equity because it considers the fact that not everyone is starting at the same level, helping us to acknowledge that our peers face different barriers and advantages, which can be a crucial difference between achieving an equitable workplace. The goal of our DE&I program is to engage with our employee population through trainings, focus groups and one-on-one conversations to ensure everyone is working in an environment that is safe, equitable and where one feels valued and heard. We achieve this by providing an avenue for all employees to share experiences, recognize one another and learn to be more thoughtful in our interactions.

Our DE&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. Our inaugural DE&I curriculum involved a three-module virtual presentation and set of materials, offered in both English and Spanish, that addressed the topics of Inclusion Literacy, Unconscious Bias and Identification of Microaggressions and Actions. 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. In our second year, we presented a module on the nexus between DE&I and returning to work in a post-pandemic environment, working to understand how the felt effects of the pandemic were not distributed evenly across our employee population. This module touched on the intersection between mental health and DE&I in the workplace.

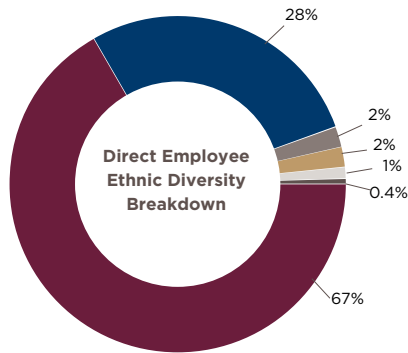
Based on feedback from our inaugural DE&I trainings, we wanted to tailor our future trainings to the expectations and needs of our employees. Throughout FY23, a cross-functional team from legal and human resources (the “diversity ambassadors”) will work to conduct methodical and instructive forums on the topics of DE&I. An FY23 focus group comprised of individuals nominated at the executive level, will come together to help decipher the topics most important to the employees. These employees, guided by the diversity ambassadors, will reflect on their experiences and cultural practices as they relate to inclusion and equity. Their participation and dialogue are critical to ensure our DE&I programming is derived from a bottom-up approach and that is important and unique to the company. From there, an action plan will be drafted and developed with the help and leadership of the diversity ambassadors.



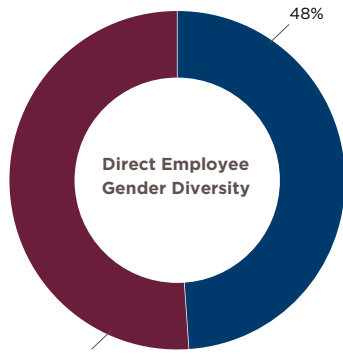
Duckhorn is an Equal Opportunity Employer. We do not discriminate against any employee or potential applicant based on sex, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, gender identity or gender expression, military 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 person’s merit, qualifications and competencies.

### Diversity in Practice

As of July 31, 2022:



- White
- Hispanic/Latino
- Asian
- Black African American
- Two or more races (non-hispanic or latino)
- Native Hawaiian or Pacific Islander



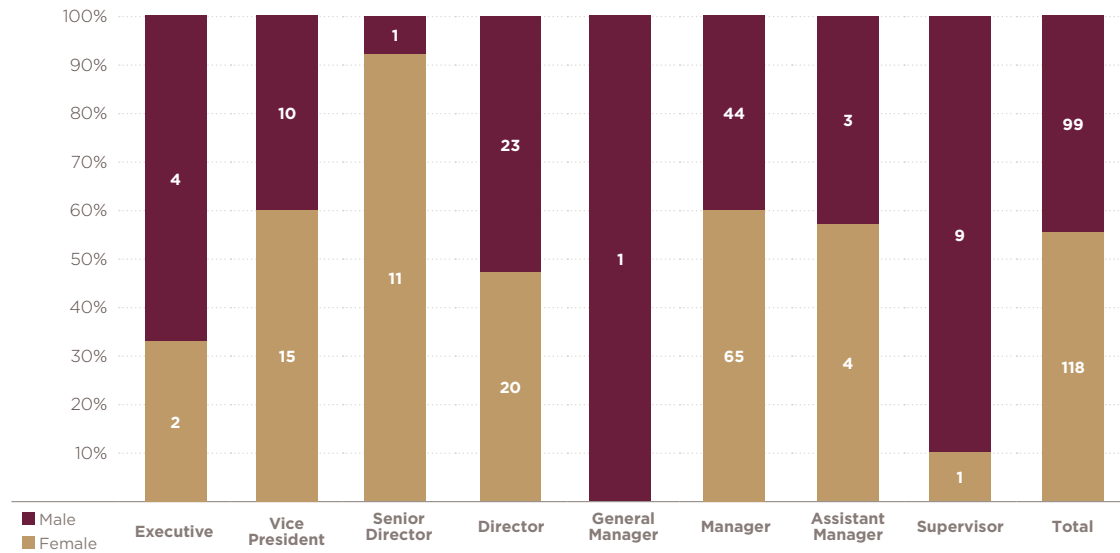
- Male
- Female

# 56%

of leadership positions were held by women at the end of FY22

### Female Representation In Leadership

Gender diversity in the upper levels of management is a part of our story of which we are most proud; it is a testament to the longstanding value we place on every employee regardless of gender. With our robust representation of women in leadership, we hope to be a leader in the industry for female empowerment, while simultaneously inspiring our employees to achieve their full potential. In FY22, we reported that 56% of leadership positions were held by female employees.



"I've always believed that a company is only as successful as the people it hires. Duckhorn is a special place and has created a culture that attracts great people and fosters a kind, inclusive work environment. I'm proud to be a member of this remarkable group of employees. The way you treat your employees is the way you will treat your customers, and that philosophy rings true at Duckhorn."

Gayle Bartscherer  
Executive Vice President, Chief Marketing and DTC Officer



## HUMAN RIGHTS AND LABOR PRACTICES

### Collective Bargaining

The Duckhorn Portfolio had no collective bargaining agreements in FY22.

### Human Rights

Duckhorn is committed to protecting human rights and preventing modern slavery in every form, including forced labor and human trafficking, across our entire operational footprint. We recognize our corporate responsibility to uphold basic human rights and ensure no person is complicit with human rights abuses. Our organization is aligned with the UN Declaration of Human Rights to show that respecting human rights is fundamental to the way we do business and is part of our core values. From our vineyard workers who spend hours in the sun ensuring our vineyards produce the best fruit possible, to our sales team in the markets interacting with an array of consumers and buyers, we are committed to conducting ourselves in accordance with the highest standards of business conduct and ethics, and applicable laws, regulations, rules and standards. We work to ensure our human rights expectations are met across our supply chain through supplier and vendor questionnaires, where human rights issues are incorporated.

### Labor and Migration Practices

Due to our seasonal work obligations surrounding the harvest of our grapes every fall, we use a combination of hired labor and subcontracted labor to support the peak harvest periods. Despite the various types of seasonal workforce engagements and employment status, at Duckhorn we remain 100% dedicated to providing a work environment in which each employee is treated with dignity and respect. Our leadership in the vineyards is responsible for maintaining all elements of ethics, integrity and human rights and is highly attuned to responding to any potential warning signs of distress. In this manner, we protect our entire workforce, regardless of position.

### Anti-Harassment Policy

We strive to provide a work environment free from harassment, discrimination and retaliation. This policy is designed to prevent any form of hostile or offensive act, be it physical, verbal or written. In addition to our DE&I trainings and forums, where employees learn about supporting and respecting one another, every employee is required to complete 1-2 hours of anti-harassment training every two years to cultivate a workplace where employees are engaged and feel empowered to share their opinions, while dignity and respect guide their connections. Duckhorn enforces a strict zero-retaliation policy for employees that report concerns. We also retain an employee hotline, which can be used by anyone in the company to report concerns anonymously or on a self-identified basis.

## HEALTH AND SAFETY

Ensuring the safety and wellbeing of our employees is fundamental to our operations. We work to identify proactive hazard controls to minimize incidents in the workplace, while simultaneously ensuring business efficiencies are maintained. We view our commitment to safety as an investment in our employees - and our business - for the long-term. We have worked to expand our health and safety programming:

### **Safety Procedures Implemented in FY22**

- Tracking data and metrics in a consolidated location, with data management tools such as Excel and Power BI, allow for ease in understanding trends. Continued emphasis to Safety Champions to record and report near-miss reporting to prevent more serious incidents from occurring.
- Development of a dedicated safety inbox to facilitate safety reporting. Human Resources and Health and Safety managers have access to and regularly monitor the inbox.
- Establishment of monthly Safety Champion meetings and review of incident-related KPIs at each meeting, along with a discussion of measures teams can use to prevent a similar incident at their location. Previously, these meetings were held quarterly, but with the increased cadence, we achieve greater facetime with Safety Champions to share ideas and perspectives. We are also expanding attendance at these meetings to involve other departments, such as the Grower Relations team.
- Distribution of safety alerts through periodic newsletters to highlight safety incidents, successes and insight on what we all can do to support best practices.
- Piloted rollout of a digital workflow management platform to acclimate employees to digitally submit incidents regarding injuries, near-misses and inspections. This tool eliminates the need to fill out and scan a physical incident form allowing employees to access and submit forms more readily on their laptop or phone. Using this tool also makes the tracking of such incidents and metrics far more reliable.
- Installation of a wall mounted tablet for safety submittals and digital Safety Data Sheet (“SDS”) review at Kosta Browne. This initiative allows employees to digitally access SDSs instead of needing to flip through a physical binder.

### **Safety Culture**

Safety at Duckhorn is a source of pride and a product of vigilance. We work to ensure safety is achieved at all levels of the business, ensuring the wellbeing of each and every employee regardless of their position in the company and creating a safe space for them to craft our luxury wine. Our leadership is highly attuned to safety protocols at Duckhorn, ensuring that safety messaging is communicated and distributed widely across our areas of business. Employees receive updates to regulations and company safety policies in Spanish and English via email and through physical paper posts at each work site for those without access to email.



### **Safety Tailgates**

“Safety tailgates” are a unique part of Duckhorn’s safety culture and are implemented throughout all of our operations. Tailgates provide relaxed and unintimidating opportunities for employees to gather and discuss various safety topics. Conducted in both English and Spanish, safety tailgates are an in-person safety training opportunity that allows team members to review a relevant safety topic applicable to the winery and hazards they are exposed to, reinforcing to the employee, the best practices and protocols to avoid an injury. Our safety tailgates are held at least once a month and supplement our official Health and Safety training program to create a comprehensive employee health and safety experience. Along with the thousands of training hours conducted over FY22 at all properties and facilities, we also held 152 safety tailgates over the course of the year.



## Occupational Health and Safety (“OHS”) Program

Our comprehensive OHS program consistently exceeds Cal OSHA and Federal OSHA regulatory requirements, allowing us to come closer to our goal of a “zero-incident” workplace and creates a proactive safety culture. Our Director of Environmental Health, Safety and Risk routinely visits each property to review health and safety practices, collaborate with team members on addressing safety concerns and implement improvements where necessary. Each site receives a safety scorecard quarterly and these scores inform subsequent discussions around how each site is managing safety protocols and strategies that will address any identified concerns or risks. Our OHS policies and procedures extend to all employees and contractors. Contractors are also expected to meet or exceed our expectations in addition to the OHS regulatory requirements. If they do not, we conduct a performance review to mitigate the behaviors and will reevaluate partnerships if requirements cannot be met.

Throughout FY22, we strengthened our process for capturing and reporting near-misses and injuries. In concert with human resources, our Director of Environmental Health, Safety and Risk set up a confidential email address for employees to report incidents, safety concerns and health and safety needs. This new consolidation of incident reporting systematizes the oversight of all reported incidents, so we may better manage and track safety at the company. We are currently evaluating the implementation of a safety management system that would extend to all sites and further advance data tracking and streamline our health and safety programming.

## Safety Processes Contemplated for Implementation

- Implement a comprehensive safety management system that will be a more robust solution to the existing digital workflow management system piloted this year. This system will have Safety Champions and managers using this platform for all safety submittals and corrective action tracking.
- Integrate our existing HRIS system to begin tracking training records and explore the use of a Learning Management System (“LMS”). Presently, training records are not consolidated in a single data platform, so using an LMS will help keep records organized as well as alert managers and employees to required training refreshers and due dates.
- Establish an annual emergency preparedness drill schedule for participation by all sites.
- Implement additional practice drills for employees, including active shooter and earthquake drills.
- Increase the involvement and participation of hospitality and sales teams to participate and be involved in safety meetings and initiatives.
- Establish a company-wide safety calendar so employees can have better visibility into upcoming trainings, webinars and health and wellness resources.

## Injury Illness Prevention Program (“IIPP”)

Our comprehensive IIPP is a written system that lays the foundation for protecting the health and safety of our employees and houses our safety programs and policies in compliance with the California Code of Regulations. The program aims to eliminate foreseeable dangers that could lead to injuries, work-related illnesses and other hazardous conditions. These programs and policies are reviewed and updated annually or as appropriate. Our IIPP ensures our employees receive effective training and have the tools to identify specific workplace hazards in an appropriate manner. It also involves all employees, from supervisors to management, in developing our safety procedures.

## Safety Training

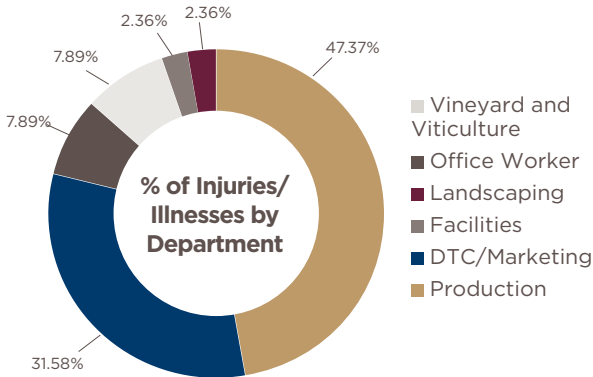
Employees undergo regularly scheduled role-based safety training offered in both English and Spanish, addressing a number of topics, including:

- Emergency safety preparedness
- Forklift and scissor lift trainings and certifications
- Workplace hazards and injury prevention
- Heat stress
- Fire safety
- Harvest safety

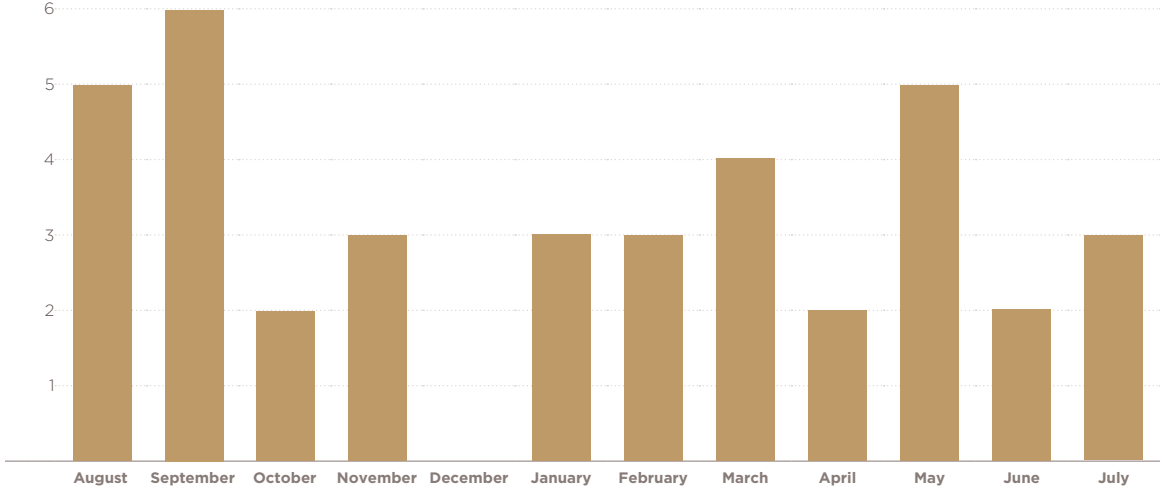
**Interdepartmental Safety Committee**

Duckhorn’s Safety Committee is comprised of a cross-section of departments (“Safety Champions”) across all locations to ensure consistent application of our safety policies and initiatives. One or more Safety Champions is nominated at each property location and along with their supervisors, monitor our operations and report potentially unsafe conditions and safety needs to our Director of Environmental Health, Safety and Risk for remediation before accidents occur.

**Monthly Safety Dashboard**



**Number of Injuries/Illnesses by Month in FY22**



**Understanding Our Safety Metrics**

Total Recordable Incident Rate (TRIR)

**3.26** cases per 100 full-time equivalent worked

Fatality Rate:

**0** fatalities reported for FY22

Near-Miss Frequency Rate:

average of **0.75** cases per month



## PROMOTING RESPONSIBLE ENJOYMENT

Our customers enjoy our luxury wines when visiting our tasting rooms, dining at a favorite restaurant or entertaining at home. Whether a bottle is opened for a simple weeknight dinner or a festive celebration, we always encourage safe and responsible consumption and moderation. 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. We always promote responsible consumption of our wines and believe that as a leader in the luxury wine space, we have a role to play in celebrating moderation to encourage safe, lively and connected communities.

### **Our Direct-to-Consumer Offering**

Through our direct-to-consumer ("DTC") service, customers can 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. Our process involves interdepartmental coordination between the DTC and compliance teams, which allows for oversight of the shipments. Our DTC software identifies the rules and regulations in each state and region to prevent any potential infraction and seeks to ensure our wines only reach those of legal age. Our internal system uses signature and age verification orders placed online as additional oversight.

### **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 wellbeing of our visitors by monitoring for signs of intoxication and implementing a measured tasting experience. All of our tasting room employees are required to complete or show proof of responsible beverage service training prior to serving customers and we always encourage our guests to savor the moment and explore the complexities of our wines by accompanying each tasting with a food pairing or palette cleanser.

With 30 hours of responsible marketing and beverage service training hours clocked for FY22 for our hospitality employees, we anticipate these numbers to fluctuate due to the three-year expirations of these certifications. In accordance with new Responsible Beverage Service guidelines that went into effect September 1, 2022, all of our servers will be certified through the Alcoholic Beverage Control platform moving forward.





### 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 developing and overseeing Duckhorn's content, from our bottle labels to our websites, print ads, radio, podcasts and social media content. 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 consumption as a mature lifestyle
- Avoiding imagery of excessive drinking
- Selecting appropriate brand ambassadors
- Monitoring of site activity

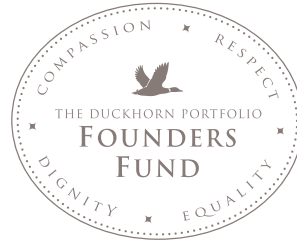
We maintain strict standards by which we conduct our marketing activities and heavily scrutinize any situation that may appear inappropriate. Our tenured marketing leadership is involved in every step of the marketing and advertising process, and is able to proactively spot and mitigate situations that may be out of compliance. Finally, our trade practice initiatives are run through our internal legal and compliance teams to ensure we conform with the latest regulatory requirements. For FY22, we reported no incidents of non-compliance with industry or regulatory labeling or marketing codes. Additionally, we reported no monetary losses due to legal proceedings associated with marketing and/or labeling practices for FY22.

We continue to focus on protecting our brands' advertising impressions from individuals under the legal drinking age. 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.

## CONTRIBUTING TO OUR COMMUNITIES

### The Duckhorn Portfolio Founders Fund (“DPFF”)

Duckhorn is committed to supporting individuals in our communities who are members of historically disadvantaged groups. In 2020, we chartered the DPFF, which aims to support educational opportunities in the communities in which Duckhorn Portfolio employees and their families work and live. In 2021, its inaugural year, the DPFF granted \$100,000 in awards. In our second year, the DPFF granted \$150,000 in awards.



### DPFF Grant Award Process and Oversight

The DPFF Committee (the “Committee”) is comprised of a diverse cross-section of employees from each of the Company’s departments in order to achieve a balanced approach to grant funding selection. The Committee worked together over the course of the year to evaluate and provide grants to organizations that meet DPFF’s selection criteria. In order to be considered for funding, an organization must be educationally focused, serve the Napa, Sonoma or Central Coast regions and maintain 501(c)(3) tax-exempt status. The search for potential DPFF grantee organizations begins with a company-wide call for nominations of organizations that meet this criteria. In 2022, over 20 organizations were nominated by Duckhorn employees for grant consideration. After receiving nominations, the Committee assessed each organization’s eligibility by way of a detailed review of supplemental materials and virtual meetings with Executives from the top five organizations that fit the DPFF criteria. Additionally, the Committee aimed to evaluate the ways in which the Company could meaningfully contribute to each organization, not only through financial support, but also with volunteer hours through our VTO program. After this rigorous review and interview process, five deserving organizations were each awarded a substantial grant. The Duckhorn Executive Team supplemented the Company’s contribution, bringing the total overall grants to be awarded by the DPFF to \$150,000 for FY22. 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. These principles commit to supporting initiatives to improve access to and quality of education for students who face systemic barriers by partnering with organizations that offer transparency in reporting and educational outcomes. While we are extremely proud of this initiative, it is but one of the many philanthropic efforts undertaken by the Company each year.

The DPFF Committee awarded grants totaling \$150,000 in July 2022 to support five local organizations:

- Social Advocates for Youth
- Sonoma State University (Wine Industry Scholars Program)
- Elsie Allen High School Foundation
- Aim High
- North Bay Children’s Center



### Charitable Giving

In addition to the annual DPFF contributions, Duckhorn is very active in charitable giving through other avenues. During FY22, Duckhorn gave a total of \$304,800 in donations – this included \$150,000 from the DPFF and \$154,800 in other financial donations to various wine industry, political, university or social programs. In addition, we contributed in-kind donations, including donated bottles and experiences, which totaled \$372,420. Duckhorn continues to find ways to give back to its communities by way of the DPFF and other internal opportunities.

**\$372,420**  
in-kind donations

including bottles and experiences donated

**\$154,000**  
financial donations  
(excluding DPFF)

**\$150,000**  
financial donations  
from DPFF and executive matching

### Volunteer Time Off (“VTO”)



We are always working to remain 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 VTO program, launched recently, allows most full-time employees eight hours per year to volunteer at charitable organizations of their choosing while retaining their pay. In our first few months of this program, we report 84 hours of volunteer time off used and given back to the community. We aim to increase participation in subsequent years through campaigning awareness of this benefit to employees and encouraging team volunteer events. The Company encourages employees to use their VTO hours at local organizations that support historically underprivileged groups, and we encourage use at our DPFF grantees to close the loop on our commitments to our local communities. We believe that VTO efforts are meaningful steps towards fulfilling our charitable commitments, using the valuable resource of time to give back.



## QUALITY MANAGEMENT

We are always safeguarding the curation of high-quality wines for our customers, as our winery and technical teams leverage state-of-the-art technology 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 to fruit from our Estate vineyards 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.

Approximately 50% of our production is conducted at our Waterfowl winery. Waterfowl is our largest production facility which is why we went through the process to certify it to ISO 9001. The certification means Duckhorn's production system meets the established 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. The quality assurance processes and practices at Waterfowl are mirrored and implemented at both our wineries and our custom crush partner facilities. With respect to transportation, a critical element of our supply chain, we choose our distribution and transportation partners based on a series of quality-related indicators, such as their ability to monitor and control temperatures to maintain the integrity of our wine.

### Supply Chain

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. Over the past year, we have implemented additional measures to maintain quality throughout our supply chain. In FY22 we set a more stringent standard for our supply chain questionnaires, which in addition to asking about ethical management procedures, now include questions on topics relating to the environment and safety. These questionnaires are used in audit procedures and to ensure our third-party providers perform at or above our standards. Our corrective action process ensures that if issues are identified, effective and timely improvements are made to prevent recurrence. In FY22, we implemented two corrective action plans to better our quality standards and products. The two corrective action plans we implemented as a company as a result of our Root Cause Problem Solving sessions were:

1. The creation of a PowerBI report that tracks the age of packaging materials and implementation of a monthly meeting to review the status of packaging supplies. We previously had an issue with packaging supplies that sat sedentary for nearly two years, which eventually attracted a minor pest infestation.
2. The transition to creating case end labels directly from Navison ("NAV") to ensure that all information is up to date. This transition is also financially wise, as it streamlines case-end label production and placement, eliminating unnecessary manual travel time and delivery. For context, case end labels were previously pre-printed by the supply chain team and delivered to all mobile and third party bottlings. This action took up an enormous amount of labor time, but also carries the risk of the wrong label being used on the wrong SKU or the label not having the most recent information.



## GOVERNANCE

Our core company values of respect, hard work, collaboration and innovation underpin our efforts for effective and diligent corporate governance. These values reinforce our commitment to our stockholders, promote the development of our long-term business interests and strengthen the accountability and transparency of the Company's management. It is integral to our story to highlight that we have always had external stockholders outside of the Duckhorn family. This longstanding business and ownership structure has meant we have always had a strong sense of accountability and a focus on growth, long before our IPO in March 2021. The responsibility we feel to our stockholders is, therefore, not novel. Overall, Duckhorn strives to conduct business in an honest and ethical manner, ensuring compliance with all applicable rules and regulations and adherence to industry and public company best practices.

### IN THIS SECTION:

[BOARD OF DIRECTORS](#)

[OUR MANAGEMENT TEAM](#)

[ENTERPRISE RISK MANAGEMENT AND STRATEGIC EXECUTION](#)

[COMMITTEE OVERSIGHT AND STRUCTURE](#)

[DATA SECURITY AND CUSTOMER PRIVACY](#)



## BOARD OF DIRECTORS

### Alex Ryan

Chairman; Director Since 2012

### Daniel Costello

Director Since 2016;  
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

### Adriel Lares

Director Since 2021;  
Audit 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 comprised of eight individuals who have a range of experiences, perspectives, skills and backgrounds. Members of the Board draw upon expertise in a wide range of industries, including wine and spirits, retail, e-commerce, consumer packaged goods and technology. They also serve or have served as public and private company executives and directors, bringing managerial and strategic experience to shaping and overseeing the strategy of a growing luxury consumer business. In accordance with our [Corporate Governance Guidelines](#), when identifying candidates to serve on our Board, we seek to create a Board comprised by qualified individuals who are diverse in gender, ethnicity and work experience, and who have the requisite skills and areas of expertise that will complement our current Board composition while supporting the strategic vision and trajectory of the Company and the management team.

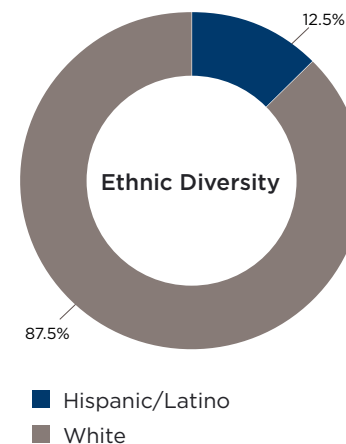
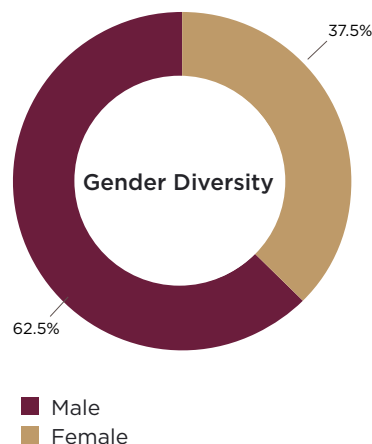
Our Board and management team are focused on establishing trust and accountability with Duckhorn's stakeholders, and have translated our Company values, practices, standards and principles into our [Code of Ethics](#) and related Company policies to guide the actions and behavior of all employees.

### Insider Trading

Our insider trading policy prohibits our Directors, officers and employees from entering into hedging or monetization transactions, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds, since such transactions may permit a Director, officer or employee to continue to own our securities obtained through our employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the individual may no longer have the same objectives as our other stockholders.

### Board of Directors Diversity

We are proud of the diversity of our Board, and our aim is to continue to enhance its diversification in future years. Female directors represent 37.5% of the Board. One member of our Board identifies as ethnically diverse. In addition, 62.5% of our Board has held, or currently holds, a position in senior management at a publicly traded company, which affords us opportunities to incorporate best practices learned from executives of other tenured public companies.



## OUR MANAGEMENT TEAM

At the helm of Duckhorn is an exceptional management team, made up of six strategic and functionally focused professionals, that have over 100 years of cumulative experience with Duckhorn and are dedicated to the success and growth of the Company. Since 2010, this management team has grown net sales by approximately 650%, successfully managing the business through a range of economic conditions, challenging environmental externalities and the integration of two acquired wineries. In the last five years, environmental impacts to our business have become more prevalent, which has been the impetus for a greater focus on its impacts within our organization.

### Leadership Diversity

Our management team of six executives embody a diverse leadership team:

**2**  
Females

**1**  
LGBTQ

**1**  
Immigrant

The combined team represents a strong mix of tenure both at the company and in the wine industry as a whole. This mix of tenure simultaneously supports the tradition and culture at Duckhorn, while constantly offering opportunities to grow and learn from new perspectives.

With respect to diversity in management and our broader employee base, we consistently emphasize diversity in recruitment efforts. Supporting our executive 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. We are very proud that for the second year in a row, 56% of our internal leaders are female<sup>25</sup>, highlighting our commitment to diversity at the leadership levels of the company. Throughout our history, we have maintained our focus on ensuring women have a robust presence in our leadership through internal promotion and mentorship. This work is materialized in our reporting of robust leadership numbers. We will continue to find new methods to support women and minorities in all positions at the company in the future.

<sup>25</sup> "Leadership" refers to those individuals who are titled, Executive Vice President, Senior Vice President, Vice President, Director/Senior Director, General Manager, Manager or Supervisor.

## Our Employees and Our Future

The commitments and investments we make in our employees can be highlighted through a number of datapoints. We are particularly proud of the following:

- Our rate of turnover is lower than the industry average, which is reflective of our commitment to our employees and enhances the performance of our business.
- Approximately 45% of our workforce identifies as an ethnic minority; accordingly, we post all major company communications in both Spanish and English to ensure that all employees are kept abreast of important developments and can avail themselves of all applicable opportunities.
- Looking to the future, we have made commitments management training programs in 2023. While still in the developmental stage, we will incorporate two different programs for leaders. We expect that modules will include a number of topics, including: Effective Hiring and Talent Assessment, The Power to Lead and Develop Others, Effective Communication, Building High Performing Teams, Problem Solving and Decision Making, Financial Acumen and M&A.

## Employee Diversity

We seek opportunities to engage diverse candidates and promote internally whenever possible to continue along our path of diverse representation:

- We cast a wide net to prospective employees of varying backgrounds by posting to multiple job application platforms: WineJobs, LinkedIn, GlassDoor, Indeed, our company website and local service providers, as appropriate for the role.
- We have internal incentives to encourage diverse workforce recruitment. This encourages employees to refer candidates who they believe would contribute to our team culture and overall company mission.
- We work with companies like Experience International and Communicating for Agriculture Education Programs that assist in bringing international candidates to share and learn ideas, beliefs and agricultural practices through our seasonal harvest positions.
- We continue to look into resources that widen the scope of job listings to ensure diverse outreach. We have participated in job fairs focused on DE&I such as the 'Be The Change' Job Fair, a job fair platform to promote diversity and inclusion specifically in the wine industry.<sup>26</sup>
- Our applicant tracking system and recruitment process enables fair and blind hiring to reduce potential bias from the start during the resume review and phone screening process.



*Photo by: Bob McClenahan Photography*

<sup>26</sup> <https://wineindustryadvisor.com/2020/10/29/be-the-change-virtual-job-fair>

## ENTERPRISE RISK MANAGEMENT AND STRATEGIC EXECUTION

In our second year as a public company, we have sought to further formalize our processes with respect to oversight of company risk. The Board and its committees oversee Duckhorn’s strategic and financial planning (along with its execution by the management team) and continue to standardize and improve frameworks for identifying, monitoring and mitigating risk. The Audit Committee provides specific oversight of risk assessment and mitigation structure and insight into how management can address risk and take advantage of risk-mitigating opportunities that arise. Management undertakes a quarterly cross-disciplinary exercise to determine the salient risks facing the Company.

The chart on the right depicts our most salient areas of risk and the mitigation techniques we employ, under the oversight of the Board and its committees.



Risk	Strategic Execution
Failure to Anticipate and Address Agricultural Risk and Climate Change	While this agricultural risk is unique in its longevity, we mitigate potential impacts on the supply of specific varieties in sought-after AVAs through the systematic acquisition of Estate vineyards. Additionally, we are enhancing crop estimation practices and continuing to be good agricultural partners to ensure we continue to have access to top quality grower grapes. Finally, in November, our farming team hosted our first annual climate summit with internal stakeholders to discuss climate concerns and possible solutions specific to Duckhorn. These practices, among others, keep us at the forefront of climate risk and broader agricultural risk management in our industry.
Material Increase in COGS and Labor	We believe that increasing COGS and wages are the most salient effects of inflation for our business. To manage these risks, we continue to balance our increased cost on the material side by thoughtfully adjusting the appellation of origin where appropriate. We also thoughtfully execute our pricing strategy, including during inflationary periods, to offset cost increases.
Supply Chain Challenges	We continue to forge strategic contracts and partnerships with suppliers and vendors, evidenced by our strong positioning with our North American glass supplier and our addition of Biagi Bros, Inc. as a key warehousing and transportation service provider. We also work to commit to orders further in advance and use advanced forecasting techniques to anticipate obstacles before they materialize. With respect to shipping, we use air freight, when possible, to ensure timely order arrival and bring in safety stock to buffer against any issues at warehouse and/or border. Finally, we continue to explore alternative methods of transportation and stock to stay ahead of the evolving supply chain environment.
Failure of Internal Control System	We maintain compliance with the Public Company Accounting Reform and Investor Protection Act of 2002, and the Sarbanes-Oxley Act. Additionally, we adopted the integrated control framework presented by the Committee of Sponsoring Organizations of the Treadway Commission. We have ongoing monitoring and testing of internal controls over financial reporting and risk-based segregation of duties assessments, as well as established internal standard operating procedures and policies to serve as a backstop to a potential failure of control systems.
Customer Data or Cybersecurity Breach	In response to the growing number of inbound attacks on the networks of companies across the United States, we have invested in greater IT surveillance and resiliency (software, detection services and human capital) and addressed vulnerabilities that can be mitigated (e.g., training for our entire employee base). Our IT team remains vigilant and focused on inbound attacks utilizing a number of strategies, including self-directed hacking attacks, to detect vulnerabilities.

## COMMITTEE OVERSIGHT AND STRUCTURE

Our Board works to guide the development and execution of business strategy by management, ensure accountability at all levels of the company and oversee management of the risks inherent to our operations. Our Directors provide thoughtful guidance to Duckhorn's management team to ensure that employees are actively engaged in risk management in their respective business areas. The management team provides regular updates to the Board and the Audit Committee with respect to the elements of enterprise risk management.

### Committee Structure

The Board's three committees meet regularly and play a vital role in monitoring and managing specific areas of risk. To ensure the Company's risk oversight is attuned to the principal risks, management undertakes a full risk analysis quarterly, which serves as the basis for the full briefing that is provided to the Audit Committee and the more substantively targeted updates that are provided to the Board, the Compensation Committee and the Nominating and Corporate Governance Committee.

### Audit Committee

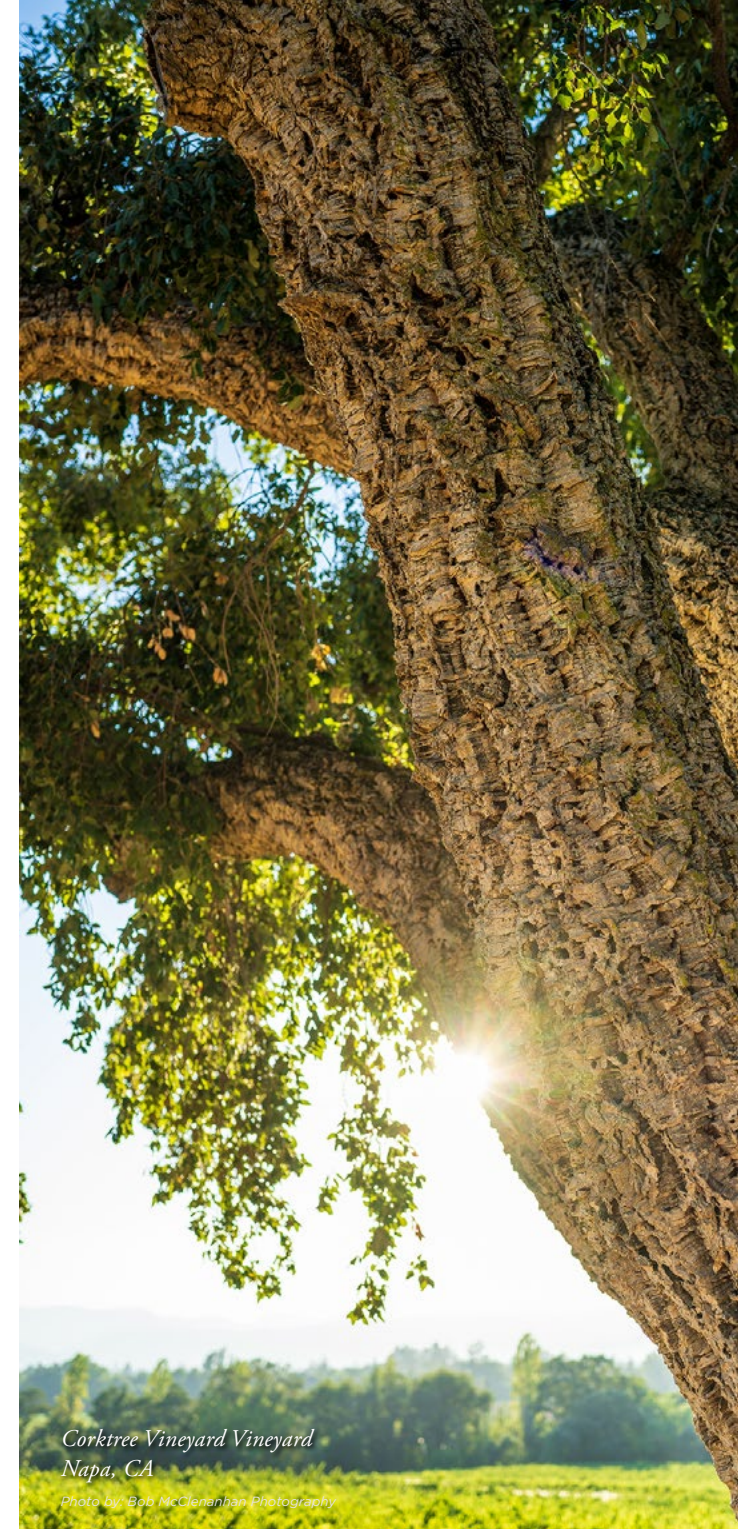
Guided by [The Audit Committee Charter](#), the Audit Committee executes, among other matters, the oversight responsibilities related to managing enterprise risk policies, financial risk, internal controls, financial reporting practices, regulatory compliance and cybersecurity. The Audit Committee provides guidance to management with respect to major risk exposures and regularly examines how these risks are mitigated and remediated internally.

### Nominating and Corporate Governance Committee

Guided by [The Nominating and Corporate Governance Committee Charter](#), the Nominating and Corporate Governance Committee executes the oversight responsibilities related to corporate governance matters, including business conduct and ethics, appointment of new directors, and certain elements of stockholder engagement. The Nominating and Corporate Governance Committee is heavily involved in developing and executing strategic priorities related to our ESG initiatives, receives updates on sustainability matters and guides management with respect to the establishment, measurement and goal setting for key metrics.

### Compensation Committee

Guided by [The Compensation Committee Charter](#), the Compensation Committee executes the oversight responsibilities, among other matters, to the management of risk relating to our executive compensation plans and equity award administration. The Compensation Committee regularly oversees human capital matters and the associated opportunities and risks.



*Corktree Vineyard Vineyard  
Napa, CA*

Photo by: Bob McClenahan Photography

### Whistleblower Policy

Duckhorn has a comprehensive Whistleblower Policy that protects those who bring forth concerns related to business practice or other business-related issues for investigation. Employees can use the whistleblower hotline to report a complaint anonymously or by name, provide information directly to the Legal or Human Resources teams, or provide feedback through their manager. These concerns are reviewed and investigated, as appropriate, by the Executive Vice President, Chief Strategy and Legal Officer, or the Executive Vice President, Chief Financial Officer, in the event a member of the Administration Department is the subject of the concern. All whistleblower and similar complaints are presented to the Audit Committee and Chief Executive Officer, including the results of any investigation and remediation measures.

### Stockholder Engagement

We value and benefit from stockholder engagement and strive to achieve regular communication throughout the year. In addition to engaging with stockholders through our quarterly earnings calls, we routinely engage with stockholders in a variety of other ways including:

- One-on-one meetings with investors
- Participation in investor conferences and publicly available fireside chats
- Participation in Non-Deal Roadshows
- Q&A during earnings calls

Additionally, we strive to communicate about Duckhorn to our stockholders in a number of settings including:

- Communication in our annual ESG report
- Disclosure in our annual Proxy Statement
- Materials we use from time-to-time to supplement our annual earnings announcement

### Political Activity and Lobbying

Duckhorn participates in industry advocacy, political activity and lobbying efforts through various organizations, including:

- The Wine Institute, which serves as a public policy advocacy organization representing over 1,000 California wineries and affiliated businesses
- Napa Valley Vintners, which is a non-profit trade organization for vintners producing wine in Napa Valley
- Winegrowers of Napa County, which is a non-profit organization whose principal mission is to advance policy that preserves sustainable agriculture while protecting the ability of wineries to produce, market and sell wine

Alex Ryan, our President, Chief Executive Officer and Chairman, is presently the Secretary of the Wine Institute Board of Directors, with Sean Sullivan, our Executive Vice President, Chief Strategy and Legal Officer serving as a Board alternate. Through our Board seats and active participation in these and other trade organizations, we are able to voice the concerns of our organization and seek to actively shape the narrative of the wine industry and its regulation.

Duckhorn's political donations are typically made locally in the areas we conduct our farming, winemaking and hospitality operations. Donation proposals for candidates are prepared by our internal Government Relations Team in the Administration Department and all proposals are approved by the President, Chief Executive Officer and Chairman.



### Business Code of Ethics

Employees of the Company are expected to conduct themselves in accordance with the Company's [Code of Ethics](#) (the "Code"). This Code serves as a guide to acceptable business conduct for all employees and addresses a number of areas of business conduct including the promotion of ethical conduct, promoting fair and accurate disclosure of documents, deterring wrongdoing and ensuring accountability. Because every employee is a representative of the Company, it is the expectation that all personnel demonstrate exemplary standards of ethics and integrity and act in a manner consistent with the principles outlined in the Code in all interactions. All employees review and agree to act in a manner consistent with the Code annually.

## DATA SECURITY AND CUSTOMER PRIVACY

We recognize the value of enhancing and developing 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 and our Vice President of IT, who are in regular contact with the Audit Committee. Cybersecurity is handled jointly by the IT Team and Legal Team in the Administration Department in an integrated manner. Together, these departments manage and assess enterprise risk, cyber-risk and maintain the integrity of our customers’ data and privacy, with a focus on compliance with applicable law and adherence to best commercial practices.

We consistently monitor our system for breaches, points of potential exposure and customer information security. As a result of our oversight structure, the Board and its committees are poised to provide guidance quickly regarding adverse events, should they arise, so we can limit risk and maximize business continuity.

### System Security

Our IT systems are guarded through a multi-layer technology stack and a strict security protocol. 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 comprehensive multi-year replacement and upgrade programs to enhance security and optimize performance. Additionally, these systems are subject to annual audits under Sarbanes-Oxley protocols to ensure these processes remain robust into the future.

### Personal Data Protection

In order to maintain the trust of our customers, employees and business partners, we must ensure their information is managed safely and professionally. One of our primary data security risks relates to the storage of personal information on our networks. This includes personally identifiable customer information collected from our tasting rooms and e-commerce websites, employees and our suppliers and other information critical to our business operations. To safeguard personal information, we employ a number of practices in our data privacy program.

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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](#)
- 



“We continue to be at the forefront of managing cybersecurity threats to our business and operations. Not only do we work to ensure our systems are resilient, but that they contribute the betterment of our business as a whole.”

Lori Beaudoin  
*Executive Vice President, Chief Financial Officer*

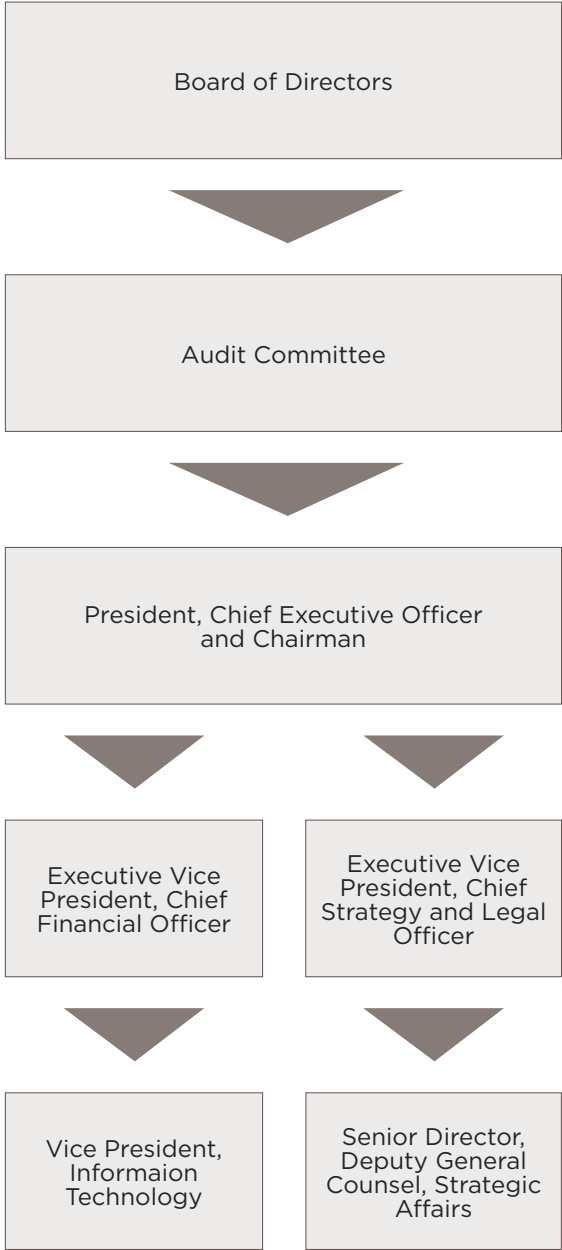




**Oversight & Employee Training**

Cybersecurity is strategically managed at the company through a dual structure. Our Board and Audit Committee oversee our information security protocols and implementation of the cybersecurity program, as executed by our management team and IT specialists. Employees of the Company, as well as any other relevant third parties, receive regular updates on our cybersecurity events and activities from our IT department. Employee cybersecurity training is required as part of the onboarding process and is refreshed, at minimum, on an annual basis. The curriculum for each employee is tailored to their role at Duckhorn and may include data security, PCI compliance, phishing and related vulnerability topics.

CYBERSECURITY OVERSIGHT





Key Performance Indicator	KPI Sub-Metric	Unit	Status for FY22	Footnote(s)
<b>Total Energy Consumed</b>	Total amount of energy consumed	GigaJoules	26,576	California only. Excludes self-generated solar energy.
<b>Percentage of Energy Consumed Supplied from Grid Electricity</b>	Percentage of Energy Consumed Supplied from Grid Electricity	Percentage	71%	
<b>Scope 1 Emissions</b>	Gross Scope 1 Emissions	Metric tons CO2e	581	California operations only. Excludes fugitive emissions.
	Emissions from Fertilizer	Metric tons CO2e	118	California operations only.
<b>Scope 2 Emissions</b>	Emissions from Electricity and Energy Purchases	Metric tons CO2e	1,220	California operations only.
<b>Percentage of Estate Vineyards in Regions with High or Extremely High Baseline Water Stress</b>	Percentage of Estate Vineyards in Regions with High or Extremely High Baseline Water Stress	Percentage	6%	
<b>Number of Incidents of Non-Compliance Associated with Quantity / Quality of Water Permits, Standards, and Regulations</b>	Number of Incidents of Non-Compliance Associated with Quantity / Quality of Water Permits, Standards, and Regulations	Number	0	
<b>Training Completion on Responsible Marketing and Advertising Practices</b>	Number of Training Hours Completed on Responsible Marketing and Advertising Practices	Hours	30	
<b>Number of Incidents of Non-Compliance with Industry or Regulatory Labeling / Marketing Codes</b>	Number of Incidents of Non-Compliance with Industry or Regulatory Labeling / Marketing Codes	Number	0	
<b>Total Amount of Monetary Losses as a Result of Legal Proceedings Associated with Marketing and/or Labeling Practices</b>	Total Amount of Monetary Losses as a Result of Legal Proceedings Associated with Marketing and/or Labeling Practices	US Dollars (\$)	\$0	

Key Performance Indicator	KPI Sub-Metric	Unit	Status for FY22	Footnote(s)
<b>Total Weight of Packaging</b>	Total Weight of Packaging	Pounds	34,874,029	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Total Weight of Glass used in Packaging	Pounds	31,601,954	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Total Weight of Cork used in Packaging	Pounds	313,053	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Total Weight of Paper used in Packaging	Pounds	213,974	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Total Weight of Tin used in Packaging	Pounds	44,801	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Total Weight of Wirehoods used in Packaging	Pounds	5,341	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Total Weight of Cardboard used in Packaging	Pounds	2,659,508	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Total Weight of Plastic used in Packaging	Pounds	35,398	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 99% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	<b>Percentage of Packaging Made from Recycled and/or Renewable Materials</b>	Percentage of Packaging Made from Recycled and/or Renewable Materials	Percentage	27%

Key Performance Indicator	KPI Sub-Metric	Unit	Status for FY22	Footnote(s)
<b>Percentage of Packaging that is Recyclable, Reusable, and/or Compostable</b>	Percentage of Packaging that is Recyclable, Reusable, and/or Compostable	Percentage	99%	
<b>Suppliers' Social and Environmental Responsibility Audit of Non-Conformance Rate</b>	Major Non-Conformances	Percentage	0%	
	Minor Non-Conformances	Percentage	0%	
<b>Suppliers' Social and Environmental Responsibility Audit of Associated Corrective Action Rates for (a) Major and (b) Minor Non-Conformances</b>	Corrective Action Rate for Major Non-Conformances	Percentage	0%	
	Corrective Action Rate for Minor Non-Conformances	Percentage	0%	
<b>Percentage of Grape Grower Vineyards in Regions with High or Extremely High Baseline Water Stress</b>	Percentage of Grape Grower Vineyards in Regions with High or Extremely High Baseline Water Stress	Percentage	25%	
<b>Dollars Donated and Community Engagement</b>	Total Dollars Donated	US Dollars (\$)	\$304,800	
	Other Financial Donations	US Dollars (\$)	\$154,800	
	Financial Donations from DPFF and Executive Matching	US Dollars (\$)	\$150,000	
	In-Kind Donations	US Dollars (\$)	\$372,420	Includes bottles donated and experiences.
	Volunteer Hours	Hours	84	
<b>Number of Training Tailgates</b>	"Tailgate" Trainings Completed	Number	152	
<b>Total Recordable Incident Rate</b>	Total Recordable Incident Rate for Direct Employees	Rate	3.26	
<b>Fatality Rate</b>	Total Fatality Rate	Rate	0	
	Fatality Rate for Direct Employees	Rate	0	
	Fatality Rate for Seasonal / Migrant Employees	Rate	0	
<b>Near Miss Frequency Rate</b>	Total Near Miss Frequency Rate	Rate	.75 monthly average	
	Near Miss Frequency Rate for Direct Employees	Rate	.75 monthly average	
	Near Miss Frequency Rate for Seasonal / Migrant Employees	Rate	0	
<b>Board Gender Diversity</b>	Board Gender Diversity	Percentage	62.5% Male / 37.5% Female	
<b>Board Racial/Ethnic Diversity</b>	Board Racial/Ethnic Diversity	Percentage	12.5%	
<b>Workforce Diversity Breakdown KPIs</b>	Direct Employee Gender Diversity	Percentage	48% Female / 52% Male	Includes employees in the leadership group.
	Direct Employee Ethnic Diversity	Percentage	Hisp/Latino: 28% / Asian: 2% / Black African American: 2% / Native Hawaiian or Other Pacific Islander: 0.4% / Two or more races (not Hispanic or Latino): 1% / White: 67%	
	Seasonal / Migrant Employee Gender Diversity	Percentage	51% Female / 49% Male	
	Seasonal / Migrant Employee Ethnic Diversity	Percentage	Hisp/Latino: 57% / Black African American: 1% / Two or more races (Not Hisp or Latino): 1% / White: 40%	

Key Performance Indicator	KPI Sub-Metric	Unit	Status for FY22	Footnote(s)
<b>Leadership Diversity Breakdown KPIs</b>	Total Leadership Gender Diversity	Percentage	56% Female / 44% Male	
	Total Leadership Ethnic Diversity	Percentage	Hispanic/Latino: 15% / White: 82% / Asian: 1% / Black or African American: 1% / Two or More Races: 1%	
	Executive Gender Diversity	Percentage	33% Female / 67% Male	
	Executive Ethnic Diversity	Percentage	White: 100%	
	Vice President Gender Diversity	Percentage	60% Female / 40% Male	
	Vice President Ethnic Diversity	Percentage	Hisp/Latino: 4% / White: 96%	
	Senior Director Gender Diversity	Percentage	92% Female / 8% Male	
	Senior Director Ethnic Diversity	Percentage	Hisp/Latino: 8% / White: 92%	
	Director Gender Diversity	Percentage	47% Female / 53% Male	
	Director Ethnic Diversity	Percentage	Hisp/Latino: 5% / White: 91% / Asian: 2% / Two or More Races: 2%	
	General Manager Gender Diversity	Percentage	0% Female / 100% Male	
	General Manager Ethnic Diversity	Percentage	White: 100%	
	Supervisor Gender Diversity	Percentage	10% Female / 90% Male	
	Supervisor Ethnic Diversity	Percentage	Hisp/Latino: 80% / White: 20%	
	Manager Gender Diversity	Percentage	60% Female / 40% Male	
	Manager Ethnic Diversity	Percentage	Hisp/Latino: 15% / White: 81% / Asian: 1% / Black or African American: 2% / Two or More Races: 1%	
	Assistant Manager Gender Diversity	Percentage	57% Female / 43% Male	
Assistant Manager Ethnic Diversity	Percentage	Hisp/Latino: 43% / White: 57%		

We have a long history of crafting wines year after year, at scale, that consistently meet the highest standards of quality. Given our industry's exposure to climate risks and extreme weather events, we regularly evaluate the impacts of climate change on our business and transparently disclose our efforts to effectively manage the risks and opportunities presented by climate change. We are committed to continuing to take measures to achieve climate resiliency and expand our agile supply chain with highly diversified grape sourcing to help ensure we mitigate the impact of climate change and localized agricultural risk. On this page, you will see a summary of certain risks to our business, which are discussed in more detail in Duckhorn's FY22 Annual Report on Form 10-K, including those relating to transition risks and acute risks with respect to climate change. Please see the "Risk Factors" section of our Annual Report on Form [10-K](#) for more information on these and other risks that could have a material adverse impact on our business, operations and financial results.

## Transition Risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations. Transition risks include, but are not limited to, the following:

### Policy and Legal Risks

- Additional environmental requirements, and potential market pressures related to climate change, could affect our business, operations and financial results.
- As a producer of alcoholic beverages, we are regularly the subject of regulatory reviews, proceedings and audits by governmental entities, any of which could result in an adverse ruling or conclusion, and which could adversely affect our business and future prospects.
- Changes in foreign and domestic laws and government regulations to which we are currently subject, including changes to the method or approach of enforcement of these government rules and regulations, may increase our costs or limit our ability to sell our wines into certain markets, which could adversely affect our business.
- From time to time, we may become subject to litigation specifically directed at the alcoholic beverage industry, as well as litigation arising in the ordinary course of business.
- If we are unable to secure and protect our intellectual property in domestic and foreign markets, including trademarks for our winery brands, vineyards and wines, the value of our winery brands and intellectual property could decline, which could have a material and adverse effect on our business, operations and financial results.

### Technology Risk

- A failure of one or more of our key IT systems, networks, processes, associated sites or service providers could have an adverse impact on business operations, and if the failure is prolonged, our financial condition.

## Market Risk

- If we are unable to identify and obtain adequate supplies of quality agricultural, raw and processed materials, including corks, glass bottles, barrels, winemaking additives and agents, water and other supplies, or if there is an increase in the cost of the commodities or products, as a result of inflation or scarcity, our profitability, production and distribution capabilities could be negatively impacted, which would materially and adversely affect our business, results of operations and financial condition.
- The impact of U.S. and worldwide economic trends and financial market conditions could materially and adversely affect our business, liquidity, financial condition and results of operations.
- Increases in labor costs, labor shortages, and any difficulties in attracting, motivating, and retaining well-qualified employees could have an adverse effect on our ability to successfully manage our business, maintain our reputation within the industry and execute our strategic objectives, which could materially and adversely affect our operating efficiency and financial condition.
- If we are unable to obtain adequate supplies of premium grapes and bulk wine from third-party grape growers and bulk wine suppliers, the quantity or quality of our annual production of wine could be adversely affected, causing a negative impact on our business, results of operations and financial condition.
- A reduction in consumer demand for wine, which may result from a variety of factors, including demographic shifts, desirable substitutes and decreases in discretionary spending, could materially and adversely affect our business, operations and financial results.
- The consumer reception of the launch and expansion of our product offerings is inherently uncertain. New producers may present new and unknown risks and challenges in production and marketing that we may fail to manage optimally and could have a materially adverse effect on our business, operations and financial results.

- Due to the three-tier alcohol beverage distribution system in the US, we are heavily reliant on our distributors and government agencies that resell alcoholic beverages in all states except California, where we self-distribute our wines to retail accounts. A significant reduction in distributor demand for our wines would materially and adversely affect our sales and profitability.
- Our marketing strategy involves the continued expansion of our direct-to-consumer channel, which may present risks and challenges that we have not yet experienced or contemplated, or for which we are not adequately prepared. These risks and challenges, including changes to the judicial, legal or regulatory framework applicable to our DTC business, could negatively affect our sales in these channels and our profitability.

## Physical Risks

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs and employee safety. Physical risks include, but are not limited to, the following:

### Acute Risk

- Natural disasters including fires, floods and earthquakes, some of which may be exacerbated by climate change, could destroy, damage or limit access to our wineries and vineyards, and the locations at which we store our inventory, which could adversely affect our business and operations.
- Inclement weather, drought, pests, plant diseases and other factors could reduce the amount or quality of the grapes available to produce our wines, which could materially and adversely affect our business and operations.

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*Three Palms Vineyard  
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*Photo by Bob McClenahan*