



# VIÑA CONCHA Y TORO

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Sustainability Report **2016**

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**G4-3, G4-5**

**Viña Concha y Toro S.A**

**RUT:** 90.227.000-0  
**Head Office:** Avda. Nueva Tajamar 481,  
Torre Norte, piso N°15, Las  
Condes, Santiago, Chile  
**Telephone:** (56-2) 2476 5000  
**Fax:** (56-2) 22036733  
**P.O. Box:** 213, Correo Central, Santiago  
**Website:** [www.conchaytoro.com](http://www.conchaytoro.com)

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**G4-31**

For further information or suggestions on how to improve the next report, please contact:

**Valentina Lira M.**

Sustainability Manager

[valentina.lira@conchaytoro.cl](mailto:valentina.lira@conchaytoro.cl)





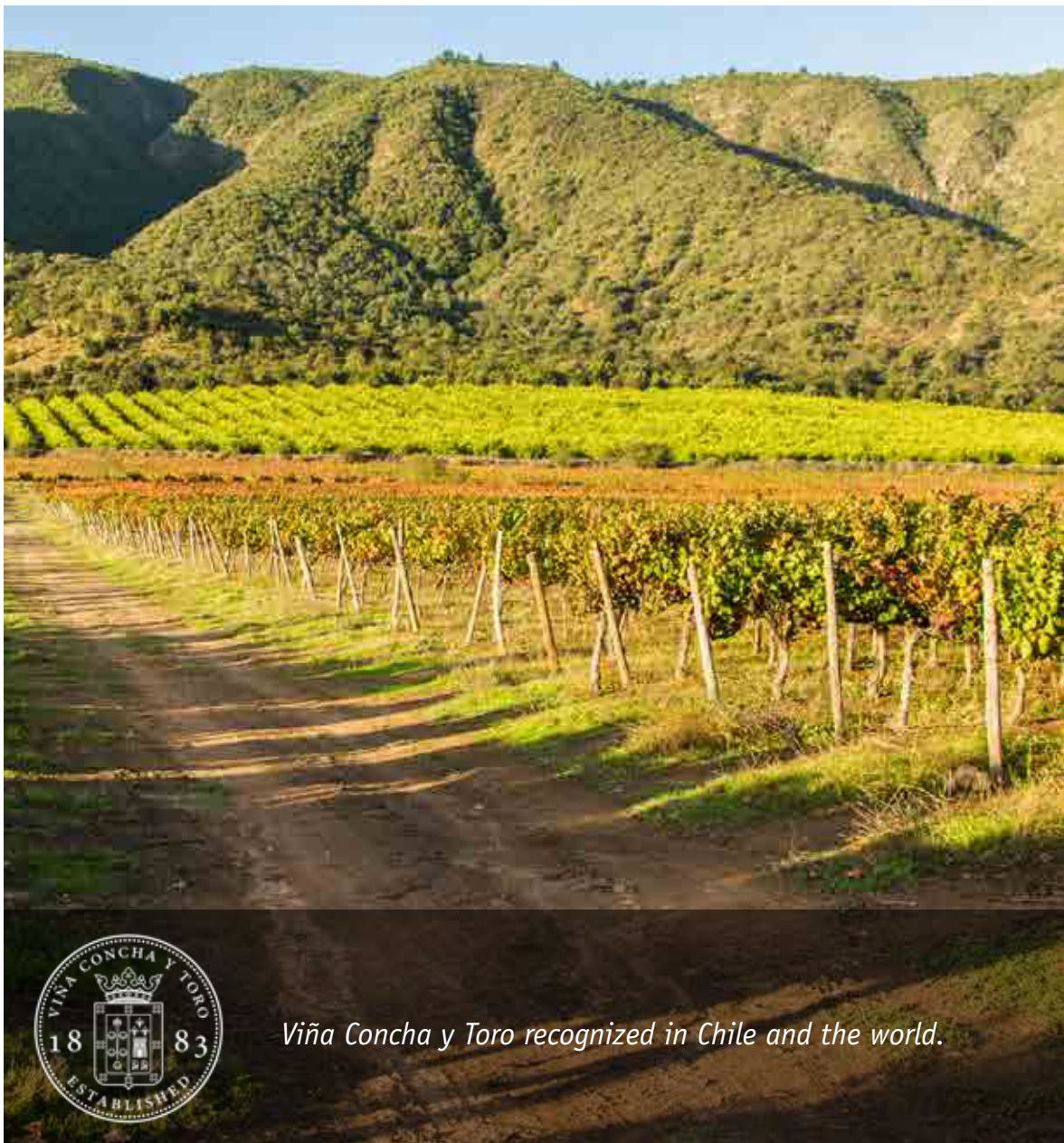
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# Highlights and Figures 2016

G4-9

*Despite the difficulties of 2016, Viña Concha y Toro maintained its leading position in the global market. Here are some relevant figures and milestones for the year.*



*Viña Concha y Toro recognized in Chile and the world.*

### **CORPORATE REPUTATION**

Recognized among the companies with the best Corporate Reputation in Chile, in the study of the international consulting firm Hill+Knowlton Strategies, and GFK Adimark, in its 15th edition.

### **ORGANIZATIONAL STAKEHOLDERS**

Member of the organizational stakeholders group of the Global Reporting Initiative (GRI), participating in the 5th GRI global conference.

### **ECONOMIC PERFORMANCE: 658,447 MILLION**

Consolidated sales for the period: + 3.5%.

### **+5 MILLION CASILLERO DEL DIABLO CASES SOLD**

with extraordinary growth in countries like Japan, China and Korea.

### **"EMERGING 70" RANKING**

Included in the ranking "Emerging 70", which selects the 20 companies with outstanding environmental, social and corporate governance performance from a universe of 800 companies from 31 emerging countries.

### **1st PLACE "CORPORATE SUSTAINABILITY INDEX"**

For the second consecutive year, in the "Corporate Sustainability Index" of Capital magazine.

### **"DOW JONES SUSTAINABILITY INDEX"**

Only wine company in the world included.

### **LEADER IN CORPORATE REPUTATION IN CHILE**

Ranking in first place in the RepTrak Chile 2016 study of the renowned international advisory firm Reputation Institute.

### **CONCHA Y TORO, AMONG THE MOST AWARDED WINE COMPANIES**

Selected Winery of the Year by Wines & Spirits, and included in the "Top 100 Wineries of the Year" ranking, with 22 nominations.

### **USE OF DRONES FOR MONITORING THE VINEYARDS.**

### **GRAPPE APP**

Development of Grappe application to obtain high resolution images of the foliage and monitor exposure to light.

# Commitment to



## EMPLOYEES

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*4,779 jobs.*

*84,018 hours of training.*

*30 hours (average) of training per employee.*

*84% of the personnel surveyed in Engagement study, improving the commitment level by 9 points.*

*"Best Workplace Safety Policies", awarding the "8 Golden Rules of Security" campaign.*

*Best internal reputation in Chile, according to the ranking of Merco Talento, being one of the companies that best attracts and retains talent, ranking 5th at the national level and 1st in the wine industry.*



## PRODUCT QUALITY

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*BRC and IFS certifications in product quality.*

*Terrunyo Carmenere 2014 selected the "Best Carmenere" by Wine & Spirits.*

*Don Melchor 2012 is the best wine in Chile, according to the latest report on Chilean wines from prestigious Wine Spectator magazine.*

*Carmín de Peumo 2013 vintage selected best representative of the Carmenere variety in the world, according to the North American publication Wine Spectator.*

*Creation of the "Sensory Panel", composed of key company personnel, with the purpose of training tasters capable of obtaining reliable results on sensorial perceptions of wine.*



## LOCAL DEVELOPMENT

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*29 small grape growers benefited from the renewal of the Productive Alliances Program.*

*\$88 million pesos for the company's scholarship program.*

*Construction of a public square in the town of Corinto, Penciahue.*

*"Cometas" program, a new initiative for collaboration and technical advice aimed at premium grape growers, to promote long-term relationships that foster the stability and sustainability of the wine business.*

*During 2016, the Center for Research and Innovation (CRI) was visited by 1,157 people in the framework of the development of initiatives open to the community, seeking to generate and transfer knowledge to and from the wine industry.*





## CLIENTS

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*UK distribution subsidiary* was chosen best wine and liquor company of 2016 by "The Drink Business".

*Best Supplier of the Year* among alcohol brands in the UK, voted by The Grocer magazine.

*2 successful client audits.*

*Corporate Ethical Standard audits*, with 98% compliance in winemaking cellars, and 97% in bottling plants.

*Clause in new contracts with distributors* that requires them to act in accordance with the principles contained in the Code of Ethics and Conduct and the Corporate Ethical Standard of Viña Concha y Toro.



## ENVIRONMENT

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*100% of the vineyards* with drip irrigation system.

*100% of organic waste* is recycled and/or reused.

*3,272 ha of native forest* inventoried and protected, representing 100% of the company's natural heritage.

*2 estates have biodiversity conservation management plans*, representing 12% of Concha y Toro's area of natural forest.

*The CDP organization* assessed the company with a score above the industry average in the CDP Climate Change.

*1st Report* to CDP Water.

*Creation of Viña Concha y Toro's Carbon Fund*, a pioneering initiative in the industry that internally taxes CO<sub>2</sub> emissions, internalizing the cost of generating emissions, raising funds for the development of initiatives to mitigate CO<sub>2</sub> emissions.



## SUPPLY CHAIN

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*Support and technical advice* to Premium grapes growers.

*11 grape suppliers assessed for compliance* with the Corporate Ethical Standard, aiming to improve their social and labor performance.

*10 suppliers of packaging materials* presented their 2015 carbon footprint, externally verified.

*External service providers show 90% compliance* with Viña Concha y Toro's Corporate Ethical Standard (CES).

*Specific recommendations for external service providers* to comply 100% with CES in the coming years.

# Goals 2020

“Give back in each bottle  
what the land has given us”.

## COMMITMENT TO THE ENVIRONMENT

**Reduce by 10%** water consumption per glass of wine produced.

**Eliminate waste to landfill.** Be a zero waste to landfill company.

**Reduce total greenhouse gas emissions** in Scopes 1 & 2 by 30%.

## COMMITMENT TO EMPLOYEES

**Certify the ethical management system** under the SA8000 standard.

**Strengthen employees' different competencies,** increasing the hours of training.

**Improve employees' level of commitment.**

## COMMITMENT TO LOCAL DEVELOPMENT

**Improve communities' quality of life** through investment in infrastructure and social programs.

**Increase R&D knowledge transfer** to grape growers and the industry in general.

**Improve grape growers' management skills.**

## COMMITMENT TO CUSTOMERS

**Reduce greenhouse gas emissions per bottle** of wine produced by 15% in land transport.

**Ensure key customers' compliance** with the company's Corporate Ethical Standard.

## COMMITMENT IN THE SUPPLY CHAIN

Achieve compliance with the **company's ethical standards** in 100% of key suppliers.

**Minimize the environmental impacts of supplies** at each stage of their life cycle, through the development of innovative supplies.

**Reduce GHG emissions** from key suppliers by 15% per bottle.

## COMMITMENT TO PRODUCT QUALITY

**Raise sustainability attributes** for 100% of Concha y Toro brands.

**Promote, create and strengthen a healthy relationship with wine consumption,** based on a corporate Responsible Drinking program.

**Extend the product categories** in which Concha y Toro participates.



# Letter from the Chairman

## G4-1

With great satisfaction we present our fifth Sustainability Report, a document that discloses Viña Concha y Toro's management of the most relevant environmental, social and governance aspects for our stakeholders during 2016. Our navigation chart in these matters is our Sustainability Strategy, which is structured around six strategic pillars through which we have made progress in the sustainable management of our production, optimizing our supply chain, reducing negative environmental impacts, and contributing to the development of local communities, our employees and the wine industry through research and innovation.

2016 was a year of contrasts, in which different external factors had an impact on the company's performance. However, we were able to continue strengthening our leadership in the industry worldwide. Heavy rains during harvesting season presented great challenges, as the harvest volume decreased by 21% compared to 2015, affecting production costs. At the same time, the company felt the effects of the departure of the United Kingdom from the European Union, particularly through the devaluation of the British currency. In this context, the company's sales grew by 3.5% and the volume traded by 5.5%, while Viña Concha y Toro's net income for the period reached \$47,931 million, a fall of 3.7% compared to 2015.

Despite the challenging environment, during 2016 we met 84% of the goals set in the sustainability strategy. Among the milestones of the year that show our commitment with sustainability, it is worth mentioning our initiatives to promote local development and strengthen Viña Concha y Toro's supply chain. We renewed our agreement with the Institute of Agricultural Development (INDAP), which allowed us to increase from 16 to 29 the number of small wine producers technically we advised through the "Productive Alliances" program. In addition, we launched the "Cometas" program, an initiative for technical assistance and advice aimed at premium grape growers with long-term contracts, entirely financed by the company.

With respect to our suppliers, 100% of the contractors that provide services to our bottling plants have been audited in the company's Corporate Ethical Standard, ensuring their compliance with our principles and ethical values.

Additionally, ten suppliers of packaging materials verified, through an external auditor, their measurement of the carbon footprint for the year 2015, showing their commitment to sustainability.

As in previous years, our clients have carried out external audits to verify the company's compliance with its standards and requirements. The British retail company Tesco requested an audit for the Pirque plant in matters of safety and labor practices, obtaining the second best qualification. Also, the Pirque and Vespucio plants were audited under the British Retail Consortium (BRC) standard, both obtaining the maximum AA rating. As a company we are committed to providing guarantees to our strategic partners regarding technical, ethical, labor and environmental performance. The efforts and measures taken to satisfy our customers' expectations and to become their strategic partner materialized in the double recognition obtained by our distribution subsidiary in the United Kingdom, chosen "best wines and spirits company of the year" and "best supplier of the year" by The Drink Business and The Grocer, respectively.

With regard to our products, we are constantly developing initiatives that guarantee quality and traceability. It is not enough for Viña Concha y Toro to successfully comply with international audits and certifications, but it is also necessary to develop processes for continuous improvement and innovation that allow us to be at the forefront of the industry. To this end, the Center for Research and Innovation (CRI) has developed a series of initiatives aimed at safeguarding the quality of our products, such as the project for monitoring vines with drones, which together with an artificial intelligence model, allows to accurately capture the vigor of the plant, predicting the harvest volume.

In terms of environmental management, besides the progress made in water and energy efficiency in recent years, the company began to internally tax its CO<sub>2</sub> emissions. This new initiative -pioneer in the industry at global level- will generate resources that will be used exclusively for the development of projects to mitigate our internal emissions of GHG. Also, during the year 2016 the second phase of the native forest conservation program began, which, having already inventoried 100% of the area, involves the development



of management plans that allow preserving its ecosystem.

The progress made over time has allowed us to participate for the second consecutive year in the Dow Jones Sustainability Index, being the only wine company in the world to be part of this ranking, which measures companies' performance in terms of sustainability. In addition, we came in fifth place in the Merco 2016 Ranking, which measures the corporate reputation of companies in Chile, and we ranked first in the "Corporate Sustainability Index" of Capital magazine, for the second consecutive year.

I invite you to learn more about our progress and commitments relating to the most relevant sustainability aspects for our company, as well as various aspects of our production management. This report reflects our commitment to transparency, the 10 principles of the Global Compact, and the UN Sustainable Development Goals. I hope you will join us in this challenge, critically reviewing the information contained herein, and sending us your comments, so we can move forward together towards sustainable development.

**“The progress made over time has allowed us to participate for the second consecutive year in the Dow Jones Sustainability Index, being the only wine company in the world to be part of this ranking, which measures companies' performance in terms of sustainability.”**

A handwritten signature in black ink, appearing to be 'Alfonso Larrain Santa María'.

**ALFONSO LARRAÍN SANTA MARÍA**  
CHAIRMAN VIÑA CONCHA Y TORO

# **About this Report**



**5TH REPORT**

ON THE COMPANY'S  
ECONOMIC,  
ENVIRONMENTAL AND  
SOCIAL PERFORMANCE.

**GRI**

PREPARED ACCORDING  
TO THE COMPREHENSIVE  
OPTION OF THE GRI  
REPORTING GUIDELINES  
G4 VERSION. RESPONDS TO  
THE COMMUNICATION ON  
PROGRESS (COP) OF THE  
GLOBAL COMPACT.

**REPORT  
VERIFIED**

BY AN  
INDEPENDENT  
THIRD PARTY.

# About this Report

*For the fifth consecutive year, Viña Concha y Toro presents its Sustainability Report, which details the company's economic, environmental and social performance.*

**G4-28, G4-29, G4-30, G4-32, G4-33**

The document presented below corresponds to the fifth annual sustainability report of Viña Concha y Toro, which since 2012 has been committed to reporting on its economic, social and environmental performance to its stakeholders. The information presented in this report corresponds to the period between January 1 and December 31, 2016.

It has been prepared in accordance with the comprehensive version of the GRI Reporting Guidelines in its G4 version, and responds to the Progress Communication (COP) on the integration of the Global Compact' principles. Its content has been subject to external verification by an independent third party, who evaluates the quality of the information and its preparation according to the GRI G4 guidelines.

## Scope and Boundaries

This report has been structured according to the pillars of Viña Concha y Toro's sustainability strategy, considering the most relevant aspects for the company's management. The information reported covers Viña Concha y Toro's performance in Chile, including the subsidiary Quinta de Maipo<sup>1</sup>, as well as Comercial Peumo and Transportes Viconto, complementing the information published in the Annual Report.

A section at the end of the report presents the performance of subsidiaries Viña Cono Sur in Chile, Trivento Bodegas y Viñedos in Argentina, and Fetzer Vineyards in the United States, which are not included in the information presented in this document, except for the section about generated and distributed economic value, prepared with Viña Concha y Toro's consolidated economic and financial information, as presented in the company's Annual Report 2016.

## Definition of Content Included in the Report

**G4-18**

The definition of the report's content was based on the G4 version of the GRI guidelines. The process involves reviewing and updating material aspects by conducting a survey among employees, suppliers and other stakeholders to find out their opinion about the contents of the Sustainability Report 2015, the sustainability context in the industry,

and to gather internal information to know the company's challenges and focus of action. Improvement opportunities detected during the external verification of the 2015 report have also been incorporated.

## Surveys:

- Internal Interviews: 7 company managers.
- Online surveys: Employees, suppliers and other stakeholders, surveying a total of 179 people.
- Prioritization workshop: 22 people responsible for gathering internal information

## Determining the Sustainability Context:

- Review of internal bibliographic material: including
  - the Sustainability Strategy and the 2015 Report, in addition to publications in journals and newsletters.
- Review of Sustainability Topics by Sector of the GRI
  - guidelines.
  - Sustainability Reports of 7 companies in the industry.
- Sustainable Development Goals (SDG).
- Ten Principles of the Global Compact.
- Review of the Sustainability Code of Wines of Chile.
- Review of the BSCI's Code of Conduct.
- Review of the Clean Production Agreement (APL).
- SOFOFA's Corporate Sustainability Questionnaire.
- Five-Fold Environmental Ambition (Food and Drink Federation of UK).
- Carbon Disclosure Project (CDP) 2016 Water and Climate Change.

<sup>1</sup> Quinta de Maipo, subsidiary made up of Viña Maipo, Palo Alto, Maycas del Limarí, Canepa, and Argentine wineries Trivento, Pampas del Sur and La Chamiza.



G4-48

The above mentioned activities resulted in a preliminary listing of the most important management aspects for the company and its stakeholders, which were validated by Viña Concha y Toro’s Department of Sustainable Development and its General Manager, who are also responsible for reviewing

and approving the sustainability report. The material aspects for the company’s sustainability management are:

G4-19, G4-20, G4-21, G4-27

**Relevance**

- High
- Medium

PILLAR	MATERIAL ASPECT	WHERE IT MATTERS
<b>Environment</b>		
<input checked="" type="radio"/>	Waste Management	Concha y Toro, suppliers and customers
<input checked="" type="radio"/>	Water Footprint	Concha y Toro
<input checked="" type="radio"/>	Energy and Carbon Footprint	Concha y Toro and suppliers
<input type="radio"/>	Biodiversity	Concha y Toro
<input type="radio"/>	Impact of climate change on the business	Concha y Toro
<input type="radio"/>	Managements of agricultural soils	Concha y Toro
<input type="radio"/>	Pesticides and Fertilizers	Concha y Toro
<b>Supply Chain</b>		
<input checked="" type="radio"/>	Promoting sustainability in the supply chain	Concha y Toro, suppliers and contractors
<input checked="" type="radio"/>	Suppliers management and evaluation (social and environmental)	Concha y Toro
<input checked="" type="radio"/>	Supply management	Concha y Toro
<input type="radio"/>	Containers and packaging materials (life cycle)	Concha y Toro, suppliers and customers
<b>Product</b>		
<input checked="" type="radio"/>	Quality Management	Concha y Toro
<input checked="" type="radio"/>	Innovation	Concha y Toro
<input type="radio"/>	Sustainable Products	Concha y Toro
<input type="radio"/>	Responsible Marketing	Concha y Toro
<b>Customers</b>		
<input type="radio"/>	Sustainability Dissemination and Promotion	Concha y Toro
<input type="radio"/>	Transparency and Information for Clients	Concha y Toro
<input type="radio"/>	Customer Satisfaction	Concha y Toro
<b>People</b>		
<input checked="" type="radio"/>	Health and safety, and working conditions	Concha y Toro
<input checked="" type="radio"/>	Training and Knowledge Center	Concha y Toro
<input checked="" type="radio"/>	Working conditions for temporary workers	Concha y Toro
<input checked="" type="radio"/>	Labor Relations	Concha y Toro, suppliers and contractors
<input checked="" type="radio"/>	Working Environment	Concha y Toro
<input type="radio"/>	Wages and bonuses	Concha y Toro
<input type="radio"/>	Diversity	Concha y Toro
<input type="radio"/>	Career Development	Concha y Toro
<input type="radio"/>	Promotion of wellbeing and benefits	Concha y Toro
<b>Society</b>		
<input type="radio"/>	Community Management: Supporting local development	Concha y Toro

# Stakeholders



G4-24, G4-25, G4-26, G4-27

For Viña Concha y Toro it is extremely important to identify its stakeholders and establish communication mechanisms to know their concerns and needs, as well as to exchange information and collect their opinions and requirements.

In order to maintain effective relations, the winery has established various communication mechanisms and channels, both with its national and international stakeholders, adapting to the characteristics of each group.

## Internal Stakeholders

GROUP	COMMUNICATION MECHANISMS	TOPICS OF INTEREST
Shareholders and Investors	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Ongoing financial information in the corporate website</li> <li>20-F Form</li> </ul>	<ul style="list-style-type: none"> <li>Profitability</li> <li>Ethics and Anticorruption</li> <li>Regulatory Compliance</li> <li>Product Quality Management</li> </ul>
Employees - Permanent and temporary - Unions	<ul style="list-style-type: none"> <li>Internal magazine Nuestra Viña</li> <li>Sustainability Report</li> <li>Breakfasts with employees</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Performance</li> <li>Career development and training</li> <li>Health and Safety</li> <li>Work environment and labor relations</li> <li>Wages and Benefits</li> </ul>

## External Stakeholders

GROUP	COMMUNICATION MECHANISMS	TOPICS OF INTEREST
<b>CLIENTS</b>		
Distributors	<ul style="list-style-type: none"> <li>Mailing Concha y Toro</li> <li>Focus On magazine</li> <li>Corporate website</li> <li>Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable products</li> <li>Working conditions</li> <li>Health and Safety</li> <li>Promotion of responsible drinking</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>Social media sites and platforms</li> <li>Sustainability Report</li> </ul>	<ul style="list-style-type: none"> <li>Product quality management</li> <li>Responsibility in the supply chain</li> </ul>
<b>SUPPLIERS</b>		
Suppliers of packing materials Grape suppliers Transport service providers Contractors	<ul style="list-style-type: none"> <li>Sustainability Report</li> <li>Technical advice area, grape growers</li> <li>Suppliers, Sustainability and Carbon Footprint Program</li> <li>Grape Growers Platform</li> </ul>	<ul style="list-style-type: none"> <li>Supplies and waste</li> <li>Energy and carbon footprint</li> <li>Working environment and labor relations</li> <li>Product quality</li> <li>Suppliers management and evaluation</li> <li>Health and Safety</li> </ul>
<b>AUTHORITIES</b>		
Agricultural and Livestock Service (SAG) Ministry of Labor CONAF Public Entities	<ul style="list-style-type: none"> <li>Participation in union activities</li> <li>Annual Report</li> <li>Sustainability Report</li> <li>Participation in CONAF's National Carbon Management Program</li> <li>APL</li> </ul>	<ul style="list-style-type: none"> <li>Environmental performance</li> <li>Regulatory compliance</li> <li>Training</li> <li>Use of pesticides and fertilizers</li> <li>Working conditions and labor relations</li> </ul>
<b>LOCAL COMMUNITIES</b>		
Municipalities Neighbors	<ul style="list-style-type: none"> <li>Sustainability Report</li> <li>Community Relations delegate (local)</li> </ul>	<ul style="list-style-type: none"> <li>Participation in cultural activities</li> <li>Contribution to local development</li> <li>Protection of the environment</li> <li>Community relations</li> </ul>
<b>UNIONS AND ASSOCIATIONS</b>		
Consortio I+D Wines of Chile Packaging Center of Chile (CENEM, Centro de Envases y Embalajes)	<ul style="list-style-type: none"> <li>Participation in union activities</li> <li>Annual Report</li> <li>Sustainability Report</li> <li>Wines of Chile Standards Committee</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability</li> <li>Responsible Marketing</li> <li>Innovation</li> <li>Brand and Chilean wine positioning</li> </ul>

# Company Profile

G4-3, G4-4, G4-5, G4-6, G4-7, G4-8

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*Viña Concha y Toro is the main producer and distributor of Latin American wines and is one of the leading companies in the wine industry worldwide, with products of recognized quality and a wide portfolio of wines, including globally renowned brands Casillero del Diablo, Ultra Premium Terrunyo and Marques de Casa Concha, and iconic brands Don Melchor and Carmín de Peumo.*

*The company is a public limited company that is listed on the stock exchanges of Santiago (Chile) and New York (USA). It carries out its productive operations in three countries: Chile, Argentina and the United States. Its headquarters are located in Santiago, Chile, country where it operates wineries Concha y Toro, Cono Sur, Quinta de Maipo and Almaviva. In Argentina, its operations are managed by the subsidiary Trivento Bodegas y Viñedos, and in the United States, it operates through the subsidiary Fetzer Vineyards. The company also has 14 distribution subsidiaries in North America, South America, Africa, Asia and Europe.*

*At the close of 2016, its capital was made up of 747 million shares, 65.7% of which belong to the 12 major shareholders. The controlling group owns 39% of the company, directly or indirectly<sup>2</sup>.*

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<sup>2</sup> More information about the ownership, the controlling group and the subsidiaries in the Annual Report: [http://www.conchaytoro.com/wp-content/uploads/2014/07/Memoria-Anual-2016-\\_6-abril.pdf](http://www.conchaytoro.com/wp-content/uploads/2014/07/Memoria-Anual-2016-_6-abril.pdf)

**1ST PLACE  
"CORPORATE  
SUSTAINABILITY  
INDEX"**

FOR THE SECOND  
CONSECUTIVE YEAR, IN  
THE INDEX OF CAPITAL  
MAGAZINE.

**VIÑA  
CONCHA Y TORO**


THE ONLY WINE COMPANY  
IN THE WORLD INCLUDED  
IN THE DOW JONES  
SUSTAINABILITY  
INDEX 2016.


**LEADER IN  
CORPORATE  
REPUTATION**

AMONG 100 COMPANIES  
IN THE REPTRAK  
CHILE 2016 STUDY  
OF INTERNATIONAL  
ADVISORY FIRM  
REPUTATION  
INSTITUTE.

# International Context

*Viña Concha y Toro is a world-renowned company, present in more than 140 countries.*

14 Distribution Subsidiaries 

3 Origins 

+140 Countries of destination

## Chile

9,388 hectares planted

9 Valleys

54 estates

Wineries:

- Concha y Toro
- Viña Cono Sur
- Quinta de Maipo
- Viña Almaviva

## Argentina

1,140 hectares planted

3 Valleys

9 estates

Wineries:

- Trivento Bodegas y Viñedos

## Estados Unidos

United States:

469 hectares planted

2 Valleys

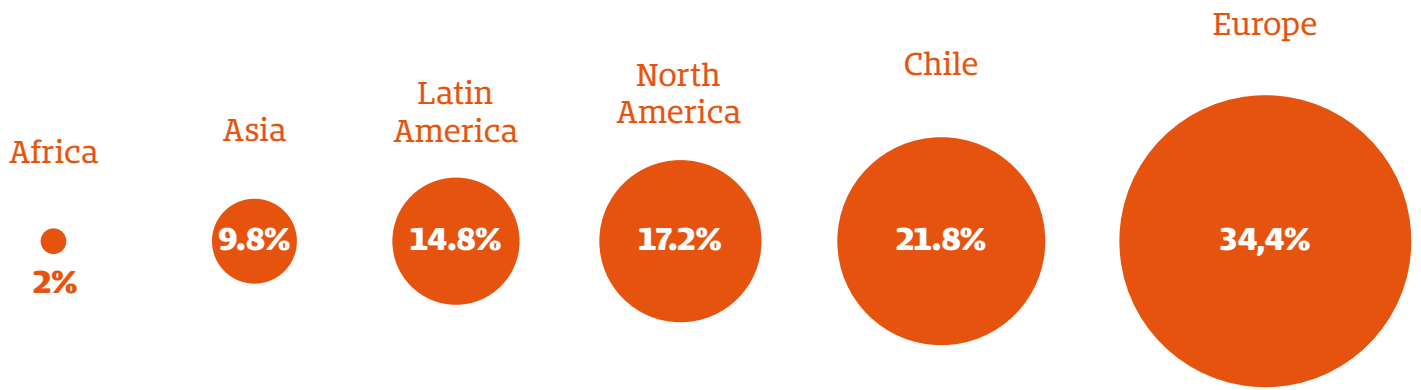
14 estates

Wineries:

- Fetzer Vineyards



**% OF SALES VOLUME**



# Viña Concha y Toro in Chile

G4-9, G4-13

Viña Concha y Toro carries its operations in Chile in the nine main wine-growing valleys, which are located in regions IV of Coquimbo, V of Valparaíso, Metropolitana, VI of Libertador General Bernardo O'Higgins, and VII of Maule.

The land owned by Viña Concha y Toro in Chile amounts to 17,498<sup>3</sup> hectares, 61% of which correspond to agricultural land. This figure considers the operation of Viña Cono Sur and Almaviva, which, like Trivento Bodegas y Viñedos in

Argentina and Fetzer Vineyards in the United States, manage sustainability independently according to Viña Concha y Toro's corporate guidelines. Therefore, the environmental and social information included in this report covers only the performance of Viña Concha y Toro in Chile<sup>4</sup>, which at December 31, 2016 covered:

<sup>3</sup> In 2016 the company acquired Viñedo Keule, located in the Maule Valley.

<sup>4</sup> Information on Concha y Toro in Chile includes subsidiary Quinta de Maipo, which groups the operations of wineries Canepa, Maycas del Limarí, Palo Alto and Viña Maipo, as well as subsidiaries Comercial Peumo and Transportes Viconto.

**8,334**  
hectares  
planted in Chile.

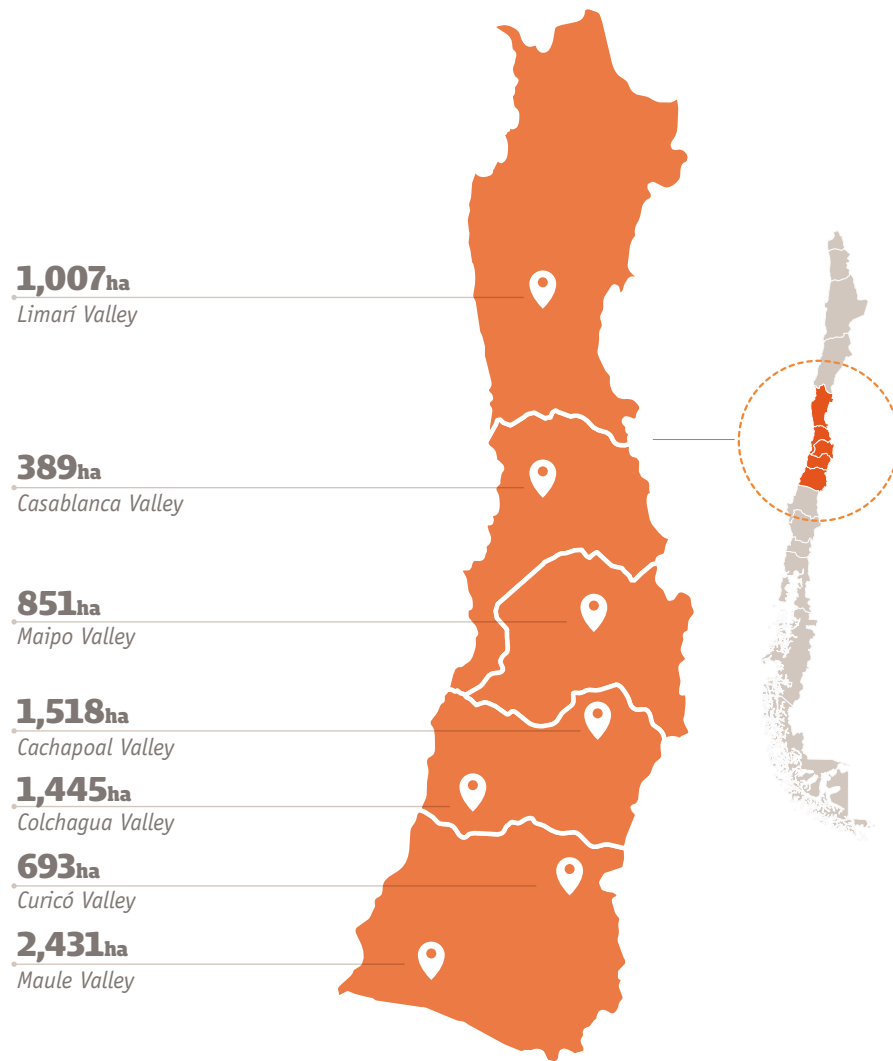
**7 VALLEYS**

**13**  
winemaking  
cellars and  
bottling plants.





The company owns 8,334 hectares of vineyards in Chile



**43 WINERIES**

**2,771 EMPLOYEES**  
in Chile.

**1,170 JOBS**  
(on average) for temporary workers.



# Production

Sustainability from the vineyard to the glass. **G4-12**

## STAGES OF PRODUCTION

1



### VINEYARD GROWING AND CARE

2



### HARVEST

## DESCRIPTION

The production cycle begins with the beginning of the agricultural year on June 1st. Taking care of the vineyards is essential for the preservation of their natural resources.

The process of collecting and crushing the grape begins at the end of March. After collection, the grapes are transferred to the tanks in the winemaking cellars.

**43**  
Vineyards in Chile

**8,334**  
Hectares planted

**88 Mill Kg**  
Of own grapes

**175 Mill Kg**  
Grapes from third-parties

## ASPECT IN SUSTAINABILITY

- 100% drip irrigation for efficient water use.
- Organic waste from the vines is reused as compost in the fields.

- Provide safe and good working conditions to seasonal workers.
- Annual training for employees involved in the harvesting process.

### SDG



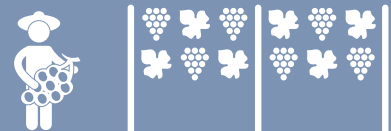
### SDG



### Suppliers of agricultural products

### Grape suppliers

## SUPPLIERS



3



### VINIFICATION

Controlled fermentation of the grapes to obtain an optimal oenological result.

**13**

Winemaking cellars

**197 Mill Lt**  
vinified in 2016

- Incorporation of tangential modules that do not generate residues to filter the wine.
- Organic waste is recycled to make tartaric acid and compost for reuse.

#### SDG



Suppliers of winemaking products



4



### BOTTLING AND PACKAGING

The wine is transferred from the cellars to the plants to be bottled.

**4**

Bottling plants

**258 Mill Lt**  
Bottled

- Certification under the BRC and IFS standards.
- Energy efficiency in plants. Use of certified supplies.

#### SDG



Packaging suppliers, service providers



5



### DISTRIBUTION

Distribution to logistics centers or export to reach the consumers' glass.

**14**

Distribution subsidiaries

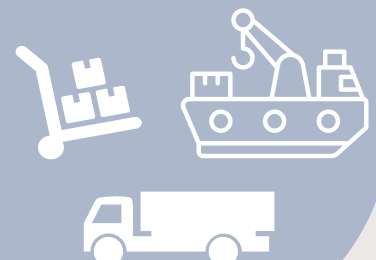
**+140**  
Countries of destination

- Reduction of Carbon Footprint with the use of lightweight bottles. Ecolabel (Sunrise).
- Information on responsible drinking.

#### SDG



Logistics suppliers



# Corporate Governance

G4-2, G4-34, G4-35, G4-38, G4-39, G4-40, G4-42, G4-45, G4-46, G4-47

Viña Concha y Toro's highest governing body is the Board of Directors, which runs the company protecting the interests of shareholders and the main stakeholders, and preserving the organization's sustainability in the long term.

The Board consists of seven members appointed at the Ordinary Shareholders' Meeting based on their knowledge of the industry, experience and professional career. Two of its directors are independent, and none of the members has an executive position in the company.<sup>6</sup>

The directors meet on monthly basis and, if necessary, in extraordinary meetings to later inform the top management, headed by the CEO, of the guidelines for leading the company and monitoring compliance with the approved strategies, values and policies.

The Board of Directors appoints the CEO, who leads the other management offices and is responsible of reporting to the higher governing entity on the fulfillment and execution of

the business strategy, as well as conveying the main concerns or management issues of the different managements, executive committees and/or main stakeholders.

In addition, the Directors and Audit committees are responsible for managing the main risks, including those related to agricultural production, dependence on suppliers and distributors, possible regulatory changes, competition, and fluctuations in the economy and market.

The Board of Directors has three committees: the Directors Committee - in accordance with the current law -, the Audit Committee, and the Ethics Committee, which are responsible for monitoring the senior management's performance on the matters relating to each of them, and presenting its results and conclusions to the Board of Directors on a quarterly basis.



<sup>6</sup> For more information on the winery's Corporate Governance, see the Annual Report, pgs. 43-45.

## Board of Directors



---

**Alfonso Larraín Santa María**  
PRESIDENT  
Businessman



---

**Rafael Guilisasti Gana**  
VICE-PRESIDENT  
Degree in History



---

**Francisco Marín Estévez**  
DIRECTOR  
Agronomist



---

**Mariano Fontecilla de  
Santiago Concha**  
DIRECTOR  
Diplomat



---

**Sergio de la Cuadra Fabres**  
INDEPENDENT DIRECTOR  
Commercial Engineer



---

**Pablo Guilisasti Gana**  
DIRECTOR  
Commercial Engineer



---

**Jorge Desormeaux Jiménez**  
INDEPENDENT DIRECTOR  
Commercial Engineer

## Organization Chart

### BOARD OF DIRECTORS





TRIBORWELL  
LEGACY



Manufactured by Triborwell  
100% American Oak  
Capacity: 55 Gallons  
Volume: 208 Liters

TRIBORWELL  
LEGACY



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Capacity: 55 Gallons  
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LEGACY



Manufactured by Triborwell  
100% American Oak  
Capacity: 55 Gallons  
Volume: 208 Liters

### Board Committees

NAME	FUNCTION
DIRECTORS COMMITTEE	It is responsible for delivering a reasonable opinion to the Board of Directors regarding the integrity, accuracy and transparency of the financial statements, the analysis and implementation of the comprehensive risk management system, internal control, transactions with related parties, and remuneration and compensation plans for executives.
AUDIT COMMITTEE	Responsible for ensuring compliance with measures to promote investor confidence and market integrity.
ETHICS COMMITTEE	Its main mission is to promote and regulate a behavior of professional and personal excellence among the winery's employees. Among other tasks, it must be aware of, resolve and report any violations to the Code of Ethics.

### Board Self-Assessment

G4-44

Once a year, the Board of Directors undergoes a voluntary self-assessment, which considers the actual role and effectiveness of each director in achieving the goals set for the period in terms of strategic aspects, procedures to control and assess the organization's performance, regulatory compliance, and ensuring stakeholder concerns are considered. The outcomes are used to make improvements and take corrective measures.

### Corporate Ethics Management

G4-41, G4-56

Through its Internal Regulations, the Code of Ethics and Conduct, Corporate Ethical Standard, Protocol for Transactions with Related Parties, and Crime Prevention Model, Viña Concha y Toro conveys to all its employees and stakeholders the company's principles and ethical values, as well as the policies and standards that must govern the behavior of all employees, suppliers and customers. These documents include guidelines on the company's ethical management, its commitment to the environment, the proper use of company assets, and the use of privileged information.

Each year, the Board reviews the Code of Ethics and Conduct, which is given to all employees as part of their corporate induction.

The Ethics Committee is responsible for educating and defining the appropriate way to act according to the company's values and principles, and also enforcing the Code and an ethical management.

Conflicts of interest are addressed both in the Protocol of Transactions with Related Parties and the Code of Ethics and Conduct, defining the procedures for detecting, communicating and managing such conflicts.

### Crime Prevention Model

G4-S03, G4-S04

Under Law 20,393 of Criminal Liability of Companies, which aims to prevent money laundering, bribery of national or foreign public officials, and financing terrorism, the company implemented the Crime Prevention Model, which includes a policy and Crime Prevention Officer, appointed by the Board, in addition to a number of procedures for the prevention, detection, response and monitoring of risky situations. The model covers 100% of Concha y Toro's operations.

The activities developed in 2016 to prevent these crimes include the e-learning course "Prevention of Money Laundering, Financing Terrorism, and Bribery", which will be available to all the company's employees in 2017.

On the other hand, the compliance office is carrying out the "Due Diligence" project, which is validating compliance with Law 20.393 on criminal liability of legal persons, in the company's counterparts, through the departments in charge of negotiating with new clients, suppliers and employees in Viña Concha y Toro and its subsidiaries. Along the same lines, in December 2016, the sales, supply and human resources management offices were trained on the use of the World Check software generated by Viña Concha y Toro to check background information on new suppliers, customers or employees.

## VISIÓN

*Viña Concha y Toro aims to be one of the leading international brands in the global wine industry.*



## VALUES

- ✓ Excellence
- ✓ Professionalism
- ✓ Honesty
- ✓ Leadership
- ✓ Transparency
- ✓ Diligence
- ✓ Proactivity
- ✓ Quality
- ✓ Integrity
- ✓ Closeness
- ✓ Responsibility

In addition, as part of the implementation of the Crime Prevention Model, Viña Concha y Toro distributed among all its employees the form "Declaration of Interests of Politically Exposed Persons, Related Persons, Suppliers and Customers", which must be answered by all members of the company.

Finally, the Compliance Committee was created in 2016, meeting on a monthly basis with the objective of coordinating corporate compliance with the regulations applicable to Viña Concha y Toro SA and its subsidiaries, reducing the risk of non-compliance, and the promotion of a culture of compliance. This committee includes the Human Resources manager, the Corporate Manager of Administration and Finance, the Assistant Manager of Sustainable Development,

the company's Attorney, the Corporate General Auditor and the Compliance Officer.

## Whistleblower Channel

G4-57, G4-58, G4-505

The Anonymous Complaint Investigation Policy and Procedure regulates the reception, distribution, analysis and investigation of complaints received through various communication channels, in a confidential and anonymous or identifiable manner, depending on the form of communication chosen by the complainant or informant.

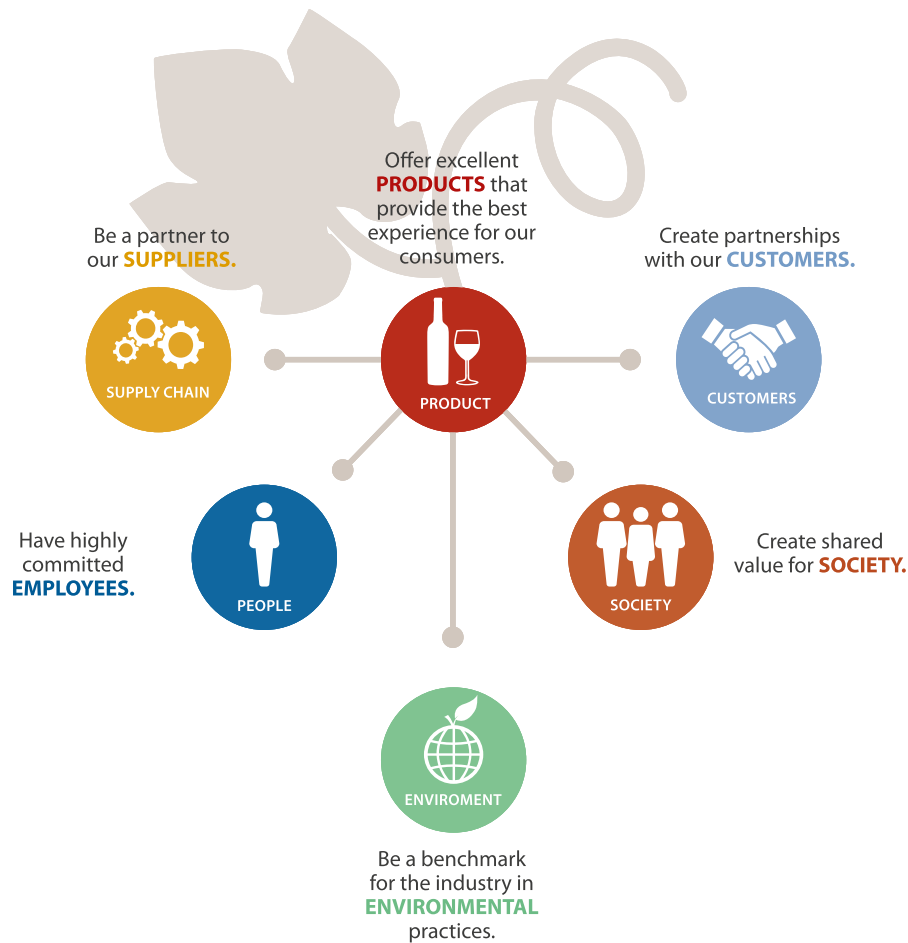
Viña Concha y Toro's Ethics Committee has adopted this Policy to receive, accept, investigate and act on complaints made by employees, suppliers, business partners, customers and third parties regarding questionable situations or practices that do not comply with the company's Code of Ethics and Conduct, Internal Regulations, policies, procedures and regulations, both external and internal. The document applies to Viña Concha y Toro S.A. and its subsidiaries in Chile and abroad.

During the reporting period, the anonymous complaints channel on Viña Concha y Toro's corporate website, available to employees, customers, suppliers, shareholders and third parties in general, was re-launched after being reviewed so that the complainant could provide further information if he/she wishes to do so. This will facilitate the investigation of complaints and have better outcomes. During the period, 27 complaints were received and investigated, and no corruption cases were reported.

### Complaints received in 2016

TYPE OF COMPLAINT	CANTIDAD	PORCENTAJE
HR issues	14	52%
Weakness in processes	6	22%
Irregularities with Clients/Contractors/Suppliers	3	11%
Misuse of company resources - HR	3	11%
Irregular behavior	1	4%

# Sustainability Management



G4-36, G4-37, G4-14

Viña Concha y Toro has positioned itself as a world class player in the wine sector, managing to combine the production of high quality wines with a sustainable operation based in a balanced relationship between economic, social and environmental development.

To maintain its leadership over time and ensure the development of a productive chain in line with its corporate vision, the company developed its Sustainability Strategy, which consists of six pillars that translate into initiatives with measurable and quantifiable goals.

The Department of Sustainable Development, together with the leaders of each pillar, are responsible for implementing, managing and monitoring compliance with the goals established in the Strategy. Progress made on those goals is presented on a quarterly basis to the Executive Sustainability Committee, which is made up of the same six executive leaders, plus the CEO, the company's Attorney, two Directors, and the Department of Sustainable Development.



Only wine company in the world included in the **Dow Jones Sustainability Index**.

1st place, for the second consecutive year, in the **“Corporate Sustainability Index”** Capital Magazine.

Part of the **“Emerging 70”**, which consists of 20 companies with the best environmental, social and corporate governance performance in emerging countries.



## Sustainable Development Goals

64-15





















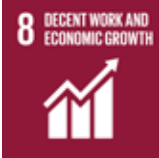





















In 2015, as part of the United Nations 2030 agenda, 193 countries pledged to work together to meet the 17 Sustainable Development Goals (SDG), which seek to put an end to poverty, reduce inequality, and combat climate change.

As one of the main players in the industry at the international level, the winery is aware of the importance of these objectives and has taken part in this challenge. The company carried out a comparative analysis of its Sustainability Strategy to identify the initiatives with which it is making a contribution to the SDG. These are implemented through

specific programs and goals established in the Sustainability Strategy, confirming Viña Concha y Toro's commitment to the Sustainable Development Goals.

According to the most relevant sustainability aspects - defined taking into consideration the main risks and impacts generated by the company and the industry - and the opinion of stakeholders, the company commits, through its strategic pillars, to the following principles:

### Viña Concha y Toro's contribution to the SDG

	 PRODUCT	 CUSTOMERS	 SUPPLY CHAIN	 PEOPLE	 SOCIETY	 ENVIROMENT
 <b>3</b> GOOD HEALTH AND WELL-BEING						
 <b>4</b> QUALITY EDUCATION						
 <b>6</b> CLEAN WATER AND SANITATION						
 <b>7</b> AFFORDABLE AND CLEAN ENERGY						
 <b>8</b> DECENT WORK AND ECONOMIC GROWTH						
 <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE						
 <b>10</b> REDUCED INEQUALITIES						
 <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION						
 <b>13</b> CLIMATE ACTION						
 <b>15</b> LIFE ON LAND						

## Memberships and Associations

G4-15, G4-16

For many years Concha y Toro has been involved in various national and international associations and organizations that work on the promotion of the wine industry and sustainable

development. In 2016, the company created new alliances to deepen its work and develop new synergies, including:

### Partnerships and their Area of Action

#### SOCIETY



Partnership with INDAP for the Productive Alliances Program: Through this program, the winery provides agricultural and phytosanitary management advice to small grape growers, and also shares good practices to help their business. In 2016 the agreement with INDAP was renewed until 2020.



Partnership with Fundación Las Rosas: In April 2016 the company started a volunteer program with this foundation, to help the most underprivileged elderly in the country.

#### ENVIRONMENT



The Carbon Disclosure Project (CDP) is a non-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.



El CPLC is a voluntary partnership of governments, businesses and civil society organizations that agree to advance the carbon pricing agenda by working together with the long-term objective of a carbon price applied throughout the global economy. Concha y Toro is partner of the CPLC and was invited to participate because of its Carbon Fund project.

#### RESEARCH AND INNOVATION



The winery has a joint research agreement with this university for the "UC Davis LINC - Life Sciences and Innovation Center" project, co-financed by the "Attracting International R&D Centers of Excellence for Competitiveness 2.0".



The Center for Research and Innovation falls under CORFO's R&D Tax Incentive Law, an important incentive for investment in this area. Also, it co-finances a project for plant strengthening at the nursery through a CORFO subsidy.



OENOVITI International Network is an international network of oenological and viticultural researchers that aim to promote knowledge and expertise exchange among winemakers, academics and industry representatives.

### Other Associations and Organizations

NAME	MISSION – VISION	AREA OF ACTION
Water Footprint Network (WFN)	Promote fair and smart use of water.	Environment
Drinkaware	Promote responsible drinking.	Society
Global Reporting Initiative (GRI)	Empower decision makers, through sustainability standards and stakeholders networks, to take action towards a more sustainable economy.	Economy, Society and Environment
Bolsa de Clima de Santiago (SCX)	Reduce greenhouse gas emissions (GHG).	Environment
Mercier Groupe	Benchmark on the technique for the production of grafted plants.	Research, genetics
Centro de Innovación UC	Promote a pro innovation and entrepreneurship ecology.	Innovation
Asociación Gremial Chilena de Empresas de Bebidas Espirituosas Pro Consumo Responsable (APROCOR)	Promote responsible drinking.	Society
Instituto de Ecología y Biodiversidad (IEB Chile)	Generate and disseminate knowledge on Chile's natural capital and ecosystems, and promote their conservation.	Environment
Fundación Chile Unido	Promote family as fundamental at a social and business level.	People
Asociación de Vinos de Chile	Strengthen the Chilean wine industry; promote responsible drinking and sustainable practices.	Product
United Nations Global Compact	Promote, disseminate and integrate corporate commitment to sustainable development through 10 principles.	Human Rights, Labor Relations, Environment and Anticorruption
Consortio por la Sustentabilidad	Improve the sustainability performance of products, services and consumer habits.	Environment, Society and Product
Acción Empresas	Sensitize and mobilize companies to manage their businesses in a socially responsible manner.	Environment, People and Society
United Nations Climate Neutral Now	Encourage individuals, businesses and governments to meet the challenge of climate change and contribute to future climate neutrality.	Environment

## Generated Economic Value

G4-EC1

Una evolución disímil en cuanto a resultados presentó el 2016 had a dissimilar evolution in terms of results. The first half of the year was marked by favorable external conditions, a period in which there was double-digit growth in sales and profit. The second half, on the other hand, was negatively affected by lower UK results, with the strong devaluation of the pound after Brexit, and an increase in the cost of raw material due to the smaller 2016 harvest.

In this scenario, Viña Concha y Toro holding's consolidated sales reached \$658,448 million with growth of 3.5% compared to 2015. This result is explained by the 5.5% increase in volumes sold, which was partially offset by the negative impact of the exchange rate, mainly of the pound.

Volume sales in foreign markets increased by 5%, driven by the dynamism of Asia – with an increase of 16% - and Latin America, with an increase of 8.7%. Europe, which accounts for 34.4% of the company's volume, grew by 1.7% in a complex scenario for the UK, due to the impact of the exchange rate and price adjustments in the second half of the year.

For its part, the Chilean market showed a positive result

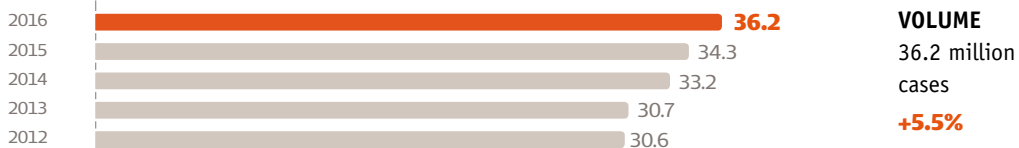
with a 5% increase in volume, driven by the sale of higher-value wines.

In line with its business strategy, the company has centered its commercial efforts on focus brands, seeking to gain distribution and expand its channels. This resulted in growth of 7.7% in the premium and higher category in 2016. The focus is on the Casillero del Diablo, Cono Sur, Trivento and Bonterra brands.

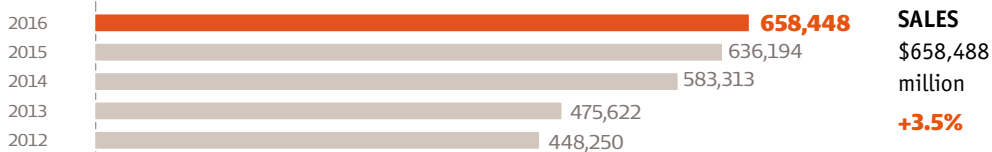
Subsidiaries abroad showed a positive performance. Fetzer Vineyards grew 5% in volume, expanding both in the US domestic market and in export markets, driven by its Fetzer line, the organic Bonterra line, and the innovative Zinfandel 1,000 Stories.

Trivento in Argentina grew by 11.3% in volume. The free behavior of the Argentine peso against the dollar had a positive effect, allowing it to gain competitiveness in the export markets.

### CONSOLIDATED VOLUME IN MILLION CASES



### CONSOLIDATED SALES IN MILLION CASES





## Distributed Economic Value

The economic value generated by the company is distributed among the different stakeholders in its value chain. In this context, operating expenses consider the payment made to suppliers and contractors for the goods and services rendered, which increased by 1% compared to the previous period.

Employee remuneration corresponds to the income and benefits agreed in work contracts, which increased by 5% in relation to 2015 due to the increase in wages and salaries, and a greater participation in profits and bonds.

Also, payment to capital providers refers to the money given to those who contribute financially to the company's growth, which considers financial institutions and shareholders. In 2016 this amount increased by 10% compared to the previous period, maintaining the dividend distribution policy of 40% of net income (excluding that generated by Fetzer Vineyards).

Community investment indicates the resources destined to the development of the communities surrounding the company's operations, considering contributions and investments

in social development programs, which increased by 21% compared to 2015.

Finally, payment to the State refers to income tax, which during the period 2016 increased by 6%, showing the company's good economic performance in a challenging year.

### Generated, Distributed and Retained Economic Value (Thousand Ch\$)<sup>7</sup>

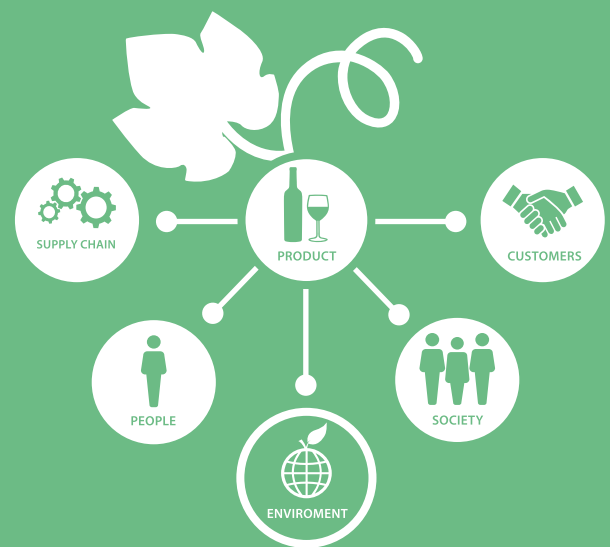
	2013	2014	2015	2016	VARIATION
<b>GENERATED ECONOMIC VALUE</b>	<b>493,720,433</b>	<b>591,084,529</b>	<b>644,620,700</b>	<b>673,341,123</b>	<b>4%</b>
Sales Revenues	475,622,285	583,313,064	636,194,074	658,447,621	3%
Other Revenues	18,098,148	7,771,465	8,426,626	14,893,502	77%
<b>DISTRIBUTED ECONOMIC VALUE</b>	<b>472,236,450</b>	<b>561,551,879</b>	<b>630,488,893</b>	<b>646,101,206</b>	<b>2%</b>
Operational Costs	393,645,098	446,642,401	487,043,714	493,536,958	1%
Remuneration of Employees	46,645,987	74,655,728	97,959,935	103,199,931	5%
Payments to Capital Providers	23,085,017	27,393,779	28,812,406	31,634,399	10%
Community Investment	98,342	112,871	154,746	187,499	21%
Taxes	8,762,006	12,747,100	16,518,092	17,542,419	6%
<b>RETAINED ECONOMIC VALUE</b>	<b>21,483,983</b>	<b>29,532,650</b>	<b>14,131,807</b>	<b>27,239,917</b>	<b>93%</b>

<sup>7</sup> The EC1 indicator is calculated taking into account Viña Concha y Toro's Consolidated Financial Statements.



Chapter 2

# Environment



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**“Our products are developed under a culture of environmental excellence, as we aspire to be a benchmark in sustainable practices”.**

*Valentina Lira*  
Sustainable Development Manager



**16%**

INCREASE IN  
ENVIRONMENT-  
RELATED  
INVESTMENTS.

**CREATION OF  
THE “CARBON  
FUND”**

A PIONEERING  
INITIATIVE THAT  
INTERNALLY TAXES  
CO<sub>2</sub> EMISSIONS.

**DEVELOPMENT  
OF BIODIVERSITY  
CONSERVATION  
MANAGEMENT  
PLANS**

FOR THE COMPANY'S  
NATURAL PATRIMONY.

# Environment

*Viña Concha y Toro has set out to maintain its leadership in the wine industry along with the sustainability of its operations.*



Viña Concha y Toro has set out to maintain its leadership in the wine industry along with the sustainability of its operations. The company seeks to be a benchmark in environmental management for the industry through the efficient use of energy and water, greenhouse gas emissions (GHG) management, and by adapting to the climatic conditions through risks and opportunities analysis.

The company is also committed to the protection of biodiversity, the optimal disposal and treatment of solid and liquid waste, and to maintaining an exhaustive certification system that allows the continuous improvement of all its processes.

The management focuses under the Environmental pillar of Viña Concha y Toro's sustainability strategy are as follows:

- Resource management: focused on improving efficiency in water and energy consumption.
- Externalities management: responsible for controlling GHG emissions and implementing management plans for the protected native forest area.
- Continuous improvement: focused on defining and maintaining a management system, and sustainably managing the company's waste.

G4-EN31

In terms of investment, the winery allocated Ch\$2,966 million during 2016 for the improvement of environmental management, which represents an increase of 16% compared to the previous period. Resources were used mainly for water treatment infrastructure, equipment optimization, and improvement of winemaking cellars.

G4-14

# Resource Management

## Water

G4-EN9, G4-EN10

Viña Concha y Toro has 56 facilities throughout Chile, 24 of which are in areas of water stress, located between the Metropolitan region and Coquimbo. For this reason, responsible water management is a priority, since the availability of the resource directly affects irrigation for crops and vines, as well as the surrounding communities.

The water collected by the company comes from 41 surface sources and 37 underground sources, without adversely affecting protected areas or local communities. In 2016, total water collection reached 23.4 million m<sup>3</sup>, decreasing by 6% compared to the previous period. The company does not use recycled or reused water in its operations.

The decrease in water consumption is due, in part, to the use of the DREAM drip irrigation system, which provides more precise information about irrigation and allows optimizing its use, and also to the development of more efficient operational processes. Additionally, the operations department has been progressively optimizing the CIP (Clean in Place) system, allowing the recovery of hot water from the production process, which has resulted in significant water and energy savings.

The company has committed to annually measure its water footprint to optimize water management in its operations, setting the goal of reducing by 10% total water consumption per glass of wine by 2020 in relation to base year 2014. During 2016 the water footprint was measured considering 100% of the operations in Chile, along with all the water used in the supply and distribution chains. The measurement, which is externally verified, is done using the methodology of the Water Footprint Network (WFN).

In 2016, the winery's water footprint reached 77 liters of water per glass of wine, 36% lower than the industry average (120 liters per glass). On the other hand, the footprint per cup increased by 32% compared to 2015, which is mainly explained by the decrease in grape production (own and third parties) due to adverse climatic factors, which generated an increase in the relation between production and water consumption.

As for the consolidated water footprint, it reached 121 million m<sup>3</sup>, 3% less than in 2015.

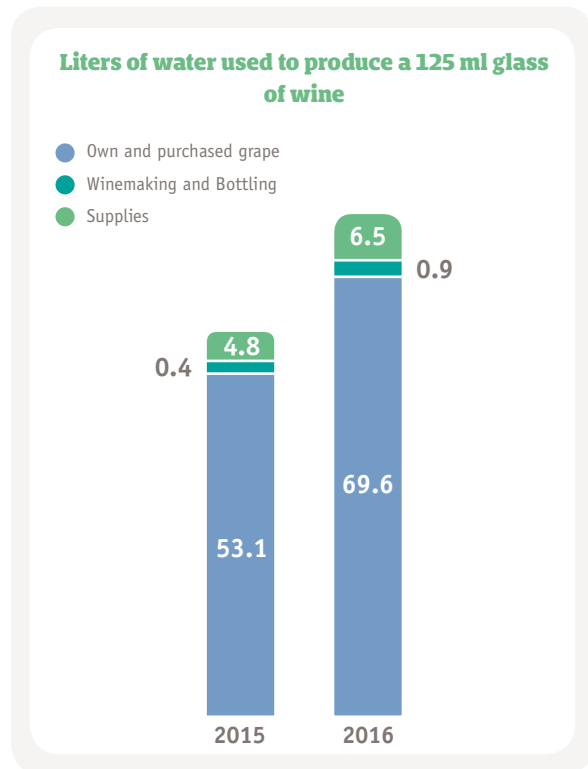
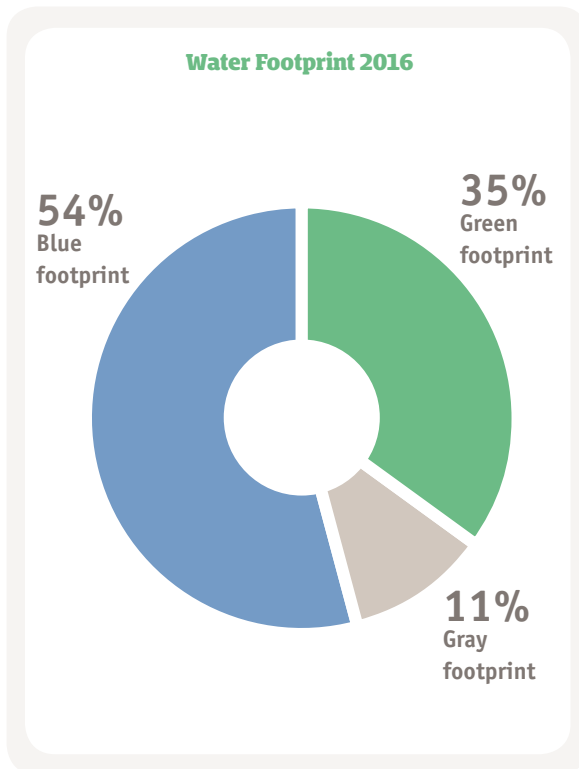
### Water Consumption m<sup>3</sup>/year

G4-EN8

	2015	2016	VARIATION
Irrigation	23,454,219	22,693,563	-6%
Operations + human consumption	711,244	665,688	-6%
<b>Total</b>	<b>24,165,463</b>	<b>23,359,251</b>	<b>-6%</b>

#### Components of the Water Footprint:

- *Green water: all water from rainfall entering the system that does not return to the system because it is incorporated into the product.*
- *Blue Water: all the water that enters the system from surface and/or underground water sources that does not return to the system because it is incorporated into the product.*
- *Grey Water: all the water that needs to be added to discharge water to dilute pollutant concentrations until its quality is equal to that when it entered the system.*



## Energy

G4-EN3

Energy is one of the main resources used in wine production. The energy sources used by the company are electricity (from the Central Interconnected System) and fossil fuels. Viña Concha y Toro develops and promotes measures that aim at efficient and sustainable energy consumption, both within the company and throughout its supply chain. The winery has progressively replaced its luminaires with lower consumption LED lights, old equipment with energy-efficient equipment, changed its energy matrix from diesel to LPG and natural gas, and re-designed processes to reduce energy use. This resulted in a decreased of gasoline and oil consumption by 15% and 1%, respectively, while LPG and natural gas consumption increased by 4% and 12%, respectively, compared to the previous period.

Domestic electricity consumption increased by 1% globally, the agricultural area having the biggest increased, while winemaking cellars and corporate offices stood out by reducing consumption 1% and 2%, respectively. The decrease in the offices is mainly explained by a better use of natural light, the use of led luminaires, and the optimization of air conditioning and heating systems. It should be noted that since 2014 electric energy consumption in corporate offices has been reduced by 6%, while the number of offices and employees has increased.

G4-EN5, G4-22

Energy intensity<sup>8</sup>, which is the energy used to produce one liter of wine, increased by 5% compared to 2015 to 3.9 kWh/liter of wine.

G4-EN4, G4-EN6

In order to measure the company's external energy consumption, it was assumed that 0.0754 [KgCO<sub>2</sub>e/MegaJoule] of energy is emitted. Thus, in the reported period energy consumption associated with the different categories of transport decreased, and in the case of transport of own and purchased grapes, the strong decrease is partially due to the smaller grape harvest. On the other hand, the domestic transport of products and wine increased by 10% and 30%, respectively, due to the lower production of grapes in 2016, which had to be compensated with the mobilization of a greater quantity of stored wine.

Progress made in the pre-pruning project has increased equipment productivity, generating savings in fuel used by tractors (9% in 2016). Also, 36 Pascualiy harvesters and 14 Braud harvesters began operations, optimizing grape destemming and reducing energy consumption at the winemaking cellars.

<sup>8</sup> Energy intensity 2015 changed from the figure published in the Sustainability Report 2015, because the data was recalculated to compare it with the intensity 2016, which was calculated as kWh/liter of wine.

### Internal Fuel Consumption

Type of Fuel	Unit of Measure	2014	2015	2016	VARIATION
Gasoline	Thousand lt	556	1,121	958	-15%
Oil	Thousand lt	2,418	2,335	2,317	-1%
LPG	Thousand lt	3,129	3,355	3,503	4%
<b>Total</b>	Thousand lt	6,103	6,811	6,778	0%
Natural Gas	Thousand m <sup>3</sup> s	-	144	161	12%
<b>TOTAL</b>	TJ	187	213	212	-1%

### Internal Electricity Consumption

Area	Unit of Measure	2014	2015	2016	VARIATION
Agriculture	MWh	10,463	11,302	11,826	5%
Winemaking Cellars	MWh	20,820	22,373	22,230	-1%
Operations	MWh	14,307	14,926	15,236	2%
WTC Offices	MWh	410	388	384	-2%
<b>Total (MWh)</b>	MWh	46,000	48,992	49,676	1%
<b>Total (Tera Joule)</b>	TJ	166	177	181	2%

### External Energy Consumption

Relevant energy consumption in production	Unit	2014	2015	2016	VARIATION
Packaging supplies	Tera Joule	1,207	1,235	1,362	10%
Winemaking supplies	Tera Joule	644	796	636	-20%
External Winemaking Cellars	Tera Joule	-	57	57	0%
Transportation of products (exports)	Tera Joule	523	578	604	4%
Transportation of own and purchased grapes	Tera Joule	55	124	61	-51%
Domestic transportation of products	Tera Joule	45	59	65	10%
Transportation of Wine	Tera Joule	-	75	97	30%
Transportation to Distribution Centers	Tera Joule	-	13	7	-47%
Transportation from plants to VCT Chile	Tera Joule	-	31	26	-14%
Business Travel	Tera Joule	20	37	44	19%
<b>TOTAL</b>	Tera Joule	2,494	3,004	2,959	-1%

# Externalities Management

## Climate Change

G4-EC2

Climate change is one of the main threats to the global wine industry, and its consequences, such as rising temperatures and reduced water availability, are inherent risks in the company's business operation.

Viña Concha y Toro has developed initiatives to address the challenges and opportunities presented by climate change, both in terms of energy efficiency and of reducing its environmental impacts and mitigating and/or offsetting emissions. It also participates in sectoral and multi-sectorial alliances, such as the Carbon Disclosure Project or the IEB's Wine, Climate Change and Biodiversity program, and is developing a line of research focused on adaptation to climate change together with the UC Davis-Chile Life Sciences Innovation Center to manage initiatives for water use optimization.

The risks that climate change poses on the business, such as water scarcity, forest fires and changes in precipitation patterns, are managed through the Center for Research and Innovation (CRI), which monitors the vines with the help of the Winemaking Intelligence and Information System. Thus, it is possible to quickly adapt the winemaking processes to situations such as smoke, ignition and radiation. In addition, the company included drones in the monitoring of the vineyards, simplifying observation and maintenance processes, and implemented software with artificial intelligence that allows analyzing vines' growth and health. During 2017 the winery will continue developing research programs to optimize resources and reduce the impact of climate change on the business.

In the framework of the Center for Research and Innovation's Strategic Plan 2016-2020, several initiatives were designed to adapt technology for the management of vineyards and wineries in the face of climate change. One of them is the "Defoliation Project", which consists of removing the foliage leaves from the grape bunches to artificially control the light conditions. Also, the "Grappe" telephone application was

developed to obtain high resolution images of the foliage, which is analyzed and monitored to control the process of exposure to light, enabling the modification of the ripening microclimate to new temperature and humidity conditions, generating the propitious compounds for oenological production. It has taken four years to implement this project and the results will be delivered in 2017.

## Carbon Footprint

The carbon footprint is a fundamental tool for environmental impact management, which allows Viña Concha y Toro to optimize the use of resources and manage its emissions. During 2016, the company's indirect emissions and those associated with the consumption of electric energy increased.

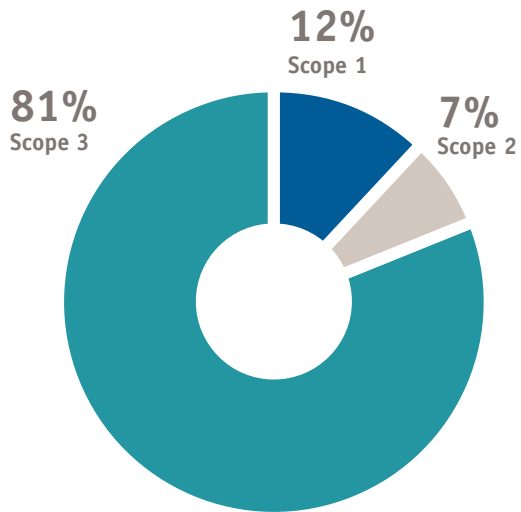
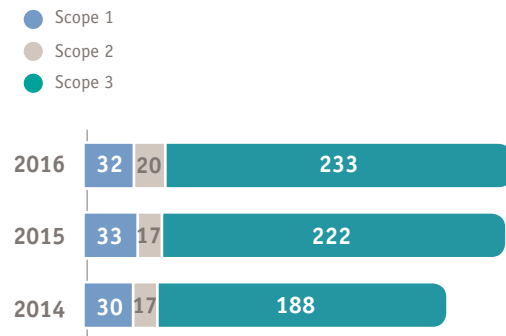
Direct emissions come mainly from agricultural activities, land use and fuel consumption from stationary sources, such as boilers or generators, as well as mobile sources such as transport vehicles and agricultural machinery. During 2016 these emissions decreased by 3% compared to 2015, mainly due to a greater efficiency in fuel consumption in mobile sources, and a lower use of fertilizers in the fields.

G4-EN18

*The intensity of the emissions per 750cc wine bottle is 1.1 kilos of CO<sub>2</sub>.*



## Emissions per scope Concha y Toro 2016

Concha y Toro Consolidated Carbon Footprint per Scope (thousand tCO<sub>2</sub>e)

## Direct Emissions of Greenhouse Gases (Scope 1)

G4-EN15

	Unit of Measure	2014	2015	2016	VARIATION
Combustion from mobile sources (vans, trucks, tractors and cranes)	tCO <sub>2</sub> e	6,544	8,638	8,423	-2%
Combustion from stationary sources (boilers, generators and other stationary machines)	tCO <sub>2</sub> e	6,723	6,338	6,500	3%
Fugitive emissions (leaks of refrigerant gases)	tCO <sub>2</sub> e	4,547	6,110	5,937	-3%
Use of Fertilizers	tCO <sub>2</sub> e	2,351	2,221	1,642	-26%
Use of Land	tCO <sub>2</sub> e	9,949	9,794	9,738	-1%
<b>TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>30,114</b>	<b>33,102</b>	<b>32,239</b>	<b>-3%</b>

## Indirect Emissions of Greenhouse Gases (Scope 2)

G4-EN16

	Unidad	2014	2015	2016	VARIATION
Electric energy consumption	tCO <sub>2</sub> e	16,560	16,951	19,721	16%
Electricity Source Central Interconnected System (Average tCO <sub>2</sub> eq/MWh)	tCO <sub>2</sub> e	0.360	0.346	0.397	15%
<b>TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>16,560</b>	<b>16,951</b>	<b>19,721</b>	<b>17%</b>

## Other Indirect GHG Emissions (Scope 3)

G4-EN17

	Unit of Measure	2014	2015	2016	VARIATION
Packaging Supplies	tCO <sub>2</sub> e	91,016	93,099	102,683	10%
Business Travel	tCO <sub>2</sub> e	1,529	2,792	3,354	20%
Transportation of products (exports)	tCO <sub>2</sub> e	39,425	43,586	45,506	4%
Domestic transportation of products	tCO <sub>2</sub> e	3,420	4,468	4,919	10%
Transportation of own and third party grapes	tCO <sub>2</sub> e	4,124	9,313	4,586	-51%
Transportation of Wine	tCO <sub>2</sub> e	-	5,632	7,340	30%
Transportation to Distribution Centers	tCO <sub>2</sub> e	-	964	507	-47%
Transportation from plants to Concha y Toro	tCO <sub>2</sub> e	-	2,326	1,996	-14%
Winemaking Supplies	tCO <sub>2</sub> e	48,539	60,002	52,187	-13%
<b>TOTAL</b>	tCO <sub>2</sub> e	<b>188,053</b>	<b>222,182</b>	<b>223,078</b>	<b>0,4%</b>

The increase in indirect emissions is mainly associated with the increase in the emission factor of the Central Inter-connected System (SIC) for 2016, which was 15% higher than in 2015.

Emissions in scope 3, mainly from the transportation of products and packaging supplies, increased by 0.4%, explained by the increase in business trips and emissions associated with packaging supplies, as in 2016 external packaging supplies - i.e. those used during packaging in the destination market- were considered in this measurement.

G4-EN19

The company has continued working on reducing the carbon footprint in the supply chain, where most of the emissions

originate, focusing on the weight and transportation of supplies and finished products.

In 2016, the company was able to reduce its emissions by 14,573 tons of CO<sub>2</sub>e through the use of lightweight bottles and the reduction of partitions' weight. Also, by incorporating the railroad in the transportation of products to port it reduced emissions by 29 tons of CO<sub>2</sub>e. However, at the global level, the company's CO<sub>2</sub>e emissions increased by 1%.

## Viña Concha y Toro: The Carbon Fund

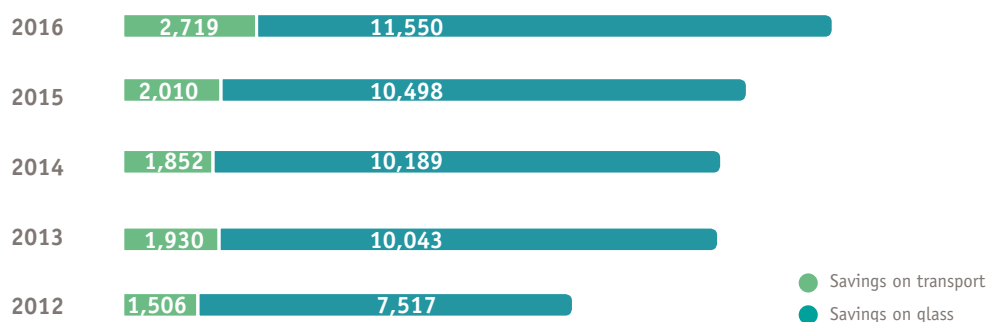


Since 2007, Viña Concha y Toro measures its carbon footprint on an annual basis, being one of the first wineries in Chile to start systematizing this indicator. The measurement is verified by an independent third-party. In 2012 the Carbon Footprint was reduced by a third due to the incorporation of Local Emission Factors for packaging supplies, the result of the joint work of the company and its supply chain. Currently, unit emissions are around one kilo of CO<sub>2</sub> per bottle. Moving forward towards internal emissions management, the company's Sustainability Committee approved the creation of the Concha y Toro Carbon Fund, a pioneering global initiative that internally taxes CO<sub>2</sub> emissions. The Carbon Fund internalizes the cost of emitting CO<sub>2</sub> with the objective of raising funds to implement CO<sub>2</sub> abatement projects, such as the incorporation of Renewable Energies. This is an internal charge for greenhouse gas emissions, and is based on Environmental Economics' premise "who pollutes pays".

### GHG emissions reduction

Initiative (type and description)	Unit	2014	2015	2016
Use of lightweight bottles	tCO <sub>2</sub> e	12,041	14,364	14,269
Reduction of partitions' weight	tCO <sub>2</sub> e	0	296	304
Multimodal transport (railroad)	tCO <sub>2</sub> e	-	-	29
<b>TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>12,041</b>	<b>14,660</b>	<b>14,602</b>

### Annual reduction of emissions from use of lightweight bottles (tCO<sub>2</sub>e)



### Consumption of ozone-depleting substances

G4-EN20

Refrigerant	2014		2015		2016		VARIATION
	Consumption (kg)	Emissions (tCO <sub>2</sub> e)	Consumption (kg)	Emissions (tCO <sub>2</sub> e)	Consumption (kg)	Emissions (tCO <sub>2</sub> e)	
HCFC-22	1,827	3,307	2,662	4,818	2,705	4,896	2%
HFC-141b	109	79	-	-	109	79	-
<b>TOTAL</b>	<b>1,936</b>	<b>3,386</b>	<b>2,662</b>	<b>4,818</b>	<b>2,814</b>	<b>4,975</b>	<b>3%</b>

### NO<sub>x</sub> SO<sub>x</sub> and Other Significant Atmospheric Emissions

G4-EN21

Other Emissions	Measure	2013	2014	2015	2016	VARIATION
SO <sub>x</sub>	Kg	6,177	5,320	4,032	3,954	-2%
NO <sub>x</sub>	Kg	66,455	56,572	71,285	69,711	-2%
MP10	Kg	1,799	1,549	1,903	1,905	0%
CO	Kg	49,202	47,079	87,286	76,219	-13%
<b>TOTAL</b>	<b>Kg</b>	<b>234,153</b>	<b>110,520</b>	<b>164,506</b>	<b>151,789</b>	<b>-8%</b>



## Biodiversity

G4-EN11, G4-EN12, G4-EN13

The conservation of biodiversity is very important for the company. The different species of flora and fauna inhabiting the winery's natural forests and watercourses show an excellent state of conservation, coexisting with the production of unique and sustainable wines of great quality.

The Native Forest Conservation Program seeks to provide a framework for the protection of more than 3,270 hectares of sclerophyllous natural forest and scrubland owned by the company in its different estates. The program includes the registration with the National Forestry Corporation (CONAF) of the surface that corresponds to this ecosystem, which means it cannot be exploited. In addition, the company has voluntarily committed itself to know and improve the condition of the natural forest area under protection.

In this context, in 2015 the company completed the biodiversity inventories of 100% of the 3,272 hectares of native forest that it owns in Chile. The following phase in the conservation program consists in the development of specific management plans for each of the estates with natural forest, with the objective of maintaining their excellent state of preservation and the biological diversity, ecosystems, soils

and watercourses. In 2016, the first Conservation Management Plans were prepared for the Rucahue and Villa Alegre estates, located in the VI and VII regions respectively.

Biodiversity inventories show the company's natural heritage is in an excellent state of conservation. The Idahue estate has a large area for conservation immersed in a patrimonial area of high biological and archaeological value, with 103 plant taxa and 67 species of vertebrates, with birds being the most abundant group, with 53 species. In terms of their origin, 80% corresponds to native species, 13% to endemic species, mainly reptiles and amphibians, and only 7% are introduced or exotic (birds and mammals). In addition, the hills in the Idahue estate are connected with other areas of high ecological value in the central zone of the country, such as the Cantillana highlands.

### Natural Forest with Conservation Plan

Estate	Area (ha)	Area with conservation plan	%
Rucahue	106	106	100%
Villa Alegre	283	283	100%
Peumo	476	0	0%
Rauco	458	0	0%
Idahue	1,515	0	0%
Ucúquer	235	0	0%
Lourdes	77	0	0%
Palo Santo	84	0	0%
Santa Raquel	37	0	0%
Percentage of forest with conservation plan	3,272	389	12%

### Animal Species in Natural Forest

Estate	N° of Species				Type of Species			
	Reptiles	Birds	Mammals	Amphibians	Endemic	Native	Introduced	Domestic
Peumo	3	36	5	-	7	33	2	2
Rauco	2	37	3	1	4	35	1	1
Villa Alegre	3	27	2	-	4	26	2	-
Idahue	3	53	9	2	8	54	5	-
Rucahue	4	33	14	-	4	37	10	-
Ucúquer	4	46	10	2	7	51	4	-
Lourdes	3	49	10	1	5	52	6	-
Santa Raquel	3	37	9	1	4	41	5	-
Palo Santo	3	40	9	1	6	41	6	-

The Villa Alegre estate features a more striking topography, with biological corridors and large vegetation islands inserted inside the vineyard. The vegetation is also sclerophyllous, consisting of evergreen trees and shrubs, deciduous summer shrubs and succulent species. At the northern end of the estate there is a forest of centenarian pataguas (*Crinodendron patagua*), a species whose growth is closely associated with watercourses, making it vulnerable to changes in land use and drought. In the scrubland areas, one of the most abundant species is the Tralhuén (*Trevoa quinquenervia*), of the Ramnaceae family, a nitrogen fixer that plays a crucial

role in improving the quality of the soil and also provides a very important ecosystem to the vineyard.

G4-EN14

The number of threatened species included in the IUCN red list in national conservation lists is constant across the different estates (8.8 species on average).

# Continuous Improvement

The company has an environmental management system based on the requirements of the APL 2 and the Sustainability Code of Wines of Chile. It is certified under the Second Clean Production Agreement (APL 2) of the wine industry in all its facilities, fulfilling 100% of the established goals and certifying its entire production chain, including vineyards, winemaking cellars and bottling plants. Also, Viña Concha y Toro and its subsidiaries Viña Maipo, Viña Palo Alto, Viña Maycas and Viña Canepa have been certified since 2013 under the Sustainability Code of Wines of Chile, which was renewed in 2016 with 97% compliance.

## Pesticides and Fertilizers

Viña Concha y Toro manages agricultural soils to avoid the erosion of the land, and control pests and diseases. This is carried out according to the "General guidelines for planting a new vineyards", which consider the main aspects and restrictions for a planting project, considering the protection of the soil and the personnel in charge of executing this work. In addition, within the framework of its APL 2 certification, Viña Concha y Toro has goals to improve the standards associated with the sustainable use of pesticides.

The use of pesticides is done exclusively with the aim of controlling pests and diseases that put the production and quality of grapes at risk, while fertilizers are used to guarantee the optimum development of the vineyards according to the quality and quantity of grapes required by variety and oenological objective.

To minimize the use of pesticides, the company has an integrated pest and disease management strategy, which is updated according to changes in the regulations or in the company's guidelines regarding the use of certain products. This strategy is based on knowing the biological cycles of harmful species and the rotation in the use of pesticides.

In 2016, a total of 2,801 tons of phytosanitary products were used to manage the company's vineyards, an increase of 47% over the previous period due to the change in the use of liquid potassium by potassium muriate, which means a change in the weight of fertilizers used, and to an increased use of sulfur powder. On the other hand, the use of the herbicides fell by 82% due to the change of granulated glyphosate to liquid glyphosate.

### Use of Phytosanitary Products

G4-EN1

Supply	Unit	2014	2015	2016	VARIATION
Fertilizer	Tons	1,801	1,151	1,817	58%
Herbicides	Tons	14.6	5.5	1	-82%
Other phytosanitary products	Tons	702	746	983	32%
<b>TOTAL</b>	<b>Tons</b>	<b>2,518</b>	<b>1,903</b>	<b>2,801</b>	<b>47%</b>

## Waste Management

G4-EN23

Viña Concha y Toro responsibly manages all the waste generated by its operations. The waste generated by the company's production processes is managed according to current regulations, and the main ones are recycled and/or reused

### Solid Waste

The company's solid waste can be dangerous or non-hazardous. The former includes toners, batteries, light bulbs, fluorescent tubes, ink containers, spray cans, paint jars, oil, chemical containers and contaminated sand. These are managed by each bottling plant or winemaking cellar, which have a warehouse for temporary storage, and are then removed and disposed by authorized companies, in compliance with current legislation. The company also has island containers

in corporate offices, winemaking cellars and plants, to collect batteries, toners, cartridges, and cell phones, so that employees properly dispose this type of elements.

Non-hazardous waste such as glass, cardboard, plastic and scrap are gathered in the collection centers of each plant and later managed by an external company for recycling. Organic waste from winemaking cellars is re-used as compost or sold to be recycled.

With the aim of minimizing the disposal of filtering lands, the company has migrated to wine filtration technologies that do not use these lands, reducing by 65% the use of this raw material since 2010, using 119 tons of filtering soil in 2016.

### Tons of Waste: Packaging Material

Material (t)	2014	2015	2016	Final Disposal
Glass	1,392	1,270	1,233	Sold to Cristalerías Chile for recycling.
Plastic	228	273	239	Sold to SOREPA, PROACTIVA and Industrial Waste Collector for recycling or reuse.
Cardboard	962	980	858	Sold to SOREPA, PROACTIVA and Industrial Waste Collector for recycling or reuse.
<b>TOTAL</b>	<b>2,582</b>	<b>2,524</b>	<b>2,330</b>	

### Tons of Waste: Organic Material

Name of Waste (t)	Treatment Method	2014	2015	2016	Final Disposal
Pomace and stems	Recycle	25,041	33,338	24,863	Sold to third party for recycling
Lees	Recycle	4,710	4,931	4,965	Sold to third party for recycling
Pomace and stems	Reuse	13,572	21,826	17,734	Winery's land through solarization
<b>TOTAL</b>		<b>43,323</b>	<b>60,095</b>	<b>47,562</b>	

### Tons of Waste: Landfill

Type of Waste (t)	2015	2016
Municipal and Household Waste	1,871	1,761
LIW treatment sludge	3,331	3,404
<b>TOTAL</b>	<b>5,202</b>	<b>5,165</b>



## Liquid Waste

G4-EN22

The company has five wastewater treatment plants, which allow optimum disposal in compliance with current regulations. In the facilities that do not have a treatment plant, the water is accumulated in ponds and is used for irrigation with sprinkler systems or is treated by an external specialist. The measurement of the flows is carried out with special equipment for this purpose that comply with current discharge regulations (D.S.90, D.S. 609).

The work carried out by the ILW department has allowed the company to have a thorough knowledge of water treatment systems, which has allowed identifying opportunities for improvement that have been categorized and incorporated into the winery's investment plans. A process of technological change was implemented in the San Javier winemaking cellar,

adding state-of-the-art technology to the ILW treatment system, which has made it possible to improve treatment capacity and the quality of the final effluent. Currently, Viña Concha y Toro is the first winery in Chile - and one of the few in the industry - to incorporate MBR (membrane bioreactors) technology into its ILW treatment.

Future plans in this area consider, in the short term, adjusting the dosage of chemicals, establishing operational models to improve the quality of treatment, and decreasing the application of products. In the long term, treatment systems will be gradually updated, incorporating high-efficiency technology in the facilities.



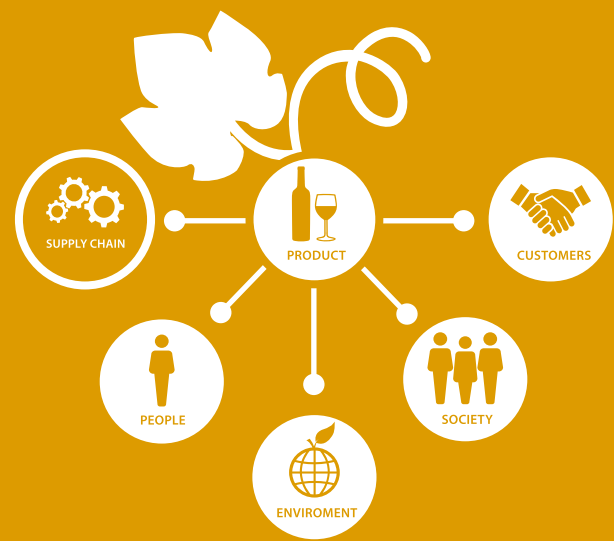
In 2016, 693,640 m<sup>3</sup> of liquid industrial waste was generated, 5% less than in 2015, which is mainly explained by the lower production volume. The variations registered in the different plants and winemaking cellars are due to

fluctuations in production. In the Peralillo cellar there is a program for the management of ILW storage tanks so they can be used in full, decreasing the final discharges made during the year, thanks to the greater storage capacity.

### Industrial Liquid Waste (ILW)

Facility	Volume [thousand m <sup>3</sup> ]				Treatment/ Quality	Destination	Emission Standard
	2014	2015	2016	Variation			
San Javier	32.0	43.6	34.7	-20%	Biological treatment	Inland surface water	D.S.90
Chimbarongo	79.2	106.9	83.2	-22%	Physicochemical treatment	Third Party - Contract with Biodiversa	N.A.
Curicó	17.7	25.7	25.1	-2%	Physicochemical treatment	Disposal system: Sprinkle irrigation	NCh of 1.333 / Guía SAG
Lourdes	38.2	32.4	43.1	33%	Biological treatment	Inland surface water	D.S.90
Lontué	164.6	191.3	178.1	-7%	Biological treatment	Inland surface water	D.S.90
Mercedes-Lolol	7.5	12.0	7.5	-37%	Physicochemical treatment	Disposal system: Sprinkle irrigation	NCh of 1.333 / Guía SAG
Peralillo	2.1	1.7	1.0	-41%	Physical treatment	Disposal system: Sprinkle irrigation	NCh of 1.333 / Guía SAG
Cachapoal	21.0	26.4	25.5	-3%	Biological treatment	Inland surface water	D.S.90
Pirque	208.2	168.3	168.3	0%	Biological treatment	Inland surface water	D.S.90
Puente Alto	23.7	21.2	20.6	-3%	Physicochemical treatment	Third Party - Contract with EcoRiles	D.S.609
Nueva Aurora	17.7	15.6	15.2	-3%	Physicochemical treatment	Disposal system: Sprinkle irrigation	D.S.609
Lo Espejo	73.0	59.0	61.2	5%	Physicochemical treatment	Third Party - Contract with EcoRiles	D.S.609
Vespucio	25.9	24.5	30.2	23%	Physicochemical treatment	Third Party - Contract with EcoRiles	D.S.609
<b>TOTAL</b>	<b>710.7</b>	<b>728.6</b>	<b>693.6</b>	<b>-5%</b>			

# Supply Chain



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**“We want to build a relationship of trust and transparency with our suppliers, and be a partner for the different players in our value chain”.**

*Tomás Larraín  
Corporate Manager Purchases and Services*



**98%**

OF THE COMPANY'S  
PORTFOLIO USING  
"LIGHT BOTTLES".

**100%**

OF CONTRACTORS FOR  
BOTTLING PLANTS  
AUDITED ON THE  
CORPORATE ETHICAL  
STANDARD.

**10 PACKAGING  
SUPPLIERS**

SUBMITTED THEIR CARBON  
FOOTPRINT VERIFIED BY  
AN INDEPENDENT THIRD  
PARTY, CONTRIBUTING TO  
THE GOAL OF REDUCING  
THEIR EMISSIONS BY 15%  
BY 2020.

# Supply Chain



The sustainable management of the supply chain is one of the focuses of Viña Concha y Toro's sustainability strategy. The pillar of supply chain aims to build a relationship of trust and transparency between the company and its

suppliers, with three main lines of action, which address supplier relations, supplies management, and the transfer of sustainability along the chain.

## Suppliers

G4-EN33

Viña Concha y Toro's sustainability management does not only happen inside the company, but also involves its suppliers, who are encouraged to carry out their productive and commercial activities in accordance with the company's values and standards. Suppliers, contractors and subcontractors must align with the guidelines established in Viña Concha y Toro's Code of Ethics and the Corporate Ethical Standard, the official mechanism by which the company extends its ethical framework towards its supply chain. Also, contracts with suppliers include a clause that establishes that they

know and act according to the company's Code of Ethics and Conduct.

### Evaluation of Suppliers

G4-EN32, G4-LA14, G4-LA15, G4-HR5, G4-HR6

The Corporate Ethical Standard (EEC) was created in 2014 and brings together all the principles and requirements of the different ethical standards to which Viña Concha y Toro adheres, consolidating them with the company's internal principles and values. During 2016, an independent auditor

Suppliers according to internal categories	% Evaluated		Type of Audit
	2015	2016	
Grapes	28%	28%	Sustainability Code + Corporate Ethical Standard
Packaging Materials	92%	92%	Ethical and Sustainability Requirements
External Services	100%	100%	Implementation of the Corporate Ethical Standard

conducted a diagnosis on compliance with the Corporate Ethical Standard to 100% of contractors who provide services for the bottling plants. The overall result showed 90% compliance, identifying opportunities for improvement in terms of having an ethical/environmental management system that allows them to address this type of requirements, as well as the lack of principles or procedures relating to labor and social issues. Based on this, the company made recommendations and defined corrective action plans for each contractor, indicating basic procedures or policies to be developed.

On the other hand, the winery's sustainability department carried out a diagnosis to 11 suppliers of grapes to assess their compliance with the principles and requirements established in the BSCI standard, elaborating a work plan to prepare for the audit of said standard, which will be held in 2017.

In addition, the company and its suppliers of grapes were certified under the Sustainability Code of Wines of Chile on December 2015, with a validity of two years, and were also subject to follow-up audits of ethics and sustainability standards, the last one in 2015.

In the same line, there is no risk of child exploitation in any center or supplier. Chilean legislation guarantees basic aspects of human rights, such as the minimum wage, freedom of association, prohibition of forced and child labor.

### Supplier Certification

The company's suppliers are certified under different standards of quality, environmental management and food quality. Similarly, the 3 main label suppliers are certified under the Forest Stewardship Council (FSC)

- Cases: ISO 9001, ISO 14001, FSC
- Capsules: ISO 9001; ISO 14001; OHSAS 18001; BRC
- Corks: ISO 9001; ISO 22000; FSC
- Labels: IFS PACsecure; ISO 9001; FSC
- Bottles: ISO 9001; ISO 22000; ISO 50001
- Caps: ISO 9001; ISO 22000; BRC

## Due Diligence of the UN Guiding Principles on Business and Human Rights in the Supply Chain



Viña Concha y Toro identified the main potential impacts on human rights caused by the company's activities and its businesses through a review of the implications of the Guiding Principles on Business and Human Rights of the Nations United (Ruggie Framework).

Through a review of internal and public documents, the company assessed its practices and identified gaps that gave way to a series of recommendations to improve internal management and of its supply chain. The impacts detected will be addressed through the company's ethical management system with the aim of improving the company's management in these aspects and better detect and prevent practices that could endanger the human rights of all who are part Concha y Toro's value chain, particularly temporary and seasonal workers.

### Viña Concha y Toro's Suppliers

Suppliers	2014		2015		2016	
	Number	% expenses	Number	% expenses	Number	% expenses
Foreign	486	3%	392	4%	541	3%
Domestic	7,107	97%	5,330	96%	6,640	97%
<b>TOTAL</b>	<b>7,593</b>	<b>100%</b>	<b>5,722</b>	<b>100%</b>	<b>7,181</b>	<b>100%</b>

### Supplier Development

G4-EC9

97% of the company's expenses in suppliers during 2016 correspond to local suppliers, meaning domestic companies. The winery is aware of the strategic role they play in its supply chain, and has developed programs that seek to strengthen their productive management and ensure the quality of the supplies.

The Supplier Development Plan is a strategy that aims to implement the requirements established in international standards<sup>9</sup> for dry supplies, covering issues related to safety, legality, quality and fraud. This plan is developed gradually and has three levels of implementation: basic, intermediate and advanced. It is expected that at the end of the implementation period the supplier will be certified under the IFS

PAC secure standard or the Packaging and Materials standard of the BRC, being exempt from continuing to participate in the program when certified in any of them.

During 2016 the company continued to promote adherence to the Code of Sustainability of Wines of Chile, standard under which 28% of the winery's long-term grape suppliers are certified. The code, promoted by Wines of Chile, is voluntary and recognizes all companies that comply with sustainability requirements in their value chain, assessing the whole chain from the vineyard to distribution, thus including grapes suppliers.



<sup>9</sup> Considers the requirements of BRC Packaging and Materials, IFS PAC Secure and the specific requirements of Viña Concha y Toro.

# Supplies

G4-EN2; G4-EN27, G4-EN-28

The company is concerned with managing and mitigating the impact that bottles and packaging materials have on the environment. The winery has worked with its suppliers to develop initiatives to minimize negative effects, such as the use of recycled, recyclable or environmentally friendly supplies.

In this context, Viña Concha y Toro has promoted the use of lightweight bottles. 98% of its portfolio currently uses “ecoglass” bottles, which weight less, and whose production and distribution has a lower environmental impact than the previous generation of bottles.

Additionally, all the partitions used by the company are made with 100% recycled cardboard fiber, and all cardboard boxes are made of recycled paper and cardboard. Also, 26% of the corks used by the company are natural cork oak, which are biodegradable.

Initiatives to mitigate the environmental impact of the supply chain have also been developed. At the Pirque plant, paper labels used to come in a cardboard box with white sheets underneath and on top, plus crumpled craft paper and stretch film. In 2016 this process was revised to reduce the packaging, so now the labels arrive as a bundle on a plastic pallet, using 16,751 boxes less, reducing the packaging by 3.3 tons, and CO<sub>2</sub> emissions by 4.2 tons. There is also an improvement in terms of optimizing the time spent in packaging by the supplier, with an average decrease of 30 seconds per package.

In the context of improving supplies management, during 2016 the company continued with the “Delivery Windows for

Suppliers” project, which consists in programing deliveries to suppliers through specific schedules, aligning suppliers with internal production times. This project allowed improvements in the distribution of dry supplies to the company’s plants, reducing the number of trucks rejected due to non-compliance with the schedule, and improving by 1.4% the time and number of deliveries. Together with this, in 2016 the company worked on the optimization of the delivery index, an indicator that verifies the delivery of dry supplies to the different plants in the agreed times and quantities, optimizing production.

The main supplies used in the stage of grapevine growing and care are phytosanitary products, such as herbicides and fertilizers to control harmful weeds and to maintain the level of grape production.

The increase of 58% in the use of fertilizers is explained by the change in potassium sources, because in 2016 the company replaced liquid potassium with soluble muriate potash. The use of solid herbicides also increased by 82%, and 39% in the case of liquid herbicides, due to the change from granulated glyphosate to liquid glyphosate. Finally, the use of phytosanitary products grew 32%, mainly due to the increased use of sulfur powder.

Also, the company has defined as a policy to prohibit the use of any oenological and/or agricultural supply that contains Genetically Modified Organisms (GMOs). Whether leased or directly purchased, Concha y Toro requires suppliers to deliver a certificate that guarantees the absence of GMOs.

## Bottles used by type (millions)

Type	2014	2015	2016
<b>Bottles (Total)</b>	169.5	192.6	213.3
<b>Lightweight Bottles</b>	160.3	191.1	208.8
<b>% Lightweight bottles</b>	95%	99%	98%

### Scenarios with and without lightweight bottles

Scenarios	2014	2015	2016
Actual (Ton.)	77,239	87,432	96,439
Without lightweight bottle (Ton.)	87,841	100,080	110,354
Difference	-10,602	-12,648	-13,915

### Delivery Index\*

Bottling Plant	2015	2016
Pirque	90%	90%
Lo Espejo	89%	93%
Vespucio	78%	82%

\*Note: indicator that verifies the delivery of dry supplies to the different plants in the agreed times and quantities, optimizing the production.

### Main Supplies for Production Stage 1: Grapevine Growing and Care (Agriculture)

G4-EN1

Supply or Material	2014	2015	2016	VARIATION
Fertilizers (tn)	1,801	1,151	1,820	58%
Fertilizers (lt)	1,743,279	431,797	375,341	-13%
Herbicides (tn)	14.6	5.6	1	-82%
Herbicides (lt)	43,004	60,204	83,535	39%
Phytosanitary products (tn)	702	746	983	32%
Phytosanitary products (lt)	24,186	34,090	33,558	-2%

### Main Supplies for Production Stage 2: Harvest

Supply or Material	2014	2015	2016	VARIATION
Own grapes (tn)	83,555	109,512	88,226	-19%
Grapes from third parties (tn)	200,346	243,643	175,304	-28%



### Main Supplies for Production Stage 3: Winemaking

Supply or Material	2014	2015	2016	VARIATION
Additives (tn)	680	861.6	696	-19%
Filtering Products (tn)	524.5	568	527	-7%
Gases (tn)	908	888	893	1%
Washing Sanitizing Products (tn)	298	336	356	6%
Preservatives (tn)	179.5	216	181	-16%
Nutrients (tn)	90	103	124	21%
Clarifiers (tn)	85.6	74.6	87	16%

### Main Supplies for Production Stage 4: Bottling and Packaging

Supply or Material	2014	2015	2016	VARIATION
Bottles (tn)	77,239	87,432	96,385	10%
Labels (tn)	209	318	245	-23%
Corks (tn)	358	415	467	13%
Capsules (tn)	100	111	121	10%
Caps (tn)	443	567	505	-11%
BIB (tn)	371	422	455	8%
Tetra Pak (tn)	1,221	1,218	1,294	6%
Cases and Partitions (tn)	7,307	7,749	7,746	0%

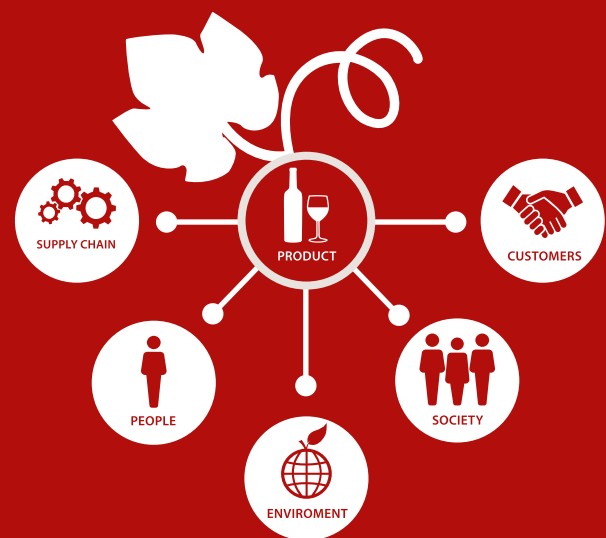
## Sustainable

In the context of the Suppliers, Sustainability and Carbon Footprint Program launched in 2011, the main packaging suppliers' environmental and social practices are evaluated on an annual basis, with the goal of reducing their emissions by 15% by 2020. In 2016, ten suppliers submitted their 2015 Carbon Footprint verified by an independent third party.

As a way of encouraging emissions management among its suppliers, the company carried out a workshop for packaging

suppliers addressing technologies to reduce CO<sub>2</sub> emissions and presenting Viña Concha y Toro's internal project "Carbon Fund", which establishes a price per ton of CO<sub>2</sub> emitted by each area of the company, who must pay for them, in order to finance emission abatement projects.

# Product



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**“We offer a wide portfolio of wines to provide the best experience for our consumers, constantly innovating to meet future consumption trends at the global level”.**

*Cristóbal Goycoolea  
Corporate Marketing Manager Global Brands*



**CARMÍN DE  
PEUMO 2013**

BEST CARMENERE IN THE  
WORLD. ACCORDING TO  
PRESTIGIOUS MAGAZINE  
WINE SPECTATOR.

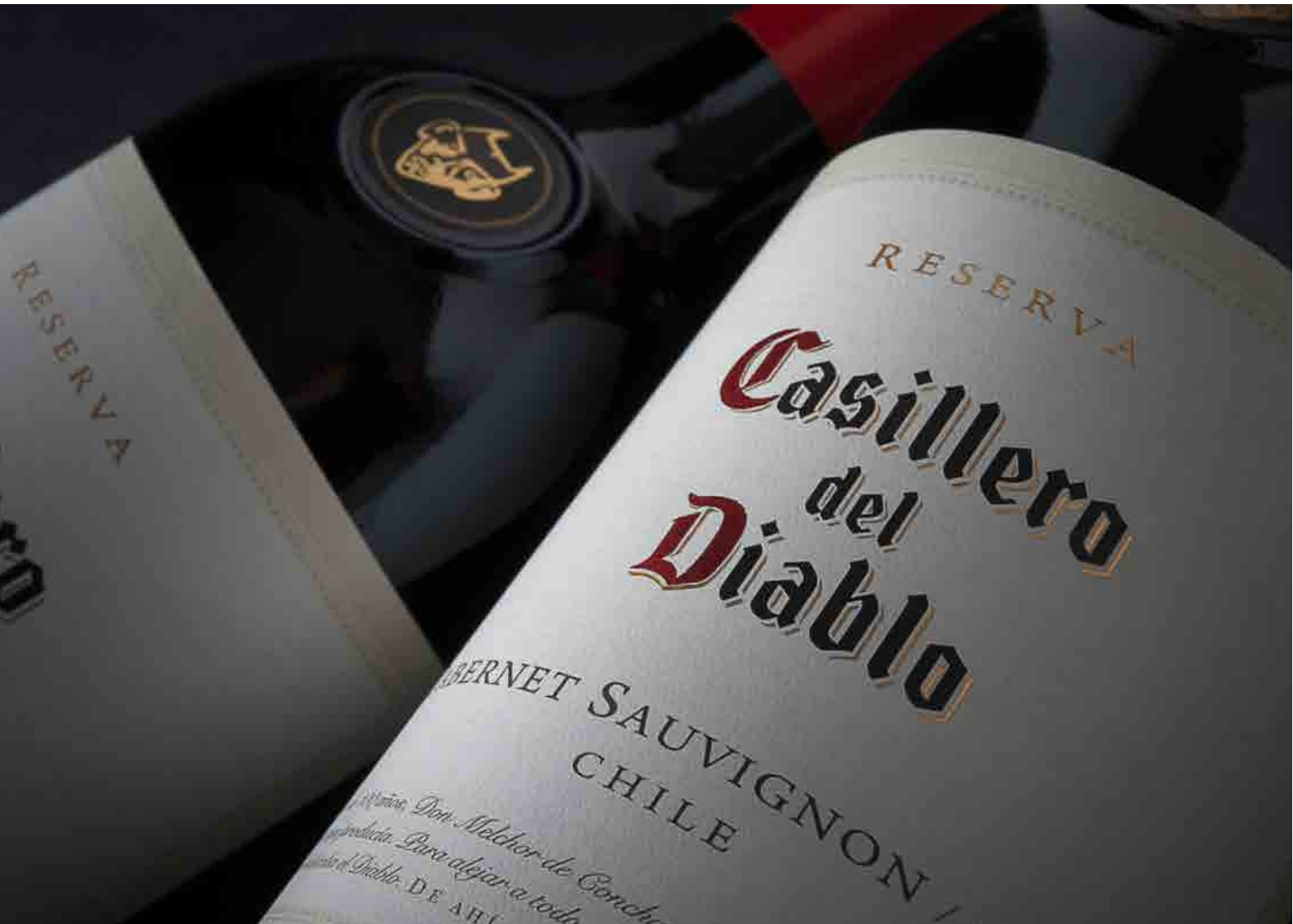
**100% SUSTAINABLE  
PORTFOLIO**

FOR COMPLIANCE WITH  
THE SUSTAINABILITY  
CODE OF WINES OF  
CHILE.

**TERRUNYO  
CARMENERE  
2014**

“BEST CARMENERE“ IN  
CHILE AND THE WORLD.  
ACCORDING TO WINE &  
SPIRITS.

# Product



The “Product” pillar of Viña Concha y Toro’s sustainability strategy aims to offer excellent products that provide the best experience to its consumers and customers, strengthening the company’s leadership in innovation, quality and responsible communication of products’ attributes.

Viña Concha y Toro has developed a wide portfolio of recognized brands that participate in all segments of the market, including the icons Don Melchor and Almaviva, premium

brands Marqués de Casa Concha and Casillero del Diablo, and its global brand Frontera.

The company is constantly investing in brand building and searching for new styles for more sophisticated consumers, always in the pursuit of excellence in wines and in full compliance with strict quality and safety standards.

# Trends and Innovation

With the mission of promoting applied research, technological development and knowledge transfer, Viña Concha y Toro's Center for Research and Innovation (CRI) is working to make the national wine industry more competitive and successful in the face of new challenges.

During 2016, the CRI's work focused on generating a governance framework to support the implementation of the 2016-2020 Strategic Plan. Inter-Management Innovation Committees (CIPEs) were created for each of the five Strategic Programs defined in 2015. The committees are transversally integrated by executives of the managements productively involved in the key research topics and they met on at least four occasions during the year, making progress for each program:

- **Strategic Program N°1:** Strengthening of Plant Material and Nursery - A new researcher in molecular biology was hired, and a five-year project was developed to produce improved vine plants through new diagnostic, control, cleaning and reinforcement procedures, which was presented to CORFO's "business R&D&I portfolio" program, being awarded \$370 million.

**Strategic Program N°2:** Resource and water scarcity

- management – Definition of the most relevant research topics related to water resources and scarcity for the company and the industry.

- **Strategic Program N°3:** Assessment of grapes and wines quality - A research strategy was formulated to objectively assess grape and wine quality through chemical markers and their study in a selection of grapes and wines relevant for the company's portfolio.

- **Strategic Program N°4:** Automation Technology and IT - A new R&D project was developed, with the Agricultural Management adopting the App Grape application to optimize defoliation and obtain higher quality grapes.

- **Strategic Program N°5:** New Product Design - Progress was made in strategies for the development of innovative products that will be launched in 2017.

In terms of infrastructure development, the agricultural-oenological lab, which was damaged from a fire in the CRI's premises in 2015, was completely repaired and conditioned, and the molecular biology laboratory was set up almost entirely, allowing the implementation of pathogen detection techniques in the vines.

## CRI's goals

- Strengthen Concha y Toro's plant production, positioning the winery at the forefront in these matters.
- Generate new knowledge and technologies and incorporate them into agricultural and winemaking practices.
- Transfer knowledge and provide cutting-edge analytical skills to the agricultural, winemaking, operations and sales departments.
- Encourage the development of specific knowledge through education and research, strengthening the exchange between the different actors in the industry.
- Promote extension activities, in order to contribute to the growth of the wine industry.



## Promoting Innovation

With the purpose of creating a link between the company and other organizations, as well as the social, productive and intellectual environment, the winery carries out different initiatives for the dissemination and promotion of innovation, such as collaborative work agreements with universities and research centers.

In this context, it is worth mentioning the work carried out by the CRI with UC Davis Chile - Life Sciences and Innovation Center, with which it has managed to isolate microorganisms associated with wood diseases based on samples obtained from the company's vineyards. Joint work is also being made on the massive sequencing of the DNA obtained from the samples for the development of new generation molecular markers that can be applied early for the diagnosis of the company's plant material. Preliminary markers for the differentiation of Pinot Noir clones were also developed, and work is being done on the sequencing of the reference genomes of other varieties.

It is expected that in 2017 numerous services for the analysis of plants, grapes and wines will begin to operate, both in terms of chemical aspects and molecular biology. Also, several pilot projects will be implemented, such as the Grappe phone application, harvest prediction models, and new product categories will be launched on the international market.

## Market Intelligence

In 2014, the department of market intelligence was created to support the marketing and export managements, providing periodic and timely information on the performance and perception of the company's brands in the 14 main markets. This

information is used to develop the overall marketing strategy and to support strategic decisions relating to consumer relations, market identification, and new products launch.

*Aiming to strengthen its international focus and enhance its role as a strategic partner in the wine and spirits industry, Vinexpo, the organization in charge of the most important wine exhibitions worldwide, chose three new members for its Board of Directors, including Isabel Guilisasti, Viña Concha y Toro's Origin Wine Marketing Manager, the first Chilean to be recognized with this appointment, confirming the company's leadership in the global wine industry.*



## Sensory Panel

A sensory panel was created in 2016 looking for an objective tool to evaluate through the senses the outcomes of the CRI and other areas of the company.

The panel, made up of key personnel, met on 14 occasions aiming to train tasters capable of obtaining reliable results on what's perceived by the senses.

# Quality

## G4-PR1

In order to guarantee the quality of its products, the company carries out measures to ensure the innocuousness, safety and differentiating aspects of the brand from grape growing to wine commercialization.

Viña Concha y Toro has a Corporate Quality Policy that provides the guidelines for the Quality Management System, a documentary system based on HACCP, controls, and internal and external verification processes, which has been validated by the international certifications and standards of the British Retail Consortium (BRC) and the International Food Standard (IFS).

To ensure quality throughout the entire production process, it is necessary to begin by evaluating the optimal combination of soils and climates that define a specific grape variety and wine. The first stage involves assessing pruning, precise leaf stripping, soil nutrition, irrigation, and phytosanitary management. Viña Concha y Toro has its own nursery, the result of a joint venture with Mercier Nurseries of France, which has been in operation since 2001. This has allowed the company to ensure the genetic potential of more than 2.5 million plants of different varieties, satisfying its demand for vineyard planting and/or renovation.

Also, to ensure optimal conditions in the stage of grape harvesting, in addition to carefully defining the date in which it is carried out, progress has been made in the mechanization of the process with the incorporation of two new OptiGrape harvesters with state-of-the-art technology, mechanizing the harvest of 79% of production. To ensure the quality of external vineyards, the technical department closely monitors producers, advising them to guarantee the same results.

The winemaking department is responsible of ensuring the quality of the packaged product, for which it has a formal procedure for acquiring oenological supplies based on the identification of risks and vulnerabilities. It also performs physicochemical and microbiological analyzes on bulk wine upon reception, and then, in the stages of racking, filtering, pre-packaging, packaging, and bottling of each batch. Finally, the winemaking department has a cleaning and hygiene plan that includes tanks, casks and piping, in order to avoid cross-contamination of the products.

## Certifications

Since 2010, the company's facilities have been certified by the Global Standard for Food Safety of the British Retail

Consortium (BRC), and the International Food Standard (IFS) of retailers in Germany, France and Italy. Both standards aim to standardize quality management systems, safety and regulatory compliance of food manufacturers. During 2016, the Lo Espejo plant, the winemaking cellar in Lontué, and the Vespucio and Pirque plants were re-certified by the BRC and IFS standards, the last two with an outstanding AA grade for the BRC standard.

The company also complies with the standards established by the United States Food and Drug Administration (FDA) relating to the prevention of bioterrorism, with the Pirque, Vespucio and Lo Espejo plants, as well as the Lontué and Chimbarongo winemaking cellars being certified in the FDA Bioterrorism standard.



## Traceability

Product traceability is one of the company's differentiating pillars, involving a series of procedures and controls in the production chain and for the supplies used, allowing to recover the history of the product and its destination. Having a system that guarantees traceability is a regulatory requirement in most countries of destination, as well as for the IFS and BRC certifications.

Viña Concha y Toro is distinguished by the scope of its traceability, involving the different stages of the wine production chain. With the lot number, it is possible to access both the information on supplies such as labels, corks and bottles, as well as data about the wine (vintage, year, wine cellar, whether it was produce with Concha y Toro grapes or from a third party, winemaking supplies and vineyard), and information of orders and shipments.

During 2016, process standardization was successfully implemented in the Vespucio bottling plant, which will allow a complete traceability of all products bottled there.

# Responsible Marketing

G4-PR6

The winery is one of the founders of Drinkaware, a non-profit organization that provides objective information and tools to encourage responsible drinking. Also, at the national level, the company is part of the Association of Spirits Companies Pro Responsible Consumption (Asociación Gremial de Empresas de Bebidas Espirituosas Pro Consumo Responsable - APROCOR), which brings together the main representatives, importers and producers of alcoholic beverages in Chile. In addition, the company is part of Wine in Moderation, through Wines of Chile, strongly supporting the message of drinking wine with moderation and responsibility.

One of the focuses that the company has set for the year 2017 is associated with the promotion of responsible drinking. Among other things, the winery's web page and social networks have restrictions to avoid promoting its products to minors.



## Product Information

G4-PR3, G4-PR4, G4-PR7

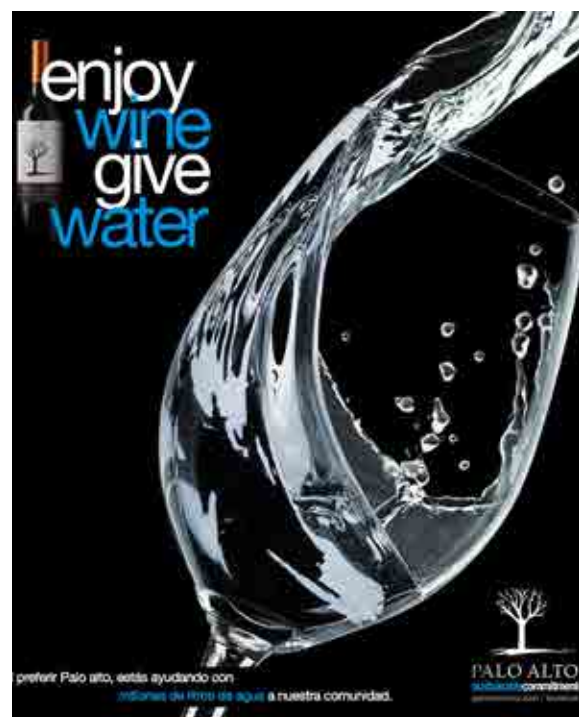
As for the information displayed on the company's labels and products, Concha y Toro is responsible for complying with the requirements established by the legislation of each market. For the European and North American markets it includes information about the content of sulfites; in the European Union, it displays a series of logos associated with recycling and responsible drinking, while in the Latin American market it incorporates quotes on responsible drinking.

During 2016, the company did not receive any significant fine or penalty relating to the information and labeling of its products, nor for reasons associated with product advertising or promotion.

## Palo Alto

Palo Alto wines come from the Maule Valley, the largest and most traditional winemaking region in Chile. Viña Palo Alto is certified under the Chilean Wine Sustainability Code and has the Organic Certification of the Institute for Market Ecology (IMO). Its products have a series of attributes that characterize them as an environmentally friendly wine, such as the use of paper labels and cardboard cases made from recycled material, light glass bottles, and eco-friendly materials at points of sale. In its Villa Alegre vineyard it maintains 282 hectares of native forest under conservation, and it has planted 10,000 trees in the California Valley, located in Palena, Chilean Patagonia, as part of its reforestation project called "Bosque Palo Alto".

At the end of 2015 Viña Palo Alto launched the "Enjoy Wine, Give Water" campaign, which consisted of helping different rural towns in Chile with difficulties in accessing drinking water by installing water towers that allowed the distribution and storage of millions of liters of this resource. For the year 2017, the company plans to launch a new campaign focused on solar energy, called "Enjoy Wine, Go Solar", whose objective is to provide hot water and electricity with solar panels and pumps to a rural school in the Maule Valley.





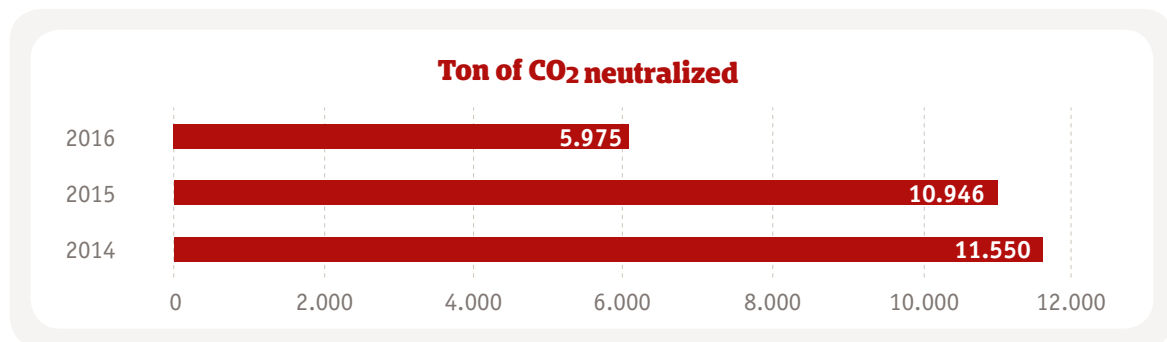
## Sunrise

Sunrise stands out among the company's brands by being the first wine in the world to neutralize its CO<sub>2</sub> emissions throughout the production process, standing as the icon product in terms of sustainability.

The brand's sales performance has declined in the last two years, selling 44% less in 2016 than in 2015. These results have caused a shift in the brand's marketing strategy, starting to segment the wine's sustainable attributes according to the target market. This way, emissions neutralization is oriented towards the European market and, to a lesser extent, the Asian market. During 2016, 5,975 tons of CO<sub>2</sub> were neutralized through SCX, this process being verified by an independent third party.

Continuing its commitment to the environment, in 2016 the brand sponsored the Danish biodiversity conservation NGO Aage V. Jensen Naturfond, and started talking with

other local NGOs in different markets for the development of joint initiatives.



## Responsible Drinking

During 2016 Viña Concha y Toro developed a responsible drinking program, in which the company commits to promoting healthy wine consumption, based on conscious and responsible drinking, moderate and restricted in cases in which it represents a risk to an individual's health or the rest of society. The development and implementation of this program will begin in 2017, focusing on the company's

internal audience. The program considers the social costs and impacts of alcohol in Chilean society according to the study "Alcohol Consumption in Chile: Epidemiological Situation<sup>10</sup>" by the National Service for Prevention and Rehabilitation of Drug and Alcohol Consumption (SENDA) and the Ministry of Health (MINSAL).

<sup>10</sup> [http://www.senda.gob.cl/media/estudios/otrosSENDA/2016\\_Consumo\\_Alcohol\\_Chile.pdf](http://www.senda.gob.cl/media/estudios/otrosSENDA/2016_Consumo_Alcohol_Chile.pdf)

## Casillero del Diablo Life Cycle Analysis

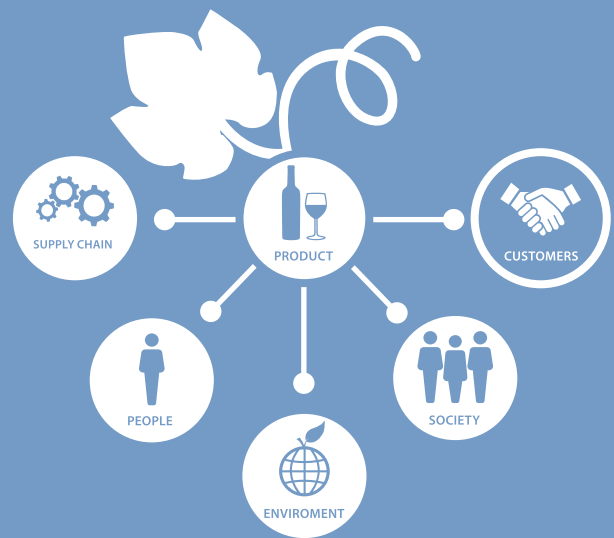


In 2016, a Life Cycle Analysis (LCA) was carried out for the company's most recognized brand, Casillero del Diablo, in its 750cc format for the 2014 vintage.

This LCA considered the stages of grape-growing, production, bottling, distribution and final disposal for the period of June 2013 to December 2014. The methodology used was in accordance with the ISO 14040:2012 and ISO 14044:2012 standards, verified by an independent third party.

The results of this analysis will provide the company with information that will allow it to prioritize the management of the impacts detected in the study.

# Customers



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**“We seek to build strategic relationships with our customers to enhance the value offer for our consumers”.**

*Thomas Domeyko  
Corporate Export Manager Northern Zone*



**+140**  
MARKETS.

**CORPORATE  
ETHICAL  
STANDARD**

98% COMPLIANCE IN  
WINEMAKING CELLARS  
AND 97% IN BOTTLING  
PLANTS.

**GRADE AA**

IN BRC AUDITS  
IN THE PIROQUE  
AND VESPUCCIO  
BOTTLING  
PLANTS.

# Customers



Viña Concha y Toro has established itself as a leader in the global wine industry thanks to its ability to establish lasting and trusting relationships with its customers, who are a fundamental pillar of the company's sustainability strategy. The company seeks to be a benchmark in the market for its customers, understanding their needs as well as those of the market they serve and promptly responding to them, generating mutually beneficial strategic alliances.

Concha y Toro has the challenge of developing increasingly demanding processes and standards to improve the performance of its logistics chain, which implies not only an improvement in internal processes but also the transfer of knowledge and standards to its customers, while constantly monitoring the markets to respond effectively to the requirements of the same.



## Awards and Recognitions

In 2016, the UK distribution subsidiary was selected "best wine and liquor company of the year" by The Drinks Business, and as "best supplier of the year" by prestigious The Grocer magazine, voted by the main retailers of that market.

Also, at the beginning of the year Viña Concha y Toro was visited by distributors from China, Japan, Korea, Brazil, and Canada to see the origin of the winery, the latest winemaking developments, and to improve trade relations.

# Customers

A fundamental aspect of maintaining transparent and trustworthy relations with customers is associated with the company's reporting processes regarding its economic, social, environmental, and governance performance. Such processes can be voluntary, involving certifications, compliance with international standards, or audits requested by clients.

The communication of how the company manages sustainability to customers and/or consumers is done through formal channels, such as the Sustainability Report and the corporate website. In the case of distributors, communications are mainly channeled through newsletters and Focus On magazine.

audits to maintain current certifications of compliance with international standards such as BRC (British Retail Consortium), IFS (International Featured Standard), and various organic certifications of the Japanese, North American and European market.

In 2016, the Pirque and Vespucio plants underwent an audit process by BRC, obtaining excellent results, with grade AA in both facilities.

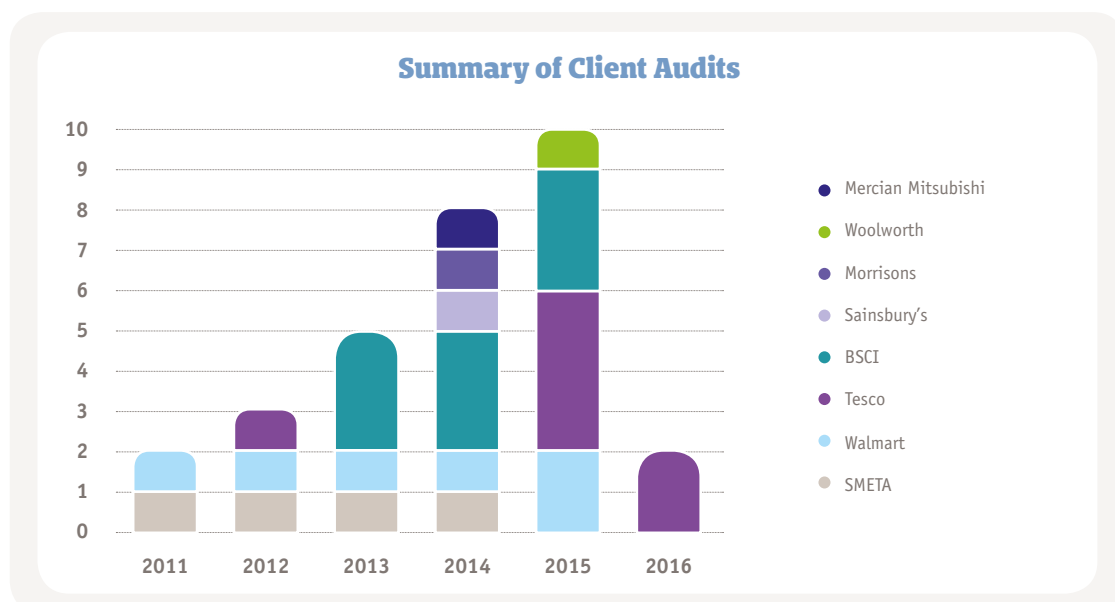
Since 2011 client audits have been increasing over the years, a situation that reversed in 2016. Clients determine the frequency of the audits on the basis of several parameters, including the results obtained in previous audits.

## Client Audits

Since 2007, Viña Concha y Toro has conducted external audits at the request of its clients, who seek to ensure that the company's performance meets its ethical, environmental, quality and safety requirements.

In 2016, Tesco carried out a technical and an ethical audit in the Pirque Plant. The technical audit focused on safety issues, being approved with green qualification (second best qualification). The ethical audit assessed the level of adherence to the SMETA practices (Sedex Members Ethical Trade Audit), focused on good working practices.

In addition, the company regularly undergoes certification





### Promotion of Sustainability

Viña Concha y Toro is committed to promoting practices in the different stages of its value chain that are respectful and responsible with the environment and people. To this end, it encourages its suppliers and distributors to adopt sustainable practices, which guide the way towards an environmentally-friendly development.

In 2016 most of the requests from customers were related to adherence to codes of conduct and international ethical standards, something the company has been working on for some years. Viña Concha y Toro's Corporate Ethical Standard was drawn up in 2014, bringing together the principles and requirements of the different ethical standards to which the company adheres, and the winery's internal principles and values. This standard was implemented in 2016 in the company's winemaking cellars with 98% compliance, and in the bottling plants with a compliance of 97%, confirming the consolidation of the company's ethical management system.

Due to the importance of the supply chain to ensure a sustainable management, during 2016 the company made

diagnostic visits to grape suppliers with the purpose of evaluating their compliance with the Corporate Ethical Standard and generating the conditions that allow 100% compliance with it. Also, the winery worked on the implementation of the Corporate Ethical Standard in contracting companies that provide services to the bottling plants, assessing compliance with the standard and establishing corrective measures for each case, closing the year with 90% compliance.

Starting 2016, new contracts with distributors include a clause that requires acting in accordance with the principles contained in the company's Code of Ethics and Conduct and the Corporate Ethical Standard. Also, a Letter of Commitment was sent at the end of the year to distributors with the objective of committing them to the Corporate Ethical Standard and its principles.

# Efficiency in the Supply Chain

G4-22

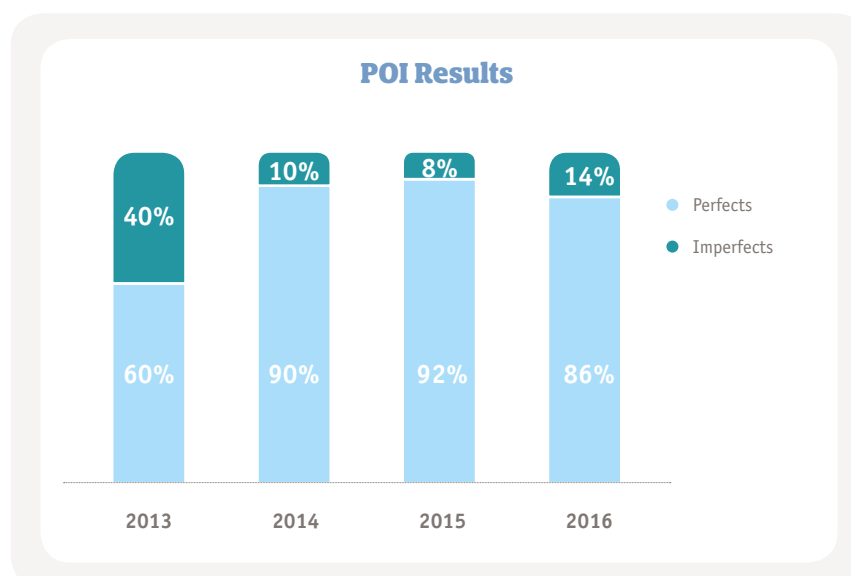
With a philosophy of continuous improvement, the company constantly reviews and looks for new ways to improve the efficiency of the logistics chain in order to achieve the perfect delivery in time and quantities agreed to customers.

At the end of 2013, the Order Intelligence Unit (UIP) was created with the aim of improving deliveries by coordinating activities in the areas of Supply, Planning, Capacity, Programming, Traffic and Customer Service. The management indicator of this unit is the Perfect Order Index (POI), which reflects the number of orders that meet the total number of cases requested within the stipulated time.<sup>11</sup>

During 2016, 16,816 orders were analyzed, an increase of 5% in relation to the orders submitted in 2015. 86% were Perfect Orders, a drop compared to the year 2015, which registered 92% of Perfect Orders. This difference is explained by unavailable wines, capacity and retentions.

Regarding complaints, these increased by 16% compared 2015, mainly due to the increase in the number of complaints received by the Department of Logistics. On the other hand, the Department of Customer Service reduced by 67% the registered complaints compared to the previous period, which is explained by a smaller amount of errors in tasks.<sup>12</sup>

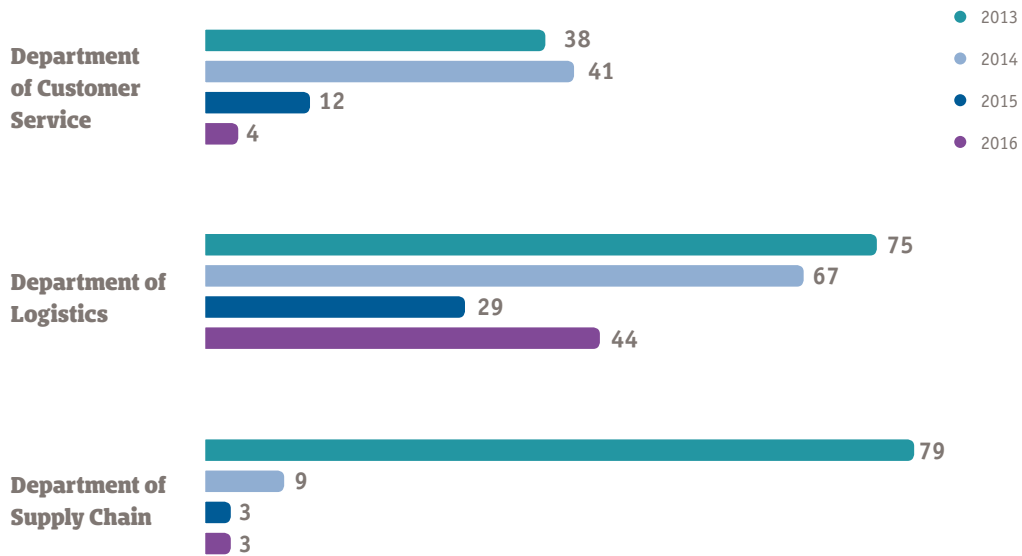
In addition, in 2014 the company started an optimization process in the Department of Logistics aiming to reduce process losses and optimize shipments. During 2016 efforts were focused on three areas of action: quality of delivery, coordination between distribution centers in Santiago, and service indices for the domestic market.



<sup>11</sup> A Perfect Orders is when the shipment includes all requested cases and is delivered on time; Imperfect Orders when the delivery is on time but not in the quantity requested (5 or more cases of difference), and Orders Dropped when shipments are late and rescheduled.

<sup>12</sup> In the 2015 report, the information on complaints submitted to the departments of Customer Service and Logistics was inverted.

### Number of Complaints, by Department



### Efficiency in CO<sub>2</sub> emissions

With the objective of reducing GHG emissions in the supply chain, in 2016 the Department of Supply Chain began the implementation of the "Multi-Mode Transport Program", which incorporates the railroad in the process of transporting cargo containers from the facilities to the ports. Thanks to the shipments made by rail -replacing trucks- CO<sub>2</sub> emissions

were reduced by 29 tons. This program incorporates sustainability variables into the export process, reducing transport and extra-port storage costs in those products that comply with the anticipated production requirements.







## Satisfaction

G4-PR5

To know customers' opinions regarding Concha y Toro as a supplier, and to identify positive aspects of its management and opportunities for improvement, each year the company requests clients who made more than one purchase during the previous period to participate in an online survey that allows to measure their degree of satisfaction and level of loyalty towards the company.

The survey is conducted both in the domestic and international markets by an external company. Of the 400 clients who were invited to participate in the survey, 103 answered, representing a response rate of 26%, two percentage points more than in 2015.

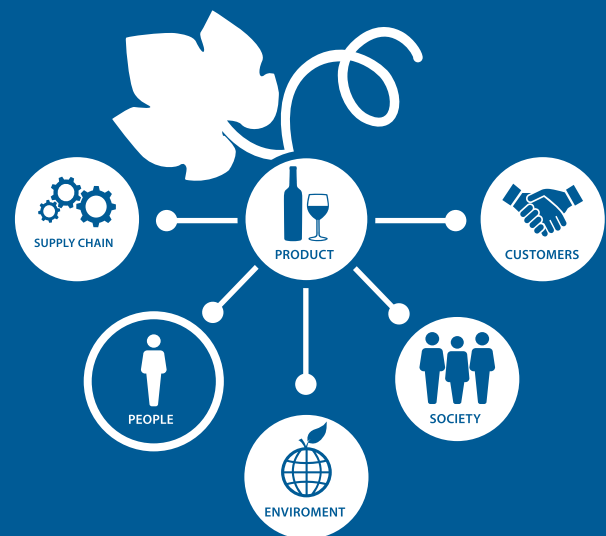
Among the main results, the overall satisfaction indicator has reversed its upward trend since 2013, resulting in 43% of satisfied customers with the service provided by Viña Concha y Toro, 14 percentage points lower than in 2015. The

aspects to be improved are related to marketing, delivery and customer service, dimensions that have become more relevant since the beginning of this measurement in 2013. Among the most positive aspects, 60% of customers consider that Viña Concha y Toro is a company that is concerned about sustainability, a perception that has been increasing since 2013. Also, the percentage of customers who reported having problems with the service provided has decreased steadily, from 42% in 2013 to 19% in 2016, four percentage points lower than in 2015.

From the results obtained in 2014, the department of quality developed an action plan with the areas that had major deviations. In the case of the Department of Customer Service was to send pro forma invoices within a maximum period of 72 hours, which was monitored and successfully implemented.



# People



**“We seek to build relationships of trust with people, promoting commitment and opportunities for learning and development, in a positive and motivating work environment”.**

*Cecilia Cobos*  
*Human Resources Manager*



## **BEST LABOR SAFETY POLICIES**

RECOGNITION TO THE “8  
GOLDEN RULES OF SAFETY”  
CAMPAIGN.

## **84% OF THE PERSONNEL SURVEYED**

IN ENGAGEMENT STUDY,  
IMPROVING THE LEVEL OF  
COMMITMENT BY 9 POINTS  
COMPARED TO THE PREVIOUS  
PERIOD.

## **CORPORATE REPUTATION**

THE COMPANY RANKED FIRST IN THE  
2016 REPTRAK CHILE STUDY OF THE  
RENOWNED INTERNATIONAL CONSULTING  
FIRM REPUTATION INSTITUTE, WHICH  
EVALUATED 100 COMPANIES FROM  
THE MOST RELEVANT SECTORS IN THE  
NATIONAL ECONOMY. THE STUDY'S  
METHODOLOGY IS BASED ON AN  
INTERNATIONAL STANDARD THAT  
MEASURES THE EMOTIONAL CONNECTION  
CONSUMERS HAVE TO A BRAND.

# People

*Viña Concha y Toro's leadership is based on the work and commitment of its employees.*



Viña Concha y Toro's leadership is based on the work and commitment of its employees, which is why it seeks to forge long-term relationships of trust that allow addressing the challenges of an increasingly competitive global market.

The company focuses in strengthening employees' skills through a solid training and education strategy, as well as improving labor relations and employees' satisfaction, while safeguarding occupational health and safety conditions.

In 2016, Viña Concha y Toro had an average of 2,771 employees, 93% of which have permanent contracts.<sup>13</sup> In geographical terms, the largest number of employees works in the central zone of Chile, with the Metropolitan, O'Higgins and Maule regions accounting for 89% of the company's average personnel.

In terms of age, 58% is between 30 and 50 years old, and in terms of gender, 23% of the company's employees are women, with a greater female representation in administrative and

professional positions, higher than 32%, and in technical positions, higher than 37%, while women occupy 15% of managerial and executive positions.

As for temporary workers, in 2016 the winery had an average of 1,170 people performing support tasks in different stages of the winemaking process, mainly in agriculture and harvesting. 30% of them were women.

In addition, Viña Concha y Toro had the collaboration of 838 contractors, employed in support services, such as food, security, cleaning, production, pallet wrapping, and recycling. Of these, 47% were women.

<sup>13</sup> Permanent and fixed term contracts correspond to: Concha y Toro, Viconto, and VCT Chile.



## People Management

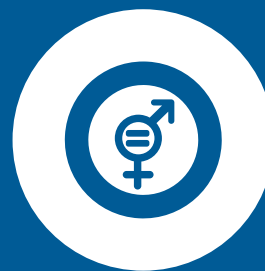
G4-10, G4-22, G4-LA12

**2,771** Personnel  
Permanent contract: 2,572  
Fixed term contract: 199

**1,710** Temporary Workers

**838** Contractors

**4,779** Average number of jobs in 2016



### Due Diligence on the UN Guiding Principles on Business and Human Rights in Concha y Toro

For the process of Due Diligence there was an assessment of the company's practices, identifying gaps to improve internal management. The issues detected are being addressed through the ethical management system and by safeguarding human rights at Viña Concha y Toro.

### Concha y Toro's Average Personnel<sup>14</sup>

Type of Contract	2015			2016		
	Women	Men	Proportion	Women	Men	Proportion
Permanent	566	2,020	91%	581	1,991	93%
Fixed Term	57	185	9%	43	156	7%
<b>TOTAL</b>	2,828		100%	2,771		100%

### Average Personnel by Contract and Age

Type of Contract/Age Group	2015			2016		
	Younger than 30 years old	Between 30 - 50 years old	Over 50 years old	Younger than 30 years old	Between 30 - 50 years old	Over 50 years old
Permanent	516	1,515	555	498	1,515	559
Fixed Term	138	84	20	103	79	17
<b>TOTAL</b>	2,828			2,771		

### Average Personnel by Job Category

Job Category	2015		2016	
	Women	Men	Women	Men
Managers, Assistant Managers and Executives	17	86	16	88
Professionals and Technicians	262	474	275	463
Administrative Staff	202	418	200	418
Salespeople	32	195	37	190
Operators	110	1,032	97	987
<b>TOTAL</b>	2,828		2,771	

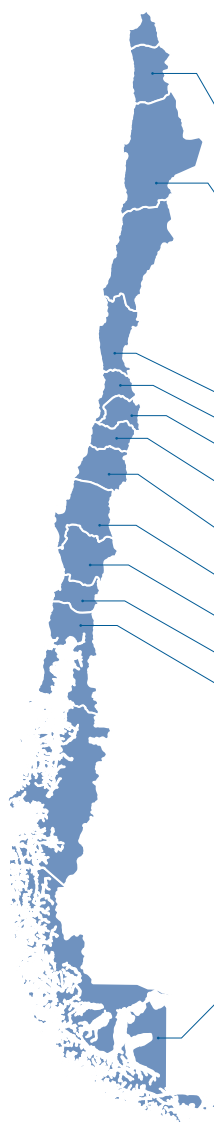
### Average Personnel - Contractors and Temporary Workers

	2015			2016		
	Women	Men	Total	Women	Men	Total
Temporary	337	812	1,149	348	822	1,170
Workers Contractors	328	402	730	414	732	1,146

<sup>14</sup> The calculation made in the Sustainability Report 2015 considered the employees of Viña Cono Sur, which was beyond the scope of the Report. This year the data were rectified for both periods.

### Average Personnel by Category and Age Group

Job Category/ Age Group	2015			2016		
	Younger than 30 years old	Between 30 - 50 years old	Over 50 years old	Younger than 30 years old	Between 30 - 50 years old	Over 50 years old
Managers, Assistant Managers and Executives	1	75	27	1	74	29
Professionals and Technicians	178	466	92	171	476	91
Administrative Staff	150	359	111	147	365	106
Salespeople	28	144	55	26	141	60
Operators	297	555	290	256	538	290
<b>TOTAL</b>		<b>2,828</b>			<b>2,771</b>	



### Average Personnel (permanent and fixed term) by region

Region	2015	2016
Tarapacá	14	14
Antofagasta	19	20
Coquimbo	101	92
Valparaíso	65	62
Metropolitan	1,715	1,722
Libertador Gral. Bernardo O'Higgins	398	357
Maule	390	380
BioBío	43	42
Araucanía	22	21
De los Ríos	11	11
De los Lagos	39	39
Magallanes	11	11
<b>TOTAL</b>	<b>2,828</b>	<b>2,711</b>

## Working Conditions for Temporary Workers

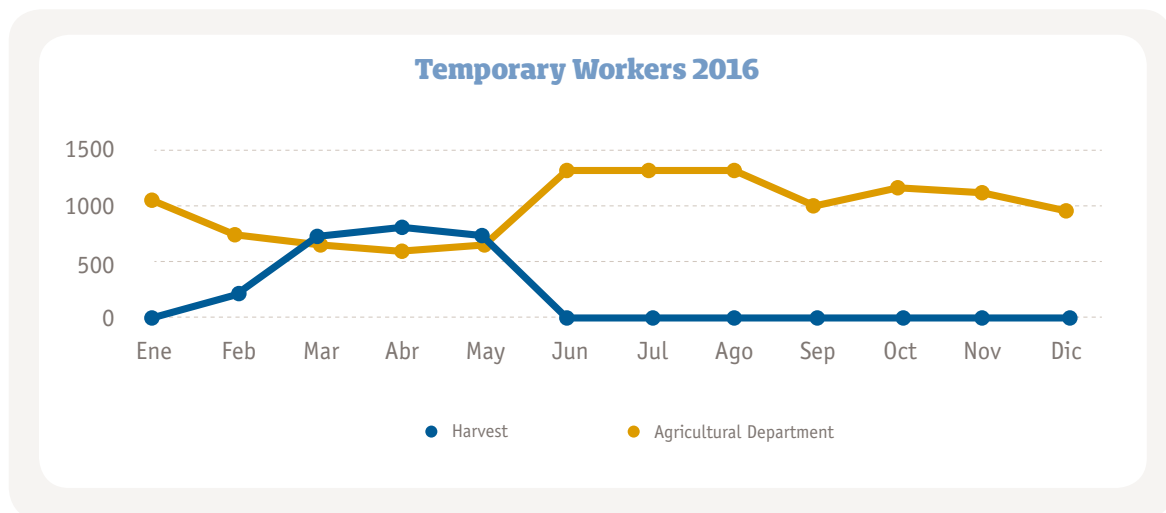
G4-10

Given the nature of the activities carried out in the different stages of winemaking, it is essential for the company to have the support of temporary workers in its production chain.

The period between June and August is the most intensive in terms of use of temporary labor for agricultural tasks, mainly in the stages of pruning, planting and green management of the vineyard. In 2016, there was an average of 970 temporary workers, 29% of which were women.

An annual average of 200 seasonal workers participated in the grape harvest process, 34% of which were women, and the period between March and May was the most intensive in terms of recruitment.

The company provides safe working conditions in line with its corporate standards, as well as benefits for their well-being and to recognize their important work. Benefits for temporary workers in the agricultural area include affiliation to the Compensation Fund, and bonuses for Christmas and national holidays; While those who work in the harvest have a weekly performance bonus (depending on the job they do), an end-of-harvest voucher, a monthly gift card between March and June for the purchase of general goods, night shift bonuses, food benefits at the company's cafeteria, and shuttle bus services or payment of public transport.



## Special Induction Program for Seasonal Workers (Harvest)



During 2016, the department of training and organizational development implemented a special induction course for temporary harvest workers, which aims to inform and instruct workers in fundamental aspects of the winery, addressing the following subjects: Who are we, human resources (considers information on working days, hierarchies, remunerations, benefits, among others), risk prevention, good manufacturing and sustainability practices. All these contents are presented in a video, at the end of which workers are evaluated. Also, the workers who joined for the harvest period received a leaflet with a summary of the information contained in the video.

**Link:** <https://www.youtube.com/watch?v=Rg9wSQorVYg>



## Diversity

Viña Concha y Toro is committed to diversity, with the conviction that different visions enrich the work environment, and rejects all types of discrimination through its Code of Ethics and Conduct and Corporate Ethical Standard. Also, as established in its hiring policy, the company's only criteria for personnel selection are the competences and abilities of the candidate for each position.

## Performance Management

G4-LA11

During 2016, the annual performance evaluation was improved with the goal of facilitating and streamlining the process. Some role competencies were renewed by position level, and personal competencies were eliminated from the equation, keeping only the corporate and technical ones. At the same time, the Human Resources Department worked on raising awareness at the management level on the importance of evaluating employees' performance, which resulted in an increase of the participation rate by 83%, with 606 people evaluated.

Additionally, seeking to promote professional growth within the organization, Viña Concha y Toro has an internal mobility system, which operates under two schemes. The first involves the publication of the vacant job position in the company's media outlets and is open to everyone, while the second is addressed to a specific employee recommended by the requesting manager.

## Corporate Leadership Program

Viña Concha y Toro has been working on leadership and communication within the organization, seeking to build bridges for dialogue and understanding among employees. The corporate leadership program, aimed at chiefs and supervisors, seeks to provide them with leadership and liaising tools that allow them to have the technical and social skills to carry out their roles and lead their teams.

This program had very good reception and participation, with improvements in the Direct Management, Performance Management and Recognition dimensions evaluated in the Engagement study of 2016. During 2016, 214 people participated in the program from a universe of 241. 45 courses were conducted, attended by a total of 125 people.

## Learning and Development

To be a leader in the global market, it is essential to have employees with the knowledge and skills necessary to excel in the industry. Viña Concha y Toro is convinced that its leadership is based, among other factors, on the quality of its personnel, which is why continuous education and

training is a strategic pillar of the company's department of professional development.



## Diplomas

In 2016, the company developed three certification programs with the objective of providing continuous learning opportunities with curriculums specially created for each Management and its specific job positions. These programs benefited 272 people, totaling 8,339 hours of training.

### Kaizen Diploma for Excellence

With the support of Kaisen College, it aims to provide knowledge and competencies to increase productivity, quality, service level, reduce costs and increase profitability in a sustainable way. 82 people participated in this program.

### Diploma in Oenological Management

With the support of the University of Chile, aims to professionalize and develop corporate, technical and role competencies of the winemaking team at the plants. 90 people participated.

### Diploma in Supply Chain Foundation

In collaboration with the University of Santiago de Chile, its objective was to align knowledge and develop core competencies for the Supply Chain team at a foundational, strategic and operational level. 100 people participated.

## Training and Knowledge Center

G4-LA10

During 2016, training efforts were channeled through the Knowledge Center (CDC, for its acronym in Spanish), the company's internal training center, which aims to develop employees' functional competencies, standardizing technical and relational knowledge according to a specific curriculum.

The courses taught at the CDC during this period covered topics related to technical, regulatory, safety and leadership aspects. In addition, three certification programs were developed in collaborations with prestigious universities (see box), and the industrial operations diploma, which began in 2015 with the purpose of leveling the knowledge of operators in the different lines and productive areas, was completed.

Also, in 2016 the company recognized the effort and commitment to learning of its employees by awarding their performance in the courses given by the CDC.

G4-LA9, G4-22

During the period a total of 1,460 employees<sup>15</sup> were trained, which resulted in an average of 30 hours of training per employee, 18% more than in 2015. This meant an investment of USD\$837,952, 30% more than the previous year.

In line with its efforts to improve employees' skills and knowledge, Viña Concha y Toro has a scholarship program that covers a percentage or all of the tuition. In 2016 there were 30 beneficiaries, 8 more people than in 2015, reaching a total of 51 scholarship holders, and 28 thousand hours of training.

### Training 2016 (Number of employees trained and hours of training)

		Executives	Professionals	Technical and Administrative Staff	Chiefs	Supervisors	Operators	TOTAL
N° of Trained employees	Women	11	125	159	25	4	121	445
	Men	31	149	217	48	53	517	1,015
TOTAL								1,460
Hours of Training	Women	271	7,854	9,766	2,252	1,000	5,300	26,443
	Men	1,499	7,117	14,992	2,763	5,808	25,397	57,576
TOTAL								84,018 <sup>16</sup>

### Agricultural Manager Trainee Program: Talent Pool

Seeking to capture and train the necessary talent for the success of its operations, Viña Concha y Toro's Agricultural Department developed a Trainee program 8 years ago. Recently graduated agronomists or with little experience spend a full year in one of the company's estate to gain experience and knowledge in technical, practical, legal and management matters. The trainees are evaluated at six and twelve months, and are then offered a job in the company. In 2016, seven new Trainees joined the program

<sup>15</sup> In 2016, the calculation method was corrected, considering the number of trained employees, independent of the number of trainings they attended. In 2015 the calculation considered the total of attendees to the different trainings.

<sup>16</sup> Considers scholarships, induction courses, training plans and Knowledge Center.

### Average number of hours of training per employee (from total personnel)

	Hours
Women	42
Men	27
Total Average	30

## Risk Prevention

Occupational health and safety is managed by the Department of Risk Prevention, which works based on pillars and action plans to address legal, occupational health, occupational hygiene, behavioral, training, and customer standards matters.

The focus is to educate employees on the appropriate ways to perform their tasks, analyzing and assessing the potential risks to which they are exposed, as well as generating statistics to develop measures and work plans to reduce the accident rate and manage health inside the company.

G4-LA8

Among the activities carried out in 2016, it is worth mentioning the improvement in the management of customer standards at plants and winemaking cellars, the evaluation of medical conditions of employees exposed to occupational hazards, and the collection of employee health information.

Also, the company increased the number of paramedics in the bottling plants, which was requested by the unions and was included in the collective agreement, and implemented emergency brigades in the production plants, security monitors in the winemaking cellars, and polyclinics in the Vespucio, Lo Espejo and Lontué plants, which allows to provide general health care services and first response in case of accidents.

During 2016 the company began to work with the different department in critical processes related to the 8 golden rules, an internal campaign that aims to create a culture of risk prevention. The measures adopted include the im-

plementation of the Kaizen methodology in the bottling plants, which considered an industrial safety component, to maintain order, cleanliness and standardize processes, with the aim of reducing accidents.

G4-LA6

Thanks to the company's efforts in this area during 2016 there were no serious accidents in the bottling plants and winemaking cellars. The accident rate fell by 1%, while the average working days lost fell by 12%, and the days lost due to accidents was 14% lower.

Occupational disease management is carried out directly by the ACHS, which incorporates employees exposed to health risks into its medical monitoring program. The company works on minimizing exposure to critical tasks through risk matrices and risk assessments.

G4-LA5

In 2015, the company, together with the ACHS, certified the joint committees in order to give them greater autonomy. In Viña Concha y Toro there are 45 joint health and safety committees, the same as in 2015, which represent more than 90% of the company's personnel.<sup>17</sup>



## Functions of the joint committees in Viña Concha y Toro

- Perform safety inspections and deviations.
- Conduct security walks on sites together with management.
- Investigate occupational accidents.
- Conduct occupational safety training.

<sup>17</sup> Only those facilities with less than 25 employees do not have a Joint Committee, in accordance with D.S. N°54.

### Health and Safety Statistics - Viña Concha y Toro

Period	Occupational Accidents	Days lost due to occupational accidents	Accident Rate	Average working days lost
Total 2013	237	2,484	5.6	68
Total 2014	196	3,146	6.4	76
Total 2015	174	3,071	5.3	93
Total 2016	175	2,655	5.3	82

### Identified Risks to Health and Safety

G4-LA7

Type of Employee	Type of Work	Risk of Disease	Main Mitigation Measures
Operator at the bottling line	Change of format, visual control, adjustments, quality control.	Possible skeletal-muscle diseases	Job position studies and implementation of Musculoskeletal Trauma Protocol, according to the Ministry of Health's manual, together with the ACHS. Use of PPE <sup>18</sup> and mechanized transport.
		Sensorineural hearing loss (Occupational deafness)	Adjusting line speeds to avoid bottles from clashing with one another, change of noisy equipment and machines, use of hearing protection, medical monitoring together with the ACHS, and implementation of hearing management system according to the PREXOR protocol.
Agriculture	Application of pesticides	Potential lung, respiratory diseases	Implementation of Pesticide Protocol (Pesticide Management System). Personnel that applies, rations and manipulates is under medical monitoring by the ACHS, with annual medical checkups; use of personal protection equipment (PPE).
Operators	Storage of hazardous substances, dosage and handling	Potential lung, respiratory diseases	Exposed personnel are under annual medical monitoring by the ACHS and there is a job position quality assessment implemented. Personnel is provided with PPE, according to their job, and they are trained in Handling and Storage of Hazardous Substances.

<sup>18</sup> PPE: Personal Protection Equipment

# Commitment

The company's success and the fulfillment of its strategic goals depends greatly on the commitment and leadership of all those who are part of Viña Concha y Toro. For this reason, it is fundamental to maintain close relationships with all employees, to foster dialogue, trust and mutual respect.

## Engagement

With the objective of measuring the climate within the company and determining if it provides an adequate environment for employees to perform their duties and develop their capabilities, the holding in Chile conducts a commitment survey every other year. In 2016, 84% of the average personnel participated in this study, and there was an improvement in the overall result of 9 percentage points, with 68% commitment.

Employees spoke positively of the workplace and everyday work, respect for diversity and the promotion of inclusion, the company's good reputation, and its responsible attitude towards the environment. Aspects that could be improved are associated with internal communication between management and the different departments, and recognition.

## Quality of Life

Through its HR Department, and in agreement with local quality of life committees, Viña Concha y Toro has established a series of benefits and initiatives aimed at improving employees' wellbeing and promoting a healthy lifestyle. These include agreements with gyms and recreational centers, as well as preferential agreements with health providers, including a support and prevention program for drug and alcohol abuse. Through the latter, 4 employees underwent

rehabilitation treatments in 2016, and 5 awareness-raising workshops were conducted for family members.

In addition, through the Employee Support Program (PAE), the company offers a range of free counseling and psychological therapy sessions with professionals working in different parts of the country. Also, there is telephone counseling in legal and financial matters. The program is centralized by the area of quality of life, who assesses and assigns the cases, in full confidentiality. Since its inception, this program has provided support to more than 400 employees.

In 2016 the Human Resources Department implemented a new benefit to support employees' families and their education, delivering around a thousand school sets for their children.

*Viña Concha y Toro was recognized as one of the companies with the best corporate reputation in Chile by the Merco Talento Ranking, coming in **8th place** among the 100 companies with the best internal reputation and talent management, and **1st in the wine industry.***

## "Aperra con tus ideas"



With the objective of promoting innovation and recognizing the talent and innovative potential of Viña Concha y Toro's employees, in 2015 the Department of Human Resources developed the campaign "Aperra con tus Ideas", which seeks to put into practice those ideas that allow to improve productivity or reduce costs in any area of the company.

This program is open to all employees, who must submit their proposals on a form, which is classified and evaluated by a Committee.

In 2016, 56 ideas were presented, an increase of 81% compared to 2015, and all of them were awarded in different categories by level of contribution. 5 of the initiatives were implemented.



## Wages and Bonuses

G4-LA13

In order to provide wages that favor the permanence and commitment of employees, Viña Concha y Toro determines remunerations seeking to maintain internal equity with respect to positions of the same hierarchical level, and to be competitive in the market, in relation to the wages paid in similar companies. The company maintains internal balance by knowing and applying job assessment and classification techniques, and external balance through information from labor market research.

benefits, so wage differences between men and women are explained by two reasons. First, because of the internal diversity of each job category, which includes employees with different responsibilities; and second, by the relative weight of women in each of the categories and the jobs they access. For example, the decrease in the wage gap in the professional and technicians category is explained by the greater number of women in the professional segment.

Gender is not considered when defining base salaries or average wages, which include different bonuses and other

### Percentage Ratio of Women's Wages Relative to Men's Wages

Job Category	2015		2016	
	Base Salary*	Medium Salary**	Base Salary*	Medium Salary**
Managers and Assistant Managers	94%	90%	92%	92%
Professionals and Technicians	81%	81%	90%	88%
Administrative Staff	91%	88%	89%	88%
Salespeople	91%	80%	128%	74%
Operators	73%	72%	82%	83%
<b>AVERAGE TOTAL</b>	<b>86%</b>	<b>81%</b>	<b>101%</b>	<b>94%</b>

\* Base salary: considers base salary, monthly and annual bonuses.

\*\* The medium salary is the average of the year (base salary + variable) of all the personnel by category, considering bonuses and incentives.

# Labor Relations

G4-11

Viña Concha y Toro recognizes, respects and safeguards employees' right of association, to join unions, and to collective bargaining, whether they work in the company or in external organizations, organize within the company or in its supply chain.

In 2016 there were 9 unions in Viña Concha y Toro and a negotiating group was formed with which a collective

agreement was established. Currently, 42% of the company's employees are covered by a collective agreement or contract.

During this period, the winery held two collective bargaining agreements with the Unificado and Don Melchor unions, successfully closing both negotiations.

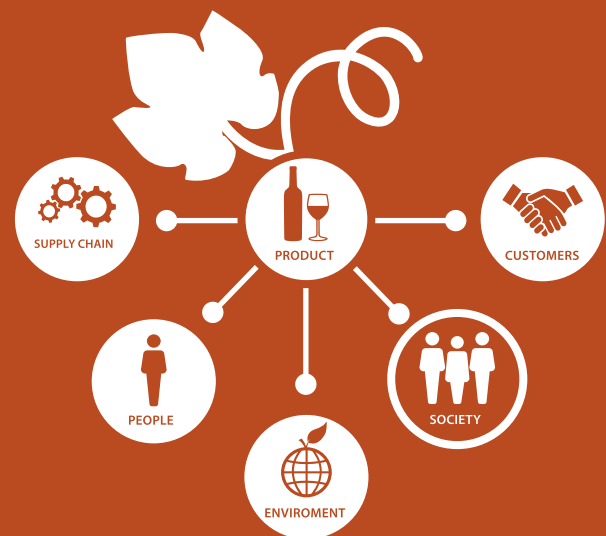
## Number of Unionized Employees

Union	2015	2016
Sindicato Unificado	402	404
Sindicato Comercial Peumo	155	196
Sindicato Planta Lontué	134	144
Sindicato Peumo Cachapoal	0	26
Sindicato Lourdes	29	28
Sindicato Bodega Chimbarongo	32	32
Sindicato Transportes Viconto	15	13
Sindicato San José Don Melchor	0	11
Sindicato Bodega Cachapoal	20	19
<b>TOTAL</b>	<b>787</b>	<b>873</b>
Percentage of Unionization	28%	32%

## Number of Employees Under Collective Agreement or Contract

Union	2015	2016
Contrato Sindicato Unificado	435	377
Siglo XXI (Anexo Contrato)	165	463
Convenio Sindicato Lontué	131	126
Contrato Sindicato Comercial Peumo	72	26
Convenio Grupo Negociador	0	97
Convenio Sindicato Lourdes	37	26
Convenio Sindicato Chimbarongo	32	31
Contrato Sindicato Transportes Viconto	15	13
Convenio Sindicato Bodega Cachapoal	22	14
<b>TOTAL</b>	<b>909</b>	<b>1,173</b>
Percentage of employees covered by collective agreements	32%	42%

# Society



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**“We want to be a company that creates value for society by sharing our knowledge and skills, and improving productive practices and the conditions of our surroundings”.**

*Blanca Bustamante  
Corporate Communications Manager*





**1,157**

PEOPLE VISITED  
THE CENTER FOR  
RESEARCH AND  
INNOVATION IN 2016.

**2 THEORETICAL-  
PRACTICAL  
WORKSHOPS**

AND 2 SEMINARS FOCUSED  
ON STRENGTHENING THE  
SKILLS AND KNOWLEDGE  
OF PREMIUM GRAPE  
GROWERS.

**29 SMALL  
GRAPE GROWERS**

BENEFITED FROM  
THE RENEWAL OF  
THE PRODUCTIVE  
ALLIANCES  
PROGRAM.

# Generation of positive impacts

*As a world-class player in the wine industry, the company is committed to creating value for society, and the social and productive environment in which it operates. This is a long-term commitment to generate a positive impact and create the conditions for the sustainable development of the national wine industry.*



The winery has made a commitment to support local development. It has developed different initiatives aimed at generating and transferring skills and knowledge, demonstrating its commitment to the industry, and the social and productive environment in which it operates.

In 2016 it launched the “Cometas” program, an initiative of collaboration and technical advice for Premium grapes producers which aims to promote long-term relations that foster the stability and sustainability of the wine business, so producers can achieve and maintain over time the same standards applied by the company. This program also considers the transfer of knowledge through theoretical-practical workshops, focused on training winemaking competences. The program has been the result of the collaborative work between the Department of Grapes and Wines Purchases, the Winemaking Department, the Department of Communications, and the Center for Research and Innovation (CRI).

The “Cometas” program carried out four extension activities: 2 theoretical-practical workshops, and 2 seminars, with a total of 245 attendees, 166 of which were Premium grape growers, and 79 company members. The first workshop was held at the end of August, with a presentation of the results of the research carried out by the CRI on the impact of leaf defoliation on the quality of grapes and wines, followed by a sensory training of aromas. The second workshop addressed the “Mechanization of Quality Grape Defoliation”, where three companies carried out on-site demonstrations with their machinery, and answered the attendees’ questions. With regard to the seminars, the first one focused on ir-

rigation and water resources management, presenting the company’s strategic water resources management program, followed by the presentation of Dr. Samuel Ortega, professor at the University of Talca, containing concrete, practical and accessible information about irrigation management strategies for viticulture. The second seminar focused on the fertilization of grapevines, presenting information on the CRI’s research related to the grapevine strengthening, and included a presentation by Juan Hirzel, specialist in soil fertilization and plant nutrition, on the fertilization of grapevines for the production of quality wines.

The main challenge for the Cometas program for 2017 is to continue strengthening a close and collaborative relationship with the producers of Premium grapes through actions that are useful and applicable to their work.

## Productive Alliances

Viña Concha y Toro has also developed a series of initiatives aimed at promoting the economic, social and technological development of small grape growers. Together with the Institute of Agricultural Development (INDAP) it has promoted the Productive Alliances program and the Lomas Campesinas project. The company also acquires part of the grapes it uses for its production from the Winemakers’ Collection Centers, which allows small growers to sell directly to the buyers, without the need for an intermediary.

The Productive Alliances program seeks to strengthen local grape suppliers through technical and practical advice related

to production, with the objective of improving the volume of grapes produced, the quality of raw material, traceability, and efficiency. The advice provided involves on-site visits, tours, technical talks, and the transfer of market information. It is important to note that, in order to respect the business of each producer and develop adequate strategies, an initial diagnosis is carried out so the consulting services provided are in line with the reality and characteristics of the business of each grape grower.

The Lomas Campesinas project, developed by INDAP together with the Institute of Agricultural Research (INIA), aims to promote the cultivation of the "país" grape variety through the production of Lomas Campesinas wines. This program promotes the agricultural management of small grape growers, knowledge transfer, and access to the distribution of their wines. 12 thousand bottles of patrimonial grape varieties from the Itata and Maule valleys, such as País, Cinsault, Moscatel and Torontel, among others, were produced in 2016. Viña Concha y Toro participated in this initiative through the production of a wine with País grapes from the Maule Valley in collaboration with grape producers from Penco and the company's Winemaking Department, producing a

wine 85% país and 15% carignan, fermented in steel and aged in barrels used to gain depth in mouth and complexity.

**Due to the good results obtained in the first version of the Productive Alliances program, developed between 2014 and 2015, Viña Concha y Toro renewed the partnership with the Institute of Agricultural Development (INDAP) for the period 2016-2020, increasing from 16 to 29 the grape growers benefiting from the program.**



## Training and extension

The Center for Research and Innovation (CRI) continued developing initiatives open to the community that seek to generate and transfer knowledge to and from the wine industry. In 2016, the CRI received 1,157 visitors, 551 of which were not from Viña Concha y Toro. The activities carried out included sensory education workshops for internal and external audiences, visits by different journalists from national media, producers, foreign buyers, as well as other people related to the national and international wine industry, including visitors from Japan, Colombia, Belgium, Uruguay, China and the United Kingdom, among other countries. Also worth noting is the seminar on virus detection in grapevines, a theoretical workshop with UC Davis researchers, and a harvest forecast workshop for internal and external audiences.

Students from the Manuel Montt secondary school and Engineering students from the University of Talca also visited the CRI. The Center has established links with national and international universities, receiving postgraduate students to develop their theses through the internship program. For the year 2017 the CRI expects to resume the extension agenda, and enhance it with more visits from high school and university students.

## Communities

G4-S01

In order to establish mutually beneficial relations with the inhabitants of the areas where the company has its productive operations, it has developed a formal mechanism to receive and channel the requests of those communities. Each estate, winemaking cellar or plant has a Delegate of Community Relations that can be the Estate Manager, the Head of Winemaking Cellar or Head of Plant. This delegate is responsible for receiving and channeling the requests made by the neighbors through the corresponding mechanism, and a formal response must be delivered within five working days.

In 2016, Viña Concha y Toro's community relations activities focused on two areas of great importance for the company: Pirque and Penciahue. It supported the project of the Municipality of Pirque to ban stores from giving out plastic bags, donating 1,000 reusable bags to the inhabitants of the commune. This initiative confirms the winery's commitment to Pirque, having donated the outdoor furniture for the reopening of the Municipal Library and implemented public parking spaces for bicycles, within the framework of

the "Pedalea Pirque" program, in 2015.

In the commune of Penciahue, the company built a square for the town of Corinto, located only 2 kilometers from the Lourdes vineyard and winery, and the Center for Research and Innovation. This work is part of the project begun in 2015 called "A new image for Corinto", which was executed in two stages. The first, developed in 2015, involved the renovation of the signage around the town as well as the signs indicating small local businesses and houses that sell handicrafts. The second stage consisted of the design and construction of a square by the town's main access, in what used to be an abandoned plot of land. The square was inaugurated in November of 2016 and provides a space for residents to meet and for recreation. This project was conceived together with the community and was executed by the Municipality of Penciahue, incorporating bus stops, benches, lighting and a sign that welcomes to Corinto.

Additionally, the winery participates in different local celebrations such as harvest parties or traditional festivals through a stand where a sommelier presents the company's wines and offers tastings to the visitors.

G4-S02

In terms of the negative effects that could be caused by productive operations, the company does not have operating centers that generate significant negative impacts on local communities.

## Volunteering

In April 2016 the company started, together with Fundación Las Rosas, a partnership to help the elderly in need. This alliance involves various activities such as visits to nursing homes, fundraising campaigns, and the purchase of various products made by the foundation. In this context, the company carried out an internal campaign to raise funds, with 67 people becoming members, and also started a volunteer program, which allows the company's employees to interact directly with the foundation and the elderly living at its nursing homes.



## Education

Viña Concha y Toro understands that a fundamental factor for people's development and social mobility is education. As part of the company's efforts to promote local development, it maintains a scholarship program that funds studies in higher education institutions for underprivileged youth.

The Juan Pablo II Foundation scholarship, which finances university studies, and the monthly grants at the Las Garzas Agricultural School maintained the number of scholarship

recipients, which meant an investment of \$23.4 million and \$25 million pesos respectively. In addition, the Viña Concha y Toro Grant, managed by the Eduardo Guilisasti Tagle Foundation, continued financing students, with a fund of \$40 million pesos.

# Sustainability in Subsidiaries

*Subsidiaries Viña Cono Sur in Chile, Trivento Bodegas y Viñedos in Argentina, and Fetzer Vineyards in the United States manage sustainability independently according to the company's Board of Directors' values and general guidelines. The following pages describe the main facts in the management of sustainability at Viña Concha y Toro subsidiaries.*



# Viña Cono Sur

Since its founding in 1993, Viña Cono Sur has been characterized by the application of new ideas and technologies in oenological processes, aiming to produce premium, expressive and innovative wines.

After 23 years in the market, the company has a relevant position in the global wine industry, the result of its innovative vision to produce wines with varieties that until recently were practically unknown in Chile.

Cono Sur has double ISO 9001 and 14001 certification, CarbonNeutral® delivery, and is also certified in the ISO 14.064, ISO 50.001 and OHSAS 18.001 standards, as well as in the Second Clean Production Agreement (APL) of the Chilean wine industry, both for the estate and for the Santa Elisa winemaking cellar. Additionally, its certification in the National Sustainability Code of Wines of Chile is valid until November 2017.

## Sustainable Development

Viña Cono Sur manages sustainability through bimonthly meetings, with the participation of the different areas of the company and senior management, to review the overall status of the integrated management system, the level of progress in fulfilling the objectives set to comply with policies and programs related to quality, environment, energy, carbon footprint, occupational safety and health, among other issues, and to define priorities and actions, with their respective managers and deadlines.

This is based on an Integrated Management Policy, which has been in force since August 2014.

On the other hand, the company has different communication channels to disseminate its sustainability practices, including the use of social networks and the company's sustainability report.

## Vineyard Management and Sustainable Practices

The commitment to sustainable practices in the different stages of the production cycle is reflected in the use of integrated management and organic production models, which allow delivering a differentiating product to the market.

Since 1998, Cono Sur has implemented an integrated management model in its grapevines, a system that favors the use of natural alternatives for fertilization, and pest and diseases prevention and control. Regarding the use of pesticides, the winery uses mainly those of lower toxicity. To date, the company has 861 hectares under integrated management.

Cono Sur currently has 300 hectares of organic production, of which 260 are certified and the rest in the process of being certified. The organic production model considers eliminating the application of herbicides, carrying out weed control through mechanical means such as machinery and shovels, and pest and disease control by applying products that have a minimal impact on the vines and the environment, using only those approved by the certifying company. The area of land that is managed organically has increased over time, so compared to 2014 the number of hectares has increased by 42%.

## Water Management

Water consumption in Viña Cono Sur's lands responds mainly to their location in the valleys. The lands closer to the sea, such as the El Centinela and Campo Lindo estates, have coastal influence and use less water than those located in the interior valleys of Chile, such as Las Lomas, Lomitas, Hijuelas, El Encanto, La Espuela, El Estribo, San Rafael, and

### Key Figures

- Sales in 2016: US\$91 million and 4.8 million cases.
- 1,161 hectares of vineyards.
- 1 wine cellar in Chile.
- The company employs 399 people.
- 207 employees have permanent contracts, while 192 are seasonal workers.



Santa Elisa. It should be noted that all the estates have a drip irrigation systems, in addition to equipment that allows determining the right timing for irrigation. The equipment is submitted to a maintenance process annually, which is carried out by external specialists in order to ensure that they are in optimal condition.

For the winemaking cellars, the company continued the strategy used in the previous period, which consists in continuous training for all employees working in the technical area, including both permanent and temporary personnel.

Total water consumption has increased by 16% over the previous year, with 36 thousand m<sup>3</sup> in 2016, compared to 31 thousand m<sup>3</sup> in 2015. It should be noted that the proportion of consumption between the harvest periods (March, April and May) and non-harvest periods (rest of the year) is similar, with 48% and 52%, respectively.

### Energy Management and Carbon Footprint

During the last season, Viña Cono Sur continued its efforts to measure and implement changes to achieve better energy efficiency in its processes, including reducing the requirement of cold and heat in red wine fermentations. This allowed improving the performance associated with the use of electricity and LPG.

The carbon footprint increased by 5% over 2015, reaching 39,838 tons of CO<sub>2</sub>e. Scope 1 and 2 emissions, which are from the company's direct operations, fell as a result of lower electricity consumption and use of LPG in the processes, while Scope 3 emissions rose.



### CarbonNeutral® delivery

Cono Sur is the first winery in the world to obtain CarbonNeutral® delivery status, by neutralizing the carbon emissions produced by the maritime transport of wines from Chile to the different destination markets.

### Season 2015-2016

	Electricity MJ	Gas MJ	LPG MJ	Diesel MJ
Campo Lindo	978,599	107,252	547,066	962,538
El Centinela	223,524	93,599	317,798	360,278
El Encanto	1,987,844	116,577	6,909	498,021
La Espuela	418,961	101,490	85,280	1,037,442
Las Lomas	1,691,352	123,489	774,644	1,823,916
San Rafael	109,406	18,896	0	274,396
Santa Elisa	833,695	812,161	0	2,503,679
Winemaking Cellar	6,512,670	615,131	3,739,403	1,869,417
Santiago Office	66,082	58,679	0	0
<b>TOTAL</b>	<b>12,822,133</b>	<b>2,047,273</b>	<b>5,471,100</b>	<b>9,329,688</b>

Scope	2014-2015 ton CO <sub>2</sub> e	2015-2016 ton CO <sub>2</sub> e
Scope 1	1,998	1,915
Scope 2	1,407	1,352
Scope 3	12,672	13,452
Scope 3 Additional	21,878	23,119
<b>TOTAL</b>	<b>37,955</b>	<b>39,838</b>

## Waste Management

Viña Cono Sur manages all the waste generated in its production process, appropriately treating each of them, depending on their condition. All plant residues generated in grape processing or winemaking are reused. Remains from pruning (shoots) are crushed and spread on the roads to reduce the emission of particulate matter. Pomace and stems are gathered in a collection area, where they are subjected to a stabilization process and then applied to those sectors of the vineyards that are managed organically or have a lower amount of organic matter.

Hazardous waste, such as pesticide containers, used oils and chemicals, among others, are entirely managed by external authorized companies, responsible for their removal and final disposal.

Liquid waste (LIW) is managed through the external company Biodiversa –owned by ESSBIO–, which is in charge of its treatment and proper discharge in surface watercourses, complying with the corresponding regulations. In 2016 LIW reached 38 thousand m<sup>3</sup>, compared to 35 thousand m<sup>3</sup> discharged in 2015<sup>19</sup>.

## Supplier Management

The normal development of the company's activities would not be possible without the support of the different suppliers of goods and services. In 2016, the company monitored part of its suppliers of grapes with long-term contracts, through the Sustainability Code. Contractors who work in the wine-

making cellars are subject to legal compliance verification, carried out through Pronexo, a computer system powered by Concha y Toro. In addition, an expert in risk prevention conducts inspections on order, hygiene and safety once the contractors start the job for which they have been hired, in order to ensure compliance with the standards required by the organization and minimize the risks to which employees may be exposed.

## Human Resources

The company has continued training its employees in order to safeguard the quality of its products, while supporting their professional growth. In 2016, there were 11 hours of training per employee on average.

## Health and Safety

During 2016, Viña Cono Sur, together with the Chilean Safety Association (ACHS), implemented the quality of life program, focused on the health and wellbeing of operators. The program involved health assessments, nutritional assessments, and sports activities, in addition to making important changes in the food provided during the trainings for employees.

<sup>19</sup> The 2015 report indicated a figure of 43 thousand m<sup>3</sup> of LIW, which has been corrected.

# Trivento Bodegas y Viñedos

Trivento Bodegas and Viñedos became the Argentinian wine brand with greater international reach, positioning itself in more than 100 markets around the world. In less than 10 years, the company is among the top 5 exporters in the country.

Its diverse portfolio, including Trivento Eolo, Trivento Golden Reserve, Trivento Amado Sur, Trivento Reserve and Trivento Tribu, is continuously being awarded in contests and specialized magazines in the most prestigious markets.

The company was founded in 1996 and it currently has 9 estates located in the best productive areas of Mendoza: Valle de Uco, Oasis Luján-Maipú, and Oasis Este. These lands offer a wide variety of topographies and microclimates that allow Trivento wines to reach the best expression of each variety. For the production of its wines, Trivento has two processing facilities with a total capacity of more than 32 million liters.

Trivento has been certified under the BRC (British Retail Consortium) since 2009, and in 2016 it obtained the maximum AA+ qualification, becoming the only winery in Argentina to obtain the highest rating.

## Sustainable Development

Bodega Trivento develops its production under a shared vision with Viña Concha y Toro, seeking a harmonious balance between business growth, an adequate environmental management in its facilities and processes, and the development of its employees and the community in which it is inserted.

## Vineyard Management and Sustainable Practices

Sustainable management practices on the company's vineyards are associated with the use of authorized agrochemicals, fertilizers based on Nitrogen, Phosphorus and Potassium, and the production and use of compost from pomace. At Finca Los Vientos, the winery continued producing liquid fertilizer based on Nitrogen, Phosphorus and Potassium to apply in all the vineyards, a project that began in 2015 and has resulted in efficiencies not only in the amount of fertilizer produced but also in a greater knowledge of the real needs of the vineyards, achieving significant cost savings. During 2016, 300,000 liters of fertilizer were produced. The company also makes compost from grape pomace and then applies it to its own vineyards, using residues from the winemaking process for soil fertilization.

Regarding the relationship with suppliers, in September 2016 the winery held a Wine Quality Day with all grape and wine producers, with 65 participants.

## Water Management

Sustainable water management is key to the wine business and especially critical in the desert climate in which the company's operations are located. The whole area of vineyards uses drip irrigation, which results in significant savings in water consumption per vineyard. In 2016, the company used 140,000 m<sup>3</sup> of water.

## Energy Management and Carbon Footprint

Same as in 2015, the company continued implementing initiatives to improve energy management in its facilities. In the Maipú winemaking cellar, new refrigeration equipment was installed in the barrel room. Also the cooling equipment of the Eolo Room and the Barrel Room were changed, improving system performance and significantly reducing electric energy consumption.

In addition, at the Tres Porteñas winemaking cellar fiber cement sheets were replaced by thermal panels, considerably improving thermal exchange between the cellar and the environment. The implementation of the mentioned improvement decreases the use of cooling equipment inside the winemaking cellar, saving energy significantly. In 2016, 5.2 million kWh were used to supply the operation.

## Main Figures

- Sales in 2016: US\$56 million and 2.8 million cases.
- 1,140 hectares of vineyards.
- A winemaking cellar and a packaging plant in Argentina.
- 387 employees and 47 temporary workers.

## Waste Management

The company has a waste separation system in the facilities, which classifies and manages cardboard, plastic and glass. In 2016, this system allowed recycling 78 thousand kg of cardboard, 129 thousand kg of glass, and 27 thousand kg of plastic.

The company has effluent treatment plants in the Maipú and Tres Porteñas facilities, managing liquid industrial waste in accordance with current regulations. At Maipú, the company made improvements in enclosures, railings and floors, which contribute to the visual impact and safety of the treatment facility

## Human Resources

The sustainability of the business goes hand in hand with the personnel's personal and professional growth. Trivento has taken on this challenge through a strategy focused on the development, education and wellbeing of its employees, promoting a balance between work, personal growth and family life. The community is also a key element in this equation, which is why the company builds a close relationship with its neighbors.

Some of programs for employees and their families are: Creciendo Juntos (Growing Together), the Quality of Life, Outdoors, Solidarity, and Scholarship programs.

Trivento has an annual training plan, which responds to legal requirements, and particular needs of clients, regulators, the company's growth, and each job position, among others. During 2016, the trainings included coaching activities for managers and top executives, language courses, computer science courses, auditing courses on OHSAS 18001: 2007 and BRC version 7, and technical courses for maintenance personnel.

A total of 11,390 hours of training were provided for Trivento Bodegas y Viñedos' employees, an average of 25.3 training hours per person, with almost 90% of the company's personnel participating in the trainings.

## Health and Safety

In 2016, the Strategic Safety Plan 2016-2018 was launched, based on three pillars: "Visible Commitment and Leadership", "Active Participation", and "Legal Compliance". During the first year of implementation of the Strategic Plan, 20 safety auditors were trained according to the OHSAS 18000 standard, who then executed 13 Internal Safety Audits in the winery's estates and winemaking cellars. There were also safety rounds made with supervisors, and 5-minute safety talks.

In order to systematize the process of updating and controlling compliance with legal Hygiene and Safety requirements, an Online Updating Matrix was implemented, which allows permanent access to both national and provincial legislation, and having objective evidence of compliance available in case it is needed. During 2016, there were 12 accidents with an accident rate of 1.8.

### Trivento achieved the highest score of the BRC standard

The Maipú winemaking cellar received an AA+ on the international standard British Retail Consortium (BRC), a certification developed in the United Kingdom to safeguard the interests of the retail trade. Trivento became the only company in Argentina to obtain this rating, achieved through an unannounced audit.

# Fetzer Vineyards

Since its inception, Fetzer Vineyards has been characterized as a pioneer in the development of sustainable practices for wine production, with a constant focus on the future. After almost 50 years of experience, the company has adopted a regenerative vision, which recognizes that businesses must move beyond sustainability and focus on practices that allow restoring, revitalizing and regenerating the social environment and the environmental ecosystem in which they operate. Under this conception, Fetzer has succeeded in producing top quality wines while maintaining sustainable growth for its different stakeholders.

Fetzer Vineyards has a Director of Regenerative Development and a Sustainability Specialist to manage sustainability programs and initiatives for the company. It also has an interdepartmental team, known as the Re3 team (restore-revitalize-regenerate) that meets on a monthly basis to make progress on the company's regenerative projects. As a management goal, Fetzer has decided to be a Net Positive company by 2030, which means generating greater positive than negative impacts on society and the environment, under the philosophy of giving more than what is taken.

## Sustainable Development

Sustainability is in Fetzer's DNA. Already in the '80s it began implementing organic production methods, before the impact of the use of agrochemicals was a point at issue. At present, when the concept of sustainability is more developed and begins to be widely adopted throughout the market, Fetzer goes a step further and adopts the regenerative philosophy to manage its production. Fetzer was the first US wine company to achieve Natural Capital Partners' CarbonNeutral® certification and is also B Corp certified, the world's highest standard of social and environmental responsibility in business.

## Vineyard Management and Sustainable Practices

The approximately 400 hectares of vineyards the company owns in Mendocino County are managed under organic practices certified by the California Certified Organic Farmers (CCOF). In addition, about a quarter of these hectares are farmed based on biodynamic standards, certified by Demeter.

Among the sustainable practices the company uses for

vineyard management are cover crops, composting, and a zero-tillage approach, to increase organic matter in soils, control erosion and sequester carbon in the soil. Additionally, it uses organic and integrated pest and weed management practices, such as sheep grazing and native habitat conservation. The native habitat is essential to preserve the flora and fauna, which is why the company protects and maintains oak forests and the coastal habitat in approximately 45% of its properties, harboring beneficial insects and maintaining a balanced ecosystem.

## Water Management

Fetzer has made great progress in terms of sustainable management of water. At the end of 2016, it signed an agreement with the Chilean company BioFiltro for the installation of the BIDA® system to treat wastewater with microbes and red worms, which naturally remove 99% of contaminants in wastewater, so it can be re-used for the irrigation of vineyards. As an added benefit, earthworm excrement generates compost that is used to fertilize the vineyards. This system does not use chemicals and has a low consumption of electricity in comparison to the aeration treatment system that the company had before.

Also in 2016, the company began working with APANA to install smart water meters; the meters leverage software-as-a-service (SaaS) to monitor water usage across the winery campus. More than thirty APANA meters have been installed in the production and administrative facilities, providing a growing database of company water consumption schemes

## Main Figures

- Sales in 2016: US\$116 million and 2.5 million cases.
- 471 hectares of vineyards.
- 1 bottling plant in the US.
- 268 Employees.
- 20 temporary workers on average during 2016.

that allows detecting patterns and variations to address unwanted flows and identify opportunities for optimization. The goal is to reduce the water use of the facilities by 15% within 5 years.

In 2016, water consumption was 75 million liters, which equals 29 liters per case produced.

### Energy Management and Carbon Footprint

Fetzer was the first winery in California to operate 100% with renewable energy, 20% of which is supplied by solar panels and the rest by a supplier that generates wind energy. Since the end of the '90s, the company has developed various energy efficiency projects associated with lighting and insulation in the winemaking cellars. The new wastewater treatment system implemented by the company will allow reducing energy consumption by 85% to treat the same amount of water in relation to the previous system.

In 2016 Fetzer's energy consumption was 5.4 million kWh, equivalent to 2.1 kWh per case produced.

Fetzer was the first wine company certified as Carbon Neutral in the U.S., which means that Fetzer Vineyards contributes zero greenhouse gas emissions into the atmosphere by tracking and reporting greenhouse gas emissions, reducing and eliminating emissions as much as possible, and purchasing carbon credits to offset remaining emissions. Since 2005, the company reports its emissions of greenhouse gases (GHG), incorporating since 2016 the calculation of emissions of scope 3, which includes business travel and transportation of solid waste.

During 2016, Fetzer Vineyards signed a contract with Pacific Agroecology to conduct a carbon sequestration study in its vineyards and wild lands. This study will allow the company to know how much carbon is being sequestered annually and compare the rates of sequestration of organic farming in relation to conventional practices.

### Waste Management

Since 1990 Fetzer Vineyards has been tracking and reducing its waste, being the first US winery to be certified as Zero Waste by the U.S. Zero Waste Business Council.

During 2016 the company managed to divert 99.2% of its solid waste destined for landfills or incinerators through recycling, reuse or composting. Pomace, food waste and biodegradable materials are composted in situ, while there are designated areas for the collection of glass, plastic, cardboard, metal and PET. Also, the company coordinates with its suppliers to eliminate packaging, and to return and reuse packaging materials whenever possible.

### Supplier Management

The company understands that sustainability is not only an internal matter, but that it also involves the supply chain. Fetzer Vineyards has established a goal to purchase 100% of grapes from sustainable certified winegrape growers by 2020.

During 2016 the company began to develop and implement a comprehensive assessment of sustainability in its supply chain, as a first step towards achieving that goal.



### Bonterra Organic Vineyards

Bonterra Organic Vineyards, one of Fetzer Vineyards' leading brands, was chosen "American Winery of the Year" by Wine Enthusiast magazine, one of the most influential specialized publications in the North American market. Also, Bonterra was selected Hot Brand by the business magazine "Impact" for growing 19.6% for 52 consecutive weeks, up to January 2016. Bonterra is the No.1 wine in the organic wines category in U.S.A., and has been working on its portfolio of 100% organic varieties since 1993.

In addition, it encourages its suppliers to adopt practices for reducing, reusing and recycling their materials, and it also tries to purchase recycled and recyclable packaging products whenever possible, as well as coordinate with suppliers to return the packaging materials for reuse.

### Human Resources

One of the core values of Fetzer Vineyards is associated with continuous improvement, something that is reflected in its programs for strengthening technical skills, strategic training for leadership development, safety training for employees, and comprehensive health and wellbeing, among others.

In 2016 a total of 5,543 hours of training were carried out, which corresponds to an average of 20.7 hours of training per employee. Educational and training opportunities are available to employees at all levels of the company.

To promote the wellbeing of employees and their families, Fetzer develops quality of life programs, such as the organic garden where employees can plant products for themselves and their families.

### Health and Safety

Fetzer has a robust safety program that benefits all employees. The program considers different training sessions, research projects, inspection of new equipment and methodologies, as well as improvements in infrastructure to ensure health and safety at work.

A key component of the safety program is the Safety Committee, which is composed of employees from all departments, who work together to address safety issues. The Committee rewards employees and departments for taking additional steps to ensure and improve safety conditions. There were ten accidents in Fetzer Vineyards during 2016, with an Accident Rate of 3.7.



# External Assurance Report



Deloitte Advisory SpA  
Rosario Norte 407  
Las Condes, Santiago  
Chile  
Fono: (56) 227 297 000  
Fax: (56) 223 749 177  
deloittechile@deloitte.com  
www.deloitte.cl

## INDEPENDENT REVISION REPORT VIÑA CONCHA Y TORO S.A.

### SUSTAINABILITY REPORT 2016

Mrs.  
Valentina Lira  
Deputy Manager of Sustainable Development  
Viña Concha y Toro S.A.

Dear Mrs. Lira,

Hereby, you can find the outcomes of the revision of Viña Concha y Toro S.A. Sustainability Report 2016 according to the following aspects:

#### Scope

Limited security revision of the contents and indicators' adaptation of the 2016 Sustainability Report according to the G4 version of the GRI guidelines for Sustainability Reports, related to the organizational profile and material indicators arisen from the materiality process developed by the Company following the GRI-G4 criteria related to economic, social and environmental dimensions.

#### Standards and Assurance Process

We have carried out our task according the guidelines of the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

Our review has consisted in an enquiring process to different units and management areas of Concha y Toro, which have been involved in the developing process of the report, as well as in the application of analytic procedures and checking tests, which are described in the following items:

- ✓ Meeting with the Concha y Toro Sustainable Development team.
- ✓ Analysis of the adaptation of the 2016 Sustainability Report's contents to the GRI-G4 guideline recommendations and the review of the indicators included in the report in order to verify that they are aligned with the established protocols in GRI-G4. We also check whether the character of not applicable or not material indicators is justified.
- ✓ Verification, through checking tests of quantitative and qualitative information according to the GRI-G4 indicators included in the 2016 report, and its adequate gathering from the data provided by Concha y Toro information sources, included in the Report.

#### Conclusions

- ✓ The assurance process was based in the indicators established in the materiality process carried out by Concha y Toro. Once those indicators were identified, prioritized and validated they were included in the report.
- ✓ The reported and verified GRI indicators appear in the following table:



GRI G4						
Basic General Indicators						
G4-1	G4-2	G4-3	G4-4	G4-5	G4-6	G4-7
G4-8	G4-9	G4-10	G4-11	G4-12	G4-13	G4-14
G4-15	G4-16	G4-17	G4-18	G4-19	G4-20	G4-21
G4-22	G4-23	G4-24	G4-25	G4-26	G4-27	G4-28
G4-29	G4-30	G4-31	G4-32	G4-33	G4-34	G4-35
G4-36	G4-37	G4-38	G4-39	G4-40	G4-41	G4-42
G4-43	G4-44	G4-45	G4-46	G4-47	G4-48	G4-49
G4-50	G4-51	G4-52	G4-53	G4-56	G4-57	G4-58
Basic Specific Indicators						
G4 – EC1	G4 – EC2	G4 – EC9	G4-EN1	G4-EN2	G4-EN3	G4-EN4
G4-EN5	G4-EN6	G4-EN7	G4-EN8	G4-EN9	G4-EN10	G4-EN11
G4-EN12	G4-EN13	G4-EN14	G4-EN15	G4-EN16	G4-EN17	G4-EN18
G4-EN19	G4-EN20	G4-EN21	G4-EN22	G4-EN23	G4-EN24	G4-EN25
G4-EN26	G4-EN27	G4-EN28	G4-EN29	G4-EN31	G4-EN32	G4-EN33
G4-LA5	G4-LA6	G4-LA7	G4-LA8	G4-LA9	G4-LA10	G4-LA11
G4-LA12	G4-LA13	G4-LA14	G4-LA15	G4-S01	G4-SO2	G4-SO3
G4-SO4	G4-SO5	G4-HR5	G4-HR6	G4-PR1	G4-PR2	G4-PR3
G4-PR4	G4-PR5	G4-PR6	G4-PR7			

- ✓ On the basis of GRI-G4 procedures, nothing has come to our attention which causes us to conclude that the selected data for the year ended 31 December 2016 have not been prepared in all material respects in accordance with the GRI-G4 Reporting guidelines.

#### Improving Opportunity Report

Additional to this letter, Deloitte is presenting to Concha y Toro a special report including improvement opportunities in order to reinforce management aspects, and the ability of the Company in the elaboration of future sustainability reports.

#### Concha y Toro Direction and Deloitte Responsibilities

- The preparation of the 2016 Sustainability Report as well as its content is under Concha y Toro responsibility, which is in charge of the definition, adaptation and maintenance of the management and internal control systems from which the information is obtained.
- Our responsibility is to emit an independent report based on the applied procedures in our review.
- This report has been prepared exclusively by Concha y Toro interest, in accordance with the terms established in the Engagement Letter.
- We have developed our work according to the Independence norms established in the Code of Ethics of the IFAC.
- The conclusions of the verification made by Deloitte go for the last version of the 2014 Sustainability Report received on June 14, 2017.
- The scope of a limited security revision is essentially inferior to a reasonable audit or security revision, thus, we do not give any audit opinion about the 2016 Concha y Toro Sustainability Report.



Fernando Gaziano.

Partner

# GRI Index and Global Compact

## General Standard Disclosures

Code	Section / Comments / Reference	Page	External Assurance
<b>Strategy and Analysis</b>			
G4-1	Letter from the Chairman	12	✓
G4-2	Corporate Governance	28	✓
<b>Organization Profile</b>			
G4-3	Company Profile	2	✓
G4-4	Company Profile	20	✓
G4-5	Company Profile	2	✓
G4-6	Company Profile	20	✓
G4-7	Company Profile	20	✓
G4-8	Company Profile	20	✓
G4-9	Viña Concha y Toro in Chile; 2015 Milestones and Figures	6 y 24	✓
G4-10	People Management; Working Conditions for Temporary Workers	85 y 88	✓
G4-11	Labor Relations	95	✓
G4-12	Inductive Process	26	✓
G4-13	Viña Concha y Toro in Chile	24	✓
G4-14	Sustainability Management; Environment	34 y 44	✓
G4-15	Memberships and Associations; Sustainable Development Goals	36 y 38	✓
G4-16	Memberships and Associations	38	✓
<b>Material Aspects and Boundaries</b>			
G4-17	Annual Report pages 60-61 <a href="https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf">https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf</a>	-	✓
G4-18	Definition of contents included in the Report	16	✓
G4-19	Definition of contents included in the Report	17	✓
G4-20	Definition of contents included in the Report	17	✓
G4-21	Definition of contents included in the Report	17	✓
G4-22	People Management Training and Knowledge Center Energy Efficiency in the Supply Chain	46, 79, 85 y 90	✓
G4-23	There have been no changes to the scope or boundaries	-	✓
<b>Stakeholders Engagement</b>			
G4-24	Stakeholders	18	✓
G4-25	Stakeholders were defined according to influence and dependence while defining the sustainability strategy. Every year, along with the strategic objectives, stakeholders are evaluated with the same criteria.	-	✓ ✓ ✓
G4-26	Stakeholders	19	✓
G4-27	Determining the Sustainability Context Stakeholders	17	✓
<b>Report Profile</b>			
G4-28	About this report	16	✓
G4-29	About this report	16	✓
G4-30	About this report	16	✓
G4-31	Cover	2	✓
G4-32	About this report	16	✓
G4-33	About this report	16	✓

## General Standard Disclosures

Code	Section / Comments / Reference	Page	External Assurance
<b>Governance</b>			
G4-34	Corporate Governance	28	✓
G4-35	Corporate Governance	28	✓
G4-36	Sustainability Management	34	✓
G4-37	Sustainability Management	34	✓
G4-38	Corporate Governance	28	✓
G4-39	Corporate Governance	28	✓
G4-40	Corporate Governance	28	✓
G4-41	Corporate Ethics Management	32	✓
G4-42	Corporate Governance	28	✓
G4-43	Through the CEO, the Sustainability Committee informs the Board of Directors on matters relating to the company's sustainability management. External consultancies or training in this matter are not considered.	-	✓
G4-44	Board Self-Assessment	32	✓
G4-45	Corporate Governance	28	✓
G4-46	Corporate Governance	28	✓
G4-47	The Board of Directors discusses these issues in ordinary and extraordinary sessions.	28	✓
G4-48	Determining the Sustainability Context	17	✓
G4-49	Through the CEO, the Sustainability Committee informs the Board of Directors on matters relating to the company's sustainability management.	-	✓
G4-50	Annual Report pages 44-45: <a href="https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf">https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf</a>	-	✓
G4-51	Annual Report pages 43-44: <a href="https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf">https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf</a>	-	✓
G4-52	Annual Report page 43: <a href="https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf">https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf</a>	-	✓
G4-53	Annual Report page 43: <a href="https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf">https://www.conchaytoro.com/wp-content/uploads/2017/05/MEMORIA-2016-23-MAYO.pdf</a>	-	✓
G4-54	The company has decided this is confidential information.	-	✓
G4-55	The company has decided this is confidential information.	-	✓
<b>Ethics and Integrity</b>			
G4-56	Corporate Ethics Management	32	✓
G4-57	Whistleblower Channel	33	✓
G4-58	Whistleblower Channel	33	✓

## Specific Standard Disclosures

Code	Comments / Reference	Page	Global Compact Principle	External Assurance
<b>Ethics and Anticorruption</b>				
Management Approach: Crime Prevention Model				
G4-S03	Crime Prevention Model	32	10	✓
G4-S04	Crime Prevention Model	32	10	✓
G4-S05	Whistleblower Channel	33	10	✓
<b>Generated and Distributed Economic Value</b>				
Management Approach: Generated Economic Value				
G4-EC1	Generated Economic Value	40		✓
<b>Cumplimiento Normativo</b>				
Management Approach: Environment				
G4-EN29	During 2016, there were no significant fines or sanctions for noncompliance with environmental laws and regulations	-	7 y 8	✓
<b>Climate Change</b>				
Management Approach: Climate Change				
G4-EC2	Climate Change	48	7, 8 y 9	✓
<b>Energy</b>				
Management Approach: Energy				
G4-EN3	Energy	46	7, 8 y 9	✓
G4-EN4	Energy	46	7, 8 y 9	✓
G4-EN5	Energy	46	7, 8 y 9	✓
G4-EN6	Energy	46	7, 8 y 9	✓
G4-EN7	Not applicable	-	7, 8 y 9	✓
<b>Carbon Footprint</b>				
Management Approach: Carbon Footprint				
G4-EN15	Carbon Footprint	49	7, 8 y 9	✓
G4-EN16	Carbon Footprint	49	7, 8 y 9	✓
G4-EN17	Carbon Footprint	50	7, 8 y 9	✓
G4-EN18	Carbon Footprint	48	7, 8 y 9	✓
G4-EN19	Carbon Footprint	50	7, 8 y 9	✓
G4-EN20	Carbon Footprint	51	7, 8 y 9	✓
G4-EN21	Carbon Footprint	51	7, 8 y 9	✓
<b>Water</b>				
Management Approach: Water				
G4-EN8	Water	45	7, 8 y 9	✓
G4-EN9	Water	45	7, 8 y 9	✓
G4-EN10	Water	45	7, 8 y 9	✓
<b>Biodiversity</b>				
Management Approach: Biodiversity				
G4-EN11	Biodiversity	52	7 y 8	✓
G4-EN12	Biodiversity	52	7 y 8	✓
G4-EN13	Biodiversity	52	7 y 8	✓
G4-EN14	Biodiversity	53	7 y 8	✓
G4-EN31	Environment	44		✓
<b>Use of Pesticides and Fertilizers / Soil Management</b>				
Management Approach: Pesticides and Fertilizers				
G4-EN1	Pesticides and Fertilizers	54	7 y 8	✓

## Specific Standard Disclosures

Code	Comments / Reference	Page	Global Compact Principle	External Assurance
<b>Waste</b>				
Management Approach: Waste				
G4-EN22	Waste	56	7 y 8	✓
G4-EN23	Waste	55	8	✓
G4-EN24	There were no spills recorded in 2016.	-	8	✓
G4-EN25	No hazardous waste is transported	-	8	✓
G4-EN26	No bodies of water or habitats have been affected by discharges or run-off from the company.	-	7 y 8	✓
<b>Suppliers / Promoting sustainability in the supply chain</b>				
Management Approach: Suppliers				
G4-EN32	Evaluation of Suppliers	60	7 y 8	✓
G4-EN33	Suppliers	60	7, 8 y 9	✓
G4-EC9	Supplier Development	62		✓
G4-LA14	Evaluation of Suppliers	60	3, 4 y 5	✓
G4-LA15	Evaluation of Suppliers	60	3 y 6	✓
G4-HR5	Evaluation of Suppliers	60		✓
G4-HR6	Evaluation of Suppliers	60		✓
<b>Supplies / Containers and Packaging Materials</b>				
Management Approach: Supplies				
G4-EN1	Supplies	64	8	✓
G4-EN2	Supplies	63	8 y 9	✓
G4-EN27	Supplies	63	8 y 9	✓
G4-EN28	The company does not regenerate its products or packaging materials at the end of their life cycle.	-	8 y 9	✓
<b>Quality</b>				
Management Approach: Quality				
G4-PR1	Quality	71		✓
G4-PR2	During the period there were no breaches of regulations or voluntary codes regarding the impact of products on consumers' health and safety.	-		✓
<b>Trends and Innovation</b>				
Management Approach: Trends and Innovation; Center for Research and Innovation				
Own: Innovation in Viña Concha y Toro	Center for Research and Innovation	69	9	✓
<b>Responsible Marketing</b>				
Management Approach: Responsible Marketing				
G4-PR3	Product Information	72		✓
G4-PR4	Product Information	72		✓
G4-PR6	Responsible Marketing	72		✓
G4-PR7	Product Information	72		✓
<b>Sustainable Products</b>				
Management Approach: Product Information				
Own: Product Information	Product Information	72	8 y 9	✓

## Specific Standard Disclosures

Code	Comments / Reference	Page	Global Compact Principle	External Assurance
<b>Transparency and Information for Clients</b>				
Management Approach: Customers				
Own: Client Audits	Client Audits	77	1, 2, 3, 8 y 10	✓
<b>Sustainability Dissemination and Promotion</b>				
Management Approach: Promotion of Sustainability				
Own: Sustainability Dissemination and Promotion	Promotion of Sustainability	78	9	✓
<b>Customer Satisfaction</b>				
Management Approach: Satisfaction				
G4-PR5	Satisfaction	81		✓
<b>Diversity</b>				
Management Approach: People Management				
G4-LA12	People Management	85	6	✓
<b>Working conditions of temporary workers</b>				
Management Approach: Working conditions of temporary workers				
Own: Working conditions of temporary workers	Working conditions of temporary workers	85	6	✓
<b>Training and Knowledge Center</b>				
Management Approach: Training and Knowledge Center				
G4-LA9	Training and Knowledge Center	90		✓
G4-LA10	Training and Knowledge Center	90		✓
<b>Performance Management</b>				
Management Approach: Performance Management				
G4-LA11	Performance Management	89		✓
<b>Labor Relations and Working Environment</b>				
Management Approach: Engagement				
Own: Engagement Study	Engagement	93		✓
<b>Quality of Life</b>				
Management Approach: Quality of Life				
Own: Benefits and Wellbeing programs	Quality of Life	93		✓

## Specific Standard Disclosures

Code	Comments / Reference	Page	Global Compact Principle	External Assurance
<b>Wages and Benefits</b>				
Management Approach: Wages and Benefits			6	
G4-LA13	Wages and Benefits	94	6	✓
<b>Risk Prevention</b>				
Management Approach: Risk Prevention				
G4-LA5	Risk Prevention	91	3 y 6	✓
G4-LA6	Risk Prevention	91		✓
G4-LA7	Risk Prevention	92	2	✓
G4-LA8	Risk Prevention	91		✓
<b>Management of Positive Impacts</b>				
Management Approach: Communities				
G4-S01	Communities	100	1 y 2	✓
G4-S02	The company does not own operational centers that generate significant negative impacts on local communities.	100	1 y 2	✓

