

NZs economy relies on natural assets

In 2017, 13 of NZs top 20 export commodities depended at least in part on a natural resource

70% of our export revenue is estimated to be directly attributable to NZs clean green reputation - \$36b per year

Our biodiversity alone is estimated to contribute \$230b to our economy each year

Domestic markets are demanding more sustainable products

83% of Kiwis said they would stop buying a company's products if they knew it was irresponsible or unethical.

High commitment to a sustainable lifestyle increased 6 points since 2015, to 30% today.

Good staff are demanding more sustainable practices

73% of employees say that it's important to them work for a company that is socially and environmentally responsible

The customers of the future are becoming more discerning

27% of millennials are willing to pay more for products and services that come from companies committed to positive social and environmental impact

Megatrends in food and beverage show consumers are looking for differentiation in aspects like health and wellbeing, authenticity and responsibility.

New Zealand products could maintain or improve their premium

New Zealand exports obtain a significant price premium over the world price in nearly all the high growth categories; honey for example achieving 70% over world price

New Zealand wine achieves the highest average price in almost all of its export markets

UN Global Green Economy Index:

NZ ranks:

- » 15th in perception of performance
 - » 24th in performance
- of 80 countries.

Top 5 performers are Sweden, Norway, Finland, Switzerland, Germany.

New Zealand ranks high on Legatum Prosperity Index – 2nd in 2017 out of 149 countries...

...although only 13th in natural environment measures.

Work to do...



VILLA MARIA

NEW ZEALAND

SUSTAINABILITY

A journey of continuous improvement



“As a family business
we have a
responsibility to leave
something
for the next generation”

Sir George Fistonich
Owner & Founder



Certifications

- » Since 1990's objective to be environmentally responsible
- » early adopter of ISO14000
 - » ISO14001 Environmental Standard

CEMARS- Annual audit & reduction plan for all carbon emissions



BioGro- 2009: Villa Maria is 1st major winery with full BioGro certification from vineyard to winemaking, bottling & export



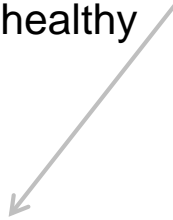
Sustainability Pioneers

- » Leading the way:
 - » **An industry approach** – Villa Maria a founding member of Sustainable Wine New Zealand (SWNZ) in 1995
 - » **Organics** – commenced organic vineyard programme in 1999
 - » **Authenticity** – independent audits across the business. First major winery to achieve CEMARS carbon reduction certification in 2010
 - » **Investing in our wineries** - an innovative approach to the Auckland winery build in 2004 (heat recovery, night air cooling)



Organic Vineyard Management

Promoting healthy soil,
natural diversity & healthy
vines



Produce quality grapes with no
pesticides & herbicides



Make high quality award
winning wines



Sustainability Pioneers

» Where are we now?

- » **Organics** – producing award winning organic wines. 30% of company owned vineyards certified organic.
- » **Authenticity** - approx. 35% CO2 reduction per bottle since 2010. Reader's Digest 'Most Trusted New Zealand Wine Brand' for 2018
- » **An industry approach** - 98% of New Zealand's vineyard area is SWNZ certified. Fabian Yukich, Villa Maria, chairs the NZ Winegrowers Sustainability Committee
- » **Investing in our wineries** – New Hawkes Bay winery built in 2018 with innovations in energy efficiency and waste management.



Internal Perspective

- » Relies on long term thinking and long term plan
- » Financial paybacks do not always fall in 12-36 month cycle
- » Will reduce costs over time
- » A great motivator of people within the business
- » Encourages innovation
- » Focus on continuous improvement helps manage internal risks
- » Builds resilience
- » Will become the new normal



Sustainability Pioneers

- » What next?
 - » **Setting goals** for increasing organic practises, moving to renewable energy, reducing waste, water use and carbon emissions
 - » **SWNZ continuous improvement programme** – a collaborative approach to industry wide challenges
 - » **Working with partners** – we can achieve more together
 - » **Continue building trust through transparency and traceability** - telling the 'Vine to wine' story and reporting progress against goals





VILLA MARIA

NEW ZEALAND

villamaria.co.nz/sustainability

