



MATERIAL TOPICS COVERED

- Creating sustainable value over time
- Sustainability governance
- Human rights
- Diversity and inclusion

GRI STANDARDS

GRI 102-5 | GRI 102-11 | GRI 102-18
GRI 102-22 | GRI 102-23 | GRI 102-24
GRI 102-25 | GRI 102-19 | GRI 102-20
GRI 102-21 | GRI 102-26 | GRI 102-28
GRI 102-29 | GRI 102-30 | GRI 102-32
GRI 201-1 | GRI 201-2 | GRI 205-2
GRI 207-1 | GRI 207-2 | GRI 207-3
GRI 207-4 | GRI 405-1

SDGs



Management



50%

board members

Woman

99%

Economic value

generated, distributed among stakeholder

Updating

the Company Code of Conduct and Ethics

The road to TPM

Starting in early 2019, we want to embark on the road to **Total Productive Maintenance (TPM)**, namely adopting an industrialized system of continuous improvement of all the performances that the “Learning Organization” puts into practice through **participatory people management**.

TPM, which calls for dedicated cooperation among all teams, aims to create a “**Positive Zero**” culture, i.e. zeroing everything that is not considered added value for the product, stakeholders and shareholders.

The system consists of **9 pillars** that correspond with the company departments and concentrate on **proactive and preventive techniques** to achieve an excellent management system aimed at removing losses. **Eliminating waste and losses** boosts agro-industrial development in line with the **global challenges** called for by increasingly responsible and sustainable consumption and production needs.

TPM Pillars	
5S METHODOLOGY Performance Control System	FOCUSED IMPROVEMENT Support continued change; maximize production efficiency
	AUTONOMOUS MAINTENANCE Encourage the autonomy of operators in the efficient and effective management of systems
	PROFESSIONAL MAINTENANCE Make systems efficient, safe and technological
	QUALITY MANAGEMENT Control the process and parts to have zero faults
	EARLY EQUIPMENT MANAGEMENT Capitalize on experiences, observing times and costs and achieving the expected performances
	TRAINING & EDUCATION Train operators not only in know-how but also in “know-why” in a continuous exchange among the pillars
	TPM OFFICE Improve customer satisfaction through effective and efficient management
	ENVIRONMENT Make Ruffino a global leader in sustainable winemaking
	HEALTH & SAFETY Make Ruffino a safe company today and tomorrow

To support a process aimed at continuous improvement, the Governance of the Ruffino Group calls for a **system of regular meetings**, at which information is shared, company performance is monitored and decisions are made. Involving all the operational roles is important as it encourages the people who are involved to become **re-**

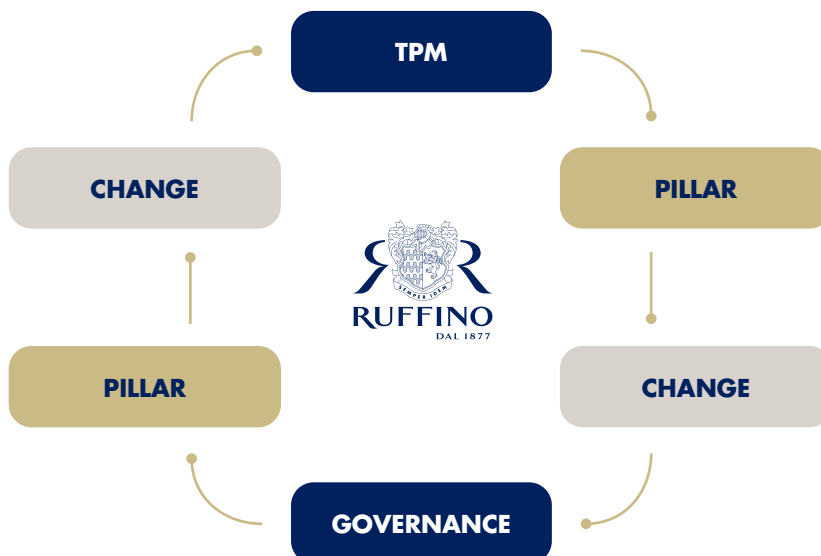
sponsible and increases the **knowledge** of the entire group through collaborative learning. At the meetings, each person has a key role in sharing their skills, enriched with the experience of the group, to draw up a resolute action plan, which aimed to eradicate the issue, taking into account the practical needs of all the roles.

“We are the team that puts into practice the company’s vision to meet the expectations of the people who choose our products all over the world.”

Governance and TPM are the driving forces that generate the change processes, intercepting company needs and the external and internal challenges. The pillars set short- and long-term goals and their achievement creates a process of continuous improvement. Every pillar has its own **mission** and by using the **standard tools and methods** of the TPM, the pillar works to reduce or zero specific losses for the department through implementing improvement plans.

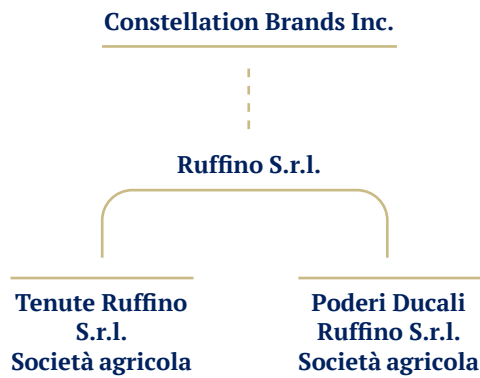
These plans are managed by **interdepartmental groups** that operate according to an **inclusive managerial strategy based on skills**.

With this way of working, the needs and goals of the various departments are taken into consideration in every operational and strategic choice within the company.



Corporate governance

Figure 6: Company structure



Company structure

The companies Ruffino S.r.l. (parent company), Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali Ruffino S.r.l. Società Agricola (overall, Ruffino Group) have been part of the US group CBI since 2011, which is the sole proprietor of the parent company and therefore the entire Ruffino Group.

In particular, CBI has the control and coordination role and therefore takes high-level decisions regarding the strategy and management of the Ruffino Group. These strategic lines are implemented by the CEO of the Ruffino Group, who reports directly to the Wine & Spirits Operations Director of CBI.



Governance system of the Ruffino Group

The Ruffino Group adopts the traditional model of corporate governance, whose main administration and control bodies are:

- **The Board of Directors**¹⁰ of Ruffino S.r.l., Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali Ruffino S.r.l. Società Agricola, who have regular and special administrative powers. In particular, when high-level decisions set out by CBI are considered to be special administration, they are deliberated by the Board of Directors prior to implementation
- the **sole statutory auditor**, with a control role;
- the **auditing company**, which has been attributed the role of legally auditing the accounts.

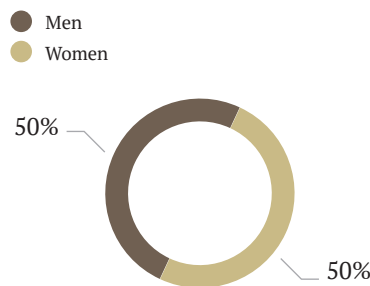
¹⁰ For more information about the composition of the Board of Directors, see the "Annex" section of this document.

The Board of Directors is appointed based on a proposal by CBI and consists of at least four members:

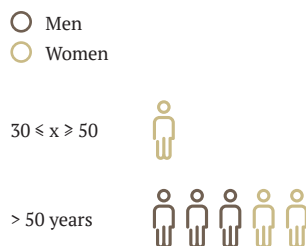
- The CEO appointed by CBI to run the company, who has the role of President, implements the strategy and achieves the results that have been set. The President of the Board of Directors has all the powers for the regular management of the company, but not the powers for special management and any other activities that, in compliance with the law and company statute, are expressly reserved for a decision by the Board of Directors;
- A Senior Director of the group in the Legal area, who has powers similar to the CEO;
- A Senior Director of the group in the Financial area (Treasury);
- A Senior Director of the group in the Tax area (Fiscal);
- For each agricultural company, an additional member is required: *Imprenditore agricolo professionale* (IAP).



Board members, by gender

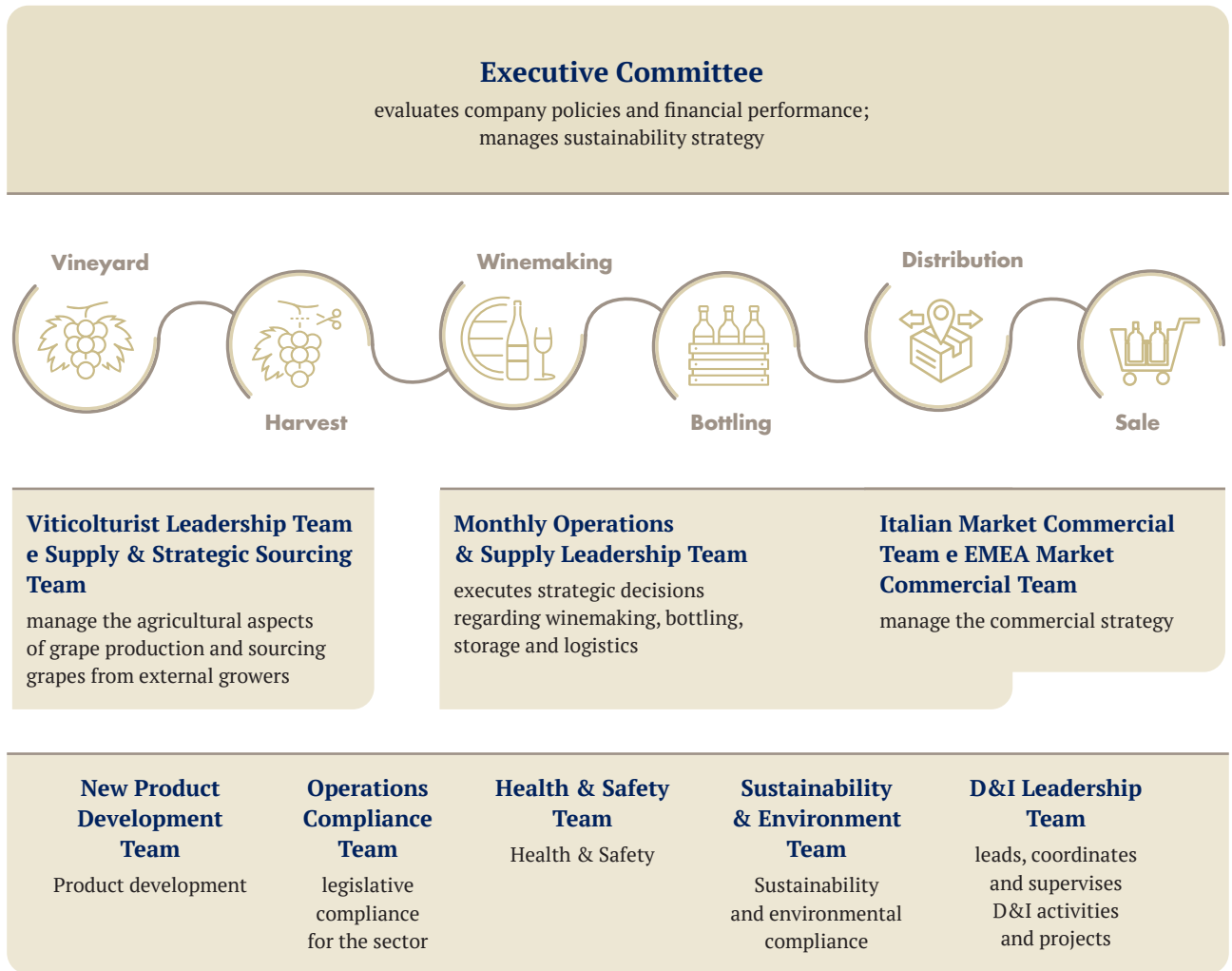


Diversità on the boards (FY 2022)



In carrying out its functions, the Board of Directors is assisted by the following committees and working groups.

Figure 7: The committee and working groups supporting the board



Responsible management

In directing and conducting its activities, the Ruffino Group pursues a balance between financial, environmental and social goals, whose essential components are the main requests made by stakeholders.

Figure 8: Sustainability governance



The active management of the sustainability topics occurs through a governance structure that sees the **ESG CBI Committee** issue **strategic guidelines for the Group** and with which Ruffino reports at annual meetings for a debate and update about strategic lines.

Within the Ruffino Group, the management of sustainability aspects calls for the co-participation of the company roles and departments based on the area of responsibility and an approach based on the maximum **involvement and integration** of sustainability in the management model.

The **Executive Committee**, formed by directors across the various company departments, takes note of the sustainability guidelines set out by the ESG CBI Committee and defines the Group’s specific ESG priorities by breaking down the guidelines locally and sometimes adds, based on the needs of the context in which the company operates, aspects that do not feature in the guidelines set out by CBI, but which are deemed relevant and strategic for Ruffino. Moreover, the committee is tasked with monitoring the development and prevention of risks based on the tools implemented by the company.

The **Sustainability & Environmental Team**, formed by the directors of the company departments and the CEO, coordinated by the **CSR & Environmental Sustainability Manager**, implements the guidelines set out by the Executive Committee. The **Sustainability & Environmental Team** holds six-monthly meetings with the Executive Committee to share updates about the sustainability plans and initiatives.

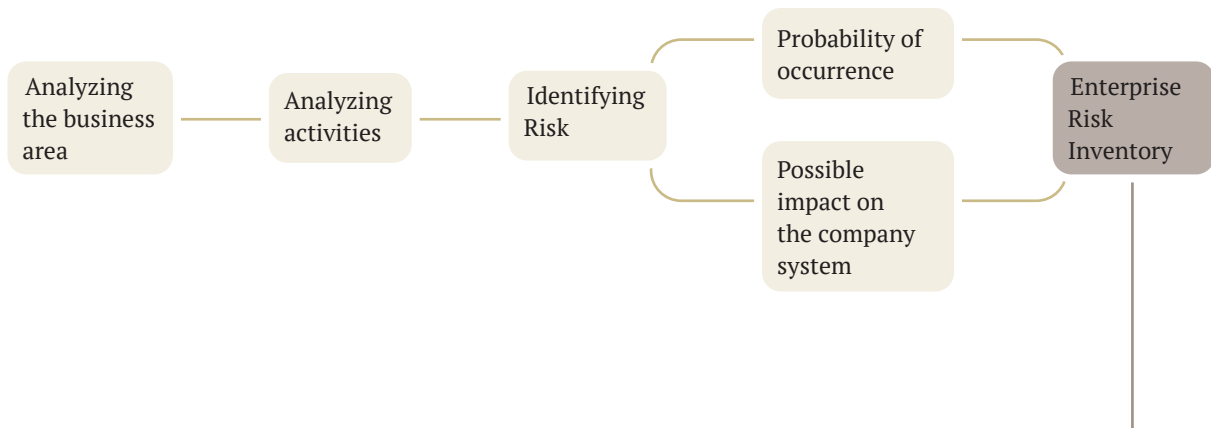
In order to integrate fully the Group’s sustainability goals with those of the department heads – some of which are board members – and the first-level management, including the Group’s CEO, in FY 2020 the **sustainability goals** deriving from the wider general goals set out by Ruffino were introduced into the **MBO performance evaluation system**.

As far as sustainability reporting is concerned, the process involves the interaction of the company management coordinated by the CSR & Environmental Sustainability Manager. The materiality assessment and Sustainability Report are approved and signed by the Group’s CEO.

Risk management

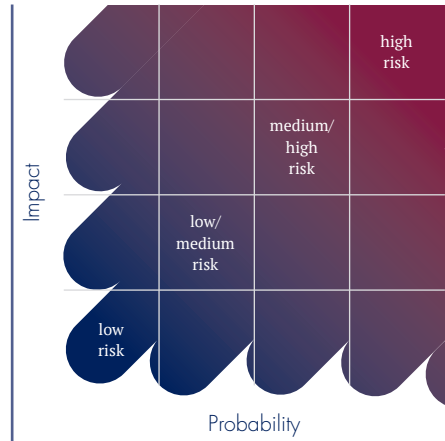
The dynamic context in which we work requires a **proactive approach** to risk management in order to prevent, mitigate and manage internal and external impacts. Preventing risk, including environmental and social, is now necessary at a decision-making, strategic and operational level, which is why we pay the utmost attention to informing all company departments about risk,

Figure 9: Risk management system



with the aim of creating a **risk-aware culture** throughout the company.

Risk management, whose process is set out in brief in Figure 9, is led by the Executive Committee and is mainly monitored using two tools: the **Enterprise Risk Inventory** and the **Risk Heat Map**.



Box on the Risk Heat Map Model that allows the graphic representation of the risks based on the probability of the risk occurring and the impact of the risk on the company system.

3 risk levels

Specific action plans

Level 1 - Issue

An event that could have an impact on the normal operation of the business, whose management has sufficient resources and time available.

Level 2 - Emergency

An event that does not creates significant downtime for the business or damage to the structures, products, employees, customers or shareholders, and that can be controlled locally through the collaboration or special activities by several departments and/or external entities and consultants.

Level 3 - Crisis

An event that has or that could have a significant impact on the normal operation of the company, its reputation and financial stability. An event that could damage the sites, products, employees, customers, trademarks or shareholders, halting the normal operation of activities and attract the attention of traditional channels of communication or social media.

Defining and implementing operating procedures and mitigation plans that differ according to the risks faced and which can involve different company departments.

Activating a specific Crisis Management Plan to define the resources needed to respond in an effective, timely and structured way in addition to suitable procedures.

Crisis Management Plan goals:

- Prevent and/or minimize negative impacts
- Re-establish operations as quickly as possible
- Guarantee the safety of employees, customers and others
- Activate effective internal and external communication plans
- Minimize risks and set out responsibilities.

Leadership:

A team formed by 7 leading figures for the risk assessment, prevention and management as well as implementing the Crisis Management Plan, each with clearly defined roles and responsibilities.

Focus on environmental risk management

The assessment and management of environmental risks specifically for Ruffino S.r.l. and Tenute Ruffino S.r.l. uses two tools in addition to those listed above.

Environmental risk assessment

This assessment makes it possible, for every stage in the value chain, to analyze the impacts of possible risks, hence direct and indirect risks generated by the activity conducted and the subsequent assessment of any environmental emergencies. The main dimensions analyzed by the model are: (i) energy use; (ii) greenhouse gas production; (iii) ozone-depleting substances emitted into the air (ODS); (iv) waste production; (v) hazardous and potentially hazardous substances; (vi) soil contamination; (vii) soil use and loss of biodiversity; (viii) impact on the landscape; (ix) sound emissions; (x) odor emissions.

Based on the significance of the external impact, the type of legislation in force (voluntary/cogent/cogent with penal responsibility) and the involvement of interested parties (public administration, opinion leaders, trade associations, control bodies), every activity is assigned with a **Priority Index of the risk** and the subsequent **assessment of the actions to be taken to mitigate the risk**.

Water and climate change survey

Promoted by CBI since FY 2017, the survey examines the risks and opportunities associated with water and climate change that the companies making up the Group could face in the short and long term.

In particular, regarding the effects of **climate change**, this assessment saw **main risks** emerge such as those associated with unstable weather conditions marked by extended spells of drought, extreme variability in precipitation and extreme climate phenomena. The effects of climate change affect the delicate balance between the climate, soil and other key factors for wine production. The **main opportunities** include the use of renewable or low-emission energy sources and participating in local programs to obtain financial or technical support in combating climate change in order to achieve the climate-related goals.



Table 1: Risks and opportunities deriving from climate change

Classification	Description	Associated impact	Financial implications (prior to implementing interventions)	Risk or opportunity management methods	Costs of the actions conducted to manage the risk or opportunity
Legislative	Changes in legislation	Environmental legislation is constantly changing alongside international and European medium-and long-term goals impacting on conducting the company's activities.		Constantly updating staff. Signing technical and judicial agreements. Feedback from consultants and trade associations (UIV, Federvini, etc.).	Financial and human resources.
Physical	Extreme events	Climate change has already been impacting production for years (earlier budbreak and greater exposure to late frosts; hot, dry summers; overripe grape with high alcohol content), as well as causing risks associated with sudden events (downbursts, heat waves, heavy hail). The consequences might have an impact on the working conditions.		The Ruffino Group draws up and updates a Heat Risk Map, in which environmental factors and climate change are analyzed in their potential effects and reducing the risk. The Group draws up action plans to improve the management of environmental events as they happen and mitigate the effect.	Financial resources for investments and human resources. Possible losses due to extreme events.
Physical	Cost and availability of raw materials	The most important raw materials, energy and raw materials to bottle wine, as well as plant health defense substances are experiencing constant price increases.		Investments to increase the amount of self-produced energy, energy efficiency and raw materials. Plans to renew company vehicles, with a possible focus on electric vehicles.	Financial resources.
Physical	Use of chemical products	The Group's activities call for the use of chemical products in the vineyard, cellar and company workshops. Adopting sustainable choices and biological defense significantly reduces the hazard and risks of environmental contamination (soil, groundwater and waterways).		The company has adopted sustainable management strategies and organic vineyard management, as well as maintaining biodiversity. The company undergoes monitoring and checks by external watchdogs.	Economic value of the supply of assets and services and investment for organic conversion.
Physical	Water management	The water supply could experience criticality in the future, in terms of quantity, quality and price. This risk allows the company to review and optimize all the activities and processes in which water is used.		Investments for the retrieval and reuse of water in various production processes.	Economic value of the investment.
Physical	Waste management	The Group is increasingly active in lowering its waste, but especially in reusing and recycling waste.		Possibility to take part in various "circular" industries for incoming materials (e.g. cardboard, glass, etc.) and outgoing materials (e.g. corks reused in furniture factories), taking a leading role in the dynamics of the circular economy.	Labor hours and investment in enabling technologies.



Reliability of the Group

Our long history is one of success, in addition to the reputation we have developed day after day with quality products, financial stability and ethical reliability.

Our aim is to consolidate this reputation through concrete actions and preserving our integrity with a **set of guidelines** for us and for all those who interact with the Group in some way. The **Company Code of Conduct and Ethics** (hereinafter referred to as the “Code”) set out by the Constellation Brands Inc Group, and based on company values, adopted by Ruffino Srl, Tenute Ruffino Srl, Società Agricola and Poderi Ducali Ruffino S.r.l. Società Agricola, was updated in FY 2022.

The Code is regarded as a **guide to help recipients** whenever a decision must be made regarding company procedures, policies and values, as well as applicable legislation. The Code covers various topics including conflict of interest, protecting personal data and confidentiality, defending human and workers’ rights, responsible drinking, external communications, anti-corruption, anti-trust, and anti-abuse of office.

In addition to practical examples that can help recipients make the right decision, some **general useful questions** are suggested in the document. **The channels are also stated in case of doubt and/or reporting.**

Is it legal?

Does it comply with company policies, practices and values?

Would this initiative seem suitable to others?

Is it honest from every point of view?

These provisions are also given to suppliers and consultants with contractual clauses that refer to the contents of the Code, as well as the contents of the **Code of Conduct and Sustainability Guidelines for Suppliers and Consultants**¹¹, to which the latter must conform. The document sets out the expectations of the Group for suppliers, who are required to act according to the highest levels of ethical and legal conduct and to conduct their activities sustainably.

¹¹ <https://cutt.ly/LLwAXQv>



In order to ensure the correct application of the described values and principles and to safeguard the company's reputation, the Organization, Management and Control Models in accordance with Italian Legislative Decree 231/01 (or "Modello 231") of Ruffino S.r.l., Tenute Ruffino and Poderi Ducali were revised in FY 2022 following a risk analysis that covered all the offences in Legislative Decree 231/01. The new 231 Models are based on an approach for processes instead of by offence in order to facilitate operational application. Each of the companies in the Group set up a **Control Body**, which is independent, impartial and reports directly to the Board of Directors. The Supervisory Board has controlling powers over the correct application set out in the documents as well as spending powers, whose budget is deliberated directly by the Board of Directors.

The companies in the Ruffino Group pledge to communicate the provisions of the "Modello 231" in order to ensure that all recipients are informed, in particular:

- The document and Code must be shared with all new employees;
- Specific and differentiated training is provided depending on the company roles and departments;
- Useful tools are available to clarify any doubts regarding the correctness of one's conduct and its alignment with what is set out in the Code and in the "Modello 231";
- All recipients are informed about updates to the documents.

Several **ways to communicate violations**¹², even suspected violations, and issues linked to the implementation of the code are available for all recipients of the Code and “Modelli 231”. In particular, employees can contact directly and confidentially: i) their line manager; ii) the HR Department; iii) the Legal Department; iv) the Corporate Compliance Organization; vi) the 24/7 free **Ethics and Compliance Helpline**, managed by an external professional outside of the CBI Group.

The aforesaid means of communicating offences or irregularities are set out in the **Whistleblowing Procedure**, which is part of the “Modelli 231”, also shown on company noticeboards.

100%

of the Board of Directors and employees who use computers received training about the Group’s anti-corruption policies and procedures in FY 2022

With specific reference to anti-corruption, the **Anticorruption Policy** has been in force since FY 2016. It is valid for the CBI Group, which supports the companies to comply with the anti-corruption laws in force in the various countries where the subsidiaries operate. **Anticorruption is covered by training** provided by the CBI Group for staff who have company computers, while employees are obliged to declare any actual or potential conflict of interest.

In FY 2022, training was provided by the CBI Group on **Dignity and Respect in the Workplace** for all staff with company computers. The hour-long interactive course with a final test involved 120 employees and covered the following topics: reference to the principles set out in the policy regarding the prevention of harassment, specifically sexual harassment, supporting gender identity, respecting sexual orientation, the impact on the psychophysical health of employees and professional consequences, and the effects on the company.



¹² Violations that have been ascertained are subject to disciplinary procedures. The penalty is directly proportional to the gravity of the event, in full observance of the applicable CCNL employment legislation. A specific penalty system is also set out if the violation is traced back to board members. The individual who reported the event is always protected from retaliation and/or intimidatory behavior.

Data integrity

We pay attention to the processes that protect personal data, which is why we implemented **information notes, contractual standards and company policies** suited to the changing contest since the **General Data Protection Regulation** (GDPR) came into effect, as well as running **training sessions** for all staff with continued monitoring of these aspects by the **Privacy Team**¹⁵.

The latter evaluates and coordinates compliance activities with the privacy legislation of all the company comprising the Group to ensure timely management of these issues, also in the smaller companies. The Privacy Team consists of representatives from the areas that have the most contact with the GDPR, such as the Legal, HR, Marketing and IT Departments. When required, other employees representing a specific topic are asked to take part in the meetings. We have also adopted a **Data Protection Agreement (DPA) internal standard**, which sets out the conditions and means of processing personal

data that are required from the data processor. To support data protection, a digital tool has been introduced that verifies the data processor automatically a year after signing the DPA. The check is followed by an audit that involves compiling and sharing a checklist to confirm the verification and outcome to the Group's Legal Department.

In FY 2022, **training** was conducted for all the Group's computer users on the **main contents of the parent company's privacy-related policies** to increase internal awareness, followed by a test. The course focuses on privacy-related compliance issues and lasts for one hour with a test at the end; 148 employees who use computers took the training.

Due to the aforesaid prudent management, no complaints have been received by the parties involved and for personal data violations in the three-year period.



¹⁵ The Group has aligned with what is set out by the European Commission regarding new Standard Contractual Clauses, following the Schrems II ruling, with reference to moving personal data overseas.

Creating sustainable value

The market value of wine in **Italy** in 2021 is approximately **14 billion euro** and it is estimated that it will rise to **19 billion by 2025**, also due to e-commerce, which doubled following the Covid-19 pandemic and now represents 4% of the total wine market¹⁴. Globally, on the other hand, forecasts for the wine industry estimate a value of 246 billion euro in 2021, which is set to become 305 billion by 2025¹⁵. **Italy** continues to produce the most wine at 44.5 million hectoliters ahead of the other two main wine-producing nations in the EU: Spain and France¹⁶. Wine represents a **quarter of Italian food and farming exports**, reasserting our country as one of the leading exporters in terms of volume and value¹⁷. Exports continued to grow in 2021, up by 12.4% compared to the previous year (for a value of €7.3 billion)¹⁸. The first semester of 2021 confirms the growth in sales for the value of wine in the large-scale retail trade and the recovery of the Horeca industry (hotels-restaurant-café), as a sign of the gradual reopening of bars and restaurants.

For us, creating sustainable value is a required condition in order to preserve and increase the value of the assets entrusted to us over time, such as the land and vineyards, which must grow enough grapes to meet the quality and quantity production expectations.

The ability to produce a sustainable income over time for our Group is directly linked to the fact that the overall wealth generated must be distributed fairly among all the production factors that contributed to its formation.

In FY 2022, the production value of the Ruffino Group was 128.87 million euro, up by 23% compared with the previous year. The financial year ended with an EBITDA of 13.38 million euro (6.13 million in FY 2021) and a profit of 10.79 million, up by 119% compared with the previous year, due to the Covid-19 pandemic.

In FY 2021, we distributed approximately 99% of the overall value generated to the Group's priority stakeholder categories, keeping 1% to fulfil the Group's growth and development goals, shown in the next page.

¹⁴ Wine Report Cross Border Growth Capital, 2021.

¹⁵ Ibidem.

¹⁶ Rapporto Nomisma Wine Monitor, 2021.

¹⁷ Ibidem.

¹⁸ On - Vino: quando il Made in Italy fa la differenza, Ufficio Studi SACE 2021.

Economic value generated and distributed FY 2022

