

SUSTAINABILITY
UNCORKED

EST.  1976
THE
DUCKHORN
PORTFOLIO

RESPONSIBILITY
AND
SUSTAINABILITY REPORT

2023



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DEIRDRE MAHLAN

Interim President,
Chief Executive Officer
and Chairperson

The Duckhorn Portfolio has a long history of commitment to taking care of the environment and being responsible members of the communities in which we work and operate. Our commitment to Employer Social Responsibility Principles goes back to 1976, when Dan and Margaret Duckhorn founded our Marlee’s Vineyard and hired our first passionate employees. Luxury wine is an agricultural-based industry, and our people have been farming grapes for as long as we have been making wine. As a result, our connection to the environment runs deep. Flowing from the values of our founders, our culture has always championed the belief that our people are the key to our enduring success. It is our duty to ensure they are treated fairly and with dignity, in an inspiring environment where each person can experience a rewarding career, while contributing to Duckhorn’s success. As a company founded by many small investors, we have long understood the need for good governance and for developing an ethical framework for excellence in business that achieves impressive results for our stockholders.

Because of these foundations, when we went public, we embraced ESG reporting as a natural evolution in our connection to our planet, our commitment to our people, our community and our uncompromising approach to excellence in wine and business. Establishing a formal and quantifiable approach to ESG has been enlightening. While it has shown many areas where we are excelling, it has also pointed to areas where work is needed.

Today, we have more than 460 full-time employees working across ten winery brands, nine production facilities, and seven tasting rooms. We also steward over 1,100 acres of Estate vineyards throughout California, Oregon, and Washington State. As our flock of employees, infrastructure and Estate program have grown, a strong ESG program has never been more important.

In our previous report, we detailed our work to quantify our environmental and social impact to establish baselines and performance benchmarks. Throughout Fiscal Year 2023 (FY23), we have made important strides in this regard, including establishing clear metrics for our Scope 1 and Scope 2 Greenhouse Gas (“GHG”) emissions. In the area of energy management, we reviewed energy projects that have been beneficial from an energy-use perspective while providing cost-savings, leading us to embrace more solar power and energy efficient equipment, vehicles and processes. We have also implemented rigorous water monitoring at our facilities, establishing water-usage baselines that show that our use is in line with, or better than, industry averages, with 1,453.92 gallons of water used per ton crushed in FY23. As the proverb says, “measure twice, cut once.” Now, with reliable data in hand, we are driving meaningful reductions in electricity, water usage, and CO₂ emissions in ways large and small, as detailed in this report.

We have also transformed our culture. Today, from our vineyards and barrel rooms to our Board of Directors (“Board”), everyone is

empowered to be an agent of change as we work toward a healthier planet. This empowerment is also manifest in the Social aspect of our ESG work. Our people are our most treasured resource. When they are happy, healthy, valued and empowered, success follows, for them and for our business. This is why we support professional development, provide tuition reimbursement, offer hybrid work options, held 160 safety tailgates last year, and have a Volunteer Time Off program that encourages employees to volunteer eight hours at a charity each year with pay. It is also why we launched the Margaret Duckhorn Excellence Award to celebrate employees who exemplify her courageous leadership and dedication to stewardship and philanthropy.

We are perhaps most proud of our commitment to gender diversity. Currently, 52% of leadership positions are held by female employees, including our CEO, CFO, CMO and our Duckhorn Vineyards, Decoy, Goldeneye, Postmark and Migration winemakers. Through robust representation, we inspire our diverse community of employees to achieve their full potential, while achieving greater retention. We have a rate of employee turnover below the industry average, 30% of our employees have been with us for five years or more, and we achieved 100% employee retention at Waterfowl Winery in FY23.

There are those who look at ESG and ask, “But is it good for business?” As the premier scaled producer of luxury wines in North America, our answer is an unequivocal “Yes.” From the vitality of our vineyards to the well-being of our employees to the integrity and ethical business practices that have made us one of the most trusted names in luxury wine, our ESG efforts reflect our values and provide a compelling value proposition that benefits our planet, people, and stockholders.



WELCOME TO DUCKHORN

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

MISSION

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

OUR 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. This year, we announce our "ESG Thesis," which guides our goal-setting strategy as well as our sustainable business practices.

Continue to conduct our business conscientiously, sustainably and with minimal impact to the earth.

Over the past year, we have continued our efforts to unearth what makes Duckhorn special, where we have room to grow and have focused on highlighting those areas that contribute to the enhancement of our company and community. In FY23, we concentrated on the consolidation of our data, now that we have established several baseline metrics, analyzing trend lines for those metrics and determining the most fruitful areas of emphasis. To that end, we are proud to have expanded our data this year to include our Washington operations in our scope 1 and 2 emissions, cataloged baseline water metric data at our production facilities, developed and tracked new health and safety metrics and expanded supply chain disclosures, among other areas.



Margaret Duckhorn,
Co-Founder

Margaret Duckhorn Excellence Award

At the end of FY23, we launched the inaugural Margaret Duckhorn Excellence Award. This award was a new way for our organization to honor our beloved co-founder, Margaret, while also recognizing employees who embody her ideals and keeping her memory alive and well within The Duckhorn Portfolio. Through this award, employees had the opportunity to nominate someone within the organization whom they believe represents one or more of Margaret's distinguished values, namely: Courageous Leadership, Stewardship & Philanthropy, Graciousness, and Devotion. The recipient of the award received a monetary bonus, a beautiful keepsake to memorialize the honor, and the opportunity to select a non-profit organization to receive a monetary donation on behalf of the company.

We were thrilled with the participation and number of nominations that we received for this newly launched award, which made the process of selecting one standout recipient challenging. We are excited to announce that the 2023 recipient of the inaugural Margaret Duckhorn Excellence Award is Eric Hudock. Eric serves as our Vice President of Hospitality. He joined The Duckhorn Portfolio in 2014 as our Hospitality & Retail Sales Manager for Paraduxx Winery. Carefully growing his responsibilities and scope of oversight over the past nine years, he has motivated his team and inspired his colleagues with his creative innovation, infectious positivity, and empathy towards all.



Eric Hudock,
Vice President, Hospitality

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 Three Palms Vineyard Merlot, have received one of the industry's most prestigious awards, Wine Spectator magazine's Wine of the Year.

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, who draw upon decades of luxury wine experience to guide us through the unique challenges and opportunities of the wine industry.

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.

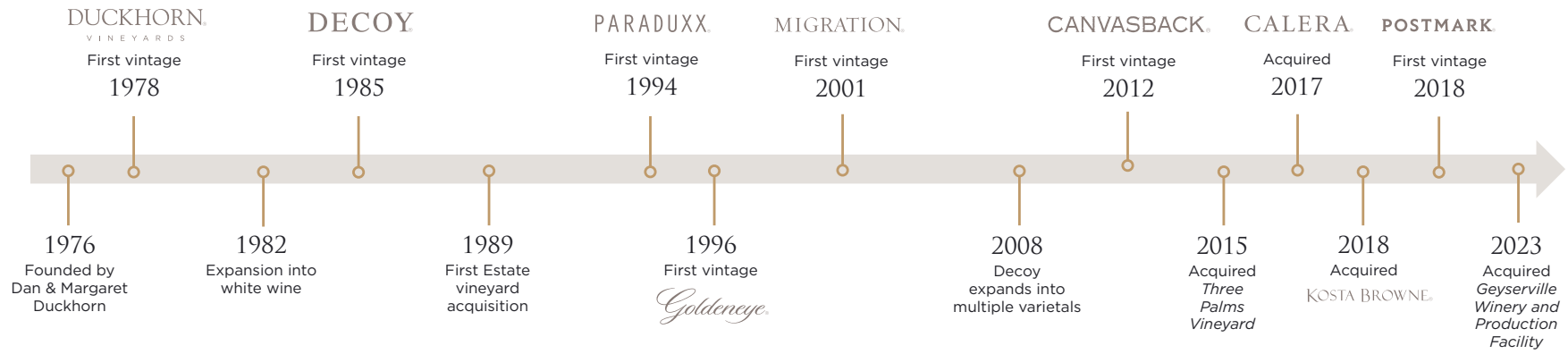
Today, we collaborate with a diversified network of more than 300 partners, including long-standing grape growers and a small number of trusted bulk wine producers, to supplement and complement our world-class Estate vineyards, located primarily throughout the varied microclimates of Northern and Central 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.

NOTEWORTHY IN 2023

On November 16, 2023, we were excited to announce that we entered into an agreement to acquire Sonoma-Cutrer Vineyards. Sonoma-Cutrer Vineyards was founded in 1973 and released its first wine in 1981. It has grown to be one of California's best-known luxury Chardonnay brands, famous for its refined style and commitment to merging traditional and innovative winemaking techniques. "We are delighted to welcome Sonoma-Cutrer Vineyards into The Duckhorn Portfolio," said Deirdre Mahlan, the Company's Interim President, Chief Executive Officer and Chairperson. "Sonoma-Cutrer is an iconic, highly acclaimed winery brand with a long history of crafting exceptional wines in a timeless style and is a perfect addition to our thoughtfully curated portfolio of luxury wines." The transaction is anticipated to be completed in the third quarter of the Company's fiscal year 2024, subject to regulatory approvals and customary closing conditions.

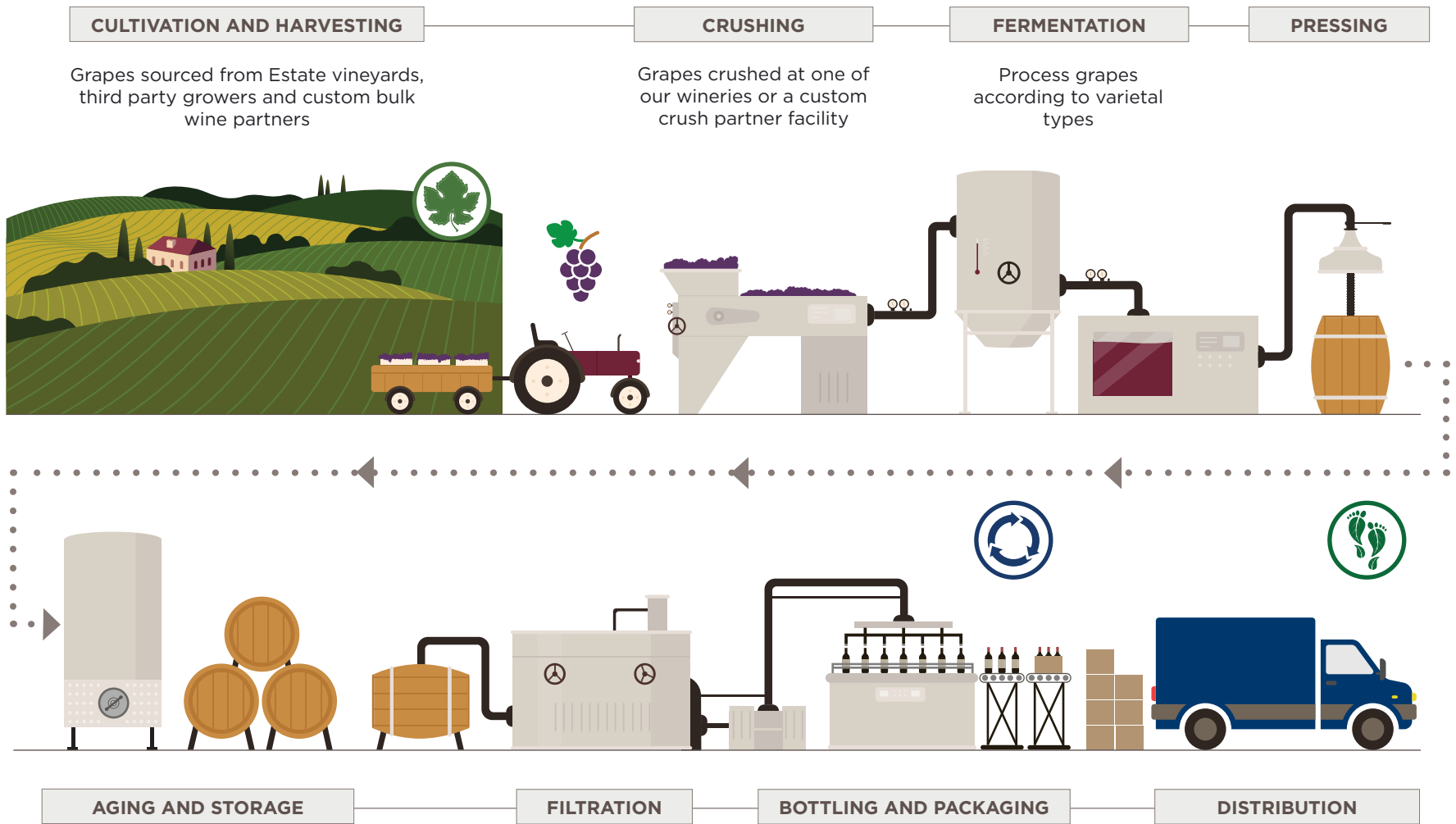


A PIONEER IN LUXURY WINE FOR NEARLY 45 YEARS



Geyserville Winery

OUR WINEMAKING PROCESS



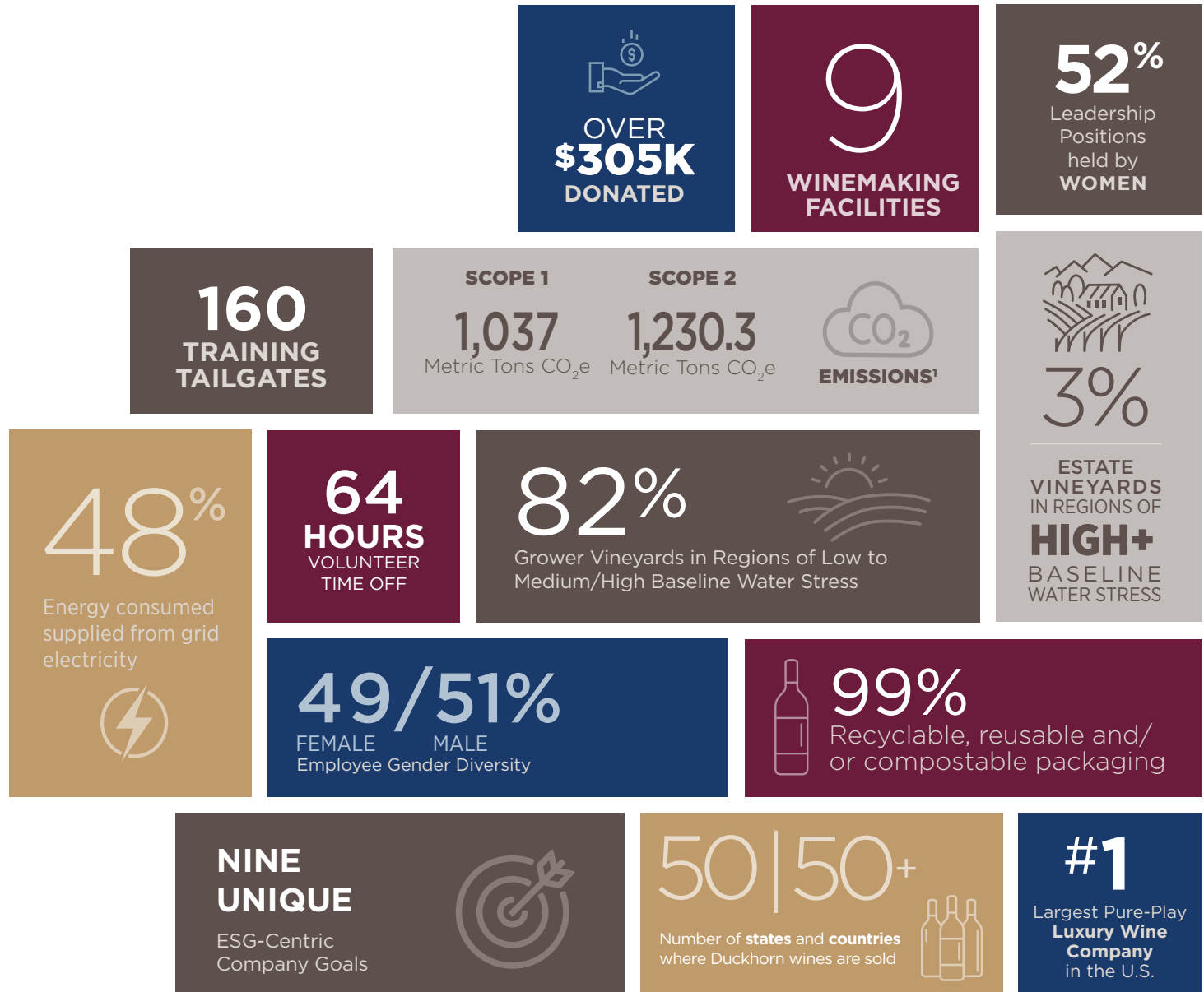
Grapes grown at our Estate vineyards are grown conscientiously and cared for by our vineyard teams. Most of our Estate vineyards are certified to a third-party sustainability certification and utilize sustainable agriculture practices that limit water and energy use. Please see the Biodiversity and Land 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 being recyclable, reusable and/or renewable, we are always working to minimize our footprint. Now, with nearly 50% of our bottles in lightweight molds, we are further minimizing our packaging impact.

















With shipping and packaging accounting for such a significant portion of GHG emissions in the wine industry at large, we work to be conscientious of our GHG contributions. We continue to offset the carbon emissions associated with the international portion of the transportation of our Kosta Browne Burgundy Series wines. Our lightweight bottle initiative also aids in the decrease of our transportation emissions. We will continue to work to reduce our emissions and energy use while offsetting the emissions we cannot.



ABOUT THIS REPORT

In our previous ESG reports, we aligned our ESG program with the United Nations Sustainable Development Goals (“UN SDGs”). Established in 2015, the UN SDGs are designed to support a world that benefits both people and planet. As we crafted our third Responsibility and Sustainability Report, we prioritized reporting against our FY22 ESG disclosures as well as expanding our disclosure to include other items considered to be best practices of public companies. We also further aligned with relevant ESG frameworks in response to feedback from our internal and external stakeholders. Our FY23 report aligns with the Task Force on Climate-Related Financial Disclosure (“TCFD”), Sustainability Accounting Standards Board (“SASB”) and UN SDG frameworks. 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.
































The following ESG program values underpin Duckhorn’s work to contribute to and support a more sustainable world and are aligned to the relevant UN SDGs. We used our ESG program values to establish our inaugural set of ESG goals, more thoroughly explained on page 10.

Duckhorn ESG Program Values	UN SDG Alignment	Relevant Company Goals
Supporting positive consumption habits and overall health	 	<ul style="list-style-type: none"> •Decrease our total Recordable Incident Rate (TRIR) three-year rolling average to be at or below industry level •Increase Volunteer Time Off (VTO) hours in our community by employees
Encouraging and supporting Diversity, Equity, and Inclusion practices	    	<ul style="list-style-type: none"> •Enact policies consistent with our business worldview
Protecting valuable and limited water resources through sustainable water management	  	<ul style="list-style-type: none"> •Reduce water withdrawn per ton crushed at our production facilities
Taking strong climate action towards a low carbon future	  	<ul style="list-style-type: none"> •Continue to decrease emissions caused by our supply chain
Ensuring our consumption and production patterns are sustainable by design		<ul style="list-style-type: none"> •Decrease our product footprint in our supply chain •Using solar panels at our production facilities, power over 30% of the energy needed for our production facilities annually •Increase biodiversity in the soils of our Estate properties

FY23 ESG GOALS

Based on feedback from our internal and external stakeholders, it was a priority for us to formalize our ESG-specific goals at the company. Accordingly, over the course of FY23, we worked to align on ESG-focused goals with the relevant internal subject matter experts at Duckhorn, review these goals with leadership and receive buy-in from the departments that will ultimately "own" the strategic execution of the goals. These goals cover the important topics of supply chain emissions, renewable energy investments, water usage, biodiversity, gender parity, health and safety and community engagement. We are delighted to be able to share these goals for the first time this year, and specific updates with respect to Duckhorn's pathway to achievement of these goals, annually.

FY23 ESG PRIORITIES

Status	Topic	Goal	Progress (As Of November 2023)	Un SDG Alignment	Time To Meaningful Progress
		Decrease our product footprint in our supply chain	See Responsible Packaging and Waste section for more information on our progress towards this goal	  	Long-term (3+ years)
		Using solar panels at our production facilities, power over 30% of the energy needed for our production facilities annually	See Energy Management section for more information on our progress towards this goal	  	Short-term (12-18 months)
		Reduce water withdrawn per ton crushed at our production facilities	See Water Stewardship section for more information on our progress towards this goal	  	Long-term (3+ years)
		Continue to decrease emissions caused by our supply chain	See Responsible Packaging and Waste section for more information on our progress towards this goal	  	Mid-term (2-3 years)
		Increase biodiversity in the soils of our Estate properties	See Biodiversity and Land Stewardship section for more information on our progress towards this goal	 	Short-term (12-18 months)
		Maintain and enhance gender representation in managerial positions at the Company.	See Diversity, Equity and Inclusion section for more information on our progress towards this goal	  	Short-term (6-12 months)
		Decrease our Total Recordable Incident Rate (TRIR) three-year rolling average to be at or below industry level	See Health and Safety section for more information on our progress towards this goal	 	Long-term (3+ years)
		Increase Volunteer Time Off (VTO) hours in our community by employees	See Contributing to our Communities section for more information on our progress towards this goal		Short-term (12-18 months)
		Enact policies consistent with our business worldview	See Human Rights and Labor Practices section for more information on our progress towards this goal	 	Short-term (6-12 months)

DUCKHORN'S ESG FRAMEWORK

We employ a holistic approach to addressing the Company's risks and opportunities by making sustainable choices that consider both our planet and our people. 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 narrowed our focus and continued to improve Duckhorn's ESG reporting process, Key Performance Indicators ("KPIs") development, as well as our oversight structure as we continue to implement relevant and thoughtful ESG initiatives within our company. ESG initiatives demand participation and buy-in from all departments, but these efforts are coordinated and led by the Executive Vice President, Chief Strategy and Legal Officer and the ESG Team. ESG at Duckhorn is about uncovering much of the work we already do to maintain a healthy planet, people and business, while offering the framework to perfect these initiatives. Our ESG program at Duckhorn would not be possible without the partnership of our esteemed colleagues from each of our key departments at the Company. Our inaugural Responsibility and Sustainability Report, published in 2021, set the tone for our business and defined our plan to identify and assess relevant ESG risks and opportunities in the future. In 2022, we expanded upon this by quantifying our impact on the industry, where possible, establishing baseline metrics and further discussing our current and future sustainable business practices. In our 2023 report, we collected further data to build on baseline metrics set in 2022 and find new metrics worthy of inclusion. We expanded the scope of some of our disclosures and have outlined our first set of ESG goals, which we will report progress on each year - an exciting development for our ESG program.

BOARD OF DIRECTORS

The Board of Directors and its Committees are responsible for incorporating ESG into the company's risk management framework and strategic decision-making to support long-term growth and health of the Company

Nominating and Corporate Governance Committee

Audit Committee

EXECUTIVE MANAGEMENT

The Chief Strategy and Legal Officer is responsible for executive ESG leadership and oversight of company-wide ESG objectives coordination

Executive Vice President, Chief Strategy and Legal Officer

ESG TEAM

The ESG Team and the respective subject matter experts are responsible for execution of the ESG strategies at the operational level

Health and Safety

People

Vineyard

Production

Information Technology



Assessment of ESG Priorities

Every year, we assess potential ESG priorities and areas of action by conducting a broad stakeholder inquiry. We rely 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:** The ESG Team is in constant communication with the relevant departments at Duckhorn, and we have considered and incorporated feedback from each to determine focus areas for current and future years that are in line with our business practices and worldview.
- **ESG Framework Analysis:** We identified, analyzed and summarized key factors addressed in ESG frameworks that are recognized by stockholders broadly, including SASB standards, TCFD and UN SDGs. Our regularly reported performance data table that discloses our KPIs can be found at the back of this report. This data table includes historical FY22 data in addition to our new FY23 metrics.
- **Best Disclosure Practices:** Each year, we review market best practices and peer disclosures 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 through ESG-focused investor engagements, to ensure our perspectives are 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.

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.

Planet

- Climate Risk Management
- Energy Efficiency
- Carbon Footprint
- Water Stewardship
- Responsible Packaging
- Biodiversity

People

- Human Capital Management
- Professional Development
- Diversity, Equity and Inclusion
- Health and Safety
- Responsible Beverage Service Practices
- Community Engagement and Philanthropy

Business

- Enterprise Risk Management
- Governance Guidelines, Policies and Practices
- Data Privacy and Cybersecurity



CLIMATE RISK MANAGEMENT

In conjunction with our environmental and sustainability initiatives, we continue building a framework to report GHG emissions and related climate impacts. The data collected for FY23 guides 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 level of the business.

As a public company, we implement formalized 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 in the broader context of the Company's goals and priorities. 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 Strategy and Legal Department, the ESG Team manages the execution of and supports Duckhorn's ESG priorities through engagement and coordination with internal and external stakeholders, including investors, to ensure there is alignment and understanding with respect to goals and priorities.





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 establish the connections between sustainability goals and delivery of 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 a quarterly 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 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 engineering to conduct energy audits at our production facilities to determine areas of focus and best practices. We aim to increase opportunities for cross-collaboration to build climate resistance, which began with a Climate Change Consortium in November 2022, bringing together key groups of Duckhorn team members to explore the effects of climate change on our business. We hope to continue our internal work and inter-departmental collaboration efforts in the coming year.

Duckhorn management and the ESG Team ensure 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 photovoltaic solar systems at a few of our facilities.

Climate Risk Assessment

We employ a holistic approach to addressing the Company's climate-related risks and opportunities. We place equal weight across our three ESG priorities: planet, people and business. It is our view that being responsive to climate change, being socially conscious and delivering business results 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 team members to collaborate on ESG initiatives to advance our program in a manner consistent with the perspectives brought forth by both parties.

Climate Change 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 led to our first Climate Change Consortium symposium in 2022, bringing forth an opportunity for all key internal stakeholders to gather and problem solve the Company's most pressing climate risks. We continue these important dialogues both formally and informally and look to hold sustainability-focused seminars in the future. Through this and other objectives, we work to become more systematic and detailed in our processes and documentation with respect to climate risk management by evaluating opportunities to educate ourselves and others.

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. We have managed our water resources well despite episodic drought in California, in addition to during heavy precipitation in our most recent growing season. Even so, we recognize the critical importance of water conservation in our grape cultivation.



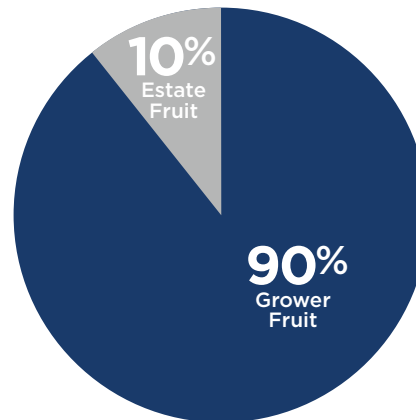
Wildfire Risk Management

In response to historical wildfire events, we continue to implement 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 most fire events. Additionally, grapevines are incredibly resilient in the aftermath of fire, recovering quickly if not severely burned.¹ Over FY23 we were lucky to experience few wildfires in the areas in which we operate, but always remain poised to mitigate wildfire risk.

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 more than 300 trusted third-party growers and bulk wine suppliers, many of whom have sold us grapes for decades. Our 32 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 as we are not limited by Estate land. Both of these concepts strengthen our business's resiliency, and we believe are important in achieving sustained strong financial performance.

Approximately 90% 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.



Benefits

of our diversified sourcing model

Luxury Credentials • Reliability of Supply • Rapid scalability • Cost Management

¹ Thach, Liz (2018) : The amazing resilience of wine grape vineyards, Wine Economics and Policy, <https://doi.org/10.1016/j.wep.2018.04.002>



Three Palms Vineyard

CLIMATE RELATED RISK AND OPPORTUNITIES

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 FY23 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.
- New and changing environmental requirements, and new market pressures related to climate change, could materially and adversely affect our business, results of operations and financial condition.

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.
- Failure to appropriately address certain emerging ESG matters important to our investors could have a material adverse impact on our reputation and, as a result, our business.

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.



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. Seeking change in the environmental sphere requires bold action and analysis of all kinds of environmental impacts. 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

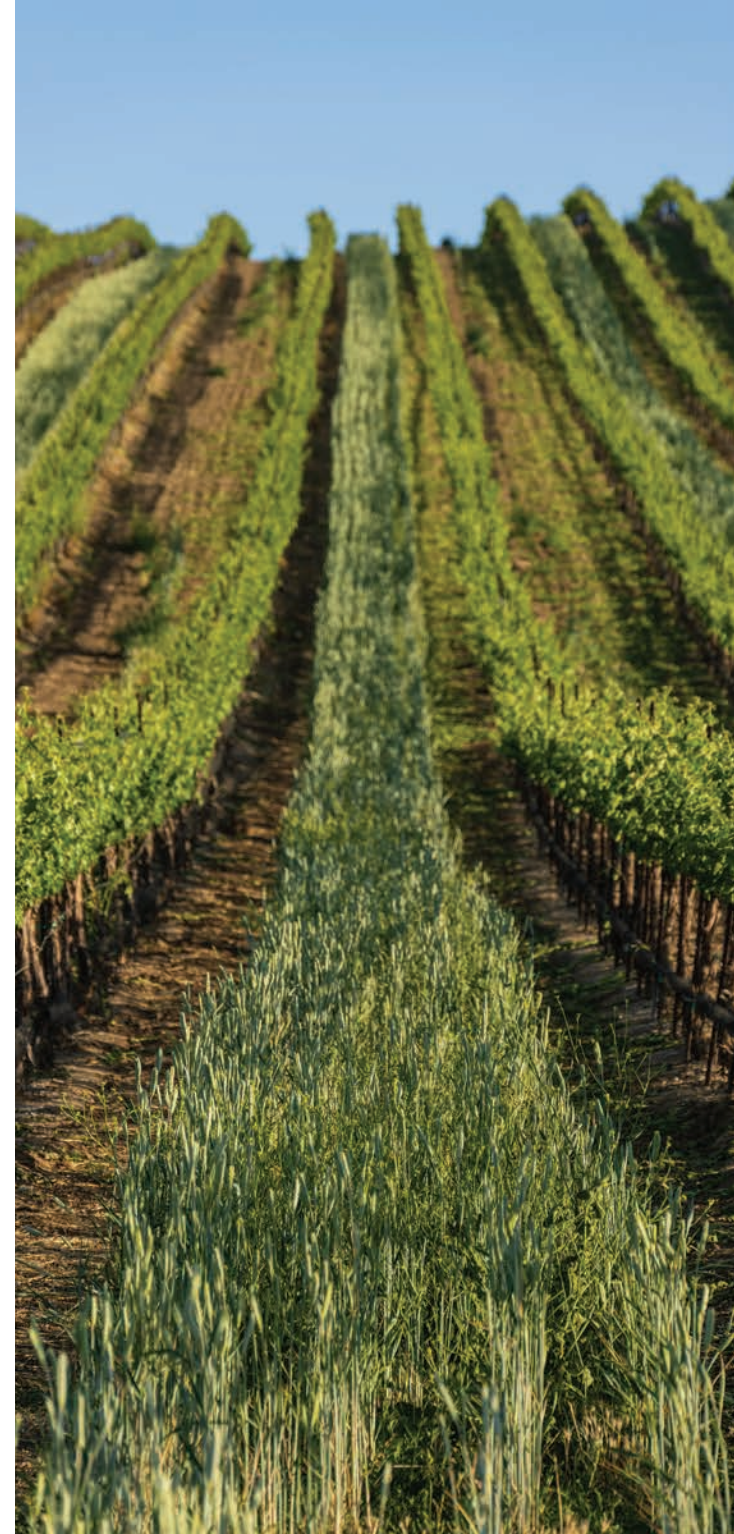
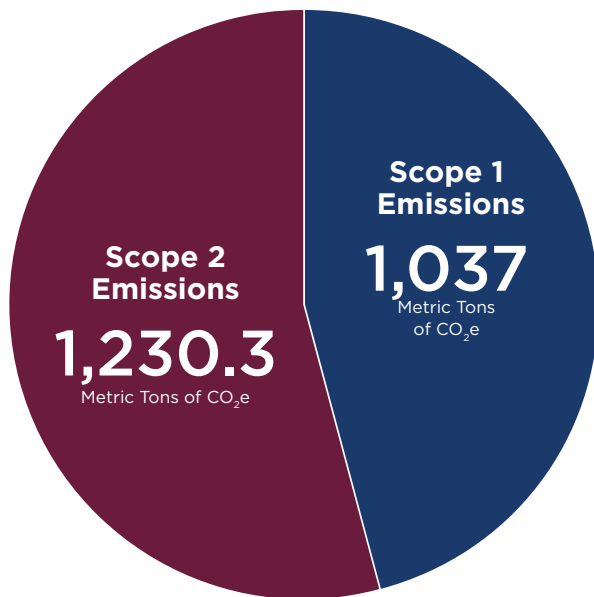
GROWER PARTNERS

SCOPE 1 AND 2 METRICS

Calculating our scope 1 and scope 2 emissions is an important step necessary to understand the impact our operations have on the environment. Through tracking and continuous evaluation of our scope 1 and scope 2 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 1 and 2 emissions, helps offer our consumers, stockholders and employees the information needed to make informed decisions.

Scope 1 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 1 emissions encompass process emissions that are released during industrial processes, and on-site manufacturing. Our reported FY23 scope 1 emissions saw an increase, which we attribute to a few factors, namely (i) we improved our data collection process over the past year, and thus were able to capture more comprehensive fuel usage data, (ii) we had a wet spring during the growing season, which led to more mowing, cultivation and spray passes this year, contributing to an increase in diesel use and (iii) we increased the scope of our operations, which leads to more fuel usage in line with maintaining these facilities and vineyards.

Scope 2 emissions include indirect GHG 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. Our FY23 scope 2 emissions were in-line with our expectations with the inclusion of our Washington operations in the calculations.



SCOPE 1 EMISSIONS

Total Combustion	Fuel	Gallons	Metric Tons of CO ₂	Metric Tons of CH ₄	Metric Tons of N ₂ O	Metric Tons of CO ₂ e	GigaJoules Consumed
See Note [†]	Gasoline	36,222.4	307.1	0.0080	0.0020	307.7	4,620.4
See Note [‡]	Diesel	39,722.6	404.10	0.0300	0.0220	411.5	5,066.9
	Dyed Diesel	4,995.8	0.05	0.0020	0.0004	0.2	637.2
	Propane	12.4	12.50	0.0006	0.0001	12.5	277.0
Total Combustion	Fuel	MMBtu	Metric Tons of CO ₂	Metric Tons of CH ₄	Metric Tons of N ₂ O	Metric Tons of CO ₂ e	GigaJoules Consumed
	Natural Gas	4,077.4	216.3	0.004	0.0004	216.6	4,301.9
	LPG	47.3	0.3	0.013	0.0028	1.4	6.0
Subtotal		4,124.7	940.4	0.058	0.028	949.9	14,909.4
Fertilizer	Source	kgs	Metric Tons of CO ₂	Metric Tons of CH ₄	Metric Tons of N ₂ O	Metric Tons of CO ₂ e*	GigaJoules Consumed
	Nitrogen	20,943.6				87.2	N/A
Subtotal		20,943.6				87.2	N/A
Total Scope 1**						1,037.1	14,909.4

SCOPE 2 EMISSIONS

Purchased Electricity	Unit	Quantity	Metric Tons of CO ₂	Metric Tons of CH ₄	Metric Tons of N ₂ O	Metric Tons of CO ₂ e	GigaJoules Consumed
	KWh [◇]	5,059,405	1,225.7	0.1	0.0	1,230.3	18,213.9
Subtotal		5,059,405	1,225.7	0.1	0.0	1,230.3	18,213.9
Total Scope 2						1,230.3	18,213.9

Scope 1 and Scope 2 calculations were performed using the following assumptions and/or with the following limitations: CO₂e = Carbon Dioxide Equivalent; total energy consumed excludes self-generated solar energy; gross Scope 1 emissions exclude fugitive emissions.

[†] Assumes 10% blending with ethanol

[‡] Assumes 5% blending with biodiesel

* CO₂e emissions from fertilizers were calculated using the EPA's Agriculture State Greenhouse Gas Inventory and Projection Tools

[◇] Duckhorn has rooftop solar installed at certain locations. Monthly metered electricity data is assumed to net out this solar generation in the scope 2 calculation.

**Gas and diesel consumption data was not available for three of our Estate vineyards. Propane consumption was not available at one of our Estate vineyards. Fuel consumption at these locations was estimated based on the total acreage at these sites and reported fuel usage at other estate vineyards with similar operations. These estimated emissions represent approximately 25% of total Scope 1 emissions.

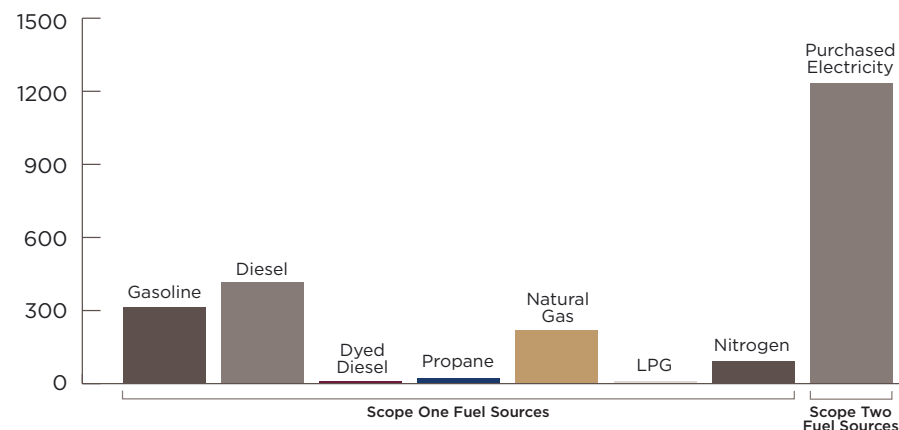
Total Scope 1 and Scope 2 Energy Consumed

33,123
GigaJoules

Total Scope 1 and Scope 2 CO₂e

2,267 
Metric Tons of CO₂e

48%
of Energy Consumed Supplied from Grid Electricity[◇]





ENERGY MANAGEMENT

Energy management processes at Duckhorn are constantly improving through strategic, data-driven changes to our standard operating procedures. As a wine producer and conscious member of the global community, we are always looking to increase energy efficiency and reduce resource consumption while simultaneously finding the intersection between business efficiency and energy conservation. Through internal assessments of our consumption and third-party audits, we can better understand areas of potential growth and advancement. In FY23, we made strides in cataloging energy projects that were simultaneously beneficial from an energy use perspective and provided cost-savings to the company. Over the course of FY24, we plan to further evaluate these strategic projects and execute those projects that meet our ROI expectations. In partnership with our engineering team, we also have developed a heat map, which outlines potential energy-focused projects and the associated cost and resource savings.

Some of the projects we have assessed and cataloged as potential opportunities include the following:

Energy Resource Conservation and Efficiency Projects	Projected Resource Savings (per year) ²	Location
<p>Monitoring of solar panels Ensure relevant staff receive automated alerts on any system malfunctions and regular reports on system performance compared to design capacity. Make sure cleaning and maintenance guidelines are set up and followed.</p>	30,951 kWh	Migration Goldeneye Geyserville Waterfowl
<p>Thermostat upgrade Program energy efficient operations. In occupied hours, set the heating to turn on at 68 degrees, and air conditioning to turn on at 72 degrees. In unoccupied hours, set the heating to turn on at 55 degrees, and air conditioning to turn on at 85 degrees.</p>	40,000 kWh	Migration Paraduxx Duckhorn Goldeneye (Tasting Room and Winery) Dowdell (Office) Waterfowl Geyserville Kosta Browne Calera
<p>Lighting upgrade Convert T-8 or T-5 lamps to TLED (Tubular LED) style lamps, or convert to LED style fixture and use lighting controls such as dual technology occupancy sensors, bypass/delay timers, photocells or time clocks</p>	148,000 kWh	Migration Waterfowl Geyserville
<p>Electricity rate changes Assess rate changes after performing a rate analysis for each site</p>	No resource savings, but incremental cost savings of approximately \$9,450 per year	Duckhorn Goldeneye Kosta Browne Geyserville Ridgeline Vineyard
<p>Aerators upgrade Properly control Wastewater Pond Aerators with DO Probes or timers (turn off during peak hours)</p>	18,000 kWh	Migration Waterfowl Geyserville
<p>Reduce hot water temperature Reduce the hot water temperature to 120-140 when higher temperatures of 160- 180 are not required for sanitation.</p>	24,000 kWh	Migration Waterfowl Geyserville
<p>Energy efficient aeration technology Install a Microbubbles aeration system in the new Wastewater Pond instead of a more energy consuming Surface aeration system.</p>	46,000 kWh	Paraduxx
<p>VinFoil mixer energy efficiency trial Completed trial in FY23, which was extremely successful for winemaking and energy reduction. The average stabilization time was reduced from six weeks to eight days with the new VinFoil mixers and Polarclad insulation.</p>	Resource savings to be determined. Time savings reduced to eight days from six weeks.	Migration

²Resource savings per year are estimated based on several inputs, including PG&E rate analysis, industry standards and program audits conducted at three properties and are therefore subject to change as we review each project specifically for the site.

Our energy footprint is heavily impacted by the kind of energy we derive from the grid. We are pleased that 96% of our total grid electricity consumption at our California wineries, vineyards and offices comes from GHG-free resources including renewable, nuclear and large hydroelectric power.³

The renewable nature of our grid electricity has a materially positive impact on the calculation of our Scope 2 emissions, which we continue to find ways to improve across our operating assets.⁴



Using solar panels at our production facilities, power over 30% of the energy needed for our production facilities annually

Invest in solar and/or other renewable energy at our production facilities. Future photovoltaic investments are currently forecasted at a few facilities.

³<https://investor.pgecorp.com/news-events/press-releases/press-release-details/2023/PGE-Customers-Electricity-96-Greenhouse-Gas-Free-in-2022/default.aspx>

⁴California operations only



Goldeneye Winery

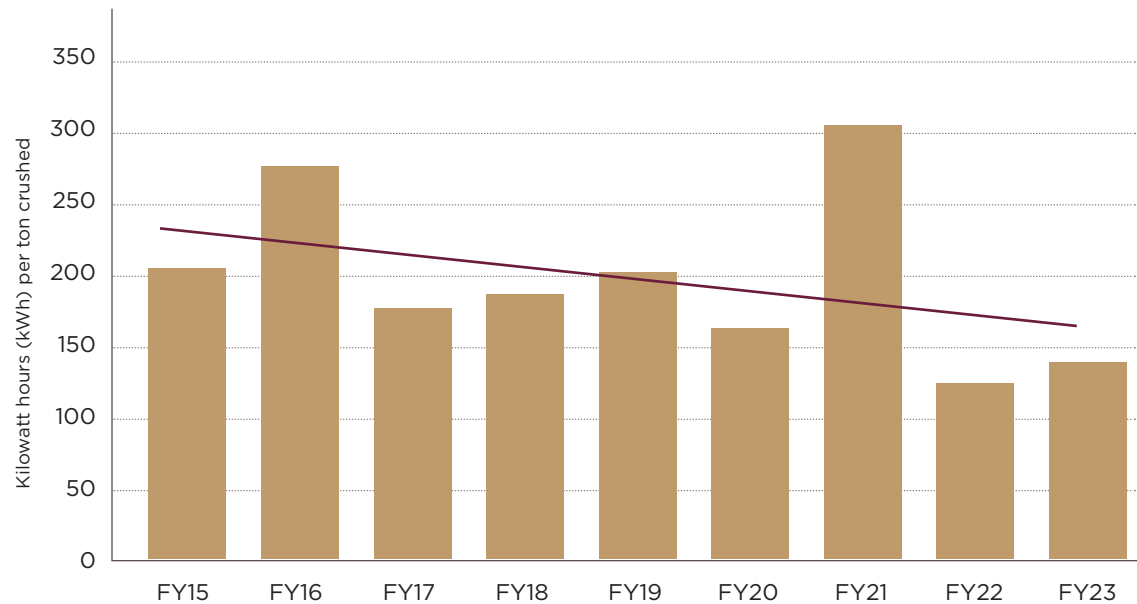
Waterfowl Winery

About 42.8% of our winemaking is conducted at our Waterfowl Winery, now our second largest production facility, which is ISO 9001:2015-certified and aligned to ISO 14001. Attaining and maintaining ISO-certification and alignment requires a significant investment made by the company that standardizes management and data capturing systems. Waterfowl's alignment to the ISO 14001 framework 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 adding a 500 kW solar system to the facility. Waterfowl is more than just a highly efficient and environmentally conscious production facility, it is a key facility in our portfolio, making possible the quality production of our luxury wines. Over FY23, the employee retention rate at Waterfowl was 100%, a testament to a management style that underlies the success in achieving the ISO certifications, as well as the broader company culture imbued in each facility.

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.

100%

Waterfowl Winery
employee retention rate
over FY23



FY23 energy use per ton of grapes processed at Waterfowl is equal to 140.4 kWh per ton. In FY23, we crushed approximately 4% less fruit than in FY22, 13,568.28 tons versus 14,101 tons, respectively. Crushing grapes is one of the first steps in the production process to make wine. Even with the changes in grape crushing volume, we always work to keep energy expenditures consistent year-to-year and decrease, when possible.

Geyserville Winery Acquisition

At the end of FY23, we acquired a new production facility, Geyserville winery, that is an exciting opportunity that continues to streamline our fully-agnostic production model. This acquisition supports our goals of producing sustainable wine, supporting our employees and communities and building resiliency and business efficacy.

Producing sustainable wine:

- **Energy efficiency:** The Geyserville winery facility is designed to significantly reduce the environmental impact of winemaking on-site and includes a solar panel array with anticipated annual generation of 1 megawatt, capable of producing enough energy to power over 400 homes annually.
- **Conscious water use:** The winery is set up for the re-use of 100% of water used during the winemaking process, which can be used for vineyard irrigation of up to 35 million gallons annually. Also, our wastewater ponds are lined to protect the groundwater table, keeping our water use system as closed as possible.
- **Emissions reduction:** A large contributor to the carbon footprint of production facilities is refrigeration equipment. This winery is cooled by ammonia, the most environmentally friendly and energy efficient refrigerant on the market, with negligible effects on ozone depletion and global warming.

Supporting our employees and communities: An acquisition of this type and size will provide a natural path for career growth for our employees. We also expect that new employees will be added at the appropriate time to ensure ideal staffing at all of our production facilities.

Building resiliency and business efficacy: This acquisition reduces our reliance on third-party custom processing, storage and bottling facilities, optimizing our production processes and affording us greater visibility into our cost of goods in future years. The winery also supplies our business with a one-of-a-kind winery entitlement.

Other Winery Accolades

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.



CARBON REDUCTION INITIATIVES

Fleet Electrification Progress

We continue 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.⁵ A few of our participating facilities have also invested in electric pallet jacks, which we also have been receiving credit for through e-Mission Control's program.

For the reporting period of July 1, 2022 to June 30, 2023, our business replaced 64 metric tons of CO₂ with 154,940 kWh of clean energy⁶ through our partnership with e-Mission Control.⁷ This effort reflects our commitment to supporting a zero-emission future and a focus on financially advantageous investments. We are excited to continue our participation in this program and measure our progress in the coming years.

Solar Panel Progress at Migration Winery

Last year, we completed a new 400 kW solar electric power installation at Migration, which replaced the winery's existing solar array. Over FY23, using state-of-the-art, high-efficiency solar photovoltaic panels, the system produced 541,142 kWh.⁸ Based on usage over the past year, this solar array provides approximately 68% of Migration Winery's main production electricity needs. By utilizing this clean energy production at Migration, we are expected to offset approximately 383 metric tons of carbon annually, equivalent to greenhouse gas emissions from 983,115 miles driven by an average gasoline-powered passenger vehicle.⁹

Our successful solar system at Migration winery represents another critical step in our commitment to sustainable winegrowing and winemaking. Looking forward, we are evaluating several additional opportunities for solar installation at other facilities that would be both environmentally conscious and improve business efficacy. In the upcoming fiscal year, we are scheduled to add solar at Waterfowl and make system upgrades to the solar installation at our new Geyserville winery. Being good environmental stewards and making financially sound choices are not mutually exclusive—in fact, they often go hand-in-hand. These installations will also reduce strain on our local power grid, which in turn, will help our community.



The equivalent of approximately
983,115 miles
driven by an average gasoline-
powered passenger vehicle
was offset by clean energy
production.

⁵ <https://e-missioncontrol.com/about-e-mission-control/green-fleet-pioneer/>

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

⁷ While this Responsibility and Sustainability Report is based on information for FY23 (August 1, 2022 - July 31, 2023), some data from our partners exists outside this range.

⁸ Months of August 2022-April 2023 were assumed based on modeled production provided by SolarCraft. Month May 2023 - July 2023 were based on actual production.

⁹ Estimation made using the EPA's greenhouse gas equivalencies calculator.



Kosta Browne Shipping and Carbon Offset Project

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.¹⁰ For this reason, among many others, we committed to target offsetting the carbon emissions associated with our unique transcontinental wine shipment. Last year, we sought a pilot program to offset the carbon emissions caused by the freight of our Kosta Browne Burgundy Series 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.

For our second year of the program, Duckhorn has partnered with “Where the Buffalo Roam,” a carbon offset project for the purchase and protection of the Southern Plains Land Trust, in connection with Kosta Browne’s upcoming Burgundy Series offering.¹¹ With a unique transcontinental luxury program of this nature, we felt it important to continue our work to support causes that conserve agriculture and land and work to eliminate carbon emissions now and in the future. 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, approximately 6.60 metric tons of carbon, as a continuation of our carbon offset projects.

Our freight forwarding partner, Hillebrand, calculated the total greenhouse gas emissions, expressed as CO₂ equivalents, for all shipments.¹² This calculation includes emissions related to the extraction, production, delivery and fuel usage related to the shipment.¹³ Our offset project is third-party verified through the Climate Action Reserve and supports UN SDGs 6, 13 and 15. 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.

Our farming operations may be impacted by the changing climate and the local impacts of fire and erosion. Ensuring that the Southern Plains Land Trust remains intact and responsibly managed is an important investment in maintaining global carbon stocks, while also protecting a biodiversity hotspot and wildlife refuge. Once the land is purchased, legal protections will ensure the land will remain a wildlife refuge and, with the help of volunteers and nonprofit organizations, active restoration of the land will take place. Benefits of restoration will include removal of nonnative trees, restoration of water streams, conservation of native wildlife, restoration of riparian areas, and much more. While the impact of carbon emissions is global, with an estimated 15,000 metric tons of carbon annually, this project also protects grasslands, one of the most endangered ecosystems globally. We are proud to be able to support a project with far-reaching impacts on the earth, like this one.



¹⁰ California Sustainable Winegrowing Alliance, Assessment on California Wine’s Carbon Footprint

¹¹ <https://www.cooleffect.org/project/where-the-buffalo-roam>

¹² CO₂ equivalents are a metric measurement used to compare the emissions caused by various greenhouse gases on the basis of their global warming potential. CO₂ equivalents are calculated by converting the amounts of other gases to the amount of carbon dioxide with the same global warming potential.

¹³ This calculation is performed according to EN 16258 using the Clean Cargo Working Group methodology for ocean legs.



Paraduxx Winery

CONSCIENTIOUS WATER STEWARDSHIP

Water is a vital component of the winemaking process and our evolving methods reflect the recognition that California continues to experience episodic drought and extreme weather 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. We believe 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 and generally eliminating unnecessary spend on and relating to utility costs.

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, helps manage 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

Water Reduction Practices in the Vineyard

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.

In our 2022 report, we announced that we were nearing final stages of a project at El Veredicto Vineyard, part of our Migration winery, to “flip the faucet” to recycled water. We are pleased to announce that this project was completed this past March, and El Veredicto vineyard has been and will continue to be watered with recycled water. This vineyard uses just over 3.5 million gallons of water per year, and now is 100% supplied by Napa Recycled Water.

Selected Current Water Reduction Practices

Reusing the base source of the cleaning chemicals and cycling them to next wash or sanitization process

Capturing rinse waters as part of the next load of cleaning chemicals

Recycling hose rinsing water

Replacing boilers and other aging equipment 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, which measure the vine's need for water before irrigating, to employ deficit irrigation strategies, offering precision irrigation by demand

Leverage aerial imaging to improve irrigation efficiency



Reduce water withdrawn per ton crushed at our production facilities.

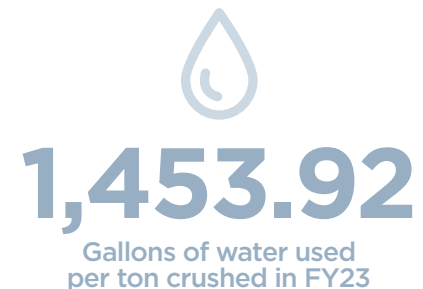
Continue to evaluate and assess current water capture and consumption at each facility with baseline dataset from FY23. Plan to determine critical investments and implement critical path SOPs.

Baseline Water Use

Halfway through FY22, we began more formalized implementation of water monitoring at our wineries and production facilities. Through the installation and monitoring of water meters in the latter half of FY22, we made great progress on our goal to set up baseline data collection and identify opportunities to maximize efficiency. We are excited to present our FY23 water withdrawal data as our baseline water consumption metrics to perfect future data. While we still work to formalize our processes and protocols with respect to measurement, we believe our data is in line with the industry averages for water use at winery production facilities. With FY23 data serving as the baseline information, we plan to review our consumption levels to develop a roadmap for setting and achieving consumption targets in the future.

Total Water Withdrawn In FY23 - 10,745,074.50 gallons¹⁴

Moving forward, we will be reporting a normalized water-specific KPI, gallons of water withdrawn per ton of grapes crushed, in the reporting period. This is a more accurate measure of our operations and normalizes against our potential growth and expansion.



¹⁴This number was calculated from our production facilities in California, and excludes our Washington operations.

Understanding Water Stress

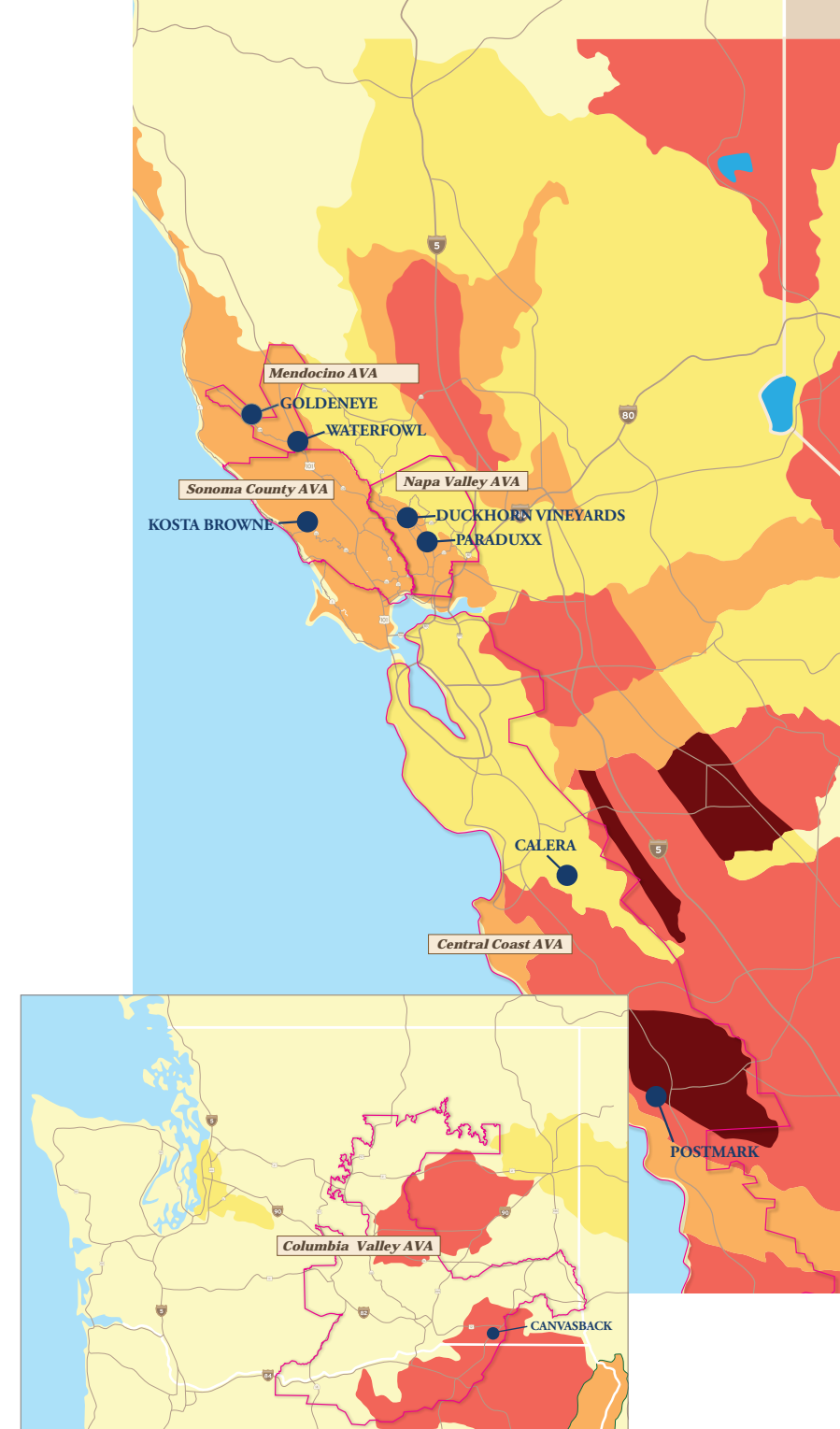
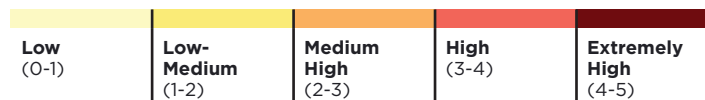
Understanding what is taking place beneath the surface of the ground in our vineyards is key to understanding water intensity and stress of the vines. This geologic deep dive is instrumental in discovering our most at-risk areas for future climactic events such as drought and wildfire. As part of our continued water risk assessment we used 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 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 FY23 water stress assessment concluded that of our 32 Estate vineyards, only 3% exist in regions of high or extremely high water stress.

These results align with our strategic land acquisition practices, which take into account long-term climate conditions. 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. 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. We use water from a variety of different sources and, when appropriate, reuse wastewater when possible. Upgrading our wastewater systems allows for sustainable use of water without withdrawing from the water table.

We are currently scheduled to upgrade our wastewater system at one of our production facilities, which would allow the reuse of approximately 650,000 gallons per year, an exciting addition to our water stewardship programming. We are also looking to upgrade the pond aeration system, which we anticipate would provide energy savings as well as to support the reuse of water.

Baseline Water Risk



RESPONSIBLE PACKAGING AND WASTE

We continue to view packaging and transportation as an area of focus for potential improvement when it comes to reducing our emissions. Today, we continue to discover opportunities to streamline and improve our packaging and transportation-related 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. Over FY23, we continue to report against our high baseline values for the circularity of our packaging, with 100% of the cork, paper and cardboard packaging used in our Wholesale and Direct to Consumer distribution made from renewable materials.¹⁵ 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 are currently developing ways to further capture increased materials efficiencies through alignment with high quality packaging vendors, which have led to noticeable decreases in wasted materials during the production process. Additionally, we occasionally accept out-of-specification packaging material, if and only if, the malformation does not affect wine quality, in an effort to avoid wasting materials. 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.



Decrease our product footprint in our supply chain

In concert with our supply chain team, we have plans in place to eliminate unnecessary packaging in the back-and-forth vendor process. We will also look to increase product circularity through innovative packaging.

¹⁵Renewable materials are defined as resources that can be naturally replaced through natural or ecological cycles.



Glass Bottles

We work to minimize our carbon footprint by sourcing regional materials and choosing to partner with North American suppliers whenever possible, which provides greater assurance of meeting our supply needs and delivery expectations and simultaneously decreasing GHG emissions caused by air and sea freight. This year, we renewed our contract with our glass supplier based in Mexico, which furthers our progress toward our goal of sourcing 100% of glass from North America, decreasing emissions caused by transporting the supplied glass bottles to our facilities and helping to ensure a more reliable supply chain.¹⁶ In our 2022 report, we committed to a near-term goal to target light-weighting 49% of our bottle molds.¹⁷ Beginning in early FY24, we will start bottling many of our wines in the new, light-weight bottle mold. This mold will serve approximately 50% of our overall production, which helps us achieve our goal.

The transition of about half of our production to the lightweight mold supports:

1. Efficient use of resources, with a reduction of 30 grams per bottle and annual demand for Duckhorn for this mold at around 1.2 million cases or 14.4 million bottles - this decreases the number of total machine days needed to produce the bottles and eliminates 432 metric tons of glass annually.
2. Increased business efficiencies of our suppliers, calculated to increase output per day from 11,000 to 14,500 cases, around 30% more productive.
3. Direct decrease in transportation emissions. When we consider the movement of lighter product from our supplier warehouse to northern California, the 1.2 million cases transported would represent an annual reduction of 42.7 metric tons of CO₂.¹⁸



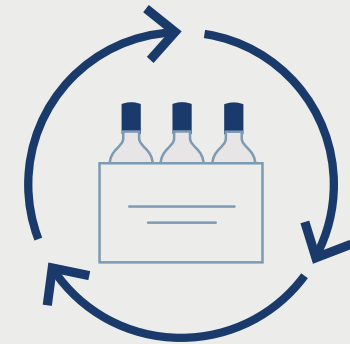
Continue to decrease emissions caused by our supply chain

We continue to achieve a significant decrease in emissions caused by transportation and shipping through our lightweight bottle initiatives, which are currently in progress. We will continue to evaluate opportunities to further lightweight our bottles to decrease carbon emissions.

¹⁶Note, 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.

¹⁷Target based on the current 12-month forecast.

¹⁸Estimated using basic greenhouse gas calculation (distance x weight x emissions factor)



100%

Cork, Paper & Cardboard made from renewable materials

100%

Glass, Tin, Cardboard, Ice Packs & Padding can be recycled or composted

DTC Packaging

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 goal of having a responsible packaging and waste cycle that keeps our supply chain, and its many dynamic pieces, as circular as possible. We are continuously evaluating new environmentally friendly shipping materials as they come to market. 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.

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. For that reason, to mitigate suboptimal management of this organic waste, we continue to compost our green waste, whenever possible, which includes grape skins, pulp and seeds. Over the course of FY23, we spread approximately 64,600 tons of organic-matter compost in our Estate vineyards, one of the most important things you can put back into the vineyard to replenish the humus, the critical top layer of soil. Replenishing the humus ensures maintenance of microbial biodiversity under the soil as well as generally in our vineyards and areas of operation as a whole.



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 crafting luxury wine and leaving fertile land behind for future generations. Operating with this philosophy, we work synergistically with the climate, our trusted partners and dynamic weather patterns 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 an ad hoc Climate Change Consortium, building off learning opportunities like the inaugural symposium in FY22, 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.



Increase biodiversity in the soils of our Estate properties

We are working to maintain all of our sustainable certifications of our estate vineyards and seek out new certifications, as appropriate.

Integrated Pest Management: A Case Study from "Vineyard to Table"

Agriculture is at the core of our business. Accordingly, we must remain at the forefront of best practices in farming to protect not only our vines but also the environments in which we operate. One way we are working to maintain a biodiverse landscape is through Integrated Pest Management ("IPM"). IPM is an ecosystem-based strategy that focuses on the long-term prevention of pests and/or their damage through techniques like biological control, habitat manipulation, modification of cultural practices and use of resistant varieties. IPM truly embodies "boots on the ground" farming techniques, which requires dynamic and diligent participation of the farmer. We understand the detrimental impact of chemical use in the vineyards, which is why we employ the IPM program at 100% of our estate vineyards, upheld through weekly scouting and monitoring. Our goal with the IPM program is to drastically decrease our chemical footprint. When we face an issue in the vineyard, we evaluate several solutions and look for options that maximize results and minimize our impact on the environment. Before an issue can be treated, it must surpass the economic threshold for that pest. Generally, Duckhorn tends to have higher economic thresholds, to minimize required chemical involvement.

An example of IPM in action can be seen with vineyard mites. According to the IPM process, one would analyze mites in a grid of a specific vineyard. This might entail evaluating a leaf every five vines to record how many mites you're seeing per leaf. If, for example, you see 10-20 mites per leaf in your control area, with damage up to the mid canopy, that would be considered a treatable scenario based on thresholds for mites. While a treatment for mites could involve the use of chemicals, other solutions that we have used in the past include the release of a beneficial insect, like the Californicus mite. While this assessment takes time, it is integral to IPM. The IPM process helps our farming team evaluate if a vineyard actually requires treatment, rather than spraying before a problem is detected, which would be the easier, more streamlined process, but can cause undue harm to the land by using chemicals without proper cause. Our IPM programs have been woven into our farming operations for decades, and contribute to our sustainable production of luxury wine.

Our Certified Vineyards

The vineyard certifications we earn for our wineries and vineyards offer tangible evidence of our land stewardship and biodiversity objectives and progress as they recognize leaders in those areas. As a continuation from last year, we are excited to report that all of our North Coast vineyards remain certified by the Fish Friendly Farming® (“FFF”) program, which 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 National Oceanic Atmospheric Administration (“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. 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 operations and less impactful on our environment. Last year, we announced that the newest vineyard for our Postmark winery brand passed the Sustainability in Practice (“SIP”) certification process.¹⁹ 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. Over FY23, we began the process to achieve the Sustainable WA certification for our Longwinds Vineyard in Walla Walla, Washington.²⁰ Sustainable WA signifies a commitment to quality fruit, environmental stewardship, and healthy communities and is the first certification program of its kind, curated specifically for Washington vineyards. As with many other certification programs that Duckhorn participates in, the Sustainable WA methodology covers the sustainable pillars of environmentally sound, socially equitable and economically viable farming, much like the approach Duckhorn takes with our overarching sustainability program. The certification is science-based and built to continually improve, with approximately 83 requirements built into the standard. We will continue the certification process through FY24 and are excited about joining a community of sustainably-focused winegrowers in Washington.

Vineyard Certifications



Napa Valley

Cork Tree Vineyard
El Veredicto Vineyard
Marlee’s Vineyard
Monitor Ledge Vineyard
Patzimaro Vineyard
Rector Creek Vineyard
Stout Vineyard
Three Palms Vineyard
Wolfe Vineyard

Sonoma County

Brownell Vineyard
Keefer Vineyard
Ridgeline Vineyard
Running Creek Vineyard
Bodega Vineyard*

Anderson Valley

Cerise Vineyard*
Confluence Vineyard
Gowan Creek Vineyard
The Narrows Vineyard



San Benito County

Jensen Vineyard
Selleck Vineyard
Ryan vineyard
Mills Vineyard
deVilliers Vineyard
Reed Vineyard



Paso Robles

Postmark Vineyard



Sonoma County

Gap’s Crown Vineyard
Bodega Vineyard



Red Mountain

Longwinds Vineyard*

*Finalization in progress

¹⁹ <https://www.sipcertified.org/>

²⁰ <https://sustainablewa.com/>

GROWER PARTNERS

Over FY23, our Estate vineyards produced approximately 10% of the grapes required to meet our aggregate production needs, and the remainder of our total production was sourced from third-party growers and, to a lesser extent, the bulk wine market. Our confidence in the quality of our grapes comes from longstanding relationships with our growers. They have established themselves as responsible agricultural producers, making them reliable and trustworthy partners in producing our luxury wines.

As a continuation of the process we developed for our 2022 report, we are proud to disclose our suppliers had zero major or minor nonconformances 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 includes 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 organizations whenever possible. It is our hope to continue to expand our scope of independently verified sustainability certifications, as they align with business interests and efficiencies. Last 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. Over FY23, we continued to collect information from our growers and encouraged them to report information about their environmental certifications as part of our work towards our biodiversity goal. We hope to finalize this information collection in the upcoming year, and evaluate the results to see what an environmental integration plan might look like in the future. We believe that continuing our work to further the environmental certifications held beyond our owned and leased vineyards will foster even stronger relationships with 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. As a continuation of the work we started in 2022 to really understand our water risk, we once again 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 18% of our grape grower vineyards exist in regions with high or extremely high baseline water stress.²¹

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.

²¹ According to WRI Aqueduct Tool





SOCIAL

The passion and diversity of our talented employees underpin our success as a luxury wine company. We cultivate an environment where all employees are treated fairly and with dignity, and where each team member can experience a rewarding, challenging and productive career. Our company culture and dedication to the deeply held values established as part of our “flock” mentality ensure the employee-centric business founded in 1976 remains today. Sip responsibly and sustainably, with Duckhorn’s ESG vision in every glass, thanks to our dedicated Duckhorn team.

IN THIS SECTION:

- TALENT 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. Our company has evolved as we have grown, but the 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. At the end of FY23, we had 463 full-time employees, 21 part-time employees and 59 seasonal employees.

TALENT MANAGEMENT

We are dedicated to building and maintaining a corporate workforce founded on a culture of equality, respect and integrity. 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 take pride in 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.

Wine, Wisdom and Well-being

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

Providing a competitive benefits package to our employees remains a key area of focus at Duckhorn. We believe that health care is one of the most important components of our benefits package. We are cognizant of the cost of health care in the United States, and Duckhorn alleviates this and other financial pressures experienced by our employees through tiered benefit plan cost sharing. 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 and retention and productivity remain high.



We are proud to invest for the future of all part-time and full-time employees through our uniquely-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 Zach Rasmuson, Executive Vice President, COO and an employee for over 19 years, another excellent example of Duckhorn values embodied. This year, we wanted to take the opportunity to highlight Pete Przybylinski our Executive Vice President, Chief Sales Officer (“CSO”) and an employee for over 28 years. Pete has served as our CSO since 2010, after serving in a number of sales roles of increasing responsibility in the organization since joining the Company in 1995. Pete’s story and devoted tenure at the company set the bar for what it means to be part of the Duckhorn team. The leadership he demonstrates speaks to his passion and commitment. Pete’s story is an excellent example of the investments Duckhorn continues to make in its employees. Through the support of the company and its leadership, Pete was able rise through the ranks. He continues to be an exemplary leader to all employees and makes possible the enjoyment of our wines across all corners of the world.

Our suite of benefits for participating employees includes the following:

Physical and Mental Health

- Medical, Dental and Vision Coverage
- 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 Well-being

- 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
- Annual employee wine allotments and ongoing discounts and complimentary tasting visits
- Merchandise discounts
- Employee Intranet



Employee Support



Our People team is dedicated to addressing the changing needs of our employees. For example, the Employee Assistance Program “EAP”, launched in 2021 and 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 well-being. Some of the resources provided by the EAP include counseling, crisis consultation, dependent care and daily living resources, legal consultation, financial consultation as well as general healthy living resources. This continues to be an excellent resource that is used by employees with about a 4% utilization rate observed over FY23.

We continue to adapt to the changing macro environment in an effort to stay competitive in the market, so, in select positions in early 2022, we introduced a hybrid employee classification to enhance flexibility, productivity, and mental well-being. These employees work in the office a set number of days per week and remotely on other days. This hybrid work model supports flexibility and promotes active collaboration on in-office days.

Over FY23, we are excited to have launched an Employee Intranet, “The Nest,” a significant milestone in our ongoing efforts to strengthen communication and foster a collaborative work environment. With over 500 employees based in over 30 locations, it was an integral next step to create a centralized repository of information, making it easy to find up to date company news and information such as policies, procedures and people resources. Creating an engaging and productive culture is part of our internal communication strategy, and “The Nest” helps ensure everyone is informed and has access to company resources. With the new launch, we are actively exploring ways to enhance and continually improve the platform.

Milestone Recognition

Tenure is an extremely valuable metric at Duckhorn. As of the end of FY23, approximately 30% of employees have been at the company for five years or more, up 3% since last year. 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.



Belinda Weber, based at our St. Helena headquarters, celebrates 25 years working for The Duckhorn Portfolio. She is our Vice President, Marketing, and has devoted a quarter century to building The Duckhorn Portfolio into what it is today, and we are incredibly grateful for her contributions. For this milestone, Duckhorn gave her the honor of choosing the name for one of our Estate Vineyard blocks. She chose Rector Creek Vineyard Block 6A and named it after our former Paraduxx winery dog, Cooper, who loved to explore the vine rows with her.



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. 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.

We continue to welcome new employees through our Navigator program, launched in 2020, which pairs new employees with current employees. In FY23, we welcomed 28 new hires through this orientation program, bringing the total to 136 new hires since the program’s launch. Nearing its third year of implementation, the Navigator program has grown to be a central part of new employee orientation and includes 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 FY23, 17 new hires were internally referred, including full-time, part-time and seasonal employees. As of July 31, 2023, 10 have already surpassed their six-month anniversary.



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”)²²
- Recruitment
- Safety

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 \$116,262 on tuition reimbursement.²³ In FY23, 9 employees took advantage of this benefit, which not only represents an investment in our employees’ career growth but supports the growth of the company and promotes longevity in tenure. 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 continue to view this program as an investment in our most important assets - our people and culture.



²² DEI Trainings are done on a ad hoc basis, and therefore may not occur every fiscal year.

²³ 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

In our inaugural Responsibility and Sustainability report, we touched on the launch of our Diversity and Inclusion initiative. In FY22, we expanded the program to include “Equity,” which we believe is a critical consideration that helps us acknowledge that our peers face different barriers and advantages, making the difference when working to achieve 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 continue to tailor our future trainings to the expectations and needs of our employees. Accordingly, over FY23, a cross-functional team from the legal and people teams (the “diversity ambassadors”) conducted instructive forums on the topics of DE&I with a cross functional focus group comprised of individuals across our employee base. The goal of this forum was to help decipher the DE&I topics most important to the employees. This forum allowed employees to reflect on their experiences and cultural practices as they relate to inclusion and equity, and help brainstorm ways for the company to better support our employee groups. Their participation and dialogue were critical to ensure our DE&I programming continues to be derived from a bottom-up approach and is unique to the company. After a productive discussion, the diversity ambassadors began to craft an action plan and proposed a three-pronged process, with action to be taken over the next few years.

**STEP
1**

Approve draft of DE&I pledge for adoption by the company

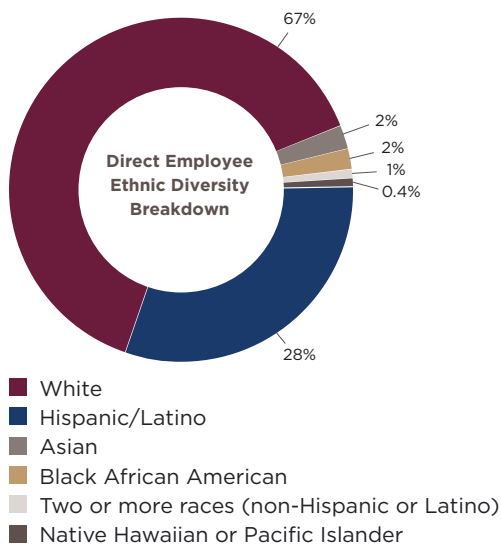
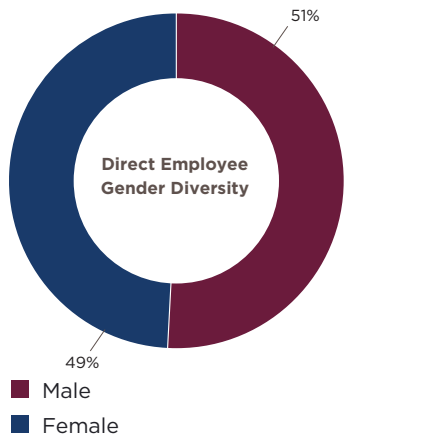
**STEP
2**

Development of DE&I Committee, based on proposal set forth by the diversity ambassadors

**STEP
3**

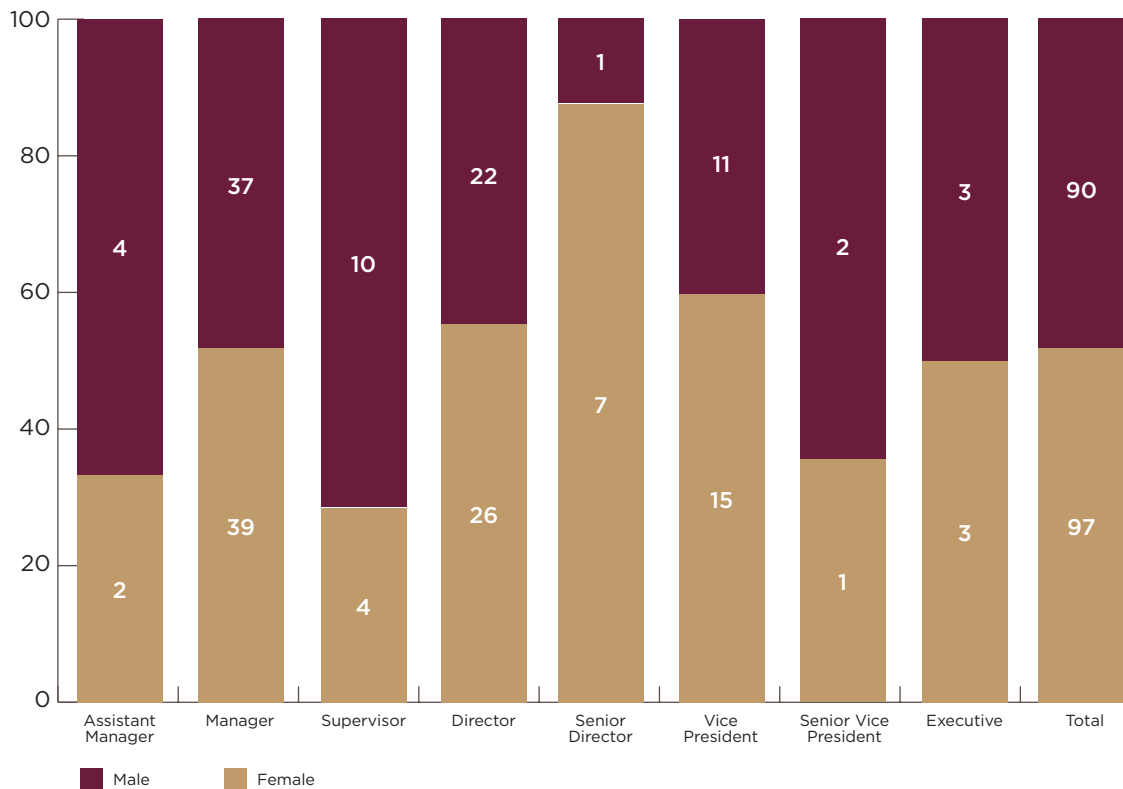
Implementation of DE&I Committee





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, while simultaneously inspiring our employees to achieve their full potential. In FY23, we reported that 52% of leadership positions were held by female employees. While this metric has fluctuated over the years, we consistently work to maintain gender parity in leadership. As the company grows and adjusts to occasional organizational restructuring, we may see some changes year-to-year, but will always work to keep numbers in line with our expectations and goals.



Maintain and enhance gender representation in managerial positions at the Company

We have consistently had over half of our leadership positions held by women over the past three years. We plan to continue with our successful hiring strategy to maintain or increase representation in future years.



HUMAN RIGHTS AND LABOR PRACTICES

Collective Bargaining

The Duckhorn Portfolio had no collective bargaining agreements in FY23.

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 in 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.



Enact policies consistent with our business worldview

In the near term, we plan to formalize our development of aspirational and observed policies at the Company.

HEALTH AND SAFETY

Ensuring the safety and well-being 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. Over FY23, we have worked to expand our health and safety programming.

Safety Procedures Implemented in FY23

- Onboarded new comprehensive safety management system platform, HSI, for efficiency in managing the following: safety incidents, Waterfowl's ISO quality management, chemical management, and the introduction of a learning management system (LMS) all in one place allows for ease in OSHA annual injury reporting, tracking of metrics and completion of corrective actions
- Continued emphasis to Safety Champions to record and report near-miss reporting to prevent more serious incidents from occurring.
- Continued monthly meeting of monthly Safety Champion with 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.
- We have added new Safety Champion representatives from our Central Coast and Viticulture teams.
- Distribution of safety alerts through periodic newsletters to highlight safety incidents, excessive heat warnings and evacuation drill reminders.
- Development of in-house safety trainings such as Golf Cart Safety and Driving in Vineyards training.
- Initial development of a dedicated Safety page within Duckhorn's new Employee Intranet, to allow for an easy source to find relevant checklists, policies and programs.

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 well-being 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 all 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" remain a unique part of Duckhorn's safety culture and are implemented throughout all of our vineyard and winery operations. 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 FY23 at all properties and facilities, we held 160 safety tailgates over the course of the year, an increase of about 5% since FY22.



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 Environmental Health, Safety and Risk (“EHS&R”) team 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.

Last year, we strengthened our process for capturing and reporting near-misses and injuries by setting 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 and has been used very successfully over the past year. We are currently preparing to launch a new digital safety management system that would extend to all sites and further advance data tracking and streamline our health and safety programming.

Safety Processes for Future Implementation and Timely Updates

Baseline Safety Processes	FY23 Update
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.	We are currently in the build phase of the HSI Safety Management platform, with expected launch during FY24.
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.	We now have an LMS module via HSI that is also in the build phase, with expected launch during FY24.
Establish an annual emergency preparedness drill schedule for participation by all sites.	Annual evacuation drill schedule was established and annual evacuation drills completed.
Implement additional practice drills for employees, including active shooter and earthquake drills.	Provided our first “Great Shakeout” earthquake communication company-wide to provide earthquake response reminders.
Increase the involvement and participation of hospitality and sales teams in safety meetings and initiatives.	Goal projected to be incorporated in FY24.
Establish a company-wide safety calendar so employees can have better visibility into upcoming trainings, webinars and health and wellness resources.	Ongoing process as part of employee Intranet rollout. Partnership with IT to develop calendar on Intranet page in process.



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.

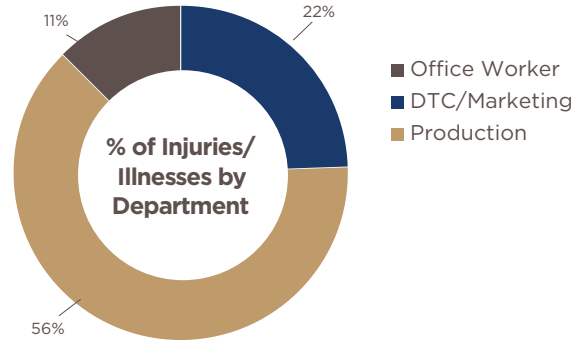
Safety Training

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

- Emergency 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 employees (“Safety Champions”) in departments 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 Environmental Health, Safety and Risk team for remediation before accidents occur.



Understanding Our Safety Metrics

Total Recordable Incident Rate (TRIR) 3.13 cases per 100 full-time equivalent worked

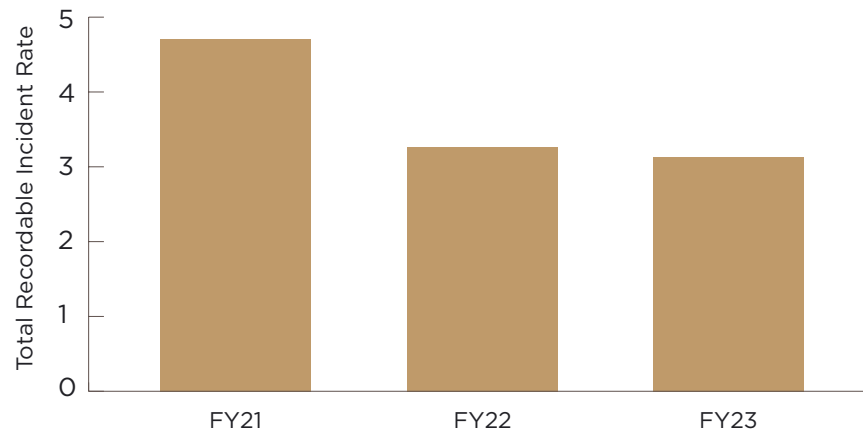
Fatality Rate: 0 fatalities reported for FY23

Near-Miss Frequency Rate: average of 0.50 cases per month

Three-Year rolling average TRIR: 3.70 cases per 100 full-time equivalent worked

We saw a decrease in both TRIR and Near-Miss Frequency Rates year-over-year, down (13)% and (25)% respectively since FY22. We use these and other metrics to inform our progress against our goals, are encouraged by this development. We believe these improvements are attributable to the investments we've made in both our EHSR team as well as our safety procedures.

Moving forward, and in accordance with the goals we have established as part of our FY23 ESG goal development process, in addition to the fiscal year metrics, we will also be reporting a three-year TRIR rolling average to benchmark our progress against our safety goal. While we invest in and prioritize all aspects of employee safety, we believe that by using a three-year rolling average to measure our TRIR, we'll be able to normalize against any one-off increases due to site or employee expansion or extraneous issues (e.g., during COVID, we counted employee-to-employee transmission as part of our recordable rate).



Decrease our Total Recordable Incident Rate (TRIR) three-year rolling average to be at or below industry level

Based on the most available data, the industry TRIR is 2.9.²⁴ We continue to work diligently to lower our TRIR to meet industry levels through enhancement of our safety culture via targeted, tailored, in-house training programs and protocols, among other planned initiatives.

²⁴ Information based on 2021 data from the Department of Labor, which is the most current industry data available.



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 in 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 for 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 well-being 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 and show proof of responsible beverage service training certification by the Alcohol Beverage Control ("ABC") 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.

We clocked 152 hours of responsible marketing and beverage service training for FY23 for our hospitality employees in connection with attributable to the new Responsible Beverage Service guidelines program by the ABC that went into effect September 1, 2022.

The ABC guidelines are aimed at reducing alcohol-related harm to consumers and communities through education on mechanisms to eliminate unsafe consumption habits and overuse of alcohol. We anticipate these training hours to fluctuate year-to-year due to the three-year expirations of these certifications.





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 and digital ads, radio, podcasts and social media content. In FY23, we reported approximately 90% of our advertising impressions were made on individuals at or above the legal drinking age, which is in line with expectations for broad-based advertising. 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 FY23, 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 FY23.

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”)

In 2020, we established the Duckhorn Portfolio Founders Fund (“DPFF”), the philanthropic arm of our company, with the aim to support local organizations focused on aiding the educational pursuits of historically disadvantaged groups. Over the past three years, the DPFF has provided grant awards to nine local organizations totaling \$400,000 in funding. In our third year, we are pleased that the DPFF was able to grant \$150,000 in awards to five deserving organizations.

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. In order to be considered for funding, an organization must be focused on education, 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 2023, Duckhorn employees nominately approximately 17 organizations 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 organizations selected by the DPFF. 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 Volunteer Time Off (“VTO”) program. After rigorous internal review, 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 FY23. Each recipient organization is unique in its approach to service, but all of the recipient organizations reflect the principles highly valued by Duckhorn’s founders.

The DPFF Committee awarded grants totaling \$150,000 in July 2023 to support five local organizations:

- School on Wheels
- Sonoma State University (Wine Industry Scholars Program)
- Elsie Allen High School Foundation
- Napa Valley Farmworker Foundation
- North Bay Children’s Center



Charitable Giving

While we are extremely proud of the DPFF, it is but one of the many philanthropic efforts undertaken by the Company each year. In addition to the annual DPFF contributions, Duckhorn is active in charitable giving through other avenues. During FY23, Duckhorn gave a total of \$306,230 in donations – this included \$150,000 from the DPFF and \$156,230 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 \$455,881. Duckhorn continues to find ways to give back to its communities by way of the DPFF and other internal opportunities.

Volunteer Time Off (“VTO”)

The VTO program, launched in 2021, allows most full-time employees eight hours per year to volunteer at charitable organizations of their choosing while retaining their pay. Over FY23, we reported 64 hours of volunteer time off used and given back to the community. We aim to continue 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 DPFF grantee organizations to empower our partnerships with these fantastic, vetted, local organizations. We believe that VTO efforts are meaningful steps towards fulfilling our charitable commitments, using the valuable resource of time to give back.



Increase use of Volunteer Time Off (VTO) hours in our community by employees

Through increased communication and internal promotion of our VTO program, we aim to increase participation in the program in our communities. Communications will be posted on our new employee intranet and greater team building is planned to be programmed around VTO in the future.



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 43% of our production is conducted at our Waterfowl winery. Waterfowl is now our second largest production facility, after our recent acquisition of Geyserville Winery, and is certified 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 the addition of Geyserville winery to our production portfolio, we are also bringing a large portion of our production capabilities in house, furthering our ability to have end-to-end control and oversight in the production process.

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.

With respect to quality of our products, we have written statements from our glass, cork, capsule, screw cap, and carton vendors they do not intentionally use or distribute any products that can contain PFAS chemicals.²⁵

Supply Chain

We frequently evaluate our supply chain vendors with respect to their adherence to expectations for quality, customer service responsiveness and service availability. We continue to implement 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 2023, we implemented just one supplier corrective action plan to better our quality standards and products. Additionally, we conducted seven Root Cause Problem Solving sessions to improve our internal procedures.

²⁵PFAS are defined as "perfluoroalkyl and polyfluoroalkyl substances"





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. As a company that has always had external stockholders, we are keenly focused on sustainable growth and accountability. This longstanding business and ownership structure means that the responsibility we feel to our stockholders is deeply engrained in our Company's operations and culture. 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 AND COMMITTEE OVERSIGHT
- OUR MANAGEMENT TEAM
- ENTERPRISE RISK MANAGEMENT
- GOVERNANCE GUIDELINES, POLICIES AND PRACTICES
- DATA SECURITY AND CUSTOMER PRIVACY



BOARD OF DIRECTORS AND COMMITTEE OVERSIGHT

Our Board is tasked with guiding the development and execution of business strategy by management, ensuring accountability at all levels of the Company and overseeing management and mitigation of the risks inherent to our operations. This work is all done in accordance with and pursuant to our Corporate Governance Guidelines.

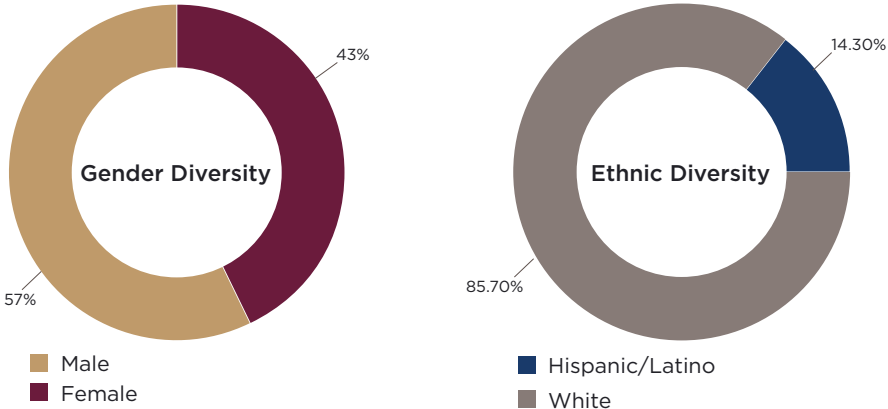
Today, our Board is comprised of seven members who have a range of experiences, perspectives, skills and backgrounds. Members of the Board draw upon expertise in a wide range of industries, including wine and spirits, retail, e-commerce, consumer goods and technology. They also serve or have served as public and private company executives and directors, bringing managerial and operational experience to shaping and overseeing the strategy of a growing luxury consumer goods business.

Board of Directors Diversity²⁶

We are proud of the diversity of our Board, and we aim to continue to enhance its diversification in future years. Female directors represent 43% of the Board and 14% of the directors identify as ethnically diverse. In addition, 57% of our Board has held, or currently holds, an executive-level position at a publicly traded company, which affords us opportunities to incorporate best practices learned from tenured executives of other public companies.

When identifying candidates to serve on our Board and its committees, the Board believes in the benefits of diversity among its directors and seeks director candidates that possess a combination of skills, professional experience and diversity of background and viewpoints necessary to oversee the business. Directors and director candidates should have the requisite skills and expertise to complement our current Board composition while supporting the strategic vision and trajectory of the Company and the management team.

In FY23, the Board prepared a skills and diversity matrix which captures the skills that best characterize the needs of the Board as well as certain demographic information, including age, gender and race and ethnicity. Each director self-reported his or her skills and demographic information. This matrix is included in our annual proxy statement and is a tool for the Board and the Nominating and Corporate Governance Committee to use in assessing director nominees and Board committee composition. The use and disclosure of this matrix serve to strengthen our corporate governance practices and increase transparency and accountability to our stockholders.



²⁶ Data as of November 15, 2023. While this FY23 report draws upon data as of the end of our Fiscal Year 2023 (July 31, 2023), some data is reported outside this range.

Board of Directors Structure and Committee Oversight

Our Board is divided into three classes of directors with each class serving staggered three-year terms. The term length and classified structure ensure that, at any given time, the majority of our directors have deep knowledge of the Company and a firm understanding of its goals, and it allows for continuity and stability of the Board, promoting the balance of long-term and short-term interests of the Company and its stockholders.

The Board has three Committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Each of the committees operates under its own written charter adopted by the Board. These committees meet regularly and play a vital role in the Company’s governance, including in monitoring and managing specific areas of risk. The functions of each committee are described in greater detail at right.

Audit Committee

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.

Nominating and Corporate Governance Committee

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 overseeing 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. The Nominating and Corporate Governance Committee also oversees the annual evaluation of the Board and committees’ performance.

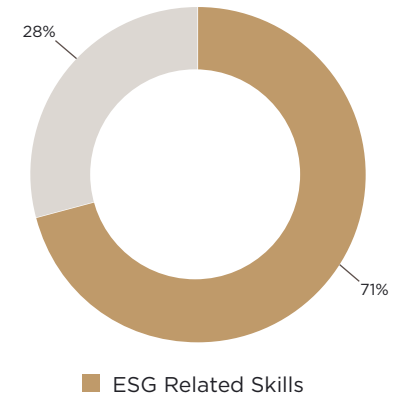
Compensation Committee

The Compensation Committee executes the oversight responsibilities related to, among other matters, our executed compensation plans, equity award administration and risks related to our compensation plans and program. The Compensation Committee regularly oversees human capital matters and the associated opportunities and risks.

Director Nominee	Director Since	Committee Membership(s)
Melanie Cox	2021	Compensation Committee Chair Nominating and Corporate Governance
Adriel Lares	2021	Audit Committee Chair
James O’Hara	2016	Compensation Committee
Charles Esserman	2016	
Michelle Gloeckler	2021	Nominating and Corporate Governance Chair Audit Committee Compensation Committee
Daniel Costello	2016	Nominating and Corporate Governance
Deirdre Mahlan	2021	Chairperson of the Board of Directors

Approximately
71%
of our Board

reported skills and/or background related to Environmental, Social, Governance experience.



OUR MANAGEMENT TEAM

At the helm of Duckhorn is an exceptional and experienced management team, made up of six strategic and functionally focused professionals who are dedicated to the success and growth of the Company. This management team has successfully managed the business through a range of economic conditions, challenging environmental externalities and the successful integration of two acquired winery brands. Environmental impacts to our business have become more prevalent, which has been the impetus for a greater focus on sustainability and climate resiliency within our organization.

Leadership Diversity

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



The management team represents a strong mix of tenure both at the Company and in the broader wine industry simultaneously supporting Duckhorn's traditions and culture, while 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 vice presidents, directors and 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 third consecutive year, over 52%, of our internal leaders are female, highlighting our commitment to diversity at the leadership levels of the company.²⁷ Throughout our history, we have maintained our focus on ensuring women have a robust presence in our leadership through internal promotion and mentorship. In addition to our strong representation of women in leadership throughout the company, we are also proud that approximately 18% of our leadership positions are held by ethnic minorities. We understand the need to build out further programming to encourage and support greater representation of minorities in leadership. Accordingly, we will continue to find new methods to support women and minorities in all positions at the company in the future.

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 employee turnover is lower than the industry average, which is reflective of our commitment to our employees and enhances the performance of our business.
- Looking to the future, we have made commitments to management training programs in 2024. 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:

- Approximately 38% 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.
- 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 organizations such as Experience International and Communicating for Agriculture Education Programs that assist in bringing in international candidates to share and learn ideas, beliefs and agricultural practices through our seasonal harvest positions.
- We continue to evaluate 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.²⁸
- Our applicant tracking system and recruitment processes enables fair and blind hiring to reduce potential bias from the start during the resume review and phone screening process.

²⁷ "Leadership" refers to those individuals who are titled Executive Vice President, Senior Vice President, Vice President, Director/Senior Director, Manager or Supervisor.

²⁸ <https://wineindustryadvisor.com/2020/10/29/be-the-change-virtual-job-fair>

ENTERPRISE RISK MANAGEMENT

In our third year as a public company, we have continued to strengthen our processes with respect to the identification, oversight and management of company risk. The Board and its committees oversee Duckhorn's frameworks for identifying, monitoring and mitigating risk. Our Audit Committee, for example, oversees management's assessment of enterprise risks and strategies for mitigation, including varied areas such as data and cyber security, supply chain challenges, changing consumer trends and factors affecting financial performance. Our Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements, the incentives created by the compensation awards it administers and how management is managing human capital. Our Nominating and Corporate Governance Committee oversees risks associated with corporate governance, business conduct and ethics and environmental sustainability matters.

To ensure the Company's risk oversight is attuned to the principal risks, management undertakes a full cross disciplinary risk analysis quarterly, which serves as the basis for the full briefing that is provided to the Audit Committee and subject-matter specific updates that are provided to the Board, and other committees. The Board uses these briefings as the basis for their guidance to Duckhorn's management team, ensuring that employees are actively engaged in risk management in their respective business areas.

The chart on the right depicts our five most salient areas of risk and the mitigation techniques we employ as of the end of FY23, under the oversight of the Board and its committees.

Risk	Strategic Execution
<p>Failure to maintain revenue growth</p>	<p>A failure to maintain revenue growth is a salient risk to the business. We work diligently to address this dynamic risk through thoughtful price increases on the front-line, while ensuring that the variance between front-line suggested retail price ("SRP") and discounted SRP is tightened to maintain our attractive margin profile. We also actively work to ensure we are well staffed with quality salespeople and analysts to get our wines on the shelves of the right stores and restaurants. Finally, our marketing team continuously focuses their efforts on consumer activation to increase awareness and drive pull-through, expanding our devoted consumer base and driving sales.</p>
<p>Failure to close/successfully integrate acquisitions</p>	<p>A failure to close or successfully integrate an acquisition proves to be a timely risk. We address this risk through the development of a comprehensive integration checklist, governance, and related support to ensure we have a thorough process in place. In addition, we benefit from best practices gleaned from the prior successful acquisitions of Calera and Kosta Browne. Keeping our key internal and external team members informed throughout the acquisition process with continuous messaging and education is also critical. Finally, developing thoughtful staffing and retention plans, as appropriate, ensures key members of our teams are engaged.</p>
<p>Sub-optimal growth management</p>	<p>Sub-optimal growth management can be the product of business discontinuity or brand devaluation, among other issues, but we are poised to manage this risk in several ways. Our management team meets weekly, giving each executive a comprehensive understanding of the state of the business and its challenges. This meeting structure encourages a focus on addressing long-term challenges, while also focusing on short-term results. In addition to a continuation of our disciplined M&A process, we continue to make strides building and enhancing the systems needed to support the sustained growth of the company.</p>
<p>Sub-optimal investor communications</p>	<p>Sub-optimal investor communication is a potential risk we are highly attuned to as a public company. As we mature in our public tenure, we have built systems and processes to ensure consistent themes and messaging across all investor communications. We work interdepartmentally, vetting internal financial analysis, projections, and industry data to authenticate our story in the broader context. We always seek to maximize the impact of our time spent with equity analysts and investors, and we have invested resources into our internal investor relations functions.</p>
<p>Failure to attract and retain talent</p>	<p>A failure to attract and retain talent is a high importance risk at Duckhorn, as talent management and the safeguarding of our culture is of utmost importance. To mitigate this risk, we have increased transparency of employee benefits through curation of a comprehensive employee intranet as well as via other investments on the People team. We have maintained our robust referral bonus program and have implemented other bonus programs to incentivize retention and performance. We also actively engage and retain top talent through competitive benefits and wages while encouraging a vibrant and desirable culture.</p>

GOVERNANCE GUIDELINES, POLICIES AND PRACTICES

In addition to our Corporate Governance Guidelines, which outline the responsibilities of our Board, the Company maintains several policies and practices which ensure Company employees, including management and directors, act in accordance with best corporate governance practices as well as legal and NYSE requirements. The Nominating and Corporate Governance Committee reviews these policies and guidelines, along with the committees' charters and Company's bylaws, on an annual basis to ensure no updates are needed. Below are summaries of some of our policies and practices.

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 key messaging 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

Stockholders and other interested parties may also communicate directly with the Board or individual directors by writing to the Company's corporate secretary.

Whistleblower Policy

Duckhorn has a comprehensive Whistleblower Policy that protects those who bring forth concerns related to business practices or other business-related issues for investigation. Employees can use the whistleblower hotline to report a complaint (anonymously or otherwise) or provide information directly to the Legal or People teams, or their manager. Complaints 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 Strategy and Legal 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.

Stock Ownership Guidelines

The Board has adopted stock ownership guidelines for our independent directors and executive officers to further align decision makers with shareholder value. Under these guidelines (i) our Chief Executive Officer is required to acquire and own stock or stock equivalents in an amount equal to five times his or her annual base salary, (ii) all other executive officers are required to acquire and own stock or stock equivalents in an amount equal to three times their base annual salary, and (iii) all independent directors are required to acquire and own stock or stock equivalents in an amount equal to four times their annual cash retainers. Independent directors and executive officers are required to meet the applicable ownership requirements within five years of becoming subject to them.



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. The Board believes that when those types of transactions are entered into, the individual involved in such an arrangement may no longer be subject to the same risks, and therefore may not have the same objectives, as our other stockholders. Accordingly, these transactions are prohibited.

Related Party Transactions

The Company's Related Party Transactions Policy ensures that all potential related party transactions are identified and evaluated by the Audit Committee pursuant to legal, accounting, and NYSE requirements. Under the policy, our Audit Committee is responsible for reviewing and approving related party transactions. In the course of its review and approval of related party transactions, our Audit Committee will consider the relevant facts and circumstances to decide whether to approve such transactions and ensure the requisite disclosures are made.

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

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 Strategy and Legal Department and all proposals are approved by the President, Chief Executive Officer and Chairperson.

Business Code of Ethics

Our Board and management team are focused on establishing trust with and ensuring accountability to Duckhorn's stakeholders. Toward that end, they have translated our Company values, practices, standards and principles into our [Code of Ethics](#) (the "Code") and related Company policies to guide the actions and behavior of all employees. The Code serves as a guide to acceptable business conduct for all employees by promoting ethical conduct and 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 an integrated manner. Together, these departments manage and assess enterprise risk and 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 have expanded our IT team to include a more built-out team of System Administrators who are consistently monitoring 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.

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 information collected from our employees, suppliers and customers in our tasting rooms and on our e-commerce websites, as well as other information critical to our business operations. To safeguard personal information, we employ a number of practices in our data privacy program.

Key components of our data privacy program:

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

Oversight & Employee Training

Our Board and Audit Committee oversee our information security protocols and implementation of the cybersecurity program, 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.

In addition to the employee trainings we require as part of our cybersecurity program, we invest in our employees to ensure their systems are secure. On average, we spend approximately \$760 per full-time employee.



Key Performance Indicator	KPI Sub-Metric	Unit	FY23	FY22	FY23 Footnote(s)
ENERGY, EMISSIONS AND CLIMATE					
Total Scope 1 and Scope 2 Energy Consumed	Total amount of energy consumed	Gigajoules	33,123.00	26,576.40	
Percentage of Energy Consumed Supplied from Grid Electricity	Percentage of Energy Consumed Supplied from Grid Electricity	Percentage	48%	71%	
Total Scope 1 GHG Emissions	Gross Scope 1 Emissions	Metric tons of carbon dioxide equivalents	1,037.00	581.18	Excludes fugitive emissions.
Total Scope 2 GHG Emissions	Emissions from Electricity and Energy Purchases	Metric tons of carbon dioxide equivalents	1,230.30	1,220.00	
WATER STEWARDSHIP					
Percentage of grape grower vineyards in regions with High or Extremely High Baseline Water Stress	Percentage of grape grower vineyards in regions with High or Extremely High Baseline Water Stress	Percentage	18%	25%	
Percentage of Estate Vineyards in Regions with low to medium/high baseline water stress	Percentage of Estate Vineyards in Regions with low to medium/high baseline water stress	Percentage	97%	75%	
Percentage of Estate Vineyards in Regions with High or Extremely High Baseline Water Stress	Percentage of Estate Vineyards in Regions with High or Extremely High Baseline Water Stress	Percentage	3%	6%	
Percentage of grape grower vineyards in regions with High or Extremely High Baseline Water Stress	Percentage of grape grower vineyards in regions with High or Extremely High Baseline Water Stress	Percentage	18%	25%	
Number of Incidents of Non-Compliance Associated with Quantity / Quality of Water Permits, Standards, and Regulations	Number of Incidents of Non-Compliance Associated with Quantity / Quality of Water Permits, Standards, and Regulations	Number	3	0	
Total Water Withdrawn - ANNUAL	Total Water Withdrawn - ANNUAL	Gallons	10,745,075	Not Reported	Production facilities only. Excludes WA operations.
Total Water Withdrawn per case produced	Total Water Withdrawn per case produced	Gallons per case	1,453.92	Not Reported	Production facilities only. Excludes WA operations.
RESPONSIBLE BUSINESS PRACTICE					
Number of Incidents of Non-Compliance with Industry or Regulatory Labeling / Marketing Codes	Number of Incidents of Non-Compliance with Industry or Regulatory Labeling / Marketing Codes	Number	0	0	
Total Amount of Monetary Losses as a Result of Legal Proceedings Associated with Marketing and/or Labeling Practices	Total Amount of Monetary Losses as a Result of Legal Proceedings Associated with Marketing and/or Labeling Practices	USD	\$0	\$0	
Percentage of total advertising impressions made on individuals at or above the legal drinking age	Percentage of total advertising impressions made on individuals at or above the legal drinking age	Percentage	90%	92%	

Key Performance Indicator	KPI Sub-Metric	Unit	FY23	FY22	FY23 Footnote(s)
SUPPLY CHAIN AND LABOR PRACTICE					
Total weight of packaging	Total weight of packaging	Pounds	39,530,554.00	34,874,029.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Cardboard	Pounds	3,017,014.00	2,659,508.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Tin	Pounds	50,532.00	44,801.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Wirehoods	Pounds	5,106.00	5,341.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Glass	Pounds	35,868,380.00	31,601,954.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Plastic	Pounds	30,120.00	35,398.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
	Cork	Pounds	348,263.00	313,053.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.

PERFORMANCE DATA TABLE

SUPPLY CHAIN AND LABOR PRACTICE Continued

Key Performance Indicator	KPI Sub-Metric	Unit	FY23	FY22	FY23 Footnote(s)
	Paper	Pounds	214,361.00	213,974.00	Reported data represent Core SKUs for 12 bottle cases for 750ml bottles, represent approximately 95% of Duckhorn sales. Excludes additional packaging used for direct to consumer wine shipments which are packaged and shipped by a third party warehouse.
Percentage packaging made from recycled and or renewable materials	Percentage packaging made from recycled and or renewable materials	Percentage	27%	27%	
Percentage of packaging that is recyclable, reusable, and/or compostable	Percentage of packaging that is recyclable, reusable, and/or compostable	Percentage	99%	99%	
Suppliers' Social and Environmental Responsibility Audit of Non-Conformance Rate, Minor Non-Conformances	Suppliers' Social and Environmental Responsibility Audit of Non-Conformance Rate, Minor Non-Conformances	Percentage	0%	0%	
Suppliers' Social and Environmental Responsibility Audit of Associated Corrective Action Rates for (a) Major and (b) Minor Non-Conformances, Corrective Action Major Non-Conformances	Suppliers' Social and Environmental Responsibility Audit of Associated Corrective Action Rates for (a) Major and (b) Minor Non-Conformances, Corrective Action Major Non-Conformances	Percentage	0%	0%	
COMMUNITY ENGAGEMENT					
Dollars Donated and Community Engagement	Other Financial/Monetary Donations	USD	\$156,229.73	\$154,800.00	
	Financial Donations from DPFF and Executive Matching	USD	\$150,000.00	\$150,000.00	
	Philanthropic Contributions - In-kind giving: Experiences (Bottles/Tasting Pass)	USD	\$455,880.53	\$372,420.00	Includes bottles donated and experiences
	Volunteer Hours	Hours	64	84	
	Total Charitable Donations (financial)	USD	\$306,229.73	\$304,800.00	
HEALTH AND SAFETY					
Number of training tailgates	Number of training tailgates	Number	160	152	
Total Recordable Incident Rate	Total Recordable Incident Rate	Number	3.13	3.26	
Fatality Rate	Fatality rate for Direct employees	Percentage	0%	0%	
	Fatality rate for Seasonal/Migrant employees	Percentage	0%	0%	
	Number of fatal accidents	Number	0	0	
EMPLOYEES AND DIVERSITY					
Board of Directors Gender Diversity	Male	Percentage	57%	63%	
	Female	Percentage	43%	38%	
Workforce Diversity Breakdown KPIs	Direct Employee - Counts by Gender	Number	252	Reported as %	Includes employees in leadership group
Direct Employee - Counts by Gender	Female	Number	232	Reported as %	
Direct Employee - % by Ethnicity	Hispanic/Latino	Percentage	31%	28%	
Direct Employee - % by Ethnicity	Two or More Races (non-hispanic or Latino)	Percentage	1%	1%	

EMPLOYEES AND DIVERSITY Continued

Key Performance Indicator	KPI Sub-Metric	Unit	FY23	FY22	FY23 Footnote(s)
Direct Employee - % by Ethnicity	Native Hawaiian or Pacific Islander	Percentage	1%	—%	
Direct Employee - % by Ethnicity	White	Percentage	64%	67%	
Direct Employee - % by Ethnicity	Asian	Percentage	2%	2%	
Direct Employee - % by Ethnicity	Black African America	Percentage	2%	2%	
Seasonal/Migrant Employee - Counts by Gender	Male	Number	25	Reported as %	
Seasonal/Migrant Employee - Counts by Gender	Female	Number	34	Reported as %	
Seasonal/Migrant Employees - % by Ethnicity	Two or More Races (non-hispanic or Latino)	Percentage	2%	1%	
Seasonal/Migrant Employees - % by Ethnicity	Black African America	Percentage	2%	1%	
Seasonal/Migrant Employees - % by Ethnicity	Native Hawaiian or Pacific Islander	Percentage	0%	0%	
Seasonal/Migrant Employees - % by Ethnicity	White	Percentage	63%	40%	
Seasonal/Migrant Employees - % by Ethnicity	Hispanic/Latino	Percentage	34%	57%	
Seasonal/Migrant Employees - % by Ethnicity	Asian	Percentage	0%	0%	
Leadership Positions held by Women % Among ALL Leaders	Leadership Positions held by Women % Among ALL Leaders	Percentage	52%	56%	
Leadership Positions held by Men - % Among ALL Leaders	Leadership Positions held by Men - % Among ALL Leaders	Percentage	48%	44%	
Leadership Ethnic Diversity - % by Ethnic Group	White	Percentage	82%	82%	
Leadership Ethnic Diversity - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	1%	1%	
Leadership Ethnic Diversity - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	1%	0%	
Leadership Ethnic Diversity - % by Ethnic Group	Hispanic/Latino	Percentage	16%	15%	
Leadership Ethnic Diversity - % by Ethnic Group	Asian	Percentage	1%	1%	
Leadership Ethnic Diversity - % by Ethnic Group	Black African America	Percentage	0%	1%	
Leadership Ethnic Diversity - Executive - % by Ethnic Group	Asian	Percentage	0%	0%	
Leadership Ethnic Diversity - Executive - % by Ethnic Group	Hispanic/Latino	Percentage	0%	0%	
Leadership Ethnic Diversity - Executive - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	0%	0%	
Leadership Ethnic Diversity - Executive - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	0%	0%	
Leadership Ethnic Diversity - Executive - % by Ethnic Group	White	Percentage	100%	100%	
Leadership Ethnic Diversity - Executive - % by Ethnic Group	Black African America	Percentage	0%	0%	
Leadership Gender Diversity - by Title - Male %	Executive	Percentage	50%	67%	
Leadership Gender Diversity - by Title - Female - %	Executive	Percentage	50%	33%	

PERFORMANCE DATA TABLE

EMPLOYEES AND DIVERSITY Continued

Key Performance Indicator	KPI Sub-Metric	Unit	FY23	FY22	FY23 Footnote(s)
Leadership Gender Diversity - by Title - Female - %	SVP	Percentage	33%	SVP is new designation in FY23	
Leadership Gender Diversity - by Title - Male %	SVP	Percentage	67%	SVP is new designation in FY23	
Leadership Gender Diversity - by Title - Female - %	Vice President	Percentage	58%	60%	
Leadership Gender Diversity - by Title - Male %	Vice President	Percentage	42%	40%	
Leadership Ethnic Diversity - Vice President - % by Ethnic Group	Hispanic/Latino	Percentage	4%	4%	
Leadership Ethnic Diversity - Vice President - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	0%	0%	
Leadership Ethnic Diversity - Vice President - % by Ethnic Group	White	Percentage	96%	96%	
Leadership Ethnic Diversity - Vice President - % by Ethnic Group	Black African America	Percentage	0%	0%	
Leadership Ethnic Diversity - Vice President - % by Ethnic Group	Asian	Percentage	0%	0%	
Leadership Ethnic Diversity - Vice President - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	0%	0%	
Leadership Gender Diversity - by Title - Male %	Senior Director	Percentage	13%	8%	
Leadership Gender Diversity - by Title - Female - %	Senior Director	Percentage	88%	92%	
Leadership Ethnic Diversity - Senior Director - % by Ethnic Group	Hispanic/Latino	Percentage	0%	8%	
Leadership Ethnic Diversity - Senior Director - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	0%	0%	
Leadership Ethnic Diversity - Senior Director - % by Ethnic Group	Black African America	Percentage	0%	0%	
Leadership Ethnic Diversity - Senior Director - % by Ethnic Group	White	Percentage	100%	92%	
Leadership Ethnic Diversity - Senior Director - % by Ethnic Group	Asian	Percentage	0%	0%	
Leadership Ethnic Diversity - Senior Director - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	0%	0%	
Leadership Gender Diversity - by Title - Male %	Director	Percentage	46%	53%	
Leadership Gender Diversity - by Title - Female - %	Director	Percentage	54%	47%	
Leadership Ethnic Diversity - Director - % by Ethnic Group	White	Percentage	88%	91%	
Leadership Ethnic Diversity - Director - % by Ethnic Group	Black African America	Percentage	0%	0%	
Leadership Ethnic Diversity - Director - % by Ethnic Group	Asian	Percentage	2%	2%	
Leadership Ethnic Diversity - Director - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	2%	2%	
Leadership Ethnic Diversity - Director - % by Ethnic Group	Hispanic/Latino	Percentage	8%	5%	

EMPLOYEES AND DIVERSITY Continued

Key Performance Indicator	KPI Sub-Metric	Unit	FY23	FY22	FY23 Footnote(s)
Leadership Ethnic Diversity - Director - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	0%	0%	
Leadership Gender Diversity - by Title - Male %	Supervisor	Percentage	71%	90%	
Leadership Gender Diversity - by Title - Female - %	Supervisor	Percentage	29%	10%	
Leadership Ethnic Diversity - Supervisor - % by Ethnic Group	White	Percentage	57%	20%	
Leadership Ethnic Diversity - Supervisor - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	0%	0%	
Leadership Ethnic Diversity - Supervisor - % by Ethnic Group	Hispanic/Latino	Percentage	43%	80%	
Leadership Ethnic Diversity - Supervisor - % by Ethnic Group	Black African America	Percentage	0%	0%	
Leadership Ethnic Diversity - Supervisor - % by Ethnic Group	Asian	Percentage	0%	0%	
Leadership Ethnic Diversity - Supervisor - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	0%	0%	
Leadership Gender Diversity - by Title - Male %	Manager	Percentage	49%	40%	
Leadership Gender Diversity - by Title - Female - %	Manager	Percentage	51%	60%	
Leadership Ethnic Diversity - Manager - % by Ethnic Group	Asian	Percentage	0%	1%	
Leadership Ethnic Diversity - Manager - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	1%	1%	
Leadership Ethnic Diversity - Manager - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	0%	0%	
Leadership Ethnic Diversity - Manager - % by Ethnic Group	White	Percentage	76%	81%	
Leadership Ethnic Diversity - Manager - % by Ethnic Group	Hispanic/Latino	Percentage	22%	15%	
Leadership Ethnic Diversity - Manager - % by Ethnic Group	Black African America	Percentage	0%	2%	
Leadership Gender Diversity - by Title - Female - %	Assistant Manager	Percentage	33%	57%	
Leadership Gender Diversity - by Title - Male %	Assistant Manager	Percentage	67%	43%	
Leadership Ethnic Diversity - Assistant Manager - % by Ethnic Group	White	Percentage	50%	57%	
Leadership Ethnic Diversity - Assistant Manager - % by Ethnic Group	Native Hawaiian or Pacific Islander	Percentage	17%	0%	
Leadership Ethnic Diversity - Assistant Manager - % by Ethnic Group	Hispanic/Latino	Percentage	33%	43%	
Leadership Ethnic Diversity - Assistant Manager - % by Ethnic Group	Asian	Percentage	0%	0%	
Leadership Ethnic Diversity - Assistant Manager - % by Ethnic Group	Black African America	Percentage	0%	0%	
Leadership Ethnic Diversity - Assistant Manager - % by Ethnic Group	Two or More Races (non-hispanic or Latino)	Percentage	0%	0%	

TCFD INDEX

We continue to build our climate change strategy in alignment with TCFD recommendations.

TCFD Pillar	TCFD Recommended Disclosure	Response
Governance	<p>a. Describe the Board's oversight of climate-related risks and opportunities.</p> <p>b. Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Duckhorn's Board of Directors, including the Nominating and Governance Committee, employ a cross-disciplinary approach to monitor and appropriately respond to climate-related risks and opportunities. The Board's governance approach is executed in partnership with the management team.</p> <p>The Board is informed of relevant climate-related risks and opportunities by the management team through the delivery of an annual climate-related briefing. Climate-related discussions inform all significant decisions made by Duckhorn management. The board receives recommendations on all ESG-related matters after review of company strategies, activities, and policies.</p> <p>For more information, please see the ESG Framework and Oversight section (page 11) and the Board and Management Oversight of Climate Risks section (page 14) of the report.</p>
Strategy	<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Our Board and associated governance committees conduct holistic assessments to identify climate-related risks and opportunities and are responsible for overseeing climate-related mitigation and strategy execution. Duckhorn's COO leads day-to-day execution of climate-related strategy and raises business issues with the broader management team that affect the company's impacts with regard to climate.</p> <p>Duckhorn has determined that appropriate business investment in water stewardship, wildfire risk management, diversification of grape sourcing, energy management, carbon reduction initiatives and the establishment of longstanding grower partnerships will optimize climate resiliency within the company's business model. Additional information on the identified climate-related risks and opportunities that inform Duckhorn's sustainability strategy can be found in the Risk Management section (page 13-18) of the report.</p>
Risk Management	<p>a. Describe the organization's processes for identifying and assessing climate-related risks.</p> <p>b. Describe the organization's processes for managing climate-related risks.</p> <p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>As a public company, Duckhorn integrates formalized oversight processes which identify, assess, and mitigate climate-related risk, culminating in a quarterly, cross-disciplinary assessment undertaken by management to identify the most material risks affecting Duckhorn's business. In the Climate Risk Assessment section beginning on page 13 of the report, the management team outlines the most salient risks to the company and select mitigation techniques currently being deployed in response. On page 60, the management team outlines the enterprise risk management procedures directed by the Board and Audit Committee and executed by management.</p> <p>Additionally, on page 16 Duckhorn describes the sustainable practices implemented in the vineyards to manage climate risks specific to winegrowing and viticulture.</p>
Metrics and Targets	<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p> <p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>On page 21 of the report, Duckhorn discloses scope 1 and scope 2 emissions for the company during the FY23 reporting, categorized across greenhouse gas types and expressed in terms of CO₂ equivalents. On pages 64-66 of the report, Duckhorn discloses additional climate-related KPI metrics corresponding with the company's material ESG topics, including water consumption, packaging weight and waste generated, as well as non-conformance rates of suppliers during social and environmental responsibility audits conducted by Duckhorn.</p> <p>Duckhorn established a inaugural set of nine ESG-specific goals in FY23. These goals and relevant progress made against them, will be updated annually to help the Company manage its climate-related risks and opportunities. More information about these goals can be found on page 10.</p>

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- For additional information about Duckhorn Portfolio, including our Annual Report on Form 10-K, and governance documents, please visit our website: <https://ir.duckhorn.com/>. Questions, comments, or feedback regarding this report, or any of Duckhorn Portfolio’s corporate responsibility programs, should be directed to legal@duckhorn.com.

This ESG Report includes forward-looking statements. These forward-looking statements generally can be identified by the use of words such as “anticipate,” “expect,” “plan,” “could,” “may,” “will,” “believe,” “estimate,” “forecast,” “goal,” “project,” and other words of similar meaning. These forward-looking statements address various matters including our ability to successfully meet our ESG goals presented in this ESG Report within the expected timeframe. Each forward-looking statement contained in this ESG Report is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. For a discussion of some of the risks and important factors that could affect such forward-looking statements, see the section entitled “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended July 31, 2023 and in the Company’s other filings with the Securities and Exchange Commission. The Company cautions readers not to place considerable reliance on the forward-looking statements contained in this ESG Report. The forward-looking statements in this ESG Report speak only as of the date of this document, and the Company undertakes no obligation to update or revise any of these statements. The goals presented in this ESG Report are aspirational and not guarantees or promises that such goals will be met. Inclusion of ESG-related or other information in this report is not an indication that such information is necessarily material to investors.

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Napa Valley, CA*

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