

**SUSTAINABILITY
REPORT
FISCAL YEAR 2019**



RUFFINO

A CONSTELLATION BRANDS COMPANY

SUSTAINABILITY REPORT - FISCAL YEAR 2019

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Legend





LETTER TO STAKEHOLDER

(GRI 102-14 Statement from senior decision-maker)

by **SANDRO SARTOR**
Chief Executive Officer of the Ruffino Group

Ruffino vaunts over a century of history and harvests, and is one of the oldest and best-known wineries in Italy. Ours is a story of passion, care for our vineyards and love for our wines, as well as steadfast attention to the territory in which we operate. The uniqueness of our environment has allowed us to differentiate our products, enabling us to compete in global markets in order to become a worldwide leader of Italian wine.

For some years now, we have felt the need to achieve a higher level of social responsibility; this is a challenge that extends beyond creating value for shareholders. Sustainability is particularly precious for us due to the nature of our business: working the land and growing its fruit underpins all our work and our revenue. Furthermore, sustainability is the measure of any production system's capability to repeat itself time and time again, without ever eroding or consuming the various productive factors that comprise it.

For me, the word sustainability does not fully encompass this meaning. The French say durable, which, in my opinion, expresses the concept very well, meaning that the system should last and be capable of regenerating itself.

In recent years, many companies, usually medium to large in size, have discerned the same need and embarked on a path similar to ours. Perhaps it is due to the fact that companies consist of people and they operate according to the drive, diligence and conscience of individual employees. Anyone in the company has the right to make choices, regardless of their magnitude, therefore also bearing the responsibility to turn words into deeds and actualize the environmental, economic and social sustainability of the company where they work.

If we were to imagine that companies are in fact a summary of the drive and responsiveness of their employees, it is evident that businesses are much more than economic or juridical entities. To all intents and purposes, companies are also social entities that have ethical, moral and supportive obligations far superior than those of individuals, especially in regard to the places where these businesses operate. Companies can exist and prosper while they operate within a social system, but they must also contribute toward safeguarding, respecting and regenerating this structure for their own interests; they are therefore responsible for the social system, alongside other private and public subjects of course.

This is the awareness that animates our ambition in wanting to leave a tangible and replicable mark over time and to be able to inspire all our employees and partners who are committed like us to supporting a truly and completely "durable" and circular business cycle.

As far as we are concerned, we have reached the second year in this journey and its reporting, and

we are very proud of what we have achieved so far. We have learned a great deal and we still have much to learn and improve on. This year, we have been active in several projects, some of which are brand-new for us.

We have acquired over 140 hectares of all-organic vineyards in the Prosecco DOC area. The purchase also includes a large new winery for the winemaking and sparkling process of our Prosecco and part of Pinot Grigio delle Venezie.

We also embarked on an organic conversion project for our vineyards in Tuscany. As planned, we have begun with three agricultural estates: Poggio Casciano (Bagno a Ripoli), Montemasso (Greve in Chianti) and Greppone Mazzi (Montalcino). In recent months, we have been widening the scope of the conversion to another two estates of ours: Santedame and Murlo.

With the company DNV GL, we started a pilot project that makes available to our consumers all information regarding the traceability of our iconic product Riserva Ducale Oro Chianti Classico Gran Selezione DOCG. This information is available through the use of Blockchain technology that guarantees utmost consumer protection and is accessible via a QR code on the back of the label that can be scanned by a smart-phone.

This year, we have organized our reporting work by following the Sustainable Development Goals of the United Nations more directly and clearly. In accordance with them, we have defined the areas that we regard as a priority and where our contribution can be more incisive.

From an analysis of relevance developed with our main stakeholders, we have identified three macro areas in which to focus our efforts:

- a) Environmental sustainability: we grow grapes and produce wine in the cellars, adopting sustainable and environmentally friendly practices. We focus on wastewater management, using state-of-the-art wastewater treatment technologies.*
- b) The need to promote education in the responsible and moderate consumption of wine resulted in the Ruffino Cares communication campaign, which began in 2018. Ruffino Cares will eventually become the overarching brand for all our corporate social responsibility initiatives.*
- c) Giving Back is our responsibility to support local excellence, including local and mutual assistance associations as well as charities supporting people who have fought or are fighting debilitating or long-term illnesses. It is important to emphasize that many Giving Back donations are made possible thanks to the generosity of our employees, which is a clear sign of a mindset that each of us is increasingly drawn to an inclusive, open-minded and humanistic vision of the company where we work.*

Enjoy the read,

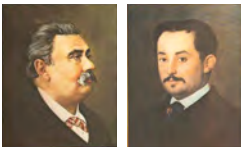


SOME HISTORY

**PODERI DUCALI
RUFFINO**



1877
The year in which Ruffino was established. Cousins Ilario and Leopoldo Ruffino dream of bringing the "ideal wine" to tables worldwide



1890
Ruffino is appointed official supplier to the Duke of Aosta and the Italian royal family. Giuseppe Verdi is another Ruffino wine enthusiast



1894
Chianti Ruffino is awarded with a gold medal at the Bordeaux International Fair



1950's
The first Italian rosé wine is made by Ruffino: Rosatello



1984
Chianti gains DOCG status and a bottle of Chianti Ruffino is the first to receive the new label, numbered AAA00000001

2012
The icon of Tuscan red wine is revived in a contemporary key



1947
The first bottle of Riserva Ducale Oro is produced to celebrate an exceptional vintage



1927
The first bottle of "Riserva Ducale" (it was called *Chianti Stravecchio* at the time) is produced, named for the Duke of Aosta, a royal connoisseur of Chianti Ruffino

2010
Modus 2007 is named as one of Wine Spectator's Top 100 Wines



2017
Chianti Riserva: a Ruffino icon is revived in a chic contemporary look



2014
Riserva Ducale Oro at the top tier of the Chianti Classico Gran Selezione category

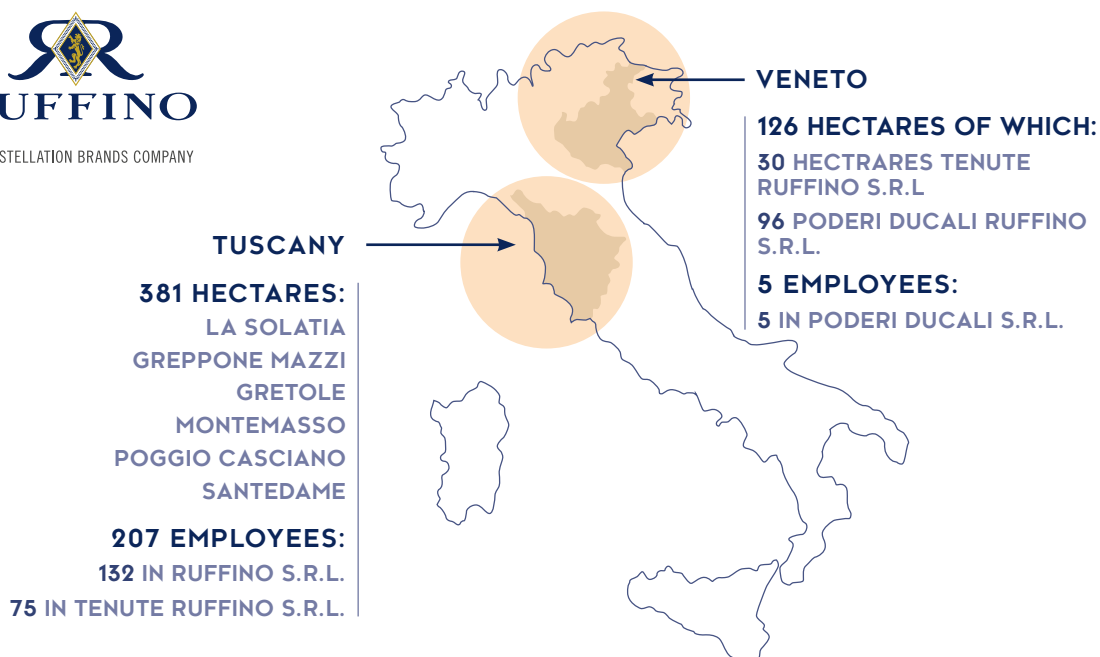


2018
Ruffino acquires Ca' del Duca and La Duchessa, two estates in Veneto for the production of Prosecco DOC and white wines



2018
The new Romitorio di Santadame is presented, gaining the denomination of Chianti Classico Gran Selezione

RUFFINO TODAY



PRODUCTION VALUE	€ 119,993,687
MARKETS	Italy, Usa, Canada, EMEA, Rest of the World for a total of 85 markets

Certifications and awards



RUFFINO



RUFFINO



TENUTE RUFFINO



RUFFINO AND
TENUTE RUFFINO



RUFFINO AND
TENUTE RUFFINO







METHODOLOGICAL NOTE

METHODOLOGICAL NOTE

GRI STANDARD

In 2019, for the second consecutive year, Ruffino has drawn up the Sustainability Report in accordance with the GRI Sustainability Reporting Standards, the new Global Reporting Initiative guidelines as well as the most advanced *framework* used by companies around the world for sustainability reporting. This report has been prepared in compliance with the GRI Standards: Core option. (GRI 102-54: Claims of reporting in accordance with the GRI Standards)



The GRI Standards guidelines state that the Sustainability Report should contain information about aspects deemed to be material, i.e. concerning significant choices made, activities carried out and results obtained, which may substantially influence the assessments and decisions of *stakeholders*. Therefore, it is of fundamental importance to perform the materiality analysis, which allows relevant topics to be identified for both stakeholders and the company itself. The Sustainability Report, compiled annually by Ruffino from now on, therefore represents the main instrument used to communicate the company's performance in the economic, social and environmental fields; furthermore, it confirms Ruffino's

intention to manage its business with the aim of creating value for the company and its *stakeholders*. (GRI 102-52 Reporting cycle)

The process of collecting data for this report has been managed in collaboration with the various company departments, with the aim of clearly indicating all information considered significant for stakeholders according to the principles of *balance, comparability, accuracy, timeliness, clarity* and reliability expressed in the guidelines to define the quality of the contents in the sustainability report.



SUSTAINABILITY REPORT

SDGs

On January 1, 2016, the global Agenda for Sustainable Development came into force internationally, as well as the Sustainable Development Goals (SDGs), adopted unanimously by the United Nations Member States, which pledged to reach these targets by 2030.



On this historic occasion, a clear judgment on unsustainability of the current development model was expressed, not only on an environmental level but also on economic and social levels. In this way, and this is the highly innovative character of the 2030 Agenda, the idea that sustainability is solely an environmental issue was overcome once and for all, and an integrated vision of the different dimensions of development was affirmed.

All countries are called to contribute to the effort of bringing the world onto a sustainable track, thus there is no longer a distinction between developed, emerging and developing countries, although obviously the problems faced may differ depending on the level of development achieved. This means that every country must commit itself to defining a sustainable development strategy that allows the SDGs to be reached, reporting on the results achieved within a process coordinated by the UN. Obviously, given its breadth and transformative character, the implementation of the 2030 Agenda requires dedicated involvement by all members of society, including companies, the public sector, civil society, philanthropic institutions, universities and research centers, and information and culture professionals.

The Ruffino Group has set this sustainability report according to the United Nations Sustainable Development Goals Guidelines. Reference to them is stated at the beginning of the relevant chapters. (GRI 102-49 Changes in reporting)

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TARGET NUMBER	SDGs		TARGET	CHAPTER OF THE RUFFINO SUSTAINABILITY REPORT WHERE THE REFERENCE TO THE SDG CAN BE FOUND
2.1	Zero hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	Commitment to Reduce Environmental Impacts
2.4			By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	Ruffino Cares. CSR Communication
5.5	Gender equality	Achieve gender equality and empower all women and girls	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	People
6.3	Clean water and sanitation	Ensure availability and sustainable management of water and sanitation for all	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	Commitment to Reduce Environmental Impacts
7.2	Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all	By 2030, increase substantially the share of renewable energy in the global energy mix	Commitment to Reduce Environmental Impacts
8.8	Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	People

11.7	Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable	By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	Ruffino Cares. CSR Communication
12.4	Responsible consumption and production	Ensure sustainable consumption and production patterns	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Commitment to Reduce Environmental Impacts
12.5			By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Ruffino Cares. CSR Communication
12.6			Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Quality
15.5	Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	Commitment to Reduce Environmental Impacts

REPORTING SCOPE

To structure this report, Ruffino has taken into consideration its business activities (analysis of the sustainability context) as well as the interests of stakeholders and their expectations. In order to be able to consider the most relevant topics, Ruffino has identified its stakeholders, collected and evaluated expectations and subjects of major interest for each of them, which was carried out through dedicated communication channels and specific stakeholder engagement initiatives. (GRI 102-46. Defining report content and topic boundaries)

The scope of this sustainability reporting concerns all of the activities of the Ruffino Group corresponding to those considered in the consolidated financial statements. From now on, by “Ruffino Group” we refer to the union of Ruffino S.r.l., Tenute Ruffino S.r.l. and Poderi Ducali S.r.l. (the latter two companies are 100% controlled by Ruffino S.r.l.). Thus, the report considers the activities of Ruffino, Tenute Ruffino and Poderi Ducali, namely the three companies that comprise the Group. (GRI 102-45. Entities included in the consolidated financial statements)



The cellars, offices and bottling plants are located in Pontassieve, which is also the registered address of the company; then there are three local units: the Poggio Casciano estate (which is open to the public with a store and offices), as well as the Brescia and Treviso offices. The Brescia office was closed in December 2018 due to company reorganization. (GRI 102-3. Location of headquarters)



Ruffino plant in Pontassieve

Tenute Ruffino has its registered office in Bagno a Ripoli, on the Poggio Casciano estate, and has another eleven local units distributed throughout the provinces of Florence and Siena, where agricultural activities, such as grape growing and harvesting take place, as well as all the cellaring activities and maintenance. (GRI 102-2. Activities, brands, products, and services)



Poggio Casciano Estate

The reporting period corresponds to the fiscal 2019, from here on indicated with the acronym FY (fiscal year) and running from March 1, 2018 to February 28, 2019.

(GRI 102-50. Reporting period)

In October 2018, a Prosecco company was acquired in Veneto, which consists of a cellar, vineyards and offices. This report contains the data of Poderi Ducali related to the materiality topics for the period from October 2018 (the month of the acquisition by Ruffino) until February 2019.



Poderi Ducali

Sustainability reporting also gives room to the opinions and points of view of various stakeholders, with the objective of mitigating any self-reference of reporting and identifying areas for improvement on which to focus.

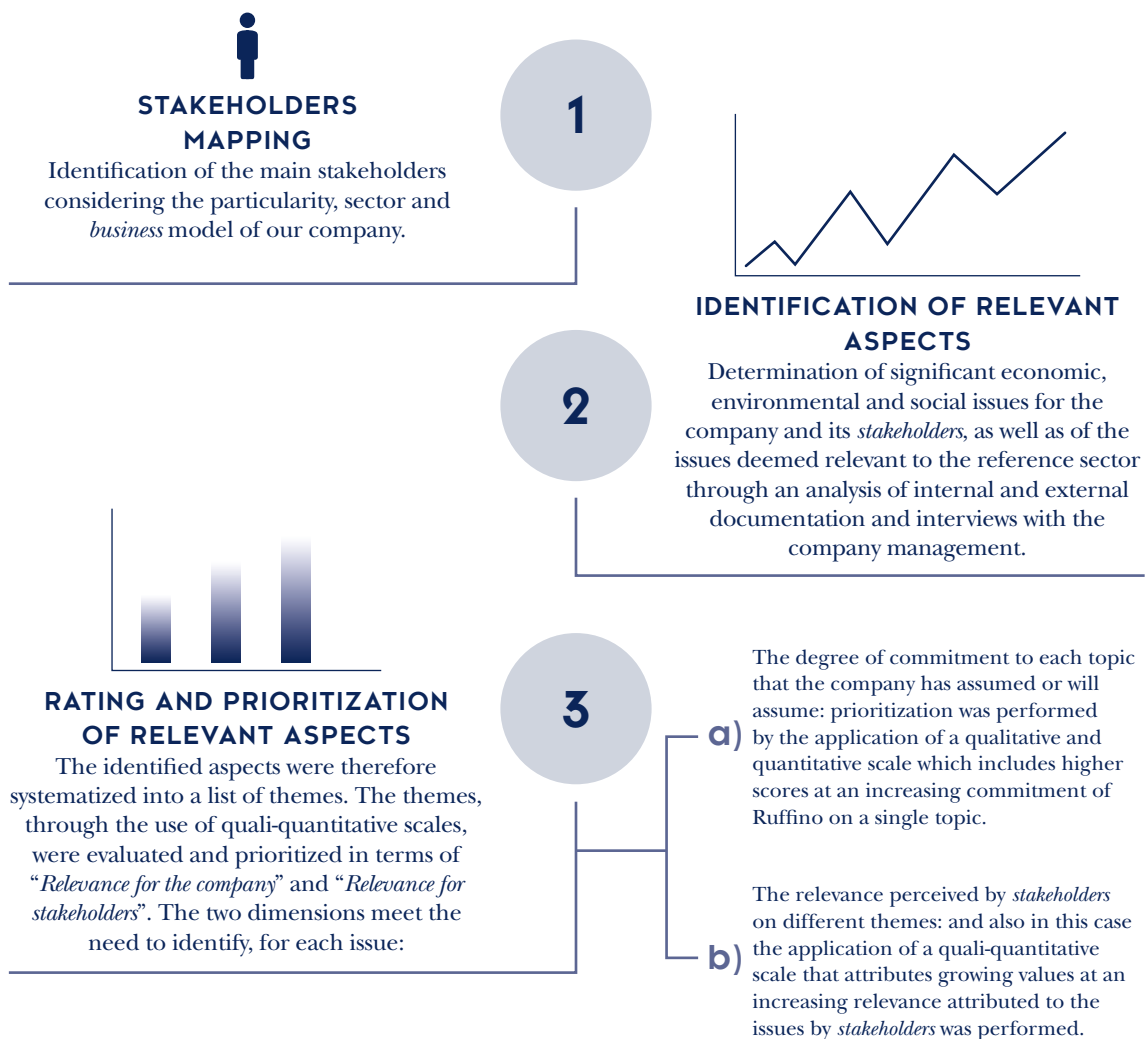
It is important to receive feedback on this report and its effectiveness, as well as suggestions for its improvement. For this reason, all stakeholders are invited to send their comments or questions on the topics covered in this sustainability report to the following email: *katerina.marozava@ruffino.it*.
(GRI 102-53. Contact point for questions regarding the report)

MATERIALITY ANALYSIS

(GRI 102-42. Identifying and selecting stakeholders)

The materiality analysis was conducted in 2017 and the Ruffino Group still considers it valid for FY19. It followed the *materiality principle*, which through the identification of relevant issues and their prioritization, on the basis of the company's internal and external perspectives, allowed aspects to be distinguished that are critical for the success of corporate strategies and priority for stakeholders (i.e. material aspects) from those relevant but not material or currently not relevant. The “material aspects” are those that “reflect the significant economic, environmental and social impacts of the organization or that could substantially influence stakeholder assessments and decisions”. (GRI 102:General Disclosures)

The materiality analysis presented in this report was conducted according to the following stages:

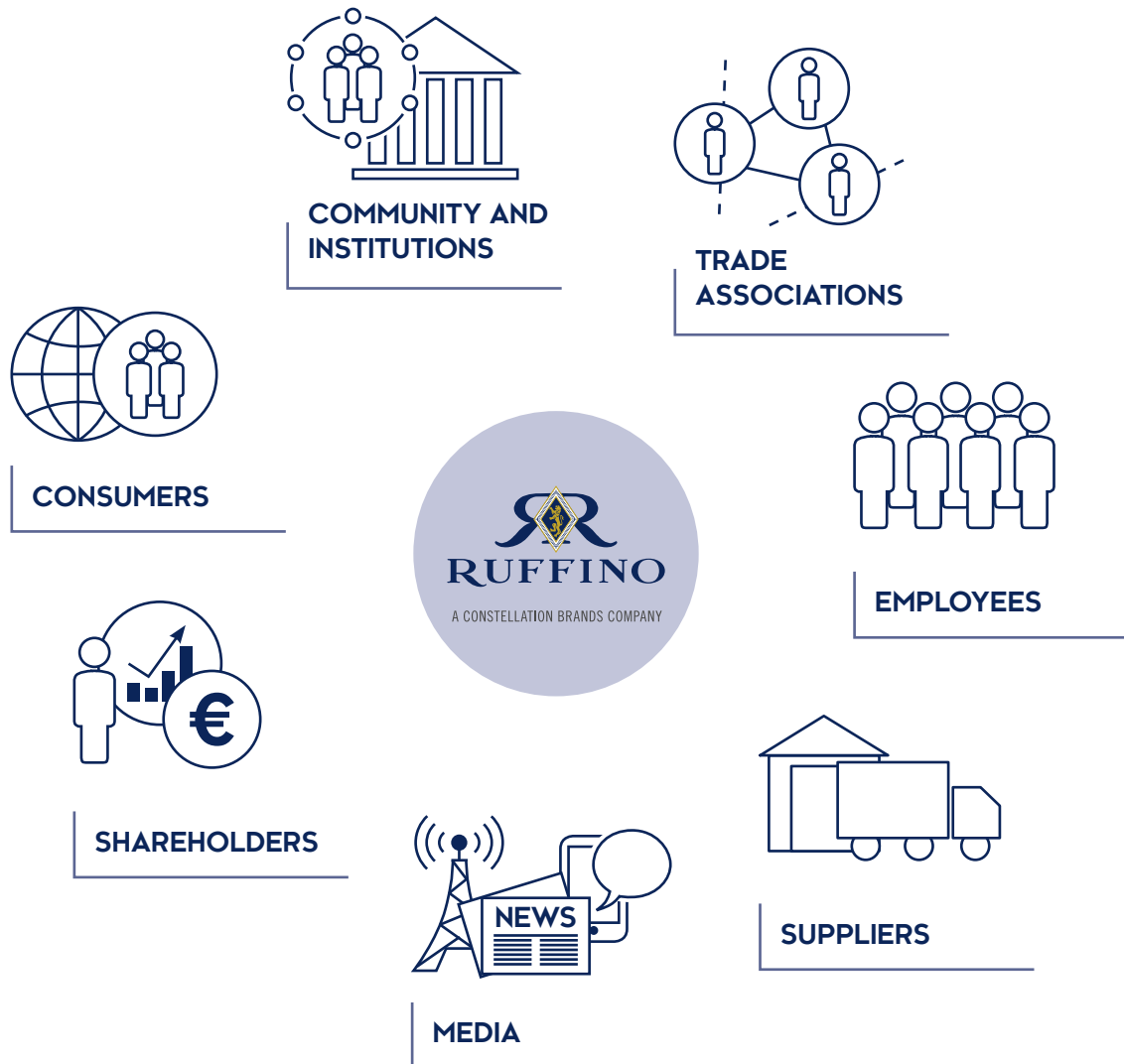


STAKEHOLDER

(GRI 102-40. List of stakeholder groups)

The stakeholders were mapped at the very beginning. This is a fundamental step in making a sustainability report, since many of these entities/organizations/public bodies are important for the Ruffino Group and can have a significant impact on the life of the company.

Ruffino identified the following macro-categories of stakeholders:



Subsequently, we identified the material aspects that cause significant impacts in the organization. This activity was conducted by analyzing the issues to which the company had already attributed greater importance during the management, also based on the evaluation of the following internal sources:

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- documentation that the Ruffino Group prepared to draw up the Code of Ethics and Corporate Conduct
- documentation prepared to obtain ISO and IFS certifications
- documentation to prepare the application for the participation in the sustainability contest established by Constellation Brands
- brochure for Vinitaly
- documentation concerning the responsible drinking policy
- risk management model
- company management manual
- minutes of the internal sustainability committee of the Ruffino Group
- internal brochures used to spread the culture of corporate social responsibility in the company
- environmental communications to the parent company Constellation Brands in terms of energy, water, fuel and waste consumption
- environmental objectives
- safety organization chart

To determine if a certain material theme is relevant to the organization a score has been attributed to each of them in relation to the number of times that a particular material theme has been mentioned in the aforementioned documents.

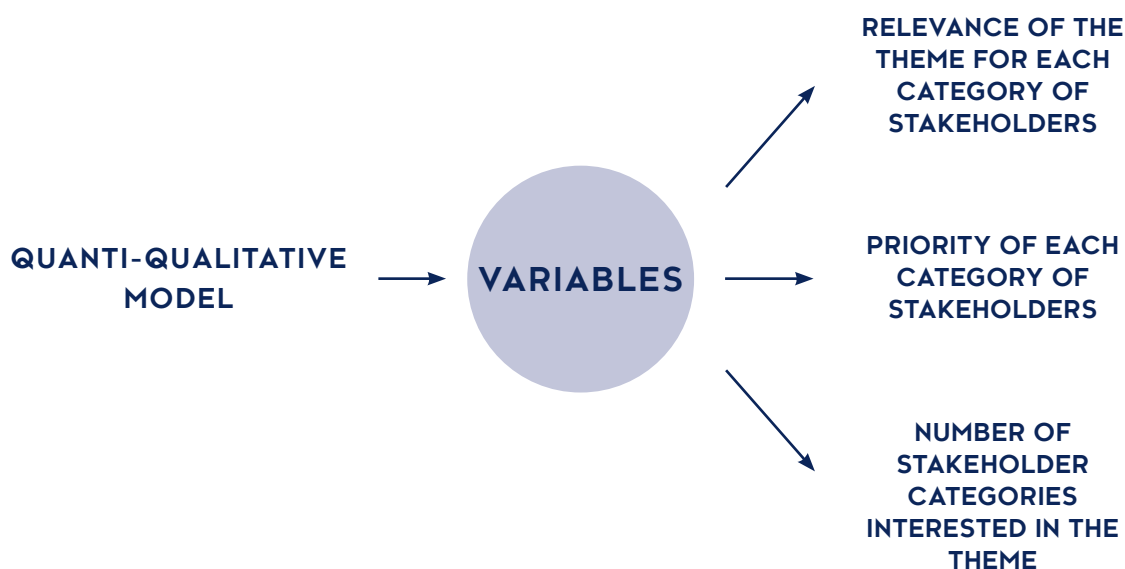
The relevant issues that have had the greatest impact on the decisions and assessments of stakeholders were identified by preparing questionnaires and then administering them to the relevant stakeholders, asking them to establish a degree of importance from 1 to 5 of the following topics:

(GRI 102-43. Approach to stakeholder engagement)

- commitment to reducing environmental impacts
- responsible drinking
- risk management
- giving back
- responsible supply chain management
- product quality
- advanced management of human resources
- management of diversity and equal opportunities
- transparent management of corporate governance
- financial performance growth management
- customer focus / customer satisfaction
- workers health and safety management
- business integrity and ethics

- presence on the market and correct competitive practices
- production and sales process

The results of this analysis were decisive for establishing the relevance of the material for stakeholder themes (GRI 102-44. Key topics and concerns raised). The analysis of these dimensions allowed the elaboration of a materiality matrix that helps to compare, for each theme identified, the perception of the relevance for the company with that for the stakeholders.

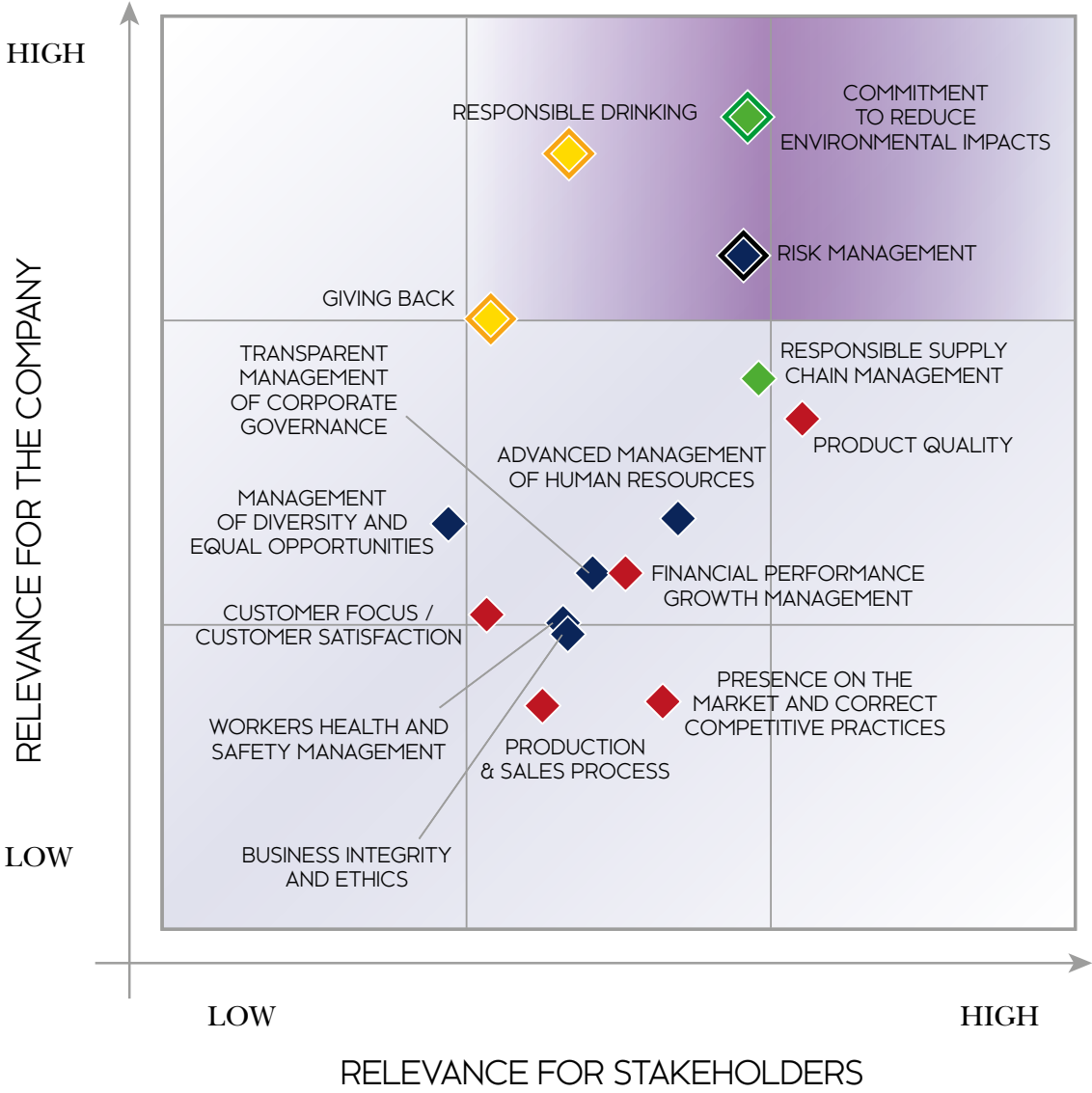


The priority areas (material issues) identified through a combined consideration of external and internal significance to the company are (GRI 102-47. List of material topics):

- *Commitment to reduce environmental impact*
- *Responsible drinking*
- *Risk Management*
- *Giving Back*

Other topics, such as supply chain, product quality and human resources, although they have not been considered material, have been covered in the sustainability report as deemed important to stakeholders, as evidenced by the materiality matrix. On these themes Ruffino will strengthen its sustainability strategy and its own reporting by interviewing key stakeholders over the FY20. (GRI 102-46. Defining report content and topic boundaries)

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The ways in which Ruffino has decided to address the aforementioned issues will be illustrated in detail in the following chapters.



RISK MANAGEMENT

RISK MANAGEMENT

GRI 102-15. Key impacts, risks, and opportunities

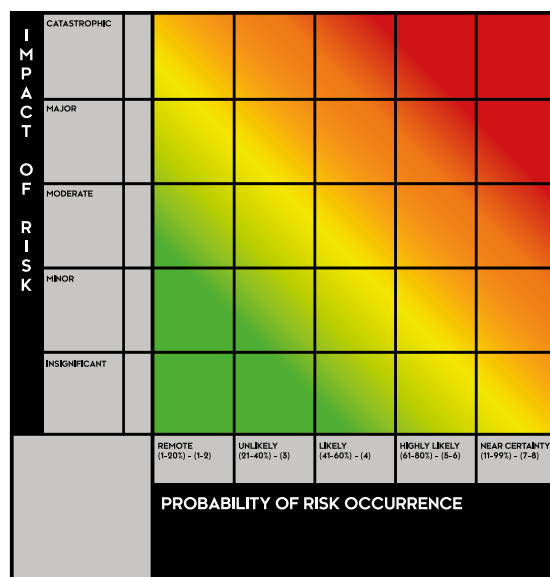
INTRODUCTION

In managing its business and implementing its strategy, Ruffino, Tenute Ruffino and Poderi Ducali Ruffino are exposed to a series of risks, which if not correctly and promptly managed and mitigated can affect the economic-financial results.

The Ruffino Group uses a governance model that determines a prudential approach to risk management: (GRI 102-11. Precautionary Principle or approach): an Executive Committee composed of the managers of various corporate functions was established and, following the example of the model adopted by the parent company Constellation Brands, an internal risk traceability document called *Risk Heat Map* was created.

This model identifies three levels of risk (R) determined based on the following formula: $(P + V) \times I$, where V represents the velocity of risk occurrence, P represents the probability of its occurrence and I stands for its impact on the business system. In relation to the risk level (R), the Ruffino Group adopts certain procedures and actions aimed at mitigating the impact.

The Risk Heat Map is monitored by the Executive Committee and is updated every six months, or whenever a new or growing risk vulnerability of the Ruffino Group is detected, due to a possible threat that has already been considered in the Risk Heat Map. This document, once updated, is shared internally with the Ruffino Group and sent, on request, to the Corporate Compliance Department of Constellation Brands, Inc.



The identified risks have been divided into four macro-areas that represent all of the Group’s business activities:

- financial
- commercial/strategic
- operations
- compliance.

Environmental aspects have also been examined as they are considered fundamental and comprise the Ruffino Group’s commitment already outlined in the Code of Ethics and Business Conduct.

The Ruffino Group has seen a reduction of various risks in all of the four macro areas. However, new potential risks have also been identified and are now monitored on a regular basis. This risk reduction has been achieved thanks to the implementation of various mitigation activities that had been defined in the Risk Heat Map.

FOUR MACRO-AREAS

1. Financial area

The financial area includes the revenue and expenditure management in running the economic activities of the Ruffino Group in order to determine an adequate financial structure in terms of risk-return for healthy and prudent management.

The main financial risks regard exposure to fluctuations in the interest and exchange rates, considering that most of the turnover is made overseas, in particular on the American market.

This category also includes the relative credit/counterparty risk failure to comply with the contractual terms and failure to pay invoices issued as well as fraud risk management due to false corporate communications that could occur with regard to economic, asset and financial situation of the Ruffino Group (annual budget, cash flow situation, forecast reports) with the aim of concealing the real situation, misleading interested parties (shareholders and creditors).

2. Commercial/Strategic area

The commercial function is the “business card” with which the Ruffino Group presents itself to the market. Defining the correct contractual arrangements and planning effective incentive plans is essential in guiding the behavior of the commercial function in line with the company’s strategic short- and medium-term objectives.

The main risks identified in this category pertain to:

- possible changes in the consumer’s preferences and variation in prices of products and/or raw materials that have been purchased, which could have a detrimental impact on the operating margins
- inadequate commercial skills of the sales representatives and incorrect implementation of the international Ruffino Group commercial strategy
- incorrect estimate of the probability/impact of potential risks identified in the Risk Heat Map

The success of the Ruffino Group also depends strongly on our employees and on their skills and professionalism, so we work to prevent loss of talent and know-how, striving to guarantee a stimulating work environment that is full of opportunities to learn and grow.

In addition to the risk of losing key human resources, we have taken into consideration the risk stemming from the lack of or inadequacy in planning the succession of executives with new resources having equal skills and less seniority.

3. Operations area

The operations area concerns all processing that takes place in the production plant. It includes the design process, implementation and improvement of the company systems that produce and distribute finished products by the Ruffino Group.

In the operations area, different types of risk are identified including:

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- trade fraud risk management regarding discrepancy between a product stated in advertising, promotion on the premises, the product's contents indicated on the label and the product that is actually purchased
- risks due to inefficient IT infrastructures
- risks related to the deterioration of the business relationship with suppliers/partners (finished products, grapes and bulk wine)
- risks of production line discontinuity with consequent loss in productivity
- risks related to climate change (rain, excess water and drought), water or groundwater pollution (caused by third parties or the companies in the Ruffino Group)
- operational risks related to the health and safety of workers

Finally, there are also risks related to transportation and logistics that could slow down order processing and the distribution of finished products.

4. Compliance Area

The compliance area manages all contracts and compliance aspects of the company's activities pertaining to regulations, laws, procedures and codes of conduct. The aim is to protect the company from all possible legal risks, thereby avoiding criminal, civil and administrative sanctions that could damage the image and reputation of the Ruffino Group with regard to third parties, such as customers and partners in

general. For every risk identified, specific procedures and processes are set up to mitigate the impact that this risk could have on the company's system.

The main risks identified in the compliance area include:

- abuse of authority, corruption or unfair competition for everything concerning correct relations between the Ruffino Group and public authorities or persons in charge of a public service
- risk of brand erosion towards stakeholders due to illegal acts
- political risk due to the instability of public institutions
- risk related to changes in the legislation governing the production of alcoholic beverages
- risk related to changes in environmental legislation

In FY19, the Ruffino Group has implemented additional internal controls to ensure compliance with the 2016/679 EU Regulation concerning the protection of individuals with regard to the processing of personal data (known as GDPR, General Data Protection Regulation).



For the implementation of this regulation within Poderi Ducali Ruffino, the Ruffino Group, as agreed with the Corporate Compliance Department of Constellation Brands Inc., commissioned a law firm specialized in privacy to conduct a PIA (Private Impact Assessment) to verify the ways in which the data were processed in order to guarantee compliance with the new regulation.



The PIA highlighted the need to reformulate various privacy policies with particular reference to the following categories:

- providers
- customers
- employees
- consultants

For Constellation Brands, Inc. the PIA has resulted in the implementation of a set of procedures to adjust the activities of the various group companies to the new legislation.

For example, for the Ruffino Group, a DPA standard (*Data Protection Agreement*) was elaborated, which must be signed

on a case-by-case basis by suppliers and consultants who conduct a certain type of data processing. The GDPR also involved a review of the corporate website.

Anti-corruption



Regulated by articles 318 and following of the penal code, corruption occurs when an individual and a public official agree that the former pays the latter for a deed pertinent in some way to the power of the latter.

Constellation Brands, Inc. has drafted a special Anti-Corruption Policy, which applies worldwide to all directors, managers and employees of Constellation Brands, Inc. The principles and general prohibitions indicated in this policy also apply to agents, intermediaries, facilitators, distributors, consultants, lobbyists, joint venture partners and other third parties acting on behalf of Constellation Brands, Inc. This policy is applicable not only to Constellation Brands, Inc. but also to all

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its subsidiaries and associated companies, therefore including the Ruffino Group. In order to make this policy applicable also in the Ruffino Group, the latter has adopted a specific addendum, in which supplementary and/or derogatory provisions to the Anti-Corruption Policy are contemplated, so as to also conform with local legislation, which is expressly required by the policy itself.

During FY19, Constellation Brands, Inc. has required that its employees and the employees of its subsidiary and associated companies (including the Ruffino Group) in possession of a business email address carry out an online anti-corruption training course.



During FY19, the Ruffino Group has organized specific anti-corruption training sessions for all agents operating on the Italian market. During this training, the Legal & Compliance Department of the Ruffino Group communicated the key anti-corruption notions to the agents. On such

occasions, supporting documentation was given to the agents, who signed the course attendance registers and any clarification requested was provided to them.

Whistleblowing

On December 29, 2017, Law n. 179 of 2017 came into effect, titled “Provisions for the protection of persons who report crimes or irregularities discovered in a public or private work rapport” (published in the Official Gazette, General Series no. 291 of 14 December, 2017).

The law aims to improve the efficiency of internal systems reporting relevant violations for the purposes of the application of Legislative Decree 231/2001 and intends to encourage the collaboration of workers to expose unlawful activities within institutions, providing specific regulations for the protection of individuals who report crimes or irregularities at work (known as “whistleblowing”).

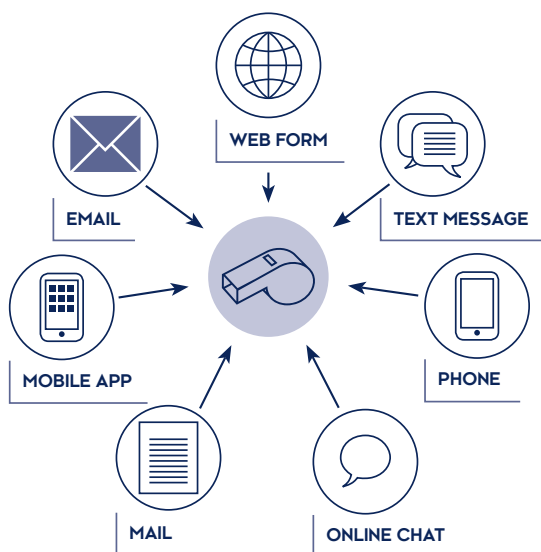
Based on the new article 6 of Legislative Decree 231/2001, the individuals called on to report are: (a) persons who “hold representative, administrative or management functions in an institution or within one of its organizational units having financial and functional autonomy”; (B) persons under the direction or the supervision of one of the aforementioned subjects.

In this regard, the Ruffino Group has adopted the important goal of adapting the company’s situation to this legislative provision. On February 7, 2019, the Board of Directors of Ruffino Srl approved the revision of its Management and Control Organizational Model (hereinafter referred to as “Organizational Model”),

renewed and adapted also in view of these legislative changes. The aim of the Ruffino Group is also to revise the Organizational Model of Tenute Ruffino S.r.l. and to draft an Organizational Model of Poderi Ducali S.r.l. during the first few months of FY20 to guarantee compliance with the aforementioned legislative provision.

The adoption of a specific policy by the Ruffino Group, aimed at regulating, among other things, the methods of reporting crimes or irregularities, in accordance with the indications given by Confindustria in January 2018, was also functional to the adaptation of our company's situation to such regulatory developments.

In particular, the above indicated subjects can send to the company's supervisory board relevant reports based on factual, precise and concordant elements of illegal conduct, and/or reports of violations of the Organizational Model to the dedicated e-mail address, by registered mail with return receipt to the president of the supervisory board at the company legal headquarters or by using Corporate Compliance Hotline.



Such reporting systems ensure the protection of privacy and identity of a person who makes a report, as the aforementioned communications will be strictly accessible to the members of the supervisory board, who will maintain the confidentiality of information in each subsequent reporting context, within the limits of anonymity and confidentiality that are not contrary to the law. The violation of such secrecy, in addition to being a criminal violation, would also constitute a disciplinary offense of the current national collective bargaining agreement.

In application of the principles provided for by this legislation, the Ruffino Group will neither allow nor tolerate any form of direct or indirect retaliation or discriminatory action, which has an effect on the work conditions of the whistleblower for reasons directly or indirectly connected to the report.

Sanctions against those who violate the protection measures of the “Whistleblower” or report with willful misconduct or gross negligence are described in the “Disciplinary system” section.

In particular, it is expressly forbidden for all recipients of this Organizational Model to implement direct or indirect acts of retaliation or discrimination, with respect to the reporting party for reasons connected directly or indirectly to the reporting; to perform retaliatory or discriminatory dismissals of the reporting subject, and/or to change his/her duties pursuant to article 2103 of the Civil Code; and to perform any other retaliatory measure or discriminatory towards the informant.

SUSTAINABILITY REPORT - FISCAL YEAR 2019

Violation of this prohibition will result in the invalidity of the dismissal and/or the change of duties and/or the adopted retaliatory measure.

The Ruffino Group adopts appropriate training tools for key individuals in the company and their staff, aimed at illustrating the content of this legislation and reporting procedures.



BUSINESS

BUSINESS

CORPORATE GOVERNANCE

(GRI 102-18. Governance structure)

Ruffino S.r.l., Tenute Ruffino S.r.l. Società Agricola (agricultural company) and Poderi Ducali Ruffino S.r.l. Società Agricola are companies belonging to the American multinational Constellation Brands Inc., one of the world's leading wine, spirits and beer retail companies. (GRI 102-1. Name of the organization/ GRI 102-5. Ownership and legal form)

The corporate purpose of Ruffino S.r.l. covers all phases of wine and olive oil production and sales.

The corporate purpose of Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali Ruffino S.r.l. Società Agricola is agricultural activities, including rural and forestry protection, and hospitality. (GRI 102-2. Activities, brands, products, and services)

The registered capital of Ruffino S.r.l. is € 1,438,744.00; Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali Ruffino S.r.l. Società Agricola amounts to € 10,000.

BOARD OF DIRECTORS



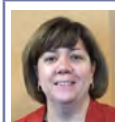
Lurie Michael David
Chairman and Director
of Ruffino S.r.l., Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali S.r.l. Società Agricola

NATIONALITY	USA
AGE	50
DATE OF APPOINTMENT	30/06/2017



Sartor Sandro
Deputy Chairman, Director and Managing Director of Ruffino S.r.l., Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali S.r.l. Società Agricola

NATIONALITY	Italy
AGE	55
DATE OF APPOINTMENT	28/06/2012



Stewart Janet Faye
Director of Ruffino S.r.l., Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali S.r.l. Società Agricola

NATIONALITY	USA
AGE	58
DATE OF APPOINTMENT	30/06/2017



Dominach Oksana Sandy
Director of Ruffino S.r.l., Tenute Ruffino S.r.l. Società Agricola and Poderi Ducali S.r.l. Società Agricola

NATIONALITY	USA
AGE	55
DATE OF APPOINTMENT	30/06/2017



Bogoni Maurizio
Director and IAP (professional farmer) of Tenute Ruffino S.r.l. Società Agricola

NATIONALITY	Italy
AGE	57
DATE OF APPOINTMENT	30/06/2017

	Lorena Troccoli <i>Director and IAP (professional farmer)</i> of Poderi Ducali Ruffino S.r.l. Società Agricola
NATIONALITY	Italy
AGE	43
DATE OF APPOINTMENT	01/10/2018



CONTROL BODY

	Guatri Giorgio <i>Sole statutory auditor</i>
NATIONALITY	Italy
AGE	54
DATE OF APPOINTMENT	28/06/2016

	Auditing firm
DATE OF APPOINTMENT	28/06/2016

As a confirmation of the Ruffino Group's commitment to sustainability, a "CSR" (Corporate Social Responsibility) committee has been created with the scope of implementing the sustainability governance by defining the objectives and monitoring the performance.

The committee meets every 3 months and it includes:

	Sandro Sartor		Giovanni Lucchesi
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	Sergio Taviani		Maurizio Bogoni
	Emanuele Rossini		Tommaso Alessandri
	Gabriele Tacconi		Marco Agresti
	Maria Katharina Rauchenberger		Damiano Belli
	Flavia Pezzo		Katerina Marozava
	Francesco Sorelli		Francesco Parri
	Fabio Vittorio Carone		Annarita Ciccirelli
	Lidia Ceseri		

Ruffino S.r.l. performs its duties in the participatory public policy through memberships to trade associations.

The CEO is a member of the Board of Directors of Federvini, part of Federalimentare (the confederation of food companies) dedicated to the wine sector; he is also a member of the Board of Directors of Unione Italiana Vini (UIV - the representative association of Italian

SUSTAINABILITY REPORT - FISCAL YEAR 2019

wine enterprises) and the President of the UIV “Wine and Health” roundtable.



UNIONE ITALIANA VINI

Ruffino adheres to the trade associations that operate, protect and represent businesses at a local and territorial level: in particular Tenute Ruffino adheres to the Unione Agricoltori (Agricultural Union) of Florence, Ruffino to the Confindustria (General Confederation of Italian Industry) of Florence and Poderi Ducali to the Confagricoltura (General Confederation of Italian Agriculture) of Treviso. (GRI 102-13. Membership of associations)

In order to safeguard the reputation and social image of the company in the current economic context, Ruffino, Tenute Ruffino and Poderi Ducali have adopted a “Code of Ethics and Business Conduct” in line with the regulations already issued and communicated by Constellation Brands.



Constellation Brands

The rules contained in the code have as a prerequisite the observance of all laws and the adoption of an ethically correct and fair conduct by all company employees and all those who, for whatever reason, work for the company, even on an occasional basis.

The Board of Directors of Ruffino and Tenute Ruffino have deemed it appropriate to introduce their own management and control organizational model, carried out through a planned review of internal organizational processes and the identification of a “Supervisory Board”, with control and monitoring duties, as well as through the adoption of the “Code of Ethics and Business Conduct”, whose observance is deemed an integral part of the contractual obligations undertaken by directors, members of the supervisory board, employees, collaborators, consultants, suppliers, commercial partners, sales representatives and importers. During the next fiscal year at Poderi Ducali Ruffino, we will proceed with the same actions in the other two companies of our group.



The “Code of Ethics and Business Conduct” is a reference model for all those who work for Ruffino, Tenute Ruffino and Poderi Ducali Ruffino, and all these people must adapt their behavior to the principles of loyalty and honesty already expressed by the companies.

All the personnel of Ruffino, Tenute Ruffino and Poderi Ducali Ruffino periodically attend specific training on Legislative Decree 231 and on aspects related to corruption.

FINANCIAL PERFORMANCE

PRODUCTION VALUE AND VALUE ADDED INCOME STATEMENT OF THE RUFFINO GROUP			
*DATA EXPRESSED IN EURO			
DESCRIPTION	28/02/19	28/02/18	Delta %
USA sales revenues	75,862,462	71,399,965	6,2%
Canada sales revenues	19,552,072	17,511,020	12%
Italy sales revenues	10,407,977	7,529,102	38%
Rest of the World sales revenues	7,766,861	10,106,274	-23%
Inventory changes	5,924,315	-3,083,944	292%
Contributions	480,000	359,585	33%
VALUE OF PRODUCTION	119,993,687	103,822,002	16%
TUSCANY Suppliers	-26,499,260	-17,430,599	52%
NORTH EAST ITALY Suppliers	-40,946,459	-35,206,136	16%
CENTRAL ITALY Suppliers	-3,604,526	-3,103,400	16%
FOREIGN Suppliers	-9,004,029	-7,501,965	20%
PIEDMONT Suppliers	-3,444,704	-2,360,513	46%
SOUTH ITALY suppliers	-25,196	-48,160	-48%
EXTERNAL COSTS FOR MATERIALS AND SERVICES	-83.524.174	-65.650.772	27%
Other miscellaneous and maintenance costs	-1,140,532	-1,162,885	-2%
Donations	-69,016	-82,116	-16%
Environment and safety costs	-406,819	-348,980	17%
Costs of organization and productive activities coordination	-7,213,406	-5,987,512	20%
OTHER COSTS	-8,829,773	-7,581,494	16%
ADDED VALUE TO BE DISTRIBUTED	27,639,739	30,589,737	-10%
To employees	-11,516,994	-10,550,691	9%
To the debt capital lenders	-812,600	-367,906	121%
To the State (taxes)	-4,690,531	-4,983,508	-6%
CONSOLIDATED PROFIT	10,619,615	14,687,632	-28%

SUSTAINABILITY REPORT - FISCAL YEAR 2019

The economic data of the table on the previous page have been revised on the occasion of the auditing activity conducted by auditing company KPMG, which issued a positive judgment on the truthfulness of the accounting data.

The consolidated financial statement of the Group provides a truthful and correct representation of the financial position, the economic result and the cash flow.

As shown in the table above, in the reporting period closed on February 28, 2019, the Ruffino Group obtained a total production value of € 119,993,687, plus 16% compared to the previous period. The Group's financial performance is driven by the US and Canadian markets that determine 80% of the total value. The contributions mentioned in the table, which amount to € 480,000 in FY19, refer to COM (Common Market Organisation) wine contributions regulated by ministerial notices.

The external costs have been affected above all by materials and service costs. They are related to direct and indirect materials which the company procures to guarantee the functioning of the production process: 89% of them come from Italy and the rest relates to supplies from abroad.

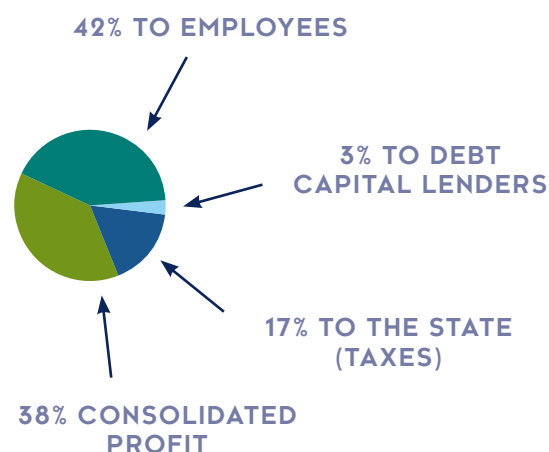
The increase in stock valuation in FY19 compared to FY18 is due to increased production in the 2018 harvest compared to 2017 and due to the acquisition of Poderi Ducali with the inclusion of part of the warehouse for the period October 1, 2018 – February 28, 2019.

The net margin to be distributed by the Ruffino Group has undergone a slight decline going from € 30,589,737 in FY18

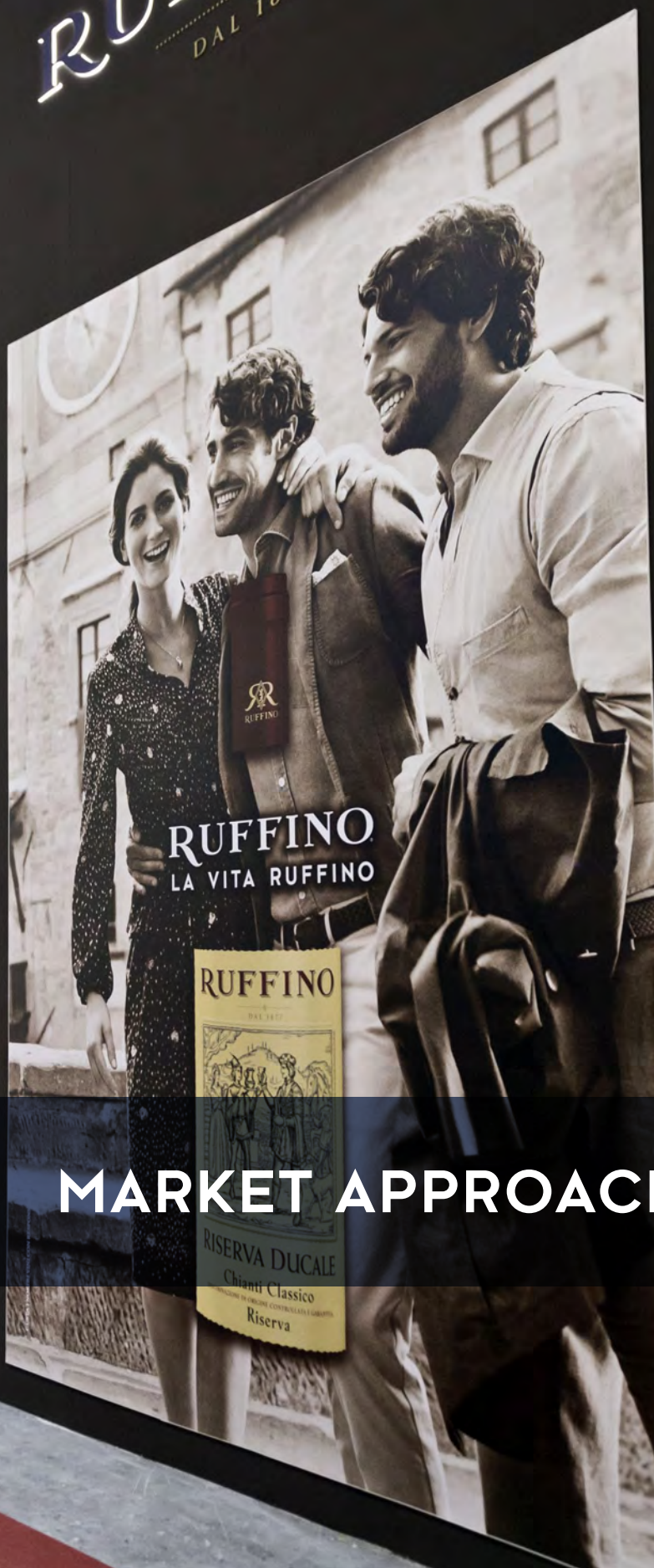
to € 27,639,739 in FY19. The Assembly of the Shareholders on June 27, 2019 resulted in the decision to allocate the consolidated balance sheet profit of FY19 to capital reserve.

In FY20, the Ruffino Group has set the objective of making donations equal to 1% of net earnings (representing the average number of the previous three years). To achieve this important goal, compared to FY18, the Ruffino Group has increased its commitment to support local initiatives. Donations concern mainly annual payments and wine gifts to Dynamo Camp and Miadi, and the Employee Match Day initiatives that will be described in more depth in the "Giving Back" chapter.

Distribution of global gross value added



RUFFINO
DAL 1877



MARKET APPROACH

MARKETS SERVED

(GRI 102-6. Markets served)



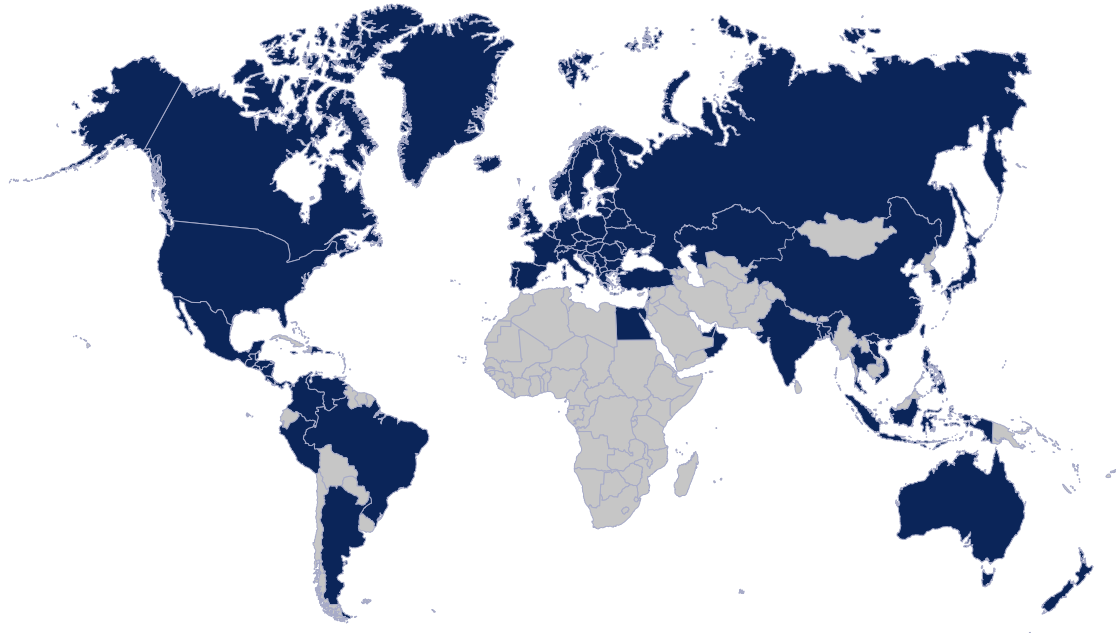
Ruffino is famous for its historic and prestigious wines, which have shaped the history of Italian winemaking, such as Riserva Ducale and Chianti, as well as more modern labels like Prosecco and Pinot Grigio, which are enjoyed and savored all over the world. Tenute Ruffino manages the vineyards and land on behalf of Ruffino Srl and only sells its production to Ruffino. All operational sites of both companies are located in Italy.



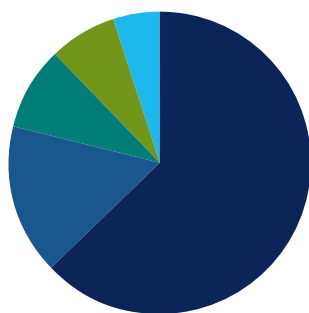
Ruffino now vaunts a wide range of its products in 85 markets worldwide, which testifies to the international strength and constant growth of the company. (GRI 102-6: Markets served)

Growth in recent years is confirmed by the quantities sold by geographical area. With a total volume of 26 million bottles per year, the US and Canadian markets are first for the number of bottles sold:

85 MARKETS SERVED



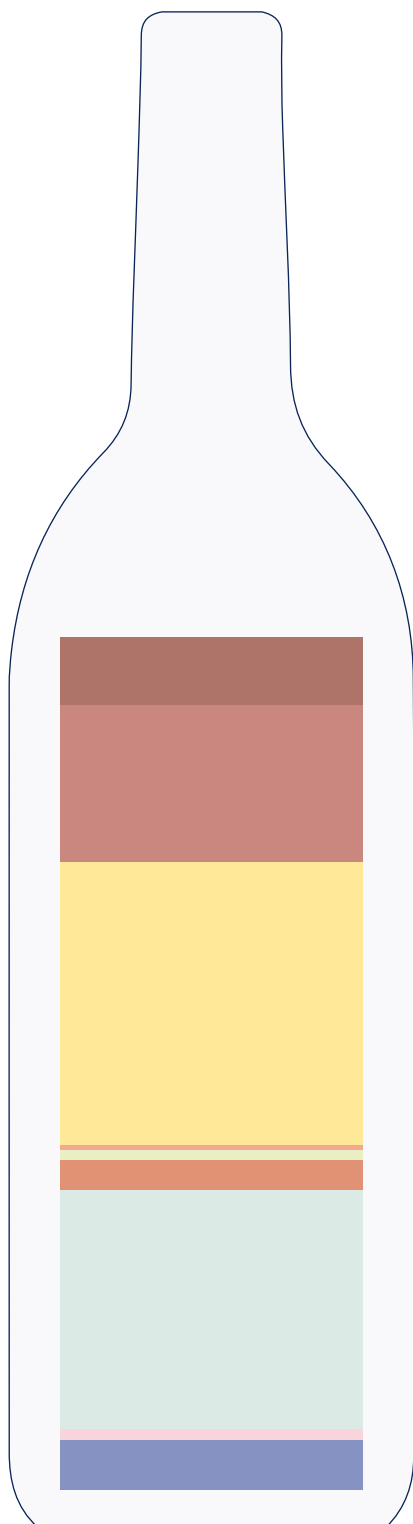
**PRODUCTION VALUE BY GEOGRAPHICAL AREA
RUFFINO GROUP FY19**



- 63 % USA
- 16 % CANADA REVENUE
- 9 % ITALY REVENUE
- 7 % REVENUES REST OF THE WORLD
- OTHER*

*Stock variations + Contributions

SALES BY A PRODUCT TYPE



CHIANTI CLASSICO DOCG

9L CASES N° | 185,430
% | 8.03%

CHIANTI DOCG

9L CASES N° | 423,511
% | 18.33%

WHITE DOP

9L CASES N° | 769,542
% | 33.31%

RED DOP

9L CASES N° | 11,313
% | 0.49%

WHITE IGP

9L CASES N° | 28,524
% | 1.23%

RED IGP

9L CASES N° | 79,678
% | 3.45%

PROSECCO

9L CASES N° | 649,929
% | 28.13%

ROSE

9L CASES N° | 27,889
% | 1.21%

OTHER WINES

9L CASES N° | 134,253
% | 5.81%

	9L CASES N°	%
TOTAL	2,310,070	100.00%



SUPPLY CHAIN

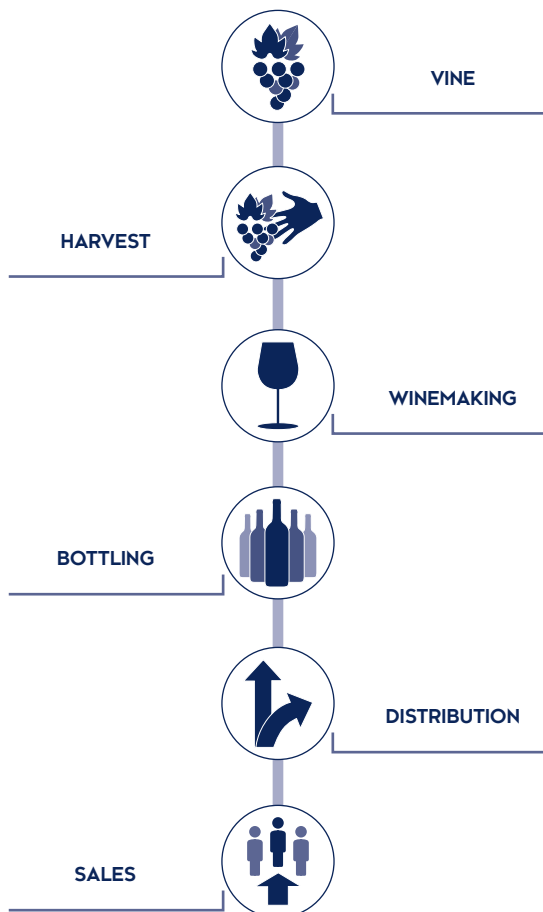
SUPPLY CHAIN

(GRI 102-9 Supply chain)

PRODUCTION

Relationships with suppliers are conducted with honesty, integrity and consistency with respect to applicable laws, ethical standards and rules of business conduct.

The Ruffino Group controls most of the supply chain stages pertaining to the management of our own estates for the growing of grapes, harvesting, winemaking, aging in the barrels in our cellars, and ending with the bottling and subsequent distribution of finished products on the market.



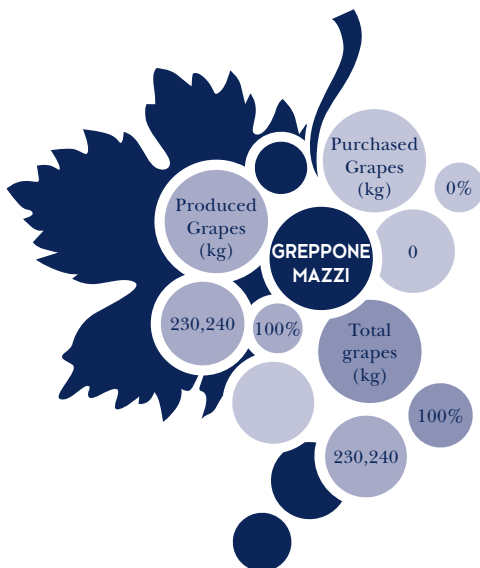
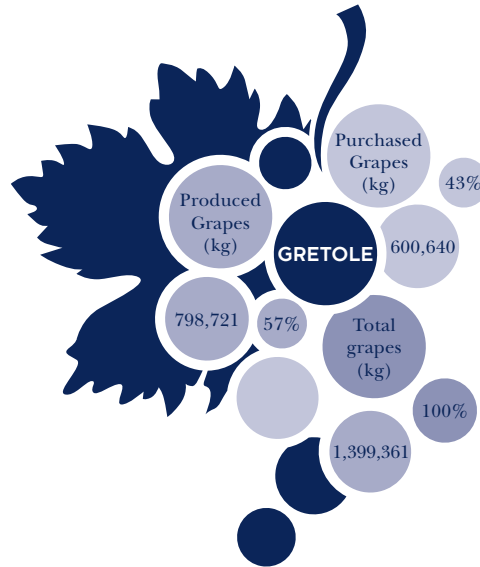
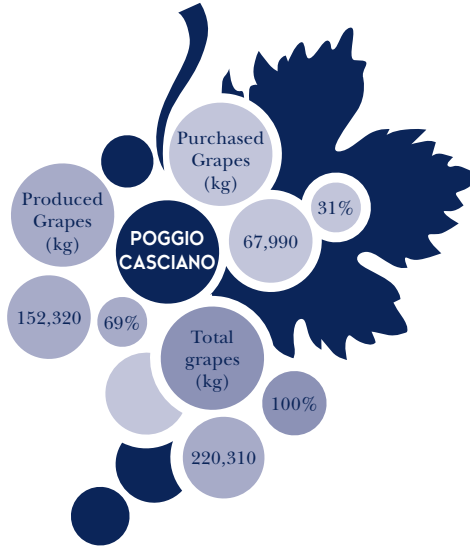
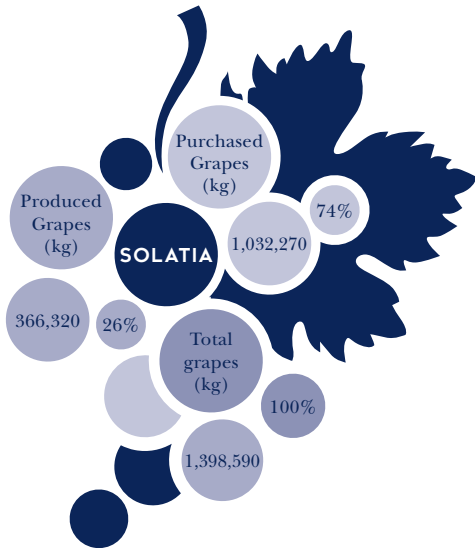
Supply management regards the supply of direct and indirect materials. The first consists of grapes purchased exclusively from local Chianti, Chianti Classico, and DOCG and IGT Tuscany suppliers, while indirect materials constitute the packaging: glass bottles, corks, screw caps and poly laminate capsules, labels, cardboard boxes, cardboard tubes, wooden boxes and partitions. Bulk wine is an important part of our supplies: it is purchased from Chianti, Chianti Classico and DOCG and IGT Tuscany, Rosso di Montepulciano (DOC), Vino Nobile di Montepulciano (DOCG), IGT delle Venezie, DOC of Friuli and Orvieto areas.

grapes and their level of ripening and acceptability: the grapes must be free from obvious qualitative defects, such as rot and deterioration from fungal diseases and insect damage (also through a final selection of grapes), or those due to consequence of weather and seasonal events (hail, burn and drying), or defects occurring during the harvest. Moreover, the grapes must be adequately clean and free from contamination, staining or abnormal coloration. With regard to the ripening of the grapes, the supplier must pledge to implement good agronomic practices in order to ensure that the maturation reaches acceptable levels provided for by the current regulations and the Ruffino Group. The supplier must supply ripe grapes, which means those with a content of sugar, acids and pH suitable for winemaking.

In addition to these criteria, for the selection of direct materials, we evaluate

the logistical feasibility pertaining to the transportation and delivery of grapes as well as the supplier's financial and company workings.

FY19 Production and procurement of direct materials (grapes)



	TOTAL	%
Produced Grapes (kg)	1,547,600	48 %
Purchased Grapes (kg)	1,700,900	52 %
Total grapes (kg)	3,248,500	100 %

SUSTAINABILITY REPORT - FISCAL YEAR 2019

The data presented is only relative to the processing of grapes of Tenute Ruffino and not of those of Poderi Ducali due to the fact that Poderi Ducali was purchased at the end of the 2018 harvest.

The Ruffino Group has a specific supply policy for bulk wine: we buy wines according to the necessities of the cellars and ask our suppliers for samples for enological and laboratory analysis.

Only after we have verified the sample conformity do we proceed with the purchase of wine and its conservation in the cellars owned by the Group so we can start the subsequent phases of the production process (winemaking, aging and bottling). In FY19, we purchased 134,630 hectoliters of bulk wine (132,140 hectoliters for Ruffino and 2,490 hectoliters for Tenute Ruffino).

For indirect materials, the Ruffino Group establishes criteria to be followed to evaluate the suitability of suppliers of all items before assigning a supply, using a trial order, and during the supply relationship in order to ensure and maintain set quality levels. In relation to the structure and characteristics of the supply chain, there are no significant changes compared to the previous year. (GRI 102-10. Significant changes to the organization and its supply chain)

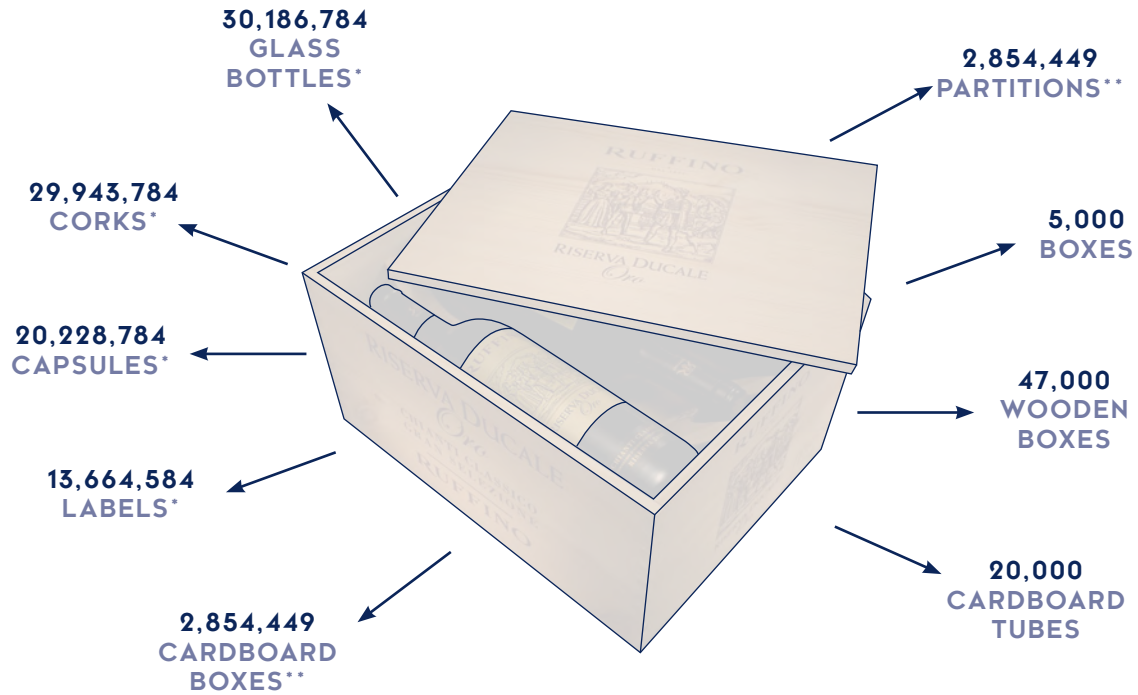
The various types of materials are delivered exclusively by road with regular supplies on several days of the week so as to avoid slowdowns and inefficiencies in the procurement and incoming logistics processes.

As for the geographical location of production facilities of suppliers of indirect materials (packaging), estates of direct materials (grapes) and the origin

of the bulk wine, the following image shows that almost all of them are in Italy, mostly in the Tuscan areas of Chianti and Chianti Classico.



Quantity of indirect materials purchased (FY19)



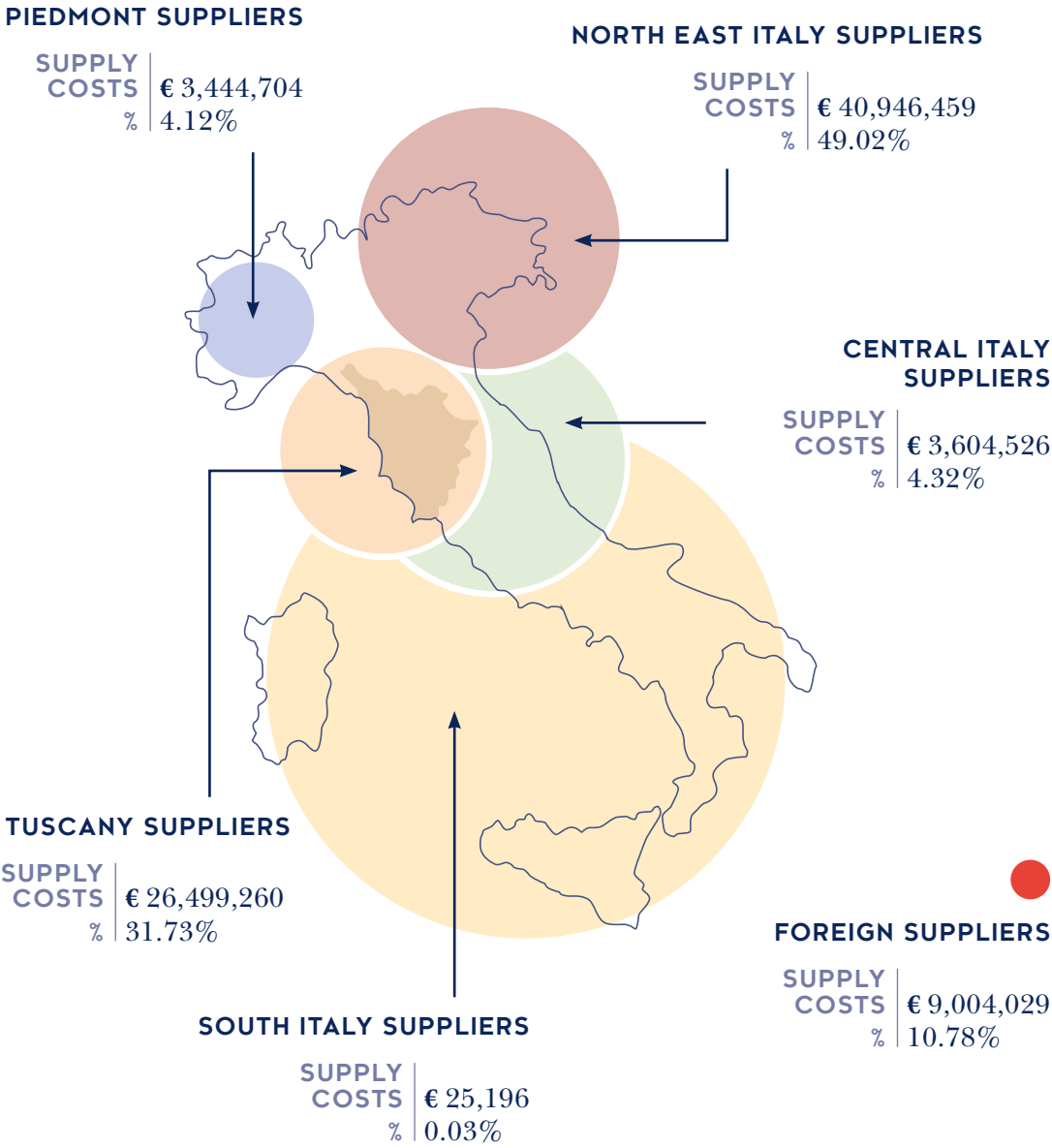
*11,828,784 glass bottles, caps, capsules and labels are relative to the production of Prosecco, Moscato, Sparkling Rosé, for which the Ruffino Group coordinates the supply chain, but decentralizes their production to respect the productive and legal DOCG and IGT constraints

** 986,549 boxes and partitions are for the distribution of Prosecco, Moscato and Sparkling Rosé

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Distribution of supply costs by geographical area (FY19)

The breakdown of supply costs by geographical area reflects the data emerging from the location of production facilities or estates of direct and indirect material suppliers. As can be seen in the picture below, about 90% of supply costs are attributed to national suppliers, despite a lower incidence of Tuscan suppliers in terms of value.



TOTAL EXTERNAL COSTS FOR MATERIALS AND SERVICES	€ 83,524,174	100,00%
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SUPPLIER CODE OF CONDUCT AND SUSTAINABILITY GUIDELINES

Constellation Brands, Inc. and its subsidiary and associated companies, including the Ruffino Group, in selecting its suppliers aim to choose reliable business partners committed to complying with ethical regulations and business practices compatible with our own. Constellation Brands and the Ruffino Group commit to maintaining the highest standards of ethical and legal conduct and to performing their activities in a sustainable way. Fairness, honesty and integrity have always been the basis of relationships with employees, shareholders, dealers, distributors, suppliers, government agencies and community. Constellation Brands and the Ruffino Group continue to evolve and to adapt to the changing world, but these fundamental principles remain unchanged.

For this purpose, Constellation Brands and the Ruffino Group require that all employees, directors and managers comply with the highest principles of company ethics and conduct.

Constellation Brands and the Ruffino Group also require their suppliers to comply with the provisions of the Supplier Code of Conduct and Sustainability Guidelines (hereinafter the “Code”).

The principles of the code include ethics and integrity, with a particular focus on relations marked by correctness and compliance with the law, antitrust and competition laws, anti-corruption, confidential information and privacy, conflicts of interest, and export control.

As regards environmental and sustainability compliance, Constellation Brands and the Ruffino Group commit to reducing their collective impact on the environment by maintaining profitable activities and enhancing brands that people love. We commit to protecting conscientiously natural resources that guarantee wine production in all plants around the world, and this commitment extends to the supply chain. All this is done to prove our commitment to sustainability in the Corporate Social Responsibility Report.

Constellation Brands and the Group Ruffino require that all suppliers comply with local and national environmental laws. In case of absence of local or national laws, Constellation Brands and the Ruffino Group expect suppliers to adopt international legislation. We encourage suppliers to adopt a clear environmental policy, implement



SUSTAINABILITY REPORT - FISCAL YEAR 2019

appropriate environmental management systems, and adhere, wherever possible, to the environmental and sustainability management practices indicated below:

- **Use of water** - Suppliers must implement measures in order to minimize their use of water and manage the discharge of wastewater so as to minimize its impact on the environment.
- **Energy use** - Suppliers must monitor and evaluate energy consumption and carbon emissions to achieve energy efficiency improvements, or use alternative or renewable energy.
- **Packaging** - Suppliers must promote sustainable packaging by reducing the weight of materials and by using recyclable materials.
- **Waste management** - Suppliers must integrate recycling practices and waste reduction.
- **Agricultural practices** - Suppliers with agricultural activities must implement the following sustainable agricultural practices:
 - prevent soil erosion by applying best practices in the soil management;
 - minimize and optimize the use of pesticides and fertilizers;
 - protect native species and minimize the impact on ecosystems and biodiversity of the territory.



Constellation Brands and the Ruffino Group also pay particular attention to working and employment practices and workplace conditions, with particular reference to:

- **Harassment and discrimination** - Suppliers must encourage diversity of workforce exempt from any form of harassment and discrimination. All workers must be treated with dignity and respect and nobody should be subjected to harassment or physical, sexual, psychological or verbal abuse. Suppliers are prohibited from using disciplinary practices with mental or physical coercions. Suppliers are prohibited from making discriminations about sex, race, color, age, religion, personal beliefs, sexual orientation, country of origin, citizenship, ancestry, disability, family status, gender identity, military or war veteran status, or any other status protected by law.



EQUALITY

- **Safety at work** - Suppliers must guarantee a healthy and safe work environment, including fully functional water, sanitation and hygiene facilities and services available for all workers. Suppliers must comply with current health and safety legislation and aspire to adopt higher relative standards. Suppliers must provide personal protective equipment and protective devices on machinery, and must require their use by all of their workers. Suppliers must provide health and safety training to their workers.



- **Forced labor, slavery and human trafficking** - It is forbidden to suppliers to be involved in human trafficking, slavery, or to use forced

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labor. Suppliers must adopt policies and establish systems to ensure that the materials incorporated in their products comply with the laws concerning slavery and human trafficking in the country or countries where they carry out their activities.

- **Child labor** - Suppliers must not hire staff under the minimum legal age and must comply with current legislation of the International Labor Organization.
- **Working hours, remuneration and social benefits** - Suppliers must comply with the legislation in force relative to working hours, remuneration and social benefits, including minimum wage and overtime pay.
- **Regular employment** - Before hiring a worker, suppliers must ensure that the worker has the legal right to work in the area. In accordance with current legislation, suppliers must not, among other things, restrict, including through direct or indirect coercion, the right of workers to join or refrain from joining associations and workers' organizations.

indicated by Legislative Decree 231/2001.

Starting from the next fiscal year the Ruffino Group will implement a control of some of the more significant suppliers in order to ascertain their effective compliance with these guidelines.

With regard to the code, specific certification has been prepared that each Ruffino Group supplier must sign as a sign of explicit acknowledgment and acceptance of the provisions of the code. By signing this certification, each supplier commits not to conduct (directly or through its own collaborators) policies in contrast with the principles expressed by the code and declares to be aware that such behavior may determine the resolution of relations between the parties, except any request for compensation if such behavior results in damage to the Ruffino Group, as in the case of application of the measures



TPM IN RUFFINO

TPM IN RUFFINO

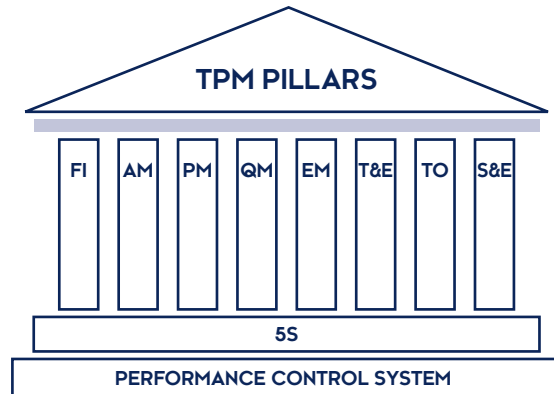
From early 2019, Ruffino srl decided to commit itself to the TPM path. TPM stands for Total Productive Maintenance, which is an industrialized system of continuous improvement of all performance put in practice by the “Learning Organization”.

The 8 pillars at the base of this system focus mainly on proactive and preventive techniques to improve machine reliability, industrial process reliability, and achieve an excellent management system.

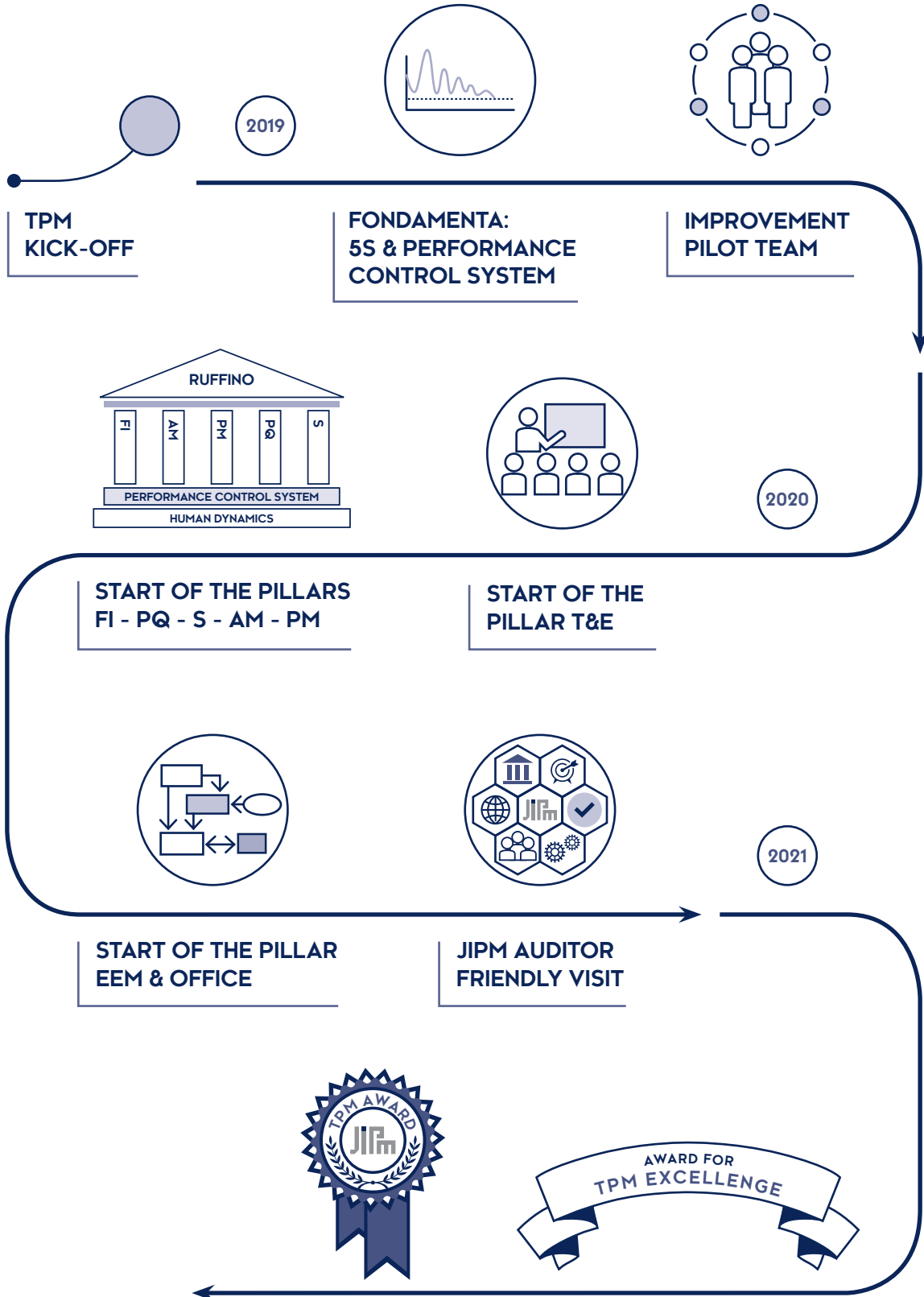
The TPM route, which includes strong cooperation between all teams, aims to:

- Create the ZERO culture: zero accidents, zero defects, zero losses!
- Increase the volume of production, the morale of the employees and their job satisfaction.
- Increase machinery and equipment productivity with a modest investment in maintenance.
- Drastically improve the global performance thanks to the application of the operational excellence.

Ruffino is guided in this project by EFESO Consulting. Our goal is to continue to work with the TPM principles, methods and tools in order to “become the reference company for Constellation Brands and be the first of its companies to receive the TPM Award from the JIPM (Japan Institute of Plant Maintenance) in 2021”.



- FI FOCUSED IMPROVEMENT
- AM AUTONOMOUS MAINTENANCE
- PM PLANNED MAINTENANCE
- QM QUALITY MAINTENANCE
- EM EARLY MANAGEMENT
- T&E TRAINING & EDUCATION
- TO TPM OFFICE
- S&E SAFETY & ENVIRONMENT



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Here one can see the presentation of the problems already faced during this year with the first pillars of TPM that we have started:

- Focused Improvement
- Safety & Environment and Quality
- Maintenance.





QUALITY

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



QUALITY

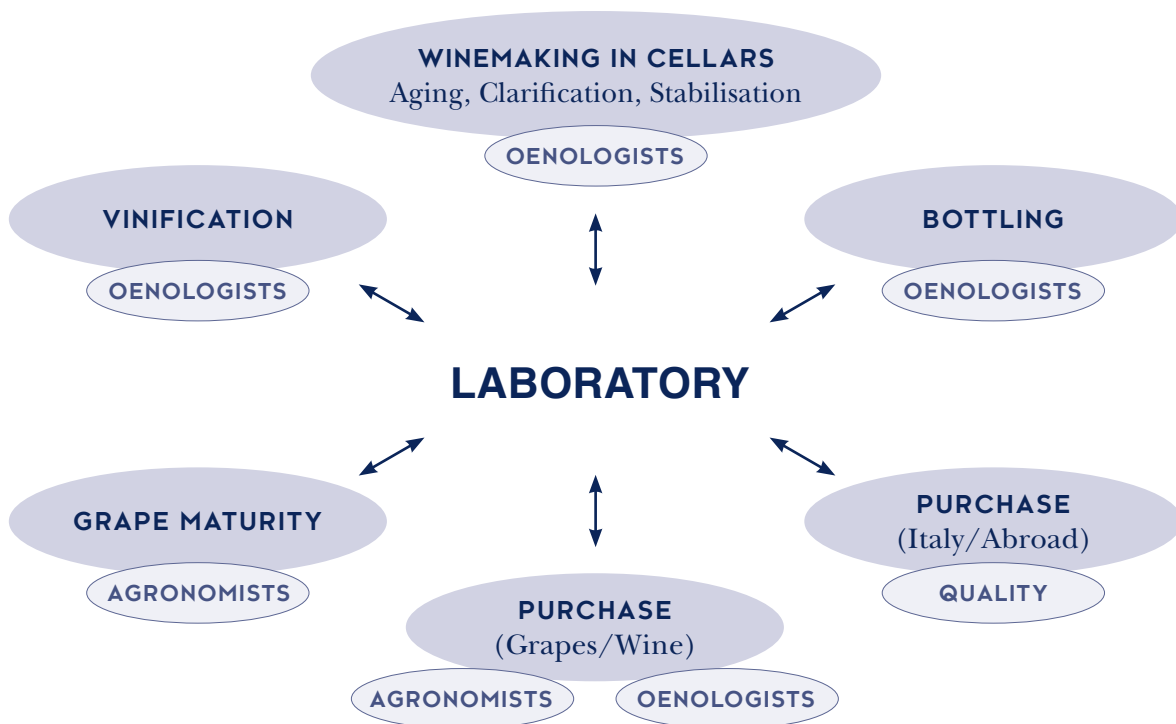
Consumer satisfaction is extremely important for the Ruffino Group. In the wine sector, this satisfaction is directly related to product quality.

Experience and staff training guarantee a controlled and high-quality product. In FY19, the Ruffino Group received 62 complaints through reports from customers. This is a very positive number, considering the volume of around 26 million bottles sold. The target is to improve the analysis of the causes of the complaints and the management of the customer response system.

Compared to FY18, the increase in the

number of the complaints is due to improvements in recording customer complaints in the United States. Receiving US consumer complaints has allowed us to develop more precise statistics on the various types of issues that may arise about our wines and implement actions for their solution.

Product quality is strictly linked to the quality of the production process. The work conducted by the Ruffino Group is based on the company's HACCP manual, which establishes the ways in which production processes are managed in a controlled manner to ensure compliance with health and hygiene standards.



To meet high quality standards, the creation and development of an internal laboratory was considered a critical factor for our success. It's a key resource throughout the process since it is connected with internal activities for wine production.

The laboratory activities are divided as follows:

- winemaking control (samples from the estates);
- control of the co-packers (companies that collaborate with Ruffino)
- control of the Pontassieve plant processes.

In recent years, particularly innovative analyses, including the monitoring of pesticide residues used in the vineyard, and projects aimed at improving the product quality have been conducted. Among these, the “Aromas” project, currently in progress, focuses on determining the aromatic profile of wines and its correlation with sensory analysis, in order to objectify the evaluation of wine quality and its evolution over the time.



Further innovative projects are in the development phase; they concern the search for new procedures and practices to maximize product quality:

- Study of SHELF LIFE for 100% of aging wines: wines do not have an expiration date on the label, but they are nevertheless “living” products in continuous evolution: organoleptic features change positively or negatively over time. The goal is to study and trace at least the how the flavors and fragrances of older Ruffino wines change over time and establish the optimal retention period so as to be able to better appreciate them, using both the panel test and the chemical analysis of aromas. In FY19, this analysis

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has been performed through verifying any volatile phenols, which is an indication of Brettanomyces in bottles six months after the bottling. After that, analytical testing only continues for wines in which these compounds have been found.



- 100% microbiological control from cellars to bottling and afterwards for red wines at risk of Brettanomyces: Brettanomyces yeast is unfortunately increasingly frequent in cellars and can lead to significant faulty organoleptic characteristics in wines where it manages to survive, producing “off flavors” such as the smell of medicines and sticking plasters. For our top wines and those exposed to a higher risk of contamination (Chianti Classico, Modus, Alauda, Romitorio and others), the goal is to track and check by microbiological and chemical analyses every stage in the production process, starting from wine supplies (externally and from Tenute Ruffino) to refinement and aging in

wood, and finally bottling, storage and distribution, so as to preserve the specific aromas and organoleptic characteristics of each wine.

- With this approach, both Laboratory and Quality Control are committed (and will continue their commitment in FY20) to the development of analysis aimed at verifying and validating production processes (filtration, bottling, cleaning and sanitization, stability of wines) and the processes connected to them, such as material verification of packaging by moving the checks from arrival in our warehouse phase to the design phase and approval of the material (New Product Development).





- Implementation of the version 6.1 of the IFS Food certification: The International Food Standard (IFS) is an international standard that aims to ensure quality compliance and the safety requirements of food as well as observance with applicable legislation. The IFS standard guarantees that certified companies have considered and applied the specifications made by their customers, with continuous commitment to the improvement process. The requirements enforced by this standard refer to the quality management systems, HACCP methodology, and a set of GMP (Good Manufacturing Practice), GLP (Good Laboratory Practice) and GHP (Good Hygiene Practice) requirements.

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QUALITY OBJECTIVES OF THE RUFFINO GROUP

AREA	DESCRIPTION	PROGRESS IN FEBRUARY 2018	PROGRESS IN FEBRUARY 2019	KPI	DEADLINE
QUALITY	IFS: implementation of 6.1 version of the IFS Food certification	Previous version IFS 6.0	Previous version IFS 6.0	Yes/no	FY21
	Aromas analysis: wines suitable for aging for which there is an internal panel and analysis of aromas in routine	0%	40%	100%	FY21
	Cork control: % of corks controlled upon entrance	100%	100%	100%	FY21
	Microbiological control: % of red wines at risk of Brettanomyces subjected to microbiological controls from the cellars, to bottling and afterwards	100%	100%	100%	Ongoing
	Study of SHELF LIFE: % wines suitable for aging	0%	40%	100%	FY23
	Product Safety Analysis: % samples tested for their product safety	100%	100%	100%	Ongoing

COMMITMENT TO REDUCE ENVIRONMENTAL IMPACTS



COMMITMENT TO REDUCE ENVIRONMENTAL IMPACTS

INTRODUCTION

(GRI 103: Management Approach)

“Environmental sustainability” consists of small actions that reverberate internationally; it’s a lifestyle choice that has become a corporate philosophy for Ruffino. Constellation Brands and Ruffino are united in implementing environmental sustainability initiatives that have resulted in numerous projects. The values behind these initiatives are the company’s constant care for our environment, the utmost respect for the land that yields its fruit and absolute awareness of the importance of agriculture that is respectful towards the planet.



The entire supply chain is considered fundamental, from vineyard management to winemaking and bottling, and the distribution of finished products.



Environmental sustainability is a fundamental element of the business. Ruffino operates successfully in the food and beverage industry, while implementing a business model aimed at ensuring the Group’s resilience towards climate change and general environmental issues.

The risks related to environmental sustainability are covered in the macro-areas of operations (3) and compliance (4) of the Risk Heat Map. In particular, we have contemplated the risks related to changes in environmental legislation and their impact on the activities and policies of the Ruffino Group, as well as

the risks related to the decrease or loss of key natural resources, such as the availability of water and thermal energy, the catastrophic loss of strategic assets (vineyards) and the risk of vineyard/grape diseases.



Focusing on renewable energy, a more efficient consumption of water, waste disposal and collaboration with suppliers that share the same philosophy confirm the objective that the Group has set, i.e. to reduce to a minimum its environmental impact.

The CEO and Top Management of the Ruffino group meet periodically during the year to define the goals and analyze progress relative to sustainability activities. The main objectives include:

- staying aligned with the environmental

vision of the parent company Constellation Brands

- maintaining environmental compliance of all production sites
- keeping track of all potential environmental risks, identifying areas of improvement and regularly providing feedback to colleagues
- reducing environmental footprint
- implementing environmental audits of the group's sites
- implementing and maintaining ISO 14001 certification



- developing “Lean Management Environmental Pillar”: this project has been underway in the bottling and cellars of Pontassieve for several years now, with the purpose of increasing the efficiency of the production process in order to reduce all types of waste
- drawing up CSR reports
- participating in contests to promote CSR.

The Ruffino Group has carried out projects and actions aimed at raising community and employee awareness on environmental issues. Our employees are a precious resource in implementing methods to reduce the ecological footprint of the company.

According to the Code of Ethics and Business Conduct adopted by the Group, each employee must:

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- understand and adhere to the guidelines of conduct concerning all applicable environmental procedures;
- handle, transport and dispose of all waste in an ecologically responsible manner;
- promptly report any environmental risk and liquid leakage or release of toxic substances;
- encourage colleagues to act in an environmentally responsible way;
- take an active role in the continuous improvement activities of sustainable business practices;
- work to improve community support for local ecological initiatives.



Particular emphasis was placed on training our colleagues in environmental and legislation risks, conducted through specific meetings with experts. Due precautions must be taken to prevent activities that could cause environmental non-compliance and damage to the surrounding environment in relation to all activities carried out by Tenute Ruffino and the production site of Pontassieve.



In this regard, the Ruffino Group, in particular the Environmental and Health and Safety Department, has drawn up the environmental risk management model, which is updated periodically. Each mapped environmental activity is given a score that assesses its severity and states the necessary mitigating actions; this score varies in relation to:

- the relative importance of the risk;
- the significance of its impact on the environment;
- environmental regulations relative to the activity;
- the impact that the environmental activity would have on control bodies, opinion leaders, trade associations and environmental advocacy groups (e.g. Greenpeace, WWF, etc.);
- the extent of the environmental damage based on the quantity and geographical magnitude in normal conditions;
- the possibility to return to the initial conditions or reduce the impact.

The results of the risk management activity are that the Group's main environmental risks are related to energy consumption (electricity, natural gas, fuel for company cars), water discharge treatment, water

consumption, the protection of biodiversity and waste production.



Gruppo Ruffino is implementing a monitoring system for its energy consumption in order to calculate the level of emissions (CO₂) generated by its business.

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ENERGY

The Ruffino Group uses four energy sources in its production processes: electricity, natural gas, LPG and diesel fuel for the company vehicles (cars and tractors). In compliance with GRI 302-1: Energy consumption within the organization, the total consumption was 6,617 MWh in FY19. The details for each energy source will be discussed hereafter.

Electricity

In 2015, the Ruffino Group carried out an energy audit for the Pontassieve and La Solatia sites, in accordance with the Legislative Decree 102/2014, in order to:

- analyze energy consumption;
- set goals for the next 4 years to improve energy efficiency.

The audit data were communicated to the

Italian public authorities. The decree aims to define a set of measures to encourage and improve energy efficiency. The Ruffino Group periodically checks data on energy consumption and analyzes them during management meetings.

Small actions and good practices matter. By switching off the lights in the bottling department during lunchtime, Ruffino saves 15 days of electricity consumption in the bottling plant every year, which is equal to €13 a day. This simple, low-cost practice can be implemented on a large scale.

To monitor energy usage, we carry out measurements and checks. Below you can find the electricity (kWh) consumed by the Ruffino Group for FY19. The data are presented by company (Ruffino, Tenute Ruffino and Poderi Ducali).

ELECTRICITY CONSUMPTION	FY18	FY19
Company	kWh	kWh
Ruffino	2,045,841.23	2,161,710
Tenute Ruffino*	738,639	617,678
Poderi Ducali**		205,247
Ruffino Group (total)	2,784,480	2,984,635

* Data refer to calendar year 2018

** Data are from October 2018 to February 2019; Poderi Ducali did not belong to the Ruffino Group prior to that period.p.

Natural Gas and LPG

The following refers to the consumption of natural gas (methane) and LPG for heating and air conditioning at the Pontassieve and Tenute Ruffino sites. The standard cubic meters (SCM) of methane gas and liters of LPG were converted with specific conversion factors in kWh in compliance with the requirements OF GRI 302-1. The conversion factors are taken from the National Energy Balance (BEN).

NATURAL GAS CONSUMPTION	FY18		FY19	
	SCM	kWh	SCM	kWh
Company				
Ruffino	87,328,00	863,125,58	76,453,00	755,640,12
Tenute Ruffino*	23,265,00	229,944,77	15,998,00	158,119,77
Poderi Ducali**			n.a.	n.a.
Ruffino Group (total)	110,593,00	1,093,070.35	92,451,00	913,759,88

* We updated last year's data, which were overestimated due to the incorrect inclusion of a series of adjustments in previous years as well as the electricity consumption by agrisorts (which was not part of the scope of this report). Furthermore, the data refer to the calendar year 2018.

** Data are from October 2018 to February 2019; Poderi Ducali did not belong to the Ruffino Group prior to that period.

LPG CONSUMPTION	FY18		FY19	
	Liters	kWh	Liters	kWh
Company				
Ruffino	n.a.	n.a.	n.a.	n.a.
Tenute Ruffino*	25,500,00	326,162,79	28,682,00	366,862,79
Poderi Ducali**			n.a.	n.a.
Ruffino Group (total)	25,500,00	326,162,79	28,682,00	366,862,79

* Data refer to calendar year 2018

** Data are from October 2018 to February 2019; Poderi Ducali did not belong to the Ruffino Group prior to that period.

Conversion factors from natural gas to kWh

- Energy*natural gas (kWh) = (natural gas (SCM) • LHV (kcal/Nm³))/(860 (kcal/kWh))
Lower heating value (LHV) of natural gas is 8500 Kcal/kWh

Conversion factors from LPG to kWh

- Energy*LPG (kwh) = (LPG * LHV (kcal/kg))/(860 (kcal/kWh))
Lower heating value (LHV) of LPG is 11000 kcal/kWh

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Diesel Fuel

Below you can find the fuel consumption data for company vehicles (cars and tractors) used at the Pontassieve, Tenute Ruffino and Poderi Ducali sites.

The liters of diesel fuel have been converted with appropriate conversion factors in kWh in compliance with GRI 302-1: Energy consumed in the organization. The conversion factors are taken from the National Energy Balance (BEN).

DIESEL FUEL CONSUMPTION	FY18		FY19	
	Liters	kWh	Liters	kWh
Company				
Ruffino	45,696,82	531,358,37	86,109,36	1,001,271.63
Tenute Ruffino*	106,250,70	1,235,473.26	113,160,00	1,315,813.95
Poderi Ducali**			3.000,00	34,883,72
Ruffino Group (total)	151,947,52	1,766,831.63	202,269,36	2,351,969.3

* Data refer to calendar year 2018

** Data are from October 2018 to February 2019; Poderi Ducali did not belong to the Ruffino Group prior to that period.

Conversion factors from diesel fuel to kWh

- $\text{Energy*dieisel fuel (kWh)} = \text{Diesel fuel (l)} \cdot 0.835 \cdot \text{LHV (kcal/kg)} / 860 \text{ (kcal/kWh)}$
Lower heating value (LHV) of diesel fuel is 10000 Kcal/kg

WATER: WATER SUPPLY AND WASTEWATER

Every year, Ruffino, Tenute Ruffino and Poderi Ducali compile a document stating all the parameters and advantages obtained from water reuse.

The company's water resources (wells and lakes) have been surveyed, authorized and are subject to periodic checks required by law. All water is analyzed at fixed intervals to guarantee its correct agricultural or domestic use.

Our scope is the enhancement of all existing water resources to reduce public drinking water consumption. In FY18, Ruffino installed special meters, pledging to improve the measurement of water usage by company area. During the environmental management review, we verify that water usage data coincide with data from the meters installed in the company. The data regarding water withdrawal is double checked during mandatory reports to the public authorities. These reports are carried out in compliance with the obtained authorizations for drinking water usage related to the cubic meters of water needed for the production process.

All the water sources of the Ruffino Group in FY19 are in areas with an average water risk. Specific to the food and beverage sector, the Water Risk Atlas detection model developed by the World Resource Institute was used to establish the degree of water stress. The geographical coordinates (latitude and longitude) of the cellars and vineyards owned by Tenute Ruffino and Poderi Ducali as well as those for the Ruffino plant were used as inputs for this model.

The water withdrawals of the Ruffino Group for FY19 are reported below divided by source, in accordance with GRI 303-3 (GRI 303-3 Water withdrawals).

Water withdrawal is the sum of all the water drawn from the surface, underground, marine or third-party water sources, for any use in the reference period.

In detail:

- the water contained in an artificial basin is reported under surface water;
- the water taken from the aquifers is reported under groundwater;
- the water supplied by local municipality companies is reported under third-party water.

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WATER WITHDRAWAL (GRI 303-3) OF THE RUFFINO GROUP IN FY19				
WATER WITHDRAWALS BY SOURCE	RUFFINO	TENUTE RUFFINO*	PODERI DUCALI	RUFFINO GROUP (TOTAL)
Surface water	0	10,000	0	10,000
Surface water (fresh water)	0	10,000	0	10,000
Surface water (other water)	0	0	0	0
Groundwater	25,695	2,928	0	28,623
Surface water (fresh water)	25,695	2,928	0	28,623
Surface water (other water)	0	0	0	0
Marine water	0	0	0	0
Surface water (fresh water)	0	0	0	0
Surface water (other water)	0	0	0	0
Produced waters	0	0	0	0
Surface water (fresh water)	0	0	0	0
Surface water (other water)	0	0	0	0
Water from third parties (Municipality)	0	4,245	309	4,554
Surface water (fresh water)	0	4,245	309	4,554
Surface water (other water)	0	0	0	0
Total	25,695	17,173	309	43,117

* Data refer to calendar year 2018

Wastewater treatment plant

The installation of the new wastewater treatment plant that collects and treats wastewater from all production areas on the Pontassieve site was the major innovation of 2017. It is a biological membrane reactor, composed of three equalization tanks and three biological treatment tanks. After the equalization the water is filtered to eliminate solid particles and is added to the sludge. In this sludge, bacteria feed

themselves with chemicals contained in the water, which helps the bacteria drain and clean the water. The water passes through a filter that separates the sludge from the clean water. The latter is stored in a tank and then it is discharged to the municipal sewerage plant. The investment for the purchase of this plant amounted to € 260,000.



New wastewater treatment at Pontassieve

The company is evaluating the feasibility of several projects aimed at water reuse, such as irrigation of our lawns and giving the water to the Municipality of Pontassieve for street cleaning.

Tenute Ruffino is evaluating ways to:

- increase the number of water supply sources (for example, by obtaining authorization for the use of additional wells)
- improve wastewater treatment through

appropriate methods such as the creation of constructed wetlands. This technology allows wastewater from the cellars to be treated naturally thanks to the use of marsh plants and natural water filtering by means of sand and gravel.

The purified water, following specific analysis, can be returned to the environment and/or reused for irrigation and washing. There are already two active constructed wetlands on the La Solatia and Greppone Mazzi estates.



New wastewater treatment plant setting

LAND/BIODIVERSITY

The activities put in place for the conservation or restoration of the ecosystem, practices of sustainable landscape and sustainable agricultural practices have played a fundamental role for the agricultural estates of Tenute Ruffino. Numerous initiatives and projects have been implemented internally on all Ruffino estates to guarantee the quality of the products and processes, consumer and employees' health, as well as protection of the environment.

One of the choices that goes in this direction is to avoid strict "recipes" in the vineyard management during the year, instead applying site-specific viticulture in relation to the season. Every terroir deserves a precise combination of agronomical practices that guarantee the best results through sustainable costs and minimal environmental impact.



An internal "good agricultural practice handbook" has been adopted, stating the agronomical techniques used throughout

the lifecycle of the vineyard, focusing on:

- respect for the environment
- reduction in the use of plant protection products
- increased soil fertility
- organic fertilization and the use of green manure
- reduction of washout and superficial erosions
- reduction of soil compaction.

The manual is a dynamic tool since it is subject to continuous reviews and it gradually introduces all the practices that have proven themselves suitable for the sustainability improvement.



The manual is a dynamic tool since it is subject to continuous review and gradually introduces all the practices that have proven suitable for improving sustainability.

The availability of soil maps allows the correct choice of varieties/clones/rootstocks combinations so as to guarantee the best adaptation of plants to the environment. The estates adopt integrated pest management, in compliance with European guidelines and national action

plans, which allows Ruffino to make sustainable choices, guarantee reductions in plant protection products and replace products that are more aggressive towards the environment with lower impact and/or organic products.

In particular, the company has significantly reduced the use of herbicides and insecticides, preferably in both cases biological defense (sub-terrain cultivation, sexual confusion of insects, introduction of “artificial” antagonist insects, use of natural products).

Reducing chemical input in the vineyards

After reducing chemical input in the vineyards through the use of atomizers and recovering any product that does not settle on leaves and bunches (the “Bertoni” project at Poggio Casciano), Ruffino has a step further.

Tenute Ruffino is leading a three-year innovation project PSR-GO PEI, which involves another top Tuscan winery as well as research institutions such as CREAVE (Research Center for Viticulture and Oenology), the Department of Sciences and Agricultural, Food and Environmental Technologies and Forestry (DAGRI) of the University of Florence, with the general support of Confagricoltura and ERATA (Regional Authority for Technical Assistance in Agriculture). The purpose of this project is the development of a kit to modify the atomizers capable of performing treatments with Innovative Optimized Variable Dose Technology (depending on the foliage) to reduce the release of pollutants and pesticides (The project’s acronym is “Kattivo”.) In a nutshell, the idea behind this ambitious and innovative project is to develop and distribute a technological kit

that, when applied to traditional atomizers, would allow the distribution of pesticides at a variable dosage depending on the volume of the foliage to be treated, allowing reductions in wastewater and pesticides. It’s an ambitious and innovative project.

Precision Farming



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Ruffino's precision farming project started in 2011 by acquiring maps of the vigor of the vineyards comprising the Chianti Classico estates from the air. The main objective was to characterize the variability of the vineyards, their vigor, production and quality of the grapes, developing a management method specific for each site of the vineyards, in order to increase the quality and quantity of the grapes used to produce our top wine, Riserva Ducale Oro Gran Selezione.



The first results were used to draft index-based vigor maps (NDVI Index) and to define winter fertilization, basing on the

types of land and the vegetative vigor of the plants.

From 2014 onwards, the project has been also used as a means of supporting and optimizing choices made during the harvest period. One of the main features is the possibility of drafting grape quality maps and their usage as a provision for the harvest. Since 2014 we have been using a high-technology grape harvesting machine, which utilizes these maps to carry out automated selective harvesting directly in the vineyard. In this way, two quality levels of the grapes are sent separately to the cellars for differentiated winemaking, resulting in two wines: Riserva Ducale Oro Chianti Classico Gran Selezione DOCG and Riserva Ducale Chianti Classico Riserva DOCG.

In 2018, the precision farming project expanded to the estates of La Solatia in Monteriggioni and Greppone Mazzi in Montalcino, with the aim of:

- optimizing agronomical activities, such as fertilization (hence reducing product waste),
- and, through detailed vineyard knowledge, to be able to guarantee maximum efficiency and productivity,
- and, above all, to achieve the best possible quality of grapes for Chianti and Brunello di Montalcino.

Precision farming is site-specific: to achieve these high results, all the companies in the group and their technical managers must be equipped with adequate tools capable of processing and viewing data about agricultural activities for planning and decision making. The Enogis Cluster platform uses technologies based on ge-referencing observations to provide tools useful to the company's technicians.

A smartphone or tablet with an Android app are sufficient for collecting data directly in the vineyards and being able to view immediately all the information about the history of the vineyard as well as all other satellite data, such as vigor maps/NDVI index, forecast models on the development of plant diseases, weather data and much more (for example, one can download pedological maps, the sampling site data of each grape sample and data on the progress of grape ripening). All the comments are georeferenced and connected to the specific place in the vineyard where they are inserted into the database.

In summary, the entire wine production management process, from grape growing to winemaking, is tracked in detail. All data collection and processing can be managed from a browser and a cellphone: relative to agronomical management, pre-harvest sampling, production estimates, a phytosanitary status of the vineyards, in addition to personalized observations, in relation to a map linked to the vineyard registry.

Biodiversity friend

Biological diversity is one of the fundamental resources for people, along with water and energy resources. Maintaining high biodiversity in the environment must therefore be an essential goal for businesses. The belief of the Ruffino Group is that an environment with high biodiversity is healthier and offers better quality products with improved organoleptic properties.

For this reason, we implemented a series of actions to obtain the “Biodiversity Friend” certification released by the World Biodiversity Association (WBA), a non-profit association composed of naturalists,

botanists, zoologists and nature lovers engaged in the conservation of biodiversity hotspots in Italy and worldwide.

WBA considers the following 10 actions as a sort of agricultural “ten commandments”:

1. cultivation model
2. soil fertility
3. water resource management
4. hedges, woods, meadows and nectariferous species
5. agricultural and structural biodiversity
6. soil quality
7. water quality
8. air quality
9. renewable energy
10. environmental responsibility.

These rules form the basis of the “Biodiversity Friend” certification. By buying a “Biodiversity Friend” certified product, the consumer has the guarantee that the product has come from agricultural systems with a high level of naturalness and from processes with a low environmental impact, as proven by scientifically verified monitoring procedures. Consequently, “Biodiversity Friend” products are the result of a production process that has sustainability as its basic principle.

In October 2018, the Ruffino Group was audited by CSQA and obtained the “Biodiversity Friend” certification. We can therefore use the Biodiversity Friend © brand for the distribution of the following products:

- Riserva Ducale Oro Chianti Classico Gran Selezione DOCG,
- Greppone Mazzi Brunello di Montalcino DOCG
- Alauda IGT Toscana

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- Fiasco Chianti Superiore DOCG
- La Solatia Pinot Grigio IGT Toscana
- Romitorio di Santedame Chianti Classico Gran Selezione DOCG
- Santedame Chianti Classico DOCG.



Organic production

The Poderi Ducali company is 100% organic and follows all the necessary organic farming practices.

In the last fiscal year, Tenute Ruffino made the decision to convert the company's agricultural surfaces to organic production. The process began with two estates (Poggio Casciano and Greppone Mazzi) on August 29, 2018, with an initial notification to the inspection body and the presentation of the organic estate's Quality Plan, which stated the measures that the estate puts in place to comply with European Union legislation on organic farming.

For Tenute Ruffino, the transition to organic is the result of increased awareness and attention to the environment and people.

We started years ago by adopting an internal sustainability protocol aimed at the reduction of the use of herbicides, followed by their gradual elimination and replacement with different methods; and the choice and use of pesticides with a lower environmental impact, always preferring organic treatment to chemical. At Poggio Casciano, insecticides have already been eliminated, using biological control against the main insects that attack the vines.

The transition from integrated to organic viticulture represents the natural evolution

of a journey started years ago and a greater awareness of its environmental benefits. In populated areas, the choice to go organic is a clear mark of respect from a company towards the environment, the local area and the population. The human factor takes a central role.

Switching to organic viticulture means not only sustainability but also environmental biodiversity: not monoculture, but vines, forests, hedges, arable crops, essences and living organisms; altogether they guarantee the diversification and creation of a balanced environment, as well as soil fertility and awareness of the importance to preserve and promote its vitality. From a practical point of view, organic viticulture differs from integrated agriculture due to the following practices:

- no herbicides, replaced by mechanical operations in the vine rows
- organic fertilization and giving up "chemical" fertilization
- defense against major plant diseases only with copper and sulfur, assisted with natural products for plant protection
- adoption of alternative means to fight against insects, including the "sexual confusion" technique.

All this inevitably leads to a technical and cultural change in business management. Timing becomes fundamental: all practices, in particular the phytosanitary defense, must be done at the right time. This means having professionals work according to a more flexible structure, which differs from the traditional agricultural plans: it may sometimes be necessary to work on

weekends, if weather conditions require it.

The machinery must be redesigned, in its size and functions, to increase operational efficiency in the limited time available.

Finally, detailed knowledge of the vineyards, vigor and microclimate differences, attention to detail and the continuous monitoring of the situation in the field are all fundamental to obtain results and the necessary “protection” of the vineyard from diseases and pests.

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WASTE

(GRI 306-2. Waste by type and disposal method)

The Ruffino Group implements a waste differentiation policy that is respectful of the environment and is in compliance with Italian and European legislation.



- the company has purchased specific containers for different waste;
- employee training to educate in a complete and comprehensive way how all types of waste are managed;
- the company plans periodical audits to monitor the performance of this policy and adopt the necessary corrective actions.

In particular:

- clearly identified areas for separate waste collection have been created on all company sites;

CONTINUOUS IMPROVEMENT

- CONTRACTS WITH WASTE MANAGEMENT COMPANIES REVIEWED ANNUALLY TO VERIFY IF FURTHER RECYCLING IS POSSIBLE.
- SEARCH FOR DRY GOODS SUPPLIERS INTERESTED IN THE IMPLEMENTATION OF CIRCULAR ECONOMY PRINCIPLES AND PACKAGING WASTE REDUCTION.

RUFFINO	FY18		FY19	
	Quantity (kg)	Quantity (%)	Quantity (kg)	Quantity (%)
Non-hazardous	704,494	99.5%	985,825	99.3%
Sent to Landfill	53,027	7.5%	99,320	10.0%
Recycled	651,467	92%	886,505	89.3%
Hazardous	3,524	0.5%	6,730	0.7%
Sent to Landfill	2,684	0.4%	4,950	0.5%
Recycled	840	0.1%	1780	0.2%
Total	708,018	100%	992,555	100.0%

TENUTE RUFFINO	FY18		FY19	
TYPE OF WASTE	Quantity (kg)	Quantity (%)	Quantity (kg)	Quantity (%)
Non-hazardous	105,851	62.2%	133,027	67.2%
Sent to Landfill	105,753	62.2%	114,113	57.6%
Recycled	98	0.1%	18,914	9.6%
Hazardous	64,290	3.8%	64,952	32.8%
Sent to Landfill	58,651	34.5%	61,541	31.1%
Recycled	5,639	3.3%	3,411	1.7%
Total	170,141	100.0%	197,979	100.0%

PODERI DUCALI RUFFINO	FY18		FY19	
TYPE OF WASTE	Quantity (kg)	Quantity (%)	Quantity (kg)	Quantity (%)
Non-hazardous			38,330	99.1%
Sent to Landfill			10,119	26.2%
Recycled			28,211	72.9%
Hazardous			350	0.9%
Sent to Landfill			0	0.0%
Recycled			350	0.9%
Total			38,680	100.0%

BEST PRACTICES

In 2014, the Ruffino Group obtained and has since maintained the internationally recognized certification ISO 14001 for all Ruffino and Tenute Ruffino sites. In FY21, we plan to obtain this certification for Poderi Ducali.



This award recognizes the target achieved and gives higher visibility to sustainability initiatives increasing the level of employee participation in sustainability programs.



ADVANTAGES OF ISO 14001 CERTIFICATION

- ensure awareness and regulatory compliance;
- quantify, monitor and check the impact of operations on the environment;
- improve environmental performance of the supply chain;
- identify cost savings with a greater emphasis on management of natural resources, waste and energy;
- improve company credibility;
- increase the number of commercial partners and potential customers.

Constellation Brands Sustainability Award

Every year, the Ruffino Group participates in an internal competition organized by Constellation Brands for all its companies in order to choose the best environmental projects undertaken in the various sites.

In 2017, the Ruffino Group won the Constellation Brands Sustainability Award. In 2018, the Ruffino Group placed second.

Lean Management Environmental Pillar

Any environmental waste and inefficiency represent a cost. This idea laid the foundation for the start of the Lean Management Environmental Pillar in 2017. The project has been implemented for several years in the bottling and cellar departments on the Pontassieve site and is aimed at improving the production process. The purpose of the lean environmental pillar is to identify waste and its impact on the environment by planning the implementation of continuous improvement actions.

Focusing on environmental sustainability as an element of our company's differentiation is a choice based on awareness that

a commitment to the environment is intertwined with economic benefits. The Lean Management environmental pillar strives to combine productive and environmental results, having a positive impact on the environmental management of the company and its costs.

Focusing on the implementation of the Lean Management Environmental Pillar means:

- considering the environment as an area for improvement
- studying the possibility of developing innovative products from an environmental point of view
- implementing internal procedures for the reduction of the environmental impact of our activities
- measuring and communicating our improvements in terms of environmental impact.

The following have been developed and shared among workers:

- environmental organization chart, defining the environmental responsibilities for each site
- environmental management procedure (for routine and supplementary activities)
- operational procedures for waste and spill management
- setting up a “Green Team” composed of representatives from various departments (bottling, cellars, maintenance, quality, finance and marketing), tasked with guaranteeing the high performance of this project.

The Ruffino Group has adopted a Code of

Conduct and Business Ethics. One of the chapters focuses on our commitment to preserve and improve the environment directly through our activities and with the help of our suppliers. All of Ruffino’s main suppliers have adhered to the Code. (GRI 102-16. Values, principles, standards, and norms of behavior)

Ruffino chooses to work with dry goods (glass, corks, cork, labels and cardboard) suppliers that place importance on environmental aspects. 50% of the main dry goods suppliers have obtained ISO14001 or FSC environmental certifications.

CONTINUOUS IMPROVEMENT

- SHARE THE SUPPLIER CODE OF CONDUCT AND SUSTAINABILITY GUIDELINES OF CONSTELLATION BRANDS WITH OUR SUPPLIERS
- REACH THE TARGET “100% OF OUR SUPPLIERS ADHERE TO BOTH CODES”
- IMPLEMENT THE ENVIRONMENTAL AUDITS OF DRY GOODS SUPPLIERS

In terms of environmental sustainability actions that involve the community, Tenute Ruffino has undertaken four significant and specific initiatives:

1. Collaboration with the Department of Agricultural and Environmental Sciences of the University of Milan and its spinoff for the development of an application of precision farming on the Gretole and Santedame estates since 2013 and more recently at the La Solatia estate. Precision farming helps to optimize production, reduce pollution through the appropriate use of fertilizers and pesticides, and

SUSTAINABILITY REPORT - FISCAL YEAR 2019

provide better information for vineyard management.

every year, agronomical techniques are adopted to improve soil fertility, hence productivity and grape quality.

- 2.** Collaboration with the Department of Food Production and Sciences of the University of Florence, under the direction of Professor Laura Mugnai and the BASF company for the field trials of new natural products for the protection of vines against esca disease. An experimental vineyard was planted on the Poggio Casciano estate. In the future, the possible effectiveness of new solutions could result in greater longevity of the vineyards and a guaranteed economic return in terms of sustainability.
- 3.** Collaboration with the Department of Agricultural and Environmental Sciences of the University of Milan and Vivai Cooperativi di Rauscedo (the largest vineyard nursery in the world) to study and test new varieties with a better adaptability to soil salinity and drought. To monitor this study, an experimental vineyard was planted on the Gretole estate.
- 4.** Regarding biodiversity conservation, Tenute Ruffino, in partnership with an external company, has started a project called “Biopass Biodiversity, Landscape, Environment, Society and Soil” on the Poggio Casciano estate. The project evaluates with specific indices the biodiversity in our soil (cultivated and uncultivated) and in neighboring land to identify its vitality from the biological (e.g. insects, arachnids and earthworms) and functional (habitability of the soils for vine roots) standpoints. After the analytical phase, which is repeated

ENVIRONMENTAL OBJECTIVES OF THE RUFFINO GROUP

AREA	DESCRIPTION	PROGRESS IN FEBRUARY 2018	PROGRESS IN FEBRUARY 2019	KPI	DEADLINE
ENVIRONMENTAL SUSTAINABILITY IN RUFFINO GROUP	ISO 14001:2015: number of companies that have passed to the new 2015 version of the international environmental management certification (<i>compared to the 2004 version of the same standard for which Ruffino srl and Tenute Ruffino srl were already certified</i>) or have obtained it for the first time in general (for Poderi Ducali)	1 of 2	2 of 3	2 of 2 3 of 3	FY21
	Monitoring of Environmental consumption: Number of companies whose environmental consumption data are monitored with software	1 of 2	1 of 3	2 of 2 3 of 3	FY21
ENVIRONMENTAL SUSTAINABILITY IN RUFFINO	Energy: % electrical equipment in Pontassieve measured with meters to identify waste	0%	100%	100%	FY21 ongoing
	Water: % wastewater reused with the consequent reduction of water withdrawal from wells	0%	0%	30%	FY21
	Waste: % recycled waste	≥ 98%	89,50%	90%	Ongoing
	Organic: obtaining the organic certification for the bottling in Pontassieve	FY21	Si	Si/no	FY21 ongoing
	Green team: % employees taking part in the corporate green team (i.e. whose official job description includes environmental tasks)	8%	8%	≥ 10%	ongoing

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AREA	DESCRIPTION	PROGRESS IN FEBRUARY 2018	PROGRESS IN FEBRUARY 2019	KPI	DEADLINE
ENVIRONMENTAL SUSTAINABILITY IN TENUTE RUFFINO	Biodiversity friend: % certified hectares (conducted directly)	100%	100%	100%	ongoing
	% hectares with 0 herbicides	24%	42%	60%	FY23
	% hectares with integrated pest management (excluding organic hectares or those in conversion)	100%	100%	100%	ongoing
	% hectares with “smart” distribution of plant protection products (e.g. VRT - variable rate technology) or with partial recovery of these products	5%	5%	48% 10%	FY23
	% hectares with precision farming (with application of various techniques)	40%	40%	95%	FY23
	Number of cellars with renewable energies	0	0	2 di 4	FY23
	Water: Number of cellars with constructed wetlands for wastewater management and reuse	1 di 4	2 di 4	3 di 4	FY21
	% hectares converted into organic or undergoing conversion	<40%	18%	40% 30%	FY21
ENVIRONMENTAL SUSTAINABILITY IN PODERI DUCALI	% hectares with organic agriculture	n.a.	100%	100%	ongoing

NOTES

The changes in the objective are due to:

- a) acquisition of the Poderi Ducali company;
- b) changed deadline for the early achievement of an objective, the new “ongoing” deadline means our commitment to maintaining the goal in all the years to come;
- c) “smart” distribution of the plant protection products project has been slowed by the scarce development of “smart” atomizer models on the market; the company is considering whether to maintain the project;
- d) switching to organic has longer times than initially estimated, so the objective was lowered to 30% within FY21.



PEOPLE



SUSTAINABILITY REPORT - FISCAL YEAR 2019

PEOPLE

(GRI 102-7 Scale of the organization- GRI 102-8 Information on employees and other workers)

EMPLOYEES

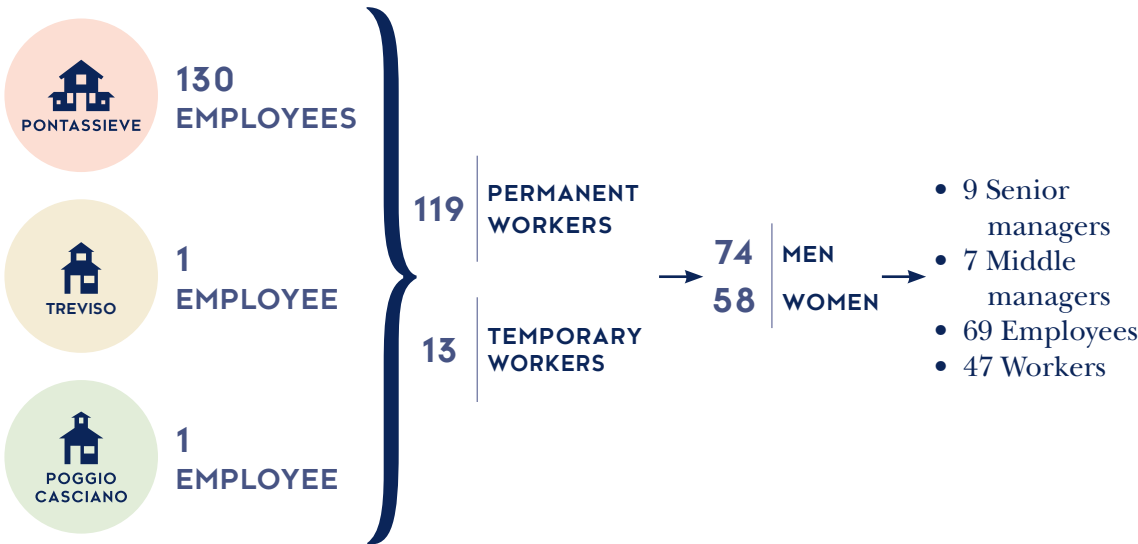
The Ruffino Group employs 212 people across three companies.

All types of contracts (permanent, temporary and seasonal) are taken into

consideration in our employment analysis. At the end of the FY19, Ruffino Srl had 132 employees, operating in the three local units of Pontassieve, Poggio Casciano and Treviso.



RUFFINO S.R.L.

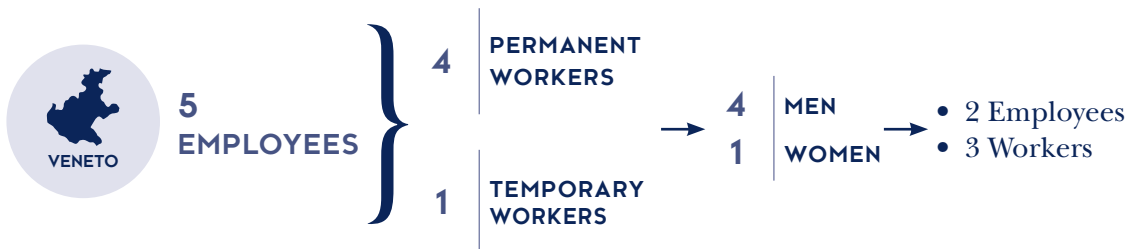




TENUTE RUFFINO S.R.L.



PODERI DUCALI RUFFINO S.R.L.



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At Tenute Ruffino and Poderi Ducali our employees are mainly agricultural workers. Both companies employ seasonal staff, due to the specific nature of our business. This explains the high number of temporary contracts, although we tend to establish an ongoing collaboration with seasonal workers. Moreover, the vineyard management in Poderi Ducali is conducted by contractors.

In Ruffino Srl the national food industry collective labor agreements and the local food industry agreement are applied, which cover 100% of employees (except Senior Managers). For Tenute Ruffino and Poderi Ducali, the following contracts apply:



- the National Collective Bargaining Agreement for Managers and Agricultural Employees;
- the National Collective Bargaining Agreement for Agricultural Workers and Nursery Gardeners, integrated by the Local Collective Contracts of the provinces of Florence and Prato, Siena and Venice.

(GRI 102-41 Collective bargaining agreements)

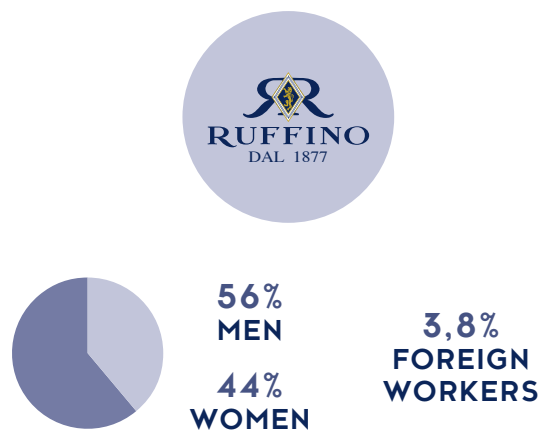
The percentage of permanent contracts is 72%; in most cases, temporary contracts, especially in Ruffino, are turned into permanent contracts at the end of the period.

The company places high importance on internships and youth training. In recent years, the company has started and honed agreements and collaborations with local institutions, hosting students for their degree, postgraduate or diploma courses: it's particularly important to mention our collaborations with the University of Florence (all faculties) and with the School of Corporate Sciences and Industrial Technologies.

Several of our managers dedicate their time to school and university, master's or postgraduate students: numerous training meetings and visits to Ruffino headquarters (or to the estates) are conducted by company managers.

INTERNS IN THE PREVIOUS FY		
RUFFINO		8 interns
TENUTE RUFFINO		1 intern
PODERI DUCALI	/	/

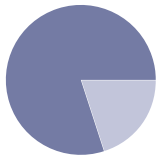
Among our employees there's still a prevalence of men compared to women, especially among laborers. However, in recent years, a good gender balance has been reached.





**63%
MEN**
**37%
WOMEN**

**14,7%
FOREIGN
WORKERS**




**80%
MEN**
**20%
WOMEN**

**0%
FOREIGN
WORKERS**

have retired. The average corporate age is 42.8 years. In recent years, many young people in the 20-29 age group have been hired: this allowed the company to have a significant generational renewal.

	31 > 50
	50 > 40
	32 > 30
	19 > 20

	27 > 50
	23 > 40
	19 > 30
	6 > 20

	2 > 50
	2 > 40
	1 > 20

The staff turnover in Ruffino is 9.5%, due to the closure of the Brescia offices and the consequent transfer to Pontassieve of all its administrative activities. The turnover is calculated for Ruffino as an industrial company that applies the food industry collective labor agreements and not for Tenute Ruffino and Poderi Ducali since the agricultural labor contracts applied therein opt for a low number of permanent workers due to their specific nature. The turnover mostly refers to employees who

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In the last year, in an effort to improve the human resources management policy, the company has offered its employees and workers the possibility to convert the Award for Achieving Company Objectives into welfare services.

The “Ruffino Team” project obtained funding and included the following courses:

- “Finance for non-financial employees”: for 12 participants, for a total of 16 hours/person
- “Sales points” for 18 participants, 40 hours total
- “Proactive Customer Care” for 10 participants, 16 hours/person

Moreover, an 8-hour “Data Analysis” course for 10 participants was held in collaboration with COSEFI (training services to enterprises consortium).

Finally, a colleague participated in a “Privacy specialist” master’s course.

Due to the lowering of the average corporate age and the recruitment of young people, the company has further expanded the extent of welfare services.

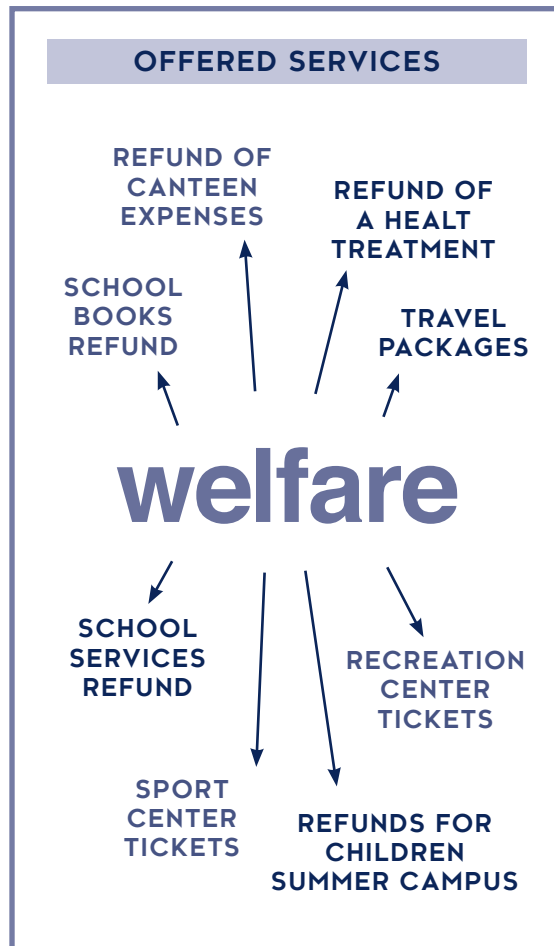
Ruffino strongly focuses on events dedicated to the employees’ families: this includes “La Vendemmia dei Piccoli”, a day when employees’ children can actively participate in the harvest, under the guidance of experts. In the end, the wine from this activity is bottled with a label dedicated to them.

Ruffino has also promoted sport-related initiatives:

- ACF Fiorentina and I Medicei Rugby Club are the two main representatives of this investment.

Our company offers free tickets to employees and their families for I Medicei rugby games and in recent years Ruffino employees’ children have been able to accompany ACF

Fiorentina players at the entrance to the field during the Serie A championship.





The feedback received after these events confirm that these moments represented a significant element of unity among colleagues.

A periodic internal communication event, called “Piazza Ruffino”, has been established to meet and update all our colleagues. It is organized every four months and, for logistical reasons, it is held in two sessions, one in Ruffino and one in Tenute, both having the same content. At these events the Management talks about company trends from a financial point of

view (turnover, budget and forecast), and focuses on the most significant events of the previous or forthcoming months (new product launches, significant events or Marketing and Communication projects, harvest results and Human Resources news).

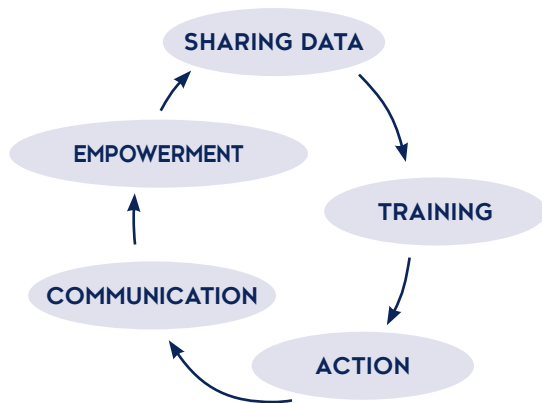
In the weeks leading up to this event, each Manager communicates which topics or projects he or she wants to share with the employees. The various ideas are analyzed by the Managing Director and the final agenda of “Piazza Ruffino” is defined.

HR OBJECTIVES OF THE RUFFINO GROUP

COMPANY	Ruffino Group
DESCRIPTION	“Pink” quota: % women managers
PROGRESS IN FEBRUARY 2018	10%
PROGRESS IN FEBRUARY 2019	10%
KPI	20%
DEADLINE	FY23

HEALTH AND SAFETY (H&S) OF WORKERS

The health and safety of workers is one of the key values of the Ruffino Group. A virtuous H&S management policy aims to minimize the number of accidents in the workplace as well as reducing the risk that workers might contract work-related diseases. For this reason, the H&S department of the Ruffino Group strives to spread a company culture of awareness and prevention involving 100% of employees. To achieve this goal, a context must be created in which everyone feels responsible for contributing to establishing safety conditions and collaborating in order to improve working conditions and company practices. (GRI 403-1: Workers representation in formal joint management worker health and safety committees)



The involvement of managers and supervisors in safety management is essential at each company site.

The organization of periodic meetings to monitor the progress of safety management across all sites and its departments is done by the area manager and the H&S office. The frequency of the meetings depends on the risks in a department and the urgency

of solving the problems encountered. Over 30 safety meetings are currently held every year in the Ruffino Group to monitor the progress of actions aimed at improving the health and safety of workers.

In particular, safety meetings are scheduled for different locations as shown below.

- For all locations, a meeting is held once a year. During this meeting, legislative compliance of the organization and improvement plans are monitored by the Top Management, an expert doctor, the Prevention and Protection Service Manager, other team members of the Prevention and Protection Service, the workers' representative for safety issues and the Legal Department.
- In all locations there are periodic (at least once every two months) meetings, in which the progress of safety projects is monitored, involving the head of each department, the PPSR, supervisors and workers' representative for safety issues.
- In October 2018, a weekly meeting was introduced at the Pontassieve site, whose participants are the Director of Operations & Supply Chain, middle management and H&S specialist; they analyze, among other topics, safety alerts received from colleagues.

Communication and sharing information are of paramount importance to guarantee the involvement of every single employee; for this reason a company magazine ("The Voice of Ruffino") was introduced. During "Piazza Ruffino" meetings (in which all employees and the Top Management participate every 3 months) safety issues

are also covered, when there are significant updates.

The management of the H&S process implemented by the Ruffino Group includes the following topics, in observance of Legislative Decree 81/2008.

- Identifying hazards in the workplace and implementing various controls to reduce said hazards resulted in compiling the risk assessment document by the Prevention and Protection Service Manager (having a high level of experience in our industry), external consultants, other team members of the Prevention and Protection Service, and the workers' representative for safety issues.
- The company guarantees general H&S training focused on regulatory aspects for all employees and specific training that takes into consideration the operational aspects linked to an employee's job. In addition to these two courses, employees in the production and technical departments attend training for the use of machinery and equipment in order to guarantee correct use.
- In order to improve the H&S empowerment of our workers, a reporting mechanism of all potential accidental and hazardous situations and conditions has been put into place.
- Special work instructions and operational procedures are drawn up to define the methods used to perform these activities that affect or may affect the safety of workers.
- If certain activities are outsourced, our managers must verify the professional

technical suitability of a contractor, in observance of all the requirements of Legislative Decree 81/2008.

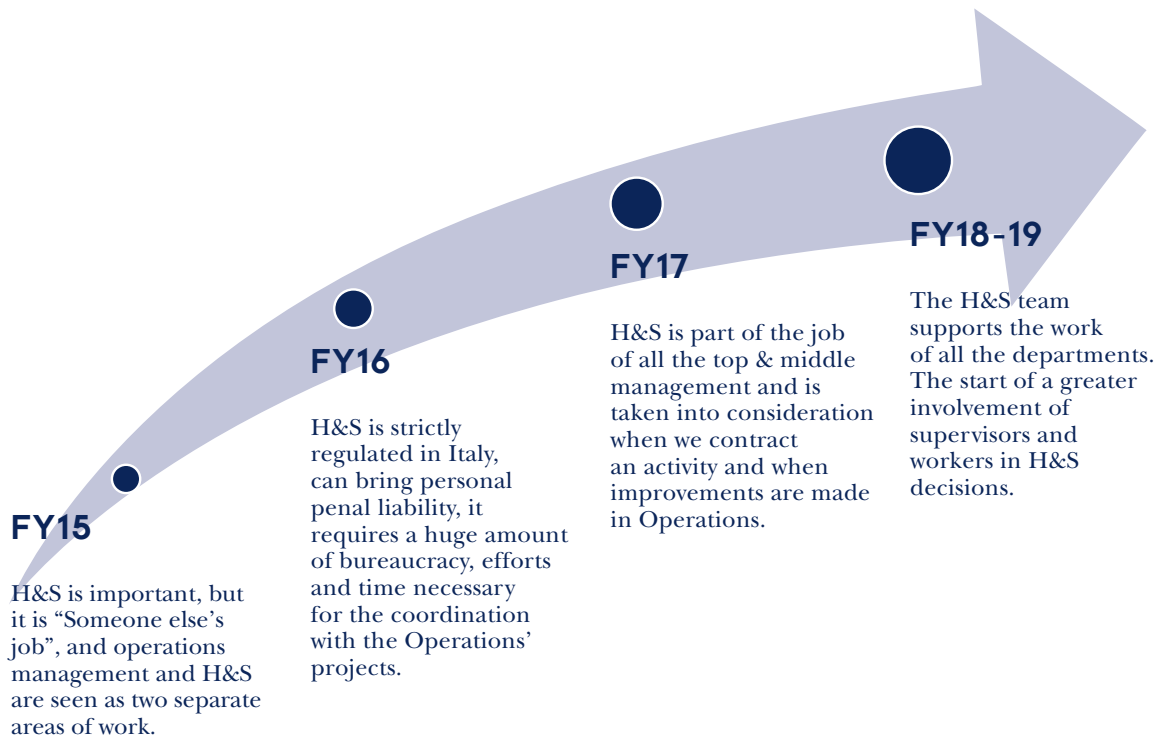
The management of these activities has also been aided by the collaboration with a specialized external H&S consulting company and the implementation of specialized H&S software.

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How the Health and Safety (H&S) process has been implemented and managed over time



How the perception of the Health and Safety (H&S) system has changed within the company





RUFFINO CARES. CSR COMMUNICATION.

2 ZERO HUNGER



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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Ruffino Cares is a brand that encompasses all communication initiatives and projects that Ruffino dedicates to the issue of corporate social responsibility (CSR). As emphasized in this report, Ruffino's CSR is made of 3 pillars: environmental sustainability, described in previous pages, responsible drinking and a commitment to "Giving Back" that we will see in this chapter. (GRI 102-12. External initiatives)

RESPONSIBLE DRINKING

"Constellation Brands and the Ruffino Group are committed to preserving the health and safety of its employees in the workplace and while conducting work activities. Consuming alcohol in the workplace would be an additional risk compared to a pre-existing generic work-related risk associated with employee conduct, which can lead to a reduction of the psycho-physical integrity of the employee and therefore significantly affect other people's health and safety"

Sandro Sartor

The issue of responsible alcohol consumption plays a major role in the social responsibility of Ruffino. "Responsible Drinking" is strongly highlighted in the relationship with our employees, local communities and institutions.

All employees adhere to an internal policy on responsible consumption of alcoholic beverages. The document, drawn up according to a Constellation Brands model and adapted to specifications in Italian legislation, aims to:

- to guarantee a healthy and pleasant workplace, reducing the risk of accidents related to an excessive or inappropriate consumption of alcoholic beverages;
- develop an environment that can support individual and collective performance, productivity and quality of results;
- create and maintain a responsible consumption culture of alcoholic beverages also outside of the workplace.

This year, the company has organized an online training course on the topic of

alcohol consumption for all employees, created by Constellation Brands for all its companies: the online course, developed in an interactive mode and with a final evaluation, is focused on three main themes:

- tools to identify a problem
- behavior and solutions to adopt in problematic cases
- Constellation Brands standards and programs.



Ruffino has also organized an optional

tasting course for its employees, aimed at educating them about the world of wine in general, as well as raising awareness about the rules and methods for a correct approach to wine tasting. Part of this course focused on “Responsible Drinking”.

Attention to this topic is a constant in all marketing and communication activities. The company applies the “Constellation Brands, Inc. Global Code of Responsible Practices for Beverage Alcohol Advertising and Marketing”: this code defines the public whom marketing materials must address, ethical standards for advertising through the media (radio press, TV, web), and the standards for the use of images, symbols, figures and topics.

Ruffino has developed an internal process to ensure compliance to the code and all marketing companies must apply and enforce the indications contained therein. Thanks to the application and compliance of this code, so far there have not been any cases of non-compliance with adopted regulations, or cases of non-compliance with responsible drinking awareness. (GRI 417-3: Incidents of non-compliance concerning marketing communications).

Always with the aim of supporting and promoting responsible consumption, Ruffino’s management started a collaboration with the medical and scientific world and various institutions in order to incentivize the community to an greater level of knowledge of the issue.

Unione Italiana Vini has paid careful attention for years to the education towards correct models of consumption, a central point in the Wine in Moderation program - Art de Vivre Program (WIM) of which Italy is the leader, and where Sandro Sartor, as stated in the beginning of this report, is the President of “Wines and Health” roundtable.

The “Ruffino Cares” event started on July 2, 2018 with a press conference presided by the Mayor of Florence Dario Nardella and the Managing Director of Ruffino, Sandro Sartor.



RUFFINO

Cares

WHAT IS A MODERATE CONSUMPTION?



The first edition of Ruffino Cares – Florence was set up as an awareness project for responsible wine consumption, promoted, implemented and communicated in collaboration with the City of Florence and The Florentine media group.

“Ruffino Cares” aims to educate about the responsible savoring of wines, at one with

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Italian social patterns, for which we are imitated all over the world:

- conviviality
- sharing
- Sunday lunch
- a flask of wine to share with whomever you love.

According to Ruffino, drinking wine means embracing the pleasure of being together and not going over the top. It is our firm belief that wine is one of the highest expressions of the Italian lifestyle, but that it must always be treated as an alcohol-based beverage, which is potentially harmful if consumed irresponsibly.

#ruffinocares has its favorite place: Piazza dei Tre Re, a green piazza in the heart of Florence. Every Wednesday in Summer 2018, this small square hosted wine talks accompanied by a glass of wine that covered such topics as wine and eros, music, Catherine de' Medici, the "Divine Comedy" and much more. The initiative placing wine tasting in its "naturally responsible" context.



Another embodiment of the "Ruffino Cares" project was the ideation of #ruffinocares brand bicycles.

Bicycles are the symbol of Ruffino Cares: they are not only an object, but a tool that has allowed us to spread awareness among locals and internationals by cycling around Florence. The bike baskets contained special VR visors simulating a state of drunkenness. When wearing the headsets, people realized that even seemingly simple activities like walking in a straight line or trying to do a basket became difficult to perform. It spread an understanding of how much alcohol can compromise one's lucidity and capabilities. The bicycle baskets also distributed breathalyzers and information brochures about responsible wine consumption and #ruffinocares gadgets, such as bookmarks in recycled paper.



In the saddle, "Ruffino Cares" moved from Piazza dei Tre Re to some of the most prestigious summer events in Florence, such as Musart, from July 17 to 28, in Piazza Santissima Annunziata; Florence Folks Festival, from July 25 to 28 at Manifattura Tabacchi, the city's former tobacco factory and now a thriving cultural space; and the Florence Jazz Fringe Festival in the Oltrarno area.

Squares, wine tastings, events, people, bikes, traditional and digital communication: Ruffino Cares is an overarching brand that will be enriched over time with new ideas, aimed not only at raising awareness about responsible wine consumption but also the other pillars of corporate social responsibility (charity and sustainable

production). It will become a representation of what Ruffino wants to embody in its essence as a brand: Italian taste and style, knowing how to have fun without excess, sharing special moments, and last but not least, beauty which, as the ancients said, can be good and social.

RESPONSIBLE DRINKING OBJECTIVES IN THE RUFFINO GROUP

AREA	DESCRIPTION	PROGRESS IN FEBRUARY 2018	PROGRESS IN FEBRUARY 2019	KPI	DEADLINE
RESPONSIBLE DRINKING	People that have seen the “Ruffino Cares” campaign	/	275,000	500,000	FY23
	People that have participated in the “Ruffino Cares” campaign	/	4,000	15,000	

GIVING BACK

(GRI 413-1: Operations with local community engagement, impact assessments, and development programs)

The founder of Constellation Brands, Marvin Sands, helped make Giving Back an essential value of the entire holding. This culture has been enhanced by people and companies joining the Constellation Brands family year after year. Ruffino is also very active in investing significantly in the local community: the company has established various initiatives and projects within the community, aiming at increasing the extent of the social commitment at the company employee level.

Placing value on people is one of the most important values of the group: it concerns not only respect for colleagues and their opinions, but also the creation of an inclusive work environment, as well as contributions offered to the local community.

Placing value on our local area is crucial for the group from a social and environmental point of view. The Chianti and Chianti Classico territories in which the Ruffino Group operates is a success factor to support the growth of the company in the medium and long term, hence it is crucial to preserve and safeguard it. The evaluation of our environmental impact on the surrounding territory is a relevant management aspect monitored by the Top Management every two months.

On the occasion of the annual food and wine event “Cookstock” organized in Pontassieve, the Ruffino Group opens its cellars to visitors, providing them with an opportunity to visit the site. This initiative is

not only aimed at showing our production facilities to the local community; it is also a way to present our environmental and social initiatives to the public as well as the Ruffino Group’s operating results. (GRI 103: Management Approach)

COOKSTOCK



Regarding social initiatives to support the local community, the Ruffino Group is increasing its commitment to focus on activities that correspond to those promoted by Constellation Brands.

The most significant collaborations introduced or renewed during the last fiscal year with local associations were those with Dynamo Camp and Mia.Di (linked to the Meyer children’s hospital in Florence).

Dynamo Camp welcomes children and teenagers between 6 and 17 years old, from Italy, Europe and various Mediterranean countries, suffering from neurological, onco-haematological or rare diseases.

Other Giving Back activities of the Ruffino Group are “Nourishing Neighbors” and “Employee Match Day”.



DYNAMO CAMP

It is the only Italian recreational therapy facility designed to welcome and conduct playful relational activities and sports in a natural and protected environment involving children whose lives are affected by illnesses and disabilities.

Dynamo Camp is part of the SeriousFun Children’s Network, founded by Paul Newman in the United States.

This network embraces the globe with a community of over 30 camps and programs that have reached children in over 50 countries and across 5 continents.



The “Dynamo Outreach Program” talks to children in hospitals, foster homes, in post-hospitalization or other structures. Thanks to this program, over 7,000 children have been helped since 2010.



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In Italy, Dynamo is based in Limestre, in the mountains near Pistoia: Ruffino helms the management of the 1,200-hectare Dynamo parkland, investing € 30,000 in this activity.

People can support Dynamo Camp in a range of ways: anyone can become a volunteer or choose other private forms of support (fundraising events, 5x1000 program (the five per thousand indicates a share of the IRPEF tax, which the Italian state allocates among entities carrying out socially relevant activities to support them, donations, etc.)



Ruffino strongly encourages its employees to take part in initiatives supporting Dynamo, going to the camp to do volunteer activities, granting paid time for half the time dedicated to this volunteer work.

At the 2016 Christmas dinner, I heard about the experiences of our colleagues who had already gone to Dynamo Camp: hearing about their experience touched some heartstrings, convincing me to do this experience too. So, in May 2017, I attended three days of mandatory training at the camp, where the staff prepares aspiring volunteers, and then I waited my turn.

In late November, with cold and wet weather outside, and full of expectations, anxieties, doubts and questions, I left for a weekend (Wednesday to Sunday) at the camp dedicated to families. It's hard to sum up in just a few lines all the emotions that the camp and the people there leave with you.

From the very first moment, the atmosphere consists of games, fun and a desire to make sick children and teenagers happy, as well as their healthy brothers and sisters, and parents who expect nothing else but to spend some moments of peace and quiet, and really take these days as a vacation and a break from an everyday life which for sure isn't easy. You, as a volunteer, are expected only to smile and play with them!

If someone asked me to describe some recollections that will forever stay in my heart, I will name two of them: the tenderness of a child cuddling a bunny and the happiness in the eyes of a 17-year-old boy while listening over 200 people singing "Happy Birthday" to him!

I sincerely thank Ruffino for the possibility to learn about the Dynamo Camp and for this experience!

The testimony of our employee



In FY19, some Ruffino and Tenute Ruffino employees joined the volunteering experience at Dynamo.

supplying its wines for free.

In FY19, Ruffino donated € 10,000 to MIA.DI.



MIA.DI

This association was founded in 2015 by two pairs of parents of children who had been affected and had recovered from oncological diseases, eager to give back for what they had received from the Meyer children's hospital.

The first initiative was a fundraising dinner for companies, whose goal was the renovation of the oncohematology department of the Meyer hospital. From then on, every year a solidarity project is set up to help a medical division of Meyer. On the occasion of the annual fundraising dinner, Ruffino supports the initiative by

Other significant "Giving Back" initiatives, in line with the guidelines of Constellation Brands, have been conducted to assist weaker members of the community. The "Nourishing Neighbors" campaign collects, with the help of our employees, food and non-food products to be given to local associations who distribute them to the community. In FY19, the collected products were delivered to the Pontassieve Misericordia for the local Food Bank.



Every year, Constellation Brands organizes another important meeting called "Employee Match Day", in which all employees can pay an amount of money of

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his or her choice, which is doubled by the company and allocated to philanthropic and social solidarity activities.

In FY19, Ruffino collected € 4,550.

employee
MATCH
day!

GIVING BACK OBJECTIVES IN RUFFINO

AREA	DESCRIPTION	PROGRESS IN FEBRUARY 2018	PROGRESS IN FEBRUARY 2019	KPI	DEADLINE
GIVING BACK	% average net profits of Ruffino Srl intended for Giving Back initiatives (Average value of the three previous years)	0.5%	0.7%	1%	FY20



GRI CONTENT INDEX

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GRI CONTENT INDEX

GRI INDICATORS CORRELATION TABLE (GRI 102-55)				
GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PAGE	NOTE
GRI 102: GENERAL DISCLOSURES 2016 ORGANIZATIONAL PROFILE	102-1	Name of the organization	32	
	102-2	Activities, brands, products, and services	16, 32	
	102-3	Location of headquarters	16	
	102-4	Location of operation		Ruffino Groups production is located in Italy
	102-5	Ownership and legal form	32	
	102-6	Markets served	38	
	102-7	Scale of the organization	38	
	102-8	Information on employees and other workers	86	
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GRI 102: GENERAL DISCLOSURES 2016 STRATEGY	102-14	Statement from senior decision-maker	4	
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GRI 102: GENERAL DISCLOSURES 2016 GOVERNANCE	102-18	Governance structure	32	

GRI 102: GENERAL DISCLOSURES 2016 STAKEHOLDERS INVOLVEMENT	102-40	List of stakeholder groups	19	
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	102-46	Defining report content and topic boundaries.	16-21	
	102-47	List of material topics	21	
	102-48	Restatements of information		See every chapter of the material themes
	102-49	Changes in reporting	13	
	102-50	Reporting period	16	
	102-51	Date of most recent report	4	
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	102-53	Contact point for questions regarding the report	17	
	102-54	Claims of reporting in accordance with the GRI Standards	12	
	102-55	GRI content index	105	
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GRI 103: MANAGERIAL APPROACH	103-1	Explanation of the material topic and its Boundary		See every chapter of the material themes
	103-2	The management approach and its components		See every chapter of the material themes
	103-3	Evaluation of the management approach		See every chapter of the material themes
GRI 201: ECONOMIC PERFORMANCE (2016) GENERAL REQUIREMENTS FOR REPORTING THE MANAGEMENT APPROACH	201-2	Financial implications and other risks and opportunities due to		Currently the organization does not have a system to calculate the financial implications of climate change risks, but the revision of the Risk Heat Map is in progress to add a more detailed analysis of climate related risks to it

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GRI 302: ENERGY 2016	302-1	Energy consumption within the organization	66	
GRI 303: WATER AND EXHAUSTS (2016)	303-3	Water recycled and reused	69	
GRI 306: EFFLUENTS AND WASTE (2016)	306-2	Waste by type and disposal method	78	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2016)	403-1	Workers representation in formal joint management worker health and safety committees	92	
GRI 413: LOCAL COMMUNITIES (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	100	
GRI 417: MARKETING AND LABELING (2016)	417-3	Incidents of non-compliance concerning marketing communications	97	



**THIRD-PARTY
ASSURANCE**

Ruffino Srl – Sustainability Report – Fiscal Year 2019 Independent Assurance Statement

Introduction

DNV GL Business Assurance Italia Srl ("DNV GL") was commissioned by the Management of Ruffino Srl ('Ruffino') to undertake an independent assurance of the company's Sustainability Report Fiscal Year 2019 ("the Report") in accordance with the Global Reporting Initiative ("GRI") Sustainability Reporting Standards.

For details on the composition of Ruffino and its reporting boundary, reference should be made to the information in the relevant section of the Report.

Ruffino is responsible for the collection, analysis, aggregation and presentation of the information contained in the Report. The assurance engagement assumes that the data and information provided in good faith by Ruffino are complete, sufficient and authentic.

Our responsibility in conducting the work commissioned us, in accordance with the terms of reference agreed on with Ruffino, is solely towards the management of Ruffino.

This Independent Assurance Statement is intended solely for the information and use of Ruffino's stakeholders, and is not intended to be and should not be used by anyone other than these specified parties.

Scope of Assurance

The scope of work agreed on with Ruffino included the following aspects:

- Analysis, according to a *Moderate level of Assurance*, of the business and its data on sustainability, for the period March 2018 to February 2019, as contained in the Report.
- Assessment of the reporting standards referred to in the GRI Sustainability Reporting Standards, in accordance with the "Core" option.

Our audit was conducted in February, March and April 2019 at the head office in Porcari (LU).

The information and economic data were obtained from the certified 2018 Financial Statements of Ruffino and were not included in the scope of our audit.

Audit methodology

Our assurance engagement was conducted in accordance with the DNV GL protocol for verification 'VeriSustain', which is based on our professional experience and international assurance best practice. These documents require, inter alia, that the assurance team possesses the specific knowledge, skills and professional competencies needed for an assurance engagement regarding sustainability information, and that the team complies with ethical requirements.

In accordance with the Protocol, available on request from our website*, the Report has been evaluated according to the following criteria:

- Adherence to the principles of the GRI Sustainability Reporting Standards;
- GRI Sustainability Reporting Standards, with respect to requirements for the Core option;
- ISAE 3000, for the audit of non-financial information;

Our verification was carried out in July 2019 at the Pontassieve (FI) Ruffino's Head Quarter.

We reviewed the sustainability-related statements and claims as part of the verification made in the Report as well as assessing the strength of the underlying data management system, information flows and controls.

We have obtained information and technical data from certified management systems.

We have conducted audits on a sample basis of:

- the mechanisms adopted by Ruffino for implementation of its sustainability policies, as described in the Report;
- the processes for determining the materiality of the contents to be included in the Report;
- the processes for the generation, collection and management of the quantitative and qualitative data included in the Report.

We interviewed 11 company representatives involved in the operational management of the aspects described in the Report. No stakeholders were interviewed.

Conclusions

In the opinion of DNV GL, the Ruffino's Sustainability Report 2019 provides an accurate and impartial representation of the sustainability strategies, management systems and performance of the Organisation.

Based on the work undertaken, nothing came to our attention to suggest that the Report is not in line with the Core requirements of the GRI Sustainability Reporting Standards.

* <https://www.dnvgl.com/assurance/reporting/index.html>

Further conclusions and observations on the adoption of the reporting principles and information on specific areas of performance are given below.

Stakeholder Inclusiveness: The document highlights Ruffino's commitment to the promotion and development of initiatives to regularly and systematically involve its stakeholders.

Sustainability context: The information and data presented within the Report adequately reflect the strategy, commitments and activities carried out by Ruffino in relation to the sustainability context in which the Organisation works.

Materiality: The Report reflects Ruffino's commitment to providing information and data that allow its stakeholders to assess the economic, social and environmental performance of the Organisation. The document adequately describes the process implemented to identify the instances considered relevant to the various stakeholders.

Completeness: The Report enables stakeholders to evaluate Ruffino's sustainability performance in Fiscal Year 2019 and to understand its sustainability strategies and goals. The information contained in the report refers to the structure defined in the boundary; in the case of data attributed to a more limited boundary, the document identifies such restrictions.

Accuracy: From our analysis of the data and the company processes which generate it, the data contained in the Report are the result of stable and repeatable activities. The information contained in the Report is therefore sufficiently detailed and accurate.

Balance: The Report is a complete and impartial description of the sustainability impacts and performance of Ruffino. The document reflects the Organisation's desire to represent its activities and result for Fiscal Year 2019 in a balanced manner, consistent with its company strategies.

Clarity: The information presented in the report is understandable, accessible and usable by Ruffino's stakeholders.

Comparability: The information reported enables stakeholders to analyse changes in the organization's current economic, environmental, and social performance against the organization's past performance.

Reliability: The data included in the Report which is the subject of our audit were shown to be identifiable and traceable; the personnel responsible were able to demonstrate in a convincing manner the origin and interpretation of the data. During our audit, we identified a limited number of non-material errors, which were corrected before the final version of the Report.

Improvement opportunities

Below is a summary of the observations and opportunities communicated to the management of Ruffino which, in any case, do not affect our conclusions on the Report:

- In order to guarantee greater robustness of the reporting process, we recommend Ruffino to improve the internal information flows activated for the analysis and revision of the contents of the document, with particular reference to data consolidation and validation.
- In order to allow a more complete representation of the group's situation, we recommend Ruffino to extend the reporting scope to all the companies belonging to the Ruffino group for all the data reported.

Competence and independence of DNV GL

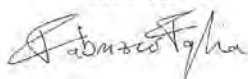
DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries.

DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

For DNV GL Business Assurance Italia Srl

Fabrizio Foglia
Lead Verifier



Zeno Beltrami
Reviewer



Vimercate (MB), 29th November 2019



Ruffino Srl a Constellation Brands Company

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