

Approach to corporate governance

Corporate Governance at Australian Vintage

Meaning of Corporate Governance

The ASX Recommendations define corporate governance as the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies and those in control are held to account.

Importance

Australian Vintage Limited (*Company*) recognises that good corporate governance underpins sustainable business performance and enhances long-term shareholder value.

Responsibility

Whilst the Board is responsible for establishing and maintaining the corporate governance framework of the Company, good corporate governance practices are also the responsibility of the CEO, CFO, Company Secretary and the Executive Committee, all working together to embed a culture aligned with the following AVL values:

OUR VALUES



For more information on the Company's values and behaviours, see the Remuneration Report within this Annual Report.

ASX Governance Recommendations

Following a full review of its corporate governance systems and policies, the Company's corporate governance practices have, in the opinion of the board of directors of the Company (*Board*), complied with the fourth edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (*ASX Recommendations*), for the period ended 30 June 2021.

This statement describes the key corporate governance policies and practices of the Company.

Board of directors

Role and responsibilities of the board

The role of the Board is to provide overall strategic guidance and leadership for the Company and effective oversight of management.

The Board Charter sets out the division of responsibilities between the Board and management and the framework for the operation of the Board as well as membership of the Board.

The primary responsibilities of the Board include:

Leadership, Culture and Values	<ul style="list-style-type: none"> • demonstrating leadership • defining the Company's purpose • approving the Company's statement of values and Code of Conduct to underpin the desired culture within the Company • monitoring compliance with the Code of Conduct • actively promoting ethical and responsible decision-making
Nomination and Appointment	<ul style="list-style-type: none"> • appointing the Chair of the Board, CEO, CFO and Company Secretary • recruitment of new directors, including evaluating the balance of skills, knowledge and experience, independence and diversity on the Board • oversight of the performance evaluation process of the Board, its committees and individual directors • succession planning for the Board, CEO and senior executives
Strategy and Performance	<ul style="list-style-type: none"> • providing input into and final approval of management's development of corporate strategy and strategic performance objectives • overseeing management in its implementation of the Company's strategic objectives • satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) • setting the risk appetite within which the Board expects management to operate • satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite
Audit	<ul style="list-style-type: none"> • appointing and monitoring the external auditor • assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgment or independence • ensuring receipt of the CEO and CFO declarations required by law
Stakeholders and ESG	<ul style="list-style-type: none"> • establishing and monitoring policies governing the Company's relationships with other stakeholders and the broader community • establishing and maintaining environmental, social, governance, employment and occupational, health and safety policies • overseeing compliance with other regulatory and statutory requirements

Management is responsible for all other aspects of the management of the Company which are not reserved to the Board or Board committees. This includes the management and operation of the Company on a day-to-day basis, implementing the Company's strategic objectives, instilling and reinforcing the Company's values, operating within the values, Code of Conduct, budget and risk appetite set by the Board and providing the Board with accurate, timely and clear information on the Company's operations, financial performance, compliance with material legal and regulatory requirements and any conduct which is materially inconsistent with the values or Code of Conduct.

Further information can be found in the Board Charter available at www.australianvintage.com.au/investors/corporate-governance/.

Composition of the board

The Board comprises a majority of non-executive Directors where the Chairman of the Board is a non-executive, independent Director and not the Chief Executive Officer.

Details of the current directors of the Board are set out below. Each of these directors served during FY21.

Director	Position	Independent
Richard Davis	Chairman, Non-Executive Director	Yes
Naseema Sparks	Non-Executive Director	Yes
John Davies	Non-Executive Director	Yes
Peter Perrin	Non-Executive Director	Yes
Jiang Yuan	Non-Executive Director	No
Craig Garvin	Chief Executive Officer, Executive Director	No

The terms of office held by each Director and remuneration information is detailed in the Director's Report included in this Annual Report.

Directors are appointed in accordance with the Company's Constitution. In terms of election:

- one-third of the Board is required to retire at each Annual General Meeting (**AGM**) and may stand for re-election. The directors to retire will be those who have been longest in office since their last election, noting that directors must retire three years since their last election;
- a director who has been appointed by the Board to fill a casual vacancy is required to retire and stand for election by the shareholders at the next AGM; and
- the Managing Director is not required to stand for election/re-election as the position of Director is linked to an executive office.

Board skills

Members of the Board have been brought together to provide a blend of qualifications, skills and experience required for managing a company operating in the wine industry. Taking into account the current and future strategic direction of the Company, the Board regularly reviews the current and desired skills and experience of individual directors and the Board as a whole.

A summary of the key skills and experience, collectively across the Board, is set out in the following skills matrix:

	SKILL/ EXPERIENCE	SUMMARY	DIRECTORS WITH SKILL/EXPERIENCE
AVL STRATEGIC THEMES	Wine Industry Experience	Good working knowledge of the structure, operations and opportunities in the Australian wine industry	● ● ● ● ● ● ●
	Retail & FMCG Experience	Experience in the retail and fast moving consumer goods (FMCG) industry, particularly in the alcohol industry, including an in-depth knowledge of merchandising, product development, exporting, logistics and customer strategy	● ● ● ● ● ● ●
	Mergers & Acquisitions	Experience in M&A including implementation advisory	● ● ● ● ● ● ●
	Marketing	Experience in promoting a product or service or building brands	● ● ● ● ● ● ●
	Innovation	Experience in developing new ideas for the purpose of gaining social or economic value	● ● ● ● ● ● ●
	Digital Technology	Expertise and experience in adopting new digital, technologies or implementing technology projects, and digital disruption, leveraging digital technologies or understanding the use of data and data analytics	● ● ● ● ● ● ●
	International Business	International business experience and exposure to different political, cultural, regulatory and business environments	● ● ● ● ● ● ●
	Sustainability	Skills or experience in understanding/improving sustainability initiatives in companies	● ● ● ● ● ● ●
GENERAL DIRECTOR SKILLS / EXPERIENCE	Governance	Experience serving on boards in diverse industries and for a range of organisations. An awareness of global practices and trends. Experience in implementing high standards of governance in a large organisation	● ● ● ● ● ● ●
	Strategic Planning	Experience defining strategic objectives, assessing business plans and driving execution in organisations	● ● ● ● ● ● ●
	Financial	Experience in financial accounting and reporting, internal financial and risk controls, corporate finance and/or corporate transactions, including ability to probe the adequacies of financial and risk controls	● ● ● ● ● ● ●
	People & Culture	Experience monitoring a company's culture, overseeing people management and succession planning, and setting remuneration frameworks	● ● ● ● ● ● ●
	Work Health & Safety	Experience of understanding/instituting a safe work culture	● ● ● ● ● ● ●
	Risk Management	Experience in recognising and managing risks which have the potential to impact business objectives and reputation	● ● ● ● ● ● ●

The experience, expertise and period in office of each Director are detailed in the Director's Report included in this Annual Report.

Board independence

The Board has adopted the definition of independence set out in the ASX Recommendations.

The Board assesses the independence of each Director, having regard to:

- any disclosures made by Directors regarding their independence;
- the definition of independence set out in the ASX Recommendations;
- the relationships affecting the independent status of a Director as described in the ASX Recommendations; and
- any other matters the Board considers relevant.

Each Director's independence is assessed by the Board on an individual basis, having regard to the above and focussing on an assessment of each Director's capacity to bring independence of judgement to Board decisions. In this context, Directors are required to promptly disclose to the Board their interests in contracts, family ties and directorships which may be relevant in considering their independence.

The Board has reviewed the position and relationships relevant to each of the Directors in office and with the exception of the CEO and Jiang Yuan, considers that all non-executive Directors are independent. Jiang Yuan was classified as a non-independent director due to his directorship of Vintage China Fund, a substantial shareholder of the Company.

Other board information

Board selection and appointment

The Company's aim in determining Board membership is to create a Board with the appropriate balance of skills, knowledge and experience, independence and diversity to ensure it can properly fulfil its duties.

New Directors are nominated by the Board through the processes set out in the Board Charter. For independent non-executive directors, nomination follows a search process to identify suitably qualified candidates. Where appropriate, this is undertaken by an independent service provider. New Directors are invited to become members of the Board on the basis of a majority vote of Directors. Consideration is given to Director's experience and qualifications with a view to ensuring effectiveness and an appropriate balance of skills.

In relation to appointing a new director, or putting forward to shareholders a candidate for election, the Company will verify via appropriate independent checks that any new proposed director is capable of holding a position as a director and is a fit and proper person for that purpose.

In addition, the Company will continue to provide shareholders with all material information in its possession relevant to a decision whether or not to elect or re-elect a Director.

The Company has written agreements in place with each Director and Senior Executive setting out the terms of their appointment.

Director induction

All newly appointed Directors will participate in an induction program, which includes provision of information relevant to their new role, attendances at key sites and introductions to key staff. This induction includes briefings on the Company's business, strategy, financial, operational and risk management matters, and factors relevant to the industry in which the Company operates.

Performance review of board, committees and directors

The Board coordinates a review of its performance, along with the performance of Board committees and individual directors' performance, on an annual basis, or earlier if circumstances dictate. The performance evaluation has regard to the extent to which the Board has met its responsibilities in the Board Charter and is used to identify any need for existing directors to undertake professional development to perform their functions effectively.

The Board undertakes a peer assessment review of the performance of the Chief Executive Officer each year. Numerous performance indicators have been developed to assist in the assessment comprising the balanced scorecard.

The Chief Executive Officer reviews performance of key executives continuously on an informal basis (by assessing achievements against a range of key performance indicators) and at least twice in each year on a formal basis with a performance review.

These reviews have been conducted in relation to FY21 in accordance with the relevant processes.

Director professional development

The professional development needs of existing directors is periodically reviewed as part of the Board and individual director evaluation process occurring annually.

It is also reviewed when Committee responsibilities are changed, for example the change from the Remuneration Committee to the People, Remuneration and Culture Committee and the Risk Committee to the Risk and Sustainability Committee.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Committees

Establishment of committees

The Board has three standing committees to assist in the discharge of its responsibilities. These are the:

- Audit Committee;
- Risk and Sustainability Committee; and
- People, Remuneration and Culture Committee.

As and when required, the Board establishes special purpose sub-committees to give detailed consideration to specific matters and report back to the board with recommendations.

In FY21, the Board established the 2021 Capital Management Initiative Committee to consider the capital management initiative involving a capital return and share consolidation, which was ultimately approved by shareholders at the Extraordinary General Meeting held in June 2021.

Purpose and responsibilities of committees

Each Board committee has a committee charter, detailing its purpose and responsibilities (*Charter*). A summary is set out below. Each Charter is reviewed annually to ensure it aligns with best practice and evolving regulatory requirements.

The committee Charters can be viewed at www.australianvintage.com.au/investors/corporate-governance/.

Audit Committee

Composition

The Audit Committee comprises three members, all of whom are non-executive directors and independent. The Audit Committee is chaired by an independent, non-executive director who is not the Board Chairman.

Membership

The current members of the Audit Committee are:

- John Davies (Chairman)
- Richard Davis
- Naseema Sparks

Details of the qualifications of Audit Committee members and their attendance at committee meetings throughout the financial year are detailed in the Directors' Report enclosed in this Annual Report.

Purpose and responsibilities

The nomination and review of existing audit arrangements is undertaken by the Audit Committee. The Audit Committee addresses issues surrounding the integrity of financial information presented to the Board and shareholders, including the review of external auditor engagements and internal financial reporting policies and controls.

The Audit Committee is responsible for reviewing the consistency of the Company's internal accounting policies on a year-to-year basis as well as compliance with relevant accounting standards and legislation. The Audit Committee is also responsible for reviewing the processes and controls for the identification and management of financial risks.

The Audit Committee advises the Board and makes recommendations in relation to policy and procedures and application of principles of Corporate Governance. The Committee addresses issues of proper Corporate Governance procedures and practices in order to ensure that the Company maintains the highest integrity and best practice with respect to such matters.

The Audit Committee generally invites the Chief Financial Officer and external auditors to attend Audit Committee meetings.

The Audit Committee or its Chairperson meets formally with the Board at least twice a year to discuss the relationship with external auditors, the Company's financial reporting and any other matters of relevance called upon by the Board or the Chairperson of the Audit Committee for discussion.

Risk and Sustainability Committee

Composition

The Risk and Sustainability Committee comprises three members, all of whom are non-executive directors and independent. The Risk and Sustainability Committee is chaired by an independent, non-executive director who is not the Board Chairman.

Membership

The current members of the Risk and Sustainability Committee are:

- Peter Perrin (Chairman)
- Richard Davis
- John Davies

The attendance of committee members at each committee meeting during the financial year is detailed in the Directors' Report enclosed in this Annual Report.

Purpose and responsibilities

The Committee is established by the Board to support and advise the Board in relation to material and emerging risks that may impact the Company meeting its corporate objectives and vision, delivering shareholder returns, and its reputation and standing in the community.

Key responsibilities of the Committee include:

- Overseeing the effectiveness of the Company's risk management framework, and making recommendations in respect of the development and embedding of the risk management framework and risk appetite to the Board;
- Assisting the Board with the monitoring and review of the Company's risk culture;
- Reviewing, monitoring and approving the Company's sustainability strategy and providing advice to management on associated implementation plans and other issues that may impact the Company's sustainability;
- Approving policies and initiatives that ensure best practice risk management, reflect stakeholder expectations and influence the Company's reputation as a responsible and sustainable organisation; and
- Reviewing and monitoring the Company's compliance with legal and regulatory obligations, internal policies and industry standards.

Further detail about the Committee's role in overseeing the effectiveness of the Company's risk management framework is set out below under the heading Risk Framework.

People, Remuneration and Culture Committee

Composition

The People, Remuneration and Culture Committee comprises three members, all of whom are non-executive directors and independent. The People, Remuneration and Culture Committee is chaired by an independent, non-executive director who is not the Board Chairman.

Membership

The current members of the People, Remuneration and Culture Committee are:

- Naseema Sparks (Chair)
- Richard Davis
- Peter Perrin

The attendance of committee members at each committee meeting during the financial year is detailed in the Directors' Report enclosed in this Annual Report.

Purpose and responsibilities

The Company recognises that its people are its primary asset and valuable brand ambassadors and that a values-driven culture underpins sustainable business performance and positive engagement within the AVL stakeholder community.

Key responsibilities of the Committee include:

- promoting a culture of lawful, ethical, sustainable and responsible behaviour, which supports the Company's strategic vision and objectives;
- providing a safe, harmonious and supportive environment for AVL's people in order to attract and nurture a diversity of high-performing and emerging talent;
- ensuring that the AVL talent pool is remunerated fairly, responsibly and in line with shareholder expectations; and
- fulfilling the Company's statutory, fiduciary and regulatory responsibilities in relation to remuneration and associated employee matters.

Remuneration policies and practices

The Company has developed a Remuneration Policy which describes the Company's remuneration policies and the rationale behind them. The Remuneration Policy is available at www.australianvintage.com.au/investors/corporate-governance/.

The Company's Remuneration Policy is reviewed annually by the People, Remuneration and Culture Committee.

Particulars concerning Director and Executive remuneration and the Company's performance rights and option plan are set out in notes to the financial statements and the Remuneration Report.

Non executive directors do not receive any performance-based remuneration and are not paid any retirement benefits other than superannuation. The Company has a policy that participants in the AVG Performance Rights and Option Plan are specifically prohibited from hedging the exposure to the Company's share price during the vesting period in respect of their unvested options or performance rights. This prohibition is reflected in the terms of the letter of offer to participate in the Plan.

For more information on the Company's remuneration, see the Remuneration Report within this Annual Report.

Approach to diversity and inclusion

Diversity and inclusion

At Australian Vintage we recognise that an inclusive culture which embraces diversity is integral to our continuing success. The Company is committed to supporting a diverse workplace and has implemented a group-wide Diversity Policy. The details of the Policy are available at www.australianvintage.com.au/investors/corporate-governance/.

In accordance with its Diversity Policy, the Board has adopted measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally. Executive Committee members are required under the Company's Diversity Policy to monitor and report annually to the People, Remuneration and Culture Committee of the Board on the progress and effectiveness of these objectives.

In relation to the constitution of the Board, the Company has a number of initiatives in place to meet its strategic imperative of ensuring the Company has a diverse Board and to achieve its measurable objective regarding Board diversity. These include:

- ensuring a diverse range of qualified candidates is considered for Board appointments;
- evolving a Board skills matrix and using the matrix to identify any gaps in the experience, skills and background, including gender and diversity generally, of Directors of the Board; and
- the use of professional intermediaries (such as external search firms) to identify and assess qualified candidates.

The Board will continue to review its structure and membership to ensure that it meets operational requirements and to continue to improve Board diversity in the future.

FY21 objectives and results

The objectives for diversity for FY21, along with outcomes achieved are as follows:

Workplace Diversity Objective FY21	Workplace Diversity Outcomes FY21
<p>Strategy</p> <ul style="list-style-type: none"> • Continue to drive and bring to life the gender objectives and strategies outlined in the Company's Diversity Policy. • Continue to communicate the Company's diversity agenda to the business and actively promote its benefits. • Deliver a diversity education programme for all employees. 	<ul style="list-style-type: none"> • Creation of behavioural framework embedded from recruitment all the way through to performance management using inclusive behaviours to ensure a safe and constructive working culture for all employees. • Continuous communication and measure of diversity and inclusion through annual engagement survey with local action plan follow ups. • Global diversity and education programme to be launched in FY22, inclusive of specific executive and senior management sessions.
<p>Stakeholder Management</p> <ul style="list-style-type: none"> • Actively promote the Company's diversity agenda in day to day activities with management to achieve buy in and to integrate into the Company's culture. • Undertake unconscious bias training. 	<ul style="list-style-type: none"> • Diversity agenda promoted through annual engagement survey and behavioural framework. • Unconscious bias training through management recruitment best practise and specialist targeted diversity and inclusion training programme.
<p>Gender Composition</p> <ul style="list-style-type: none"> • The Company is targeting 30% female representation across all levels by 2023, and specifically aims to: <ul style="list-style-type: none"> • increase female representation of non-executive directors to 30% by 2023; and • increase female representation in leadership roles to 30% by 2023. 	<ul style="list-style-type: none"> • The company has reached 37% female representation across all levels. • Non-Executive directors remains at 20% female representation. • AVL has increased females in leadership roles by 17% across FY21.
<p>Talent Pipeline</p> <ul style="list-style-type: none"> • Ensure that the Company's recruitment and selection procedure reflects candidate and interview panel diversity along with equal gender candidate split where possible. • Analyse talent matrix to identify female talent for mentoring/succession planning. • Implement a female senior leadership programme. 	<ul style="list-style-type: none"> • Dedicated resource responsible for educating employees on diverse and inclusive recruitment activity. This also includes ensuring where possible 50/50 gender split at interviews. • Robust global annual talent management and succession planning process in place. • Senior female leadership programme and additional mentoring and global female networking programme to be launched in FY22.
<p>Benefits</p> <ul style="list-style-type: none"> • Promote the Company's parental leave procedures and flexible work arrangements policy to retain talent. 	<ul style="list-style-type: none"> • Introduction of industry leading parental leave policy along with global flexibility framework.

FY22 objectives

The objectives for diversity for FY22 are as follows:

Workplace Diversity Objective FY22

Strategy

- Continue to drive and bring to life the gender objectives and strategies outlined in the Company's Diversity Policy.
- Continue to communicate the Company's diversity agenda to the business and actively promote its benefits.
- Continue to build a safe and inclusive culture where employees act in line with AVL's values and behaviours.
- Deliver a diversity education programme for all employees.

Stakeholder Management

- Actively promote the Company's diversity agenda in day to day activities with management to achieve buy in and to integrate into the Company's culture.

Gender Composition

- The Company is targeting 30% female representation across all levels by 2023, and specifically aims to:
 - increase female representation of non-executive directors to 30% by 2023; and
 - increase female representation in leadership roles to 30% by 2023.

Talent Pipeline

- Ensure that the Company's recruitment and selection procedure reflects candidate and interview panel diversity along with equal gender candidate split where possible.
- Analyse talent matrix to identify female talent for mentoring/succession planning.
- Implement a female senior leadership and mentoring programme.

Benefits

- Promote and review the Company's benefits to ensure AVL attracts and retains a diverse talent pool.

Workforce gender profile

The following tables show the proportional representation of men and women at various levels within the Company's workforce as at 30 June 2021 compared to 30 June 2020.

Workforce Gender Profile FY21

CATEGORIES OF EMPLOYEES		TOTAL FEMALES	TOTAL MALES	% OF FEMALES	% OF MALES
Total Employees	452	165	287	37	63
Non-Executive Directors	5	1	4	20	80
Senior Executives*	10	2	8	20	80
Non-Production Employees**	160	89	71	56	44
Production Employees	282	74	208	26	74

* Senior Executive has been defined as a member of the Company's Executive Team including the CEO.

** Excludes the Senior Executives.

Workforce Gender Profile FY20

CATEGORIES OF EMPLOYEES		TOTAL FEMALES	TOTAL MALES	% OF FEMALES	% OF MALES
Total Employees	430	153	277	36	64
Non-Executive Directors	5	1	4	20	80
Senior Executives*	12	3	9	25	75
Non-Production Employees**	151	75	76	50	50
Production Employees	267	75	192	28	72

* Senior Executive has been defined as a member of the Company's Executive Team including the CEO.

** Excludes the Senior Executives.

Risk framework

Risk management and identification

The Board, through the Risk and Sustainability Committee and Audit Committee, reviews and oversees the Company's risk management systems.

The Risk and Sustainability Committee determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Risk and Sustainability Committee does not have responsibility for financial risk management, which is the focus of the Company's Audit Committee.

The Board identifies and discusses areas of significant business risk. The Board ensures, together with management, that processes are in place to manage those risks and reviews those arrangements annually. The Board has reviewed the Group's risk management framework during the year and confirmed that it remains sound.

The Board has delegated to the Audit Committee the responsibility to oversee financial risk and to the Risk and Sustainability Committee all other risks associated with the business.

The Board, committees and management ensure that appropriate insurance programmes for the Company are also in place to provide insurance cover in areas of the business assessed as appropriate for cover having regard to all of the relevant circumstances.

Comprehensive practices are established such that:

- capital expenditure and revenue commitments above a certain size require prior Board approval;
- financial exposures are controlled, including the use of derivatives (as overseen by the Audit Committee);
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations; and
- business transactions are properly authorised and executed.

All reports to the Board on strategic and operational issues incorporate an assessment by management of the associated risks, which ensures that the Board is in a position to make fully-informed business judgements on these issues. In addition, the committees receive risk management updates which address the material business risks facing the Company and the systems and policies in place to manage those risks.

The Company does not have an internal audit function but has implemented the following processes to evaluate and continually improve the effectiveness of its risk management and internal control processes.

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

The Board has instigated the following internal control framework:

- **Risk Manager** – Appointment of a Risk Manager who works closely with management to identify and mitigate risk and review internal control processes as required to ensure effectiveness.
- **Financial reporting** – Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.

- **Continuous disclosure** – A comprehensive policy and process is in place to identify matters that may have a material effect on the price of the Company's securities and notify them to the ASX and post them on the Company's website. The Board and the Company Secretary are responsible for all communications with the ASX.
- **Quality and integrity of personnel** – Formal appraisals are conducted at least annually for all employees (every 6 months for most employees).
- **Operating units control** – The Chief Executive Officer and Chief Financial Officer ensure compliance with financial controls and procedures including information systems controls detailed in procedures manuals.
- **Investment appraisal** – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.
- **Management representation letters** – Each senior executive provides a management representation letter to the CEO and CFO every 6 months as part of the full year and half year audit process.

As part of the Board delegation of the oversight of risk to the committees referred to above, each committee will be required to review the Company's risk management framework (as it applies to the relevant risks) annually to satisfy themselves that it continues to be sound.

As part of this annual review, it will be determined whether the Company is operating with due regard to the formal risk appetite statement set by the Board.

These reviews have been conducted in relation to FY21 in accordance with the relevant processes.

Material business risks

The Company has material exposure to environmental and social risks, including climate change risk. The details of material business risks and relevant mitigation strategies are set out in the Director's Report included in this Annual Report.

In recognition of the increasing importance of environmental, social and climate risk to long term sustainable shareholder returns, in FY21, the Risk Committee expanded its ambit to become the Risk and Sustainability Committee. See above under the heading Risk and Sustainability Committee for further details regarding this Committee.

Each senior executive, with input and assistance from their direct reports, identifies key risks for their areas of responsibility and function which are in turn aggregated into an overall corporate risk register. Each risk is assessed and assigned an inherent risk rating and risk mitigation strategies are developed by senior executives designed to reduce the inherent risk profile to an acceptable level consistent with the requirements of the Risk and Sustainability Committee and the Board.

The risk register is continuously reviewed and maintained as new risks are identified or incidents occur, or mitigating controls change. Extracts of the risk register are provided to the Risk and Sustainability Committee (or Audit Committee in the case of financial risks), together with specific commentary or information on significant changes to the risks or the ratings.

Specific major risks or incidents are reported, as and when they occur, to the CEO and other key management personnel who are responsible for escalating these to the Risk and Sustainability Committee (or Audit Committee in the case of financial risks) and Board, where necessary, if the event occurs outside the regular cycle of Committee meetings. The Risk or Audit Committee (as the case requires) is informed of the effectiveness of actions to mitigate the impact of risk events. In addition, the Risk and Sustainability Committee considers developments or improvements in risk management and controls, including the adequacy of insurance programmes.

Separate records and registers are maintained for other more common or recurring risks; for example, arising from customer complaints and occupational health and safety issues. These are managed and reported to the Committee by relevant managers.

Integrity of corporate reporting

The Audit Committee monitors the internal control policies and procedures designed to maintain the integrity of the Company's financial reporting.

The Company has implemented a process where the Chief Financial Officer and Chief Executive Officer declare in writing to the Board, prior to approval of the Company's financial statements for a financial period, that:

- the Company's financial records have been properly maintained;
- the financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- their opinion has been formed on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

Supporting these declarations are certifications provided by other senior managers within the Company.

The external auditor reviews the director's report contained in the Company's Annual Report and provides an independent opinion that the Company's statutory accounts are true and fair.

In FY21, the Company did not disclose any periodic corporate report other than what was contained in the Annual Report.

A culture of acting lawfully, ethically and responsibly

Code of Conduct

The Board and management ensure that the business processes of the Company are at all times conducted according to sound ethical and legal principles. The Board has established a formal Ethics and General Conduct Code. This code is available at www.australianvintage.com.au/investors/corporate-governance/.

The Code has been established to define the practices necessary to maintain confidence in the Company's integrity and comply with the Company's legal obligations and other obligations to legitimate stakeholders. The Code deals with numerous issues including confidentiality, conflicts of interest, compliance with the law, fair dealing, unethical behaviour, corporate fiduciary duties, care and diligence as well as the reporting requirements and action to be taken in the event of failure to comply with the Code.

Following the refresh of the Company vision and values and implementation of the core AVL behaviours across the business, a new Code of Conduct reflecting these will be launched in FY22.

Anti-Bribery and Corruption Policy

The Company strives to maintain a high standard of integrity, investor confidence and good corporate governance. This can only be achieved and maintained if the community is confident that employees are not influenced by gifts, benefits or bribery.

The Company has an Anti-Bribery and Corruption Policy which prohibits:

- giving or receiving bribes or other forms of improper payment;
- making facilitation payments;
- providing or accepting benefits, including gifts, entertainment, meals, travel/accommodation, training or other things of value which are contrary to the Anti-Bribery and Corruption Policy; and
- making political, charitable or community donations without authorisation.

Any breach of the Anti-bribery and Corruption Policy is treated as a serious matter and may give rise to disciplinary action, including dismissal. Material breaches are reported to the Board or a committee of the Board.

Whistleblower Policy

The Company has a Whistleblower Policy which provides a safe environment where information regarding potential misconduct or an improper state of affairs within the Company may be disclosed confidentially and without fear of reprisal, victimisation or detrimental treatment for the person making the disclosure.

The Whistleblower Policy is available at www.australianvintage.com.au/investors/corporate-governance/.

Communications with shareholders

Information Available via Website

The Company, in addition to providing shareholders and the market generally information about the Company through distribution of the Annual Report, the Half Yearly Report, the Chairman's and Chief Executive Officer's addresses to the Annual General Meeting, provides information about the Company and its corporate governance on the Company's website.

All Company Corporate Governance charters, policies and procedures are publicly available. This includes:

- the Board Charter;
- the Company's share trading policy; and
- the Audit Committee, the Risk and Sustainability Committee and the People, Remuneration and Culture Committee Charters.

This corporate governance information can be located on the Australian Vintage Limited website at www.australianvintage.com.au/investors/corporate-governance/.

Investor Relations

The Company has also implemented an Investor Relations Strategy to facilitate effective two-way communication with investors, which is available at www.australianvintage.com.au/investors/corporate-governance/.

Shareholders and other stakeholders are also encouraged to contact the Company directly regarding any enquiries they may have.

Facilitating Shareholder Participation

The Company provides shareholders the option to receive communications from and send communications to the Company and its share registry electronically.

At the 2020 Annual General Meeting the shareholders voted in favour of amending the Company's Constitution to permit virtual and hybrid general meetings. This provides the Company with the flexibility to use technology to facilitate participation of shareholders at future AGMs.

In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Company's 2021 Annual General Meeting will be held virtually. While there will not be a physical location, shareholders can participate online in real-time, including asking questions and voting during the AGM.

Shareholders are encouraged to participate in the Company's AGM and use this opportunity to ask questions. The Company's practice at the AGM (and any other general meeting) is for all resolutions to be decided by a poll rather than a show of hands. A recording of the AGM is made available on the Company's website. The AGM will remain the primary forum for shareholder engagement each year. The external auditor also attends the AGM and is available to answer questions about the conduct of the audit and the preparation and content of the external auditor's report.

Continuous disclosure

The Company has a written policy in place for complying with its continuous disclosure obligations under the Australian Securities Exchange Listing Rules and the Corporations Act, which is available at www.australianvintage.com.au/investors/corporate-governance/.

This policy establishes procedures to ensure that the Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. When the Company makes an announcement the announcement is released to the ASX and the Company Secretary is responsible for communications with the ASX. All material information released to the ASX is published on the Company's website at www.australianvintage.com.au/investors/. This includes ASX announcements, annual reports, notices of meetings and media releases. The policy sets out the type of information which requires disclosure as well as the internal policies governing the method and timing of disclosure.

The directors receive copies of all material information issued to the ASX promptly after they have been made.

New or substantive investor or analyst presentation materials are issued to the ASX in advance.