

# VIÑA CONCHA Y TORO

— FAMILY OF WINERIES —



# 2019

SUSTAINABILITY REPORT

EXECUTIVE SUMMARY

# LETTER FROM THE CHAIRMAN

Dear all,

We are convinced that economic success goes hand in hand with caring for the environment as well as for our people and the social ecosystem in which we operate.

We manage our business seeking not only to generate profits for our shareholders, but also to provide opportunities for the communities of which we are a part of, taking care of the environment, working together with our customers and suppliers, and strengthening a healthy working environment for our employees.

Once more, our work and commitment were recognized locally and abroad. For the fifth consecutive year we were part of the Dow Jones Sustainability Index Chile, an important international sustainability index that measures environmental, social, economic and corporate governance aspects, and we were also part of the DJSI MILA Pacific Alliance for third year. On the other hand, the renowned CDP sustainability index recognized the company as a leader in sustainable water management, evaluating it with the highest “A” rating - the program’s top score - in the “Water Security” category.

We became the first Latin American company to commit to science-based greenhouse gas emission reduction targets through the Science Based-Targets initiative, thus ensuring that our efforts are aligned with the decarbonization objectives needed to avoid the consequences of a global temperature increase

above 1.5°C, as established in the most recent report by the Intergovernmental Panel on Climate Change (IPCC). In addition, we reaffirm this commitment by adhering to the United Nations Business Ambition for 1.5°C initiative, pledging to achieve zero net greenhouse gas (GHG) emissions by 2050.

To date, we have achieved a significant cumulative 27% reduction in our carbon footprint, which positions us very close to achieving our 30% reduction target by 2020 compared to 2014. In addition, we continue to make steady progress in implementing clean energy in our operations, reaching 64% of electricity consumption from renewable sources by 2019 and ensuring 80% of future renewable supply through 11 new solar plants to be built in 2020.

In the area of biodiversity, during 2019 we implemented the requirements of the Forest Stewardship Council® sustainable forest management standard, becoming the first wine company in the world to have its forest certified under FSC® (FSC-C154029) for conservation purposes.

Our water footprint was 58 liters per glass in the period, 47% less than the global wine industry average, which reflects the company’s responsible management of water, aware that its availability and conservation are ongoing challenges for the industry and society at large.

In our supply chain, aware of our responsibility to share and extend the company’s good practices, the Code of Conduct for Suppliers was published and disseminated, with the aim of communicating in greater detail and clarity the behavioral principles and values that the company expects from its suppliers.

We celebrated a “Meaningful Christmas” with our neighboring communities, holding four solidarity events in Ovalle, Puente Alto, Chimbarongo and

Lontué with activities and gifts for children and their families, which were attended by a total of 2,400 people. On the other hand, we started an innovative multipurpose volunteer program called “All Hands to the Earth”, in which company employees dedicate a day to reforestation with native species.

Viña Concha y Toro continues to take steps that open up new opportunities to increase the productivity, efficiency and positive impacts of its operation. At the same time, we are promoting a change of internal culture towards a new way of working, more agile, simple and collaborative.

We are confident that our ambitious goals and deep commitment to sustainability will allow us to maintain the leading position of our company, with the necessary economic success, but, above all, with a deep sense of responsibility and commitment to future generations.



**ALFONSO LARRAÍN SANTA MARÍA**

Chairman of Viña Concha y Toro

# EXECUTIVE SUMMARY SUSTAINABILITY REPORT 2019

**This document is a summary of the 2019 Sustainability Report of Viña Concha y Toro, highlighting the company's main governance, social and environmental milestones.**

The content of the Sustainability Report was prepared according to the criteria of the latest comprehensive version of the Global Reporting Initiative (GRI) Standards. It also incorporated opportunities for improvement identified during the external verification of the 2018 report.

To determine the content of the report, the company carried out a materiality analysis considering the results of the previous year and the structure of its Sustainability Strategy as a basis, in order to update it adapting to the changes, trends and new challenges in the matter.

## MATERIALITY MATRIX

		<ul style="list-style-type: none"> <li>Waste Management and Recycling</li> </ul>	<ul style="list-style-type: none"> <li>Water Management</li> </ul>	
Relevance for stakeholders	<ul style="list-style-type: none"> <li>Innovation and New Products</li> <li>Customer Satisfaction</li> <li>Marketing and Responsible Drinking</li> </ul>	<ul style="list-style-type: none"> <li>Energy (efficiency and use of renewable energy)</li> <li>Commitment to Sustainability</li> <li>Biodiversity and Soil Care</li> <li>Human Rights</li> <li>Human Capital Development</li> <li>Diversity and Equal Opportunities</li> <li>Legal Compliance</li> <li>Responsible Sourcing</li> <li>Ethics and Anti-corruption</li> <li>Innovation, Research and New Technologies</li> <li>Support for Local Development</li> <li>Promotion of Sustainability in the Supply Chain</li> <li>Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Mitigation and Adaptation to Climate Change</li> <li>Employees Well-being</li> </ul>	
	<ul style="list-style-type: none"> <li>Social Initiatives and Volunteering</li> </ul>	<ul style="list-style-type: none"> <li>Profitability and Economic Indicators + Economic Performance</li> <li>Awards, Recognitions and Strategic Alliances</li> <li>Information Security</li> <li>Certifications</li> <li>Transparency and Customer Information</li> </ul>	<ul style="list-style-type: none"> <li>Supply Management (grapes and materials)</li> <li>Product Quality and Safety Management</li> <li>Internal Culture</li> <li>Risk Management</li> <li>Corporate Strategy</li> <li>Excellence in Operations</li> </ul>	
		<ul style="list-style-type: none"> <li>Origins and Portfolio (Family of Wineries)</li> <li>Efficiency in Distribution</li> </ul>		

Relevance for Viña Concha y Toro



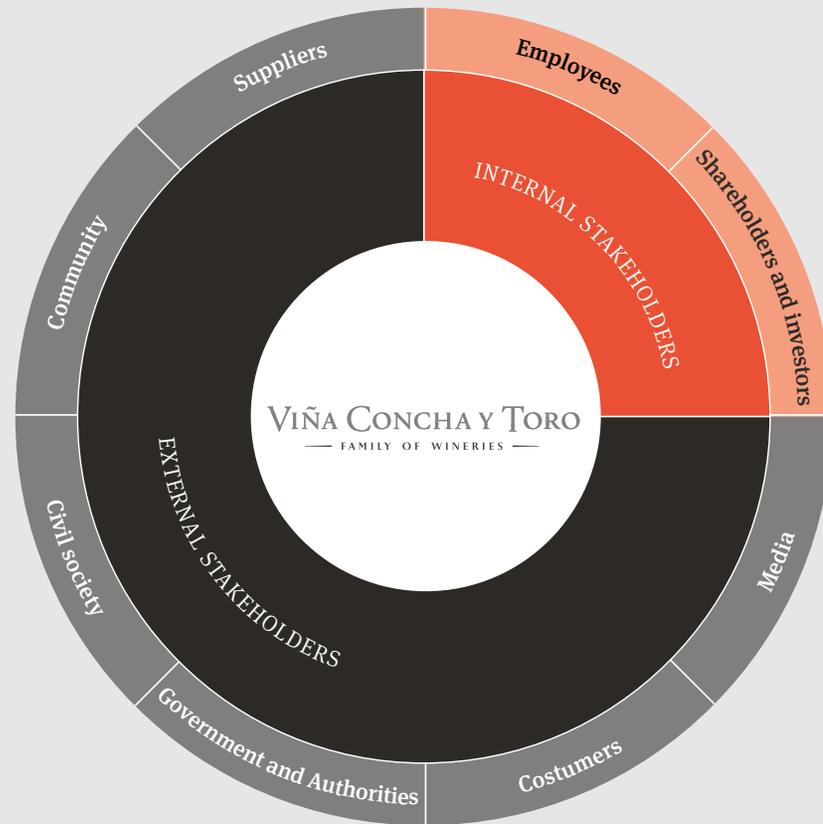
The complete document is available on the web site:  
[www.conchaytoro.com/en/sustentabilidad/publications](http://www.conchaytoro.com/en/sustentabilidad/publications)

# OUR GROUPS OF INTEREST

The identification and selection of the company's stakeholders was carried out through a survey and prioritization process in 2018. As a result of this process, eight categories of internal and external stakeholder groups were defined.

Internal stakeholders are employees, shareholders and investors; external stakeholders are suppliers, communities, society, government and authorities, customers and the media.

The company seeks to encourage the engagement of all its stakeholders, with an emphasis on continuously promoting collaboration through various activities and communication channels where demands, opinions, concerns and suggestions can be expressed.



# COMPANY PROFILE

During 2019, we focused on the internal implementation of the company's new corporate identity, with a vision focused on consumers, offering the best wine brands of unique character from our diverse family of wineries.

# COMPANY PROFILE

The development of Viña Concha y Toro has been driven by a visionary approach focused on the creation of subsidiaries, which have become central pillars of the company's business through outstanding growth over time. The Family of Wineries concept was created in 2018 to give a unique identity to the Holding, focusing on its three production origins (Chile, Argentina and USA). Under this distinctive identity, we seek to reinforce the value in the creation of unique products from different origins, where each one stands out in performance, ongoing expansion to new markets and recognition.



## CHILE

 **10**  
Valleys

 **13**  
Wineries

 **56**  
Vineyards

 **3**  
Bottling plants

 **10.248**  
Hectares planted

## ARGENTINA

 **3**  
Valleys

 **3**  
Wineries

 **10**  
Vineyards

 **1**  
Bottling plants

 **1.411**  
Hectares planted

## UNITED STATES

 **2**  
Valleys

 **1**  
Wineries

 **14**  
Vineyards

 **1**  
Bottling plants

 **448**  
Hectares planted

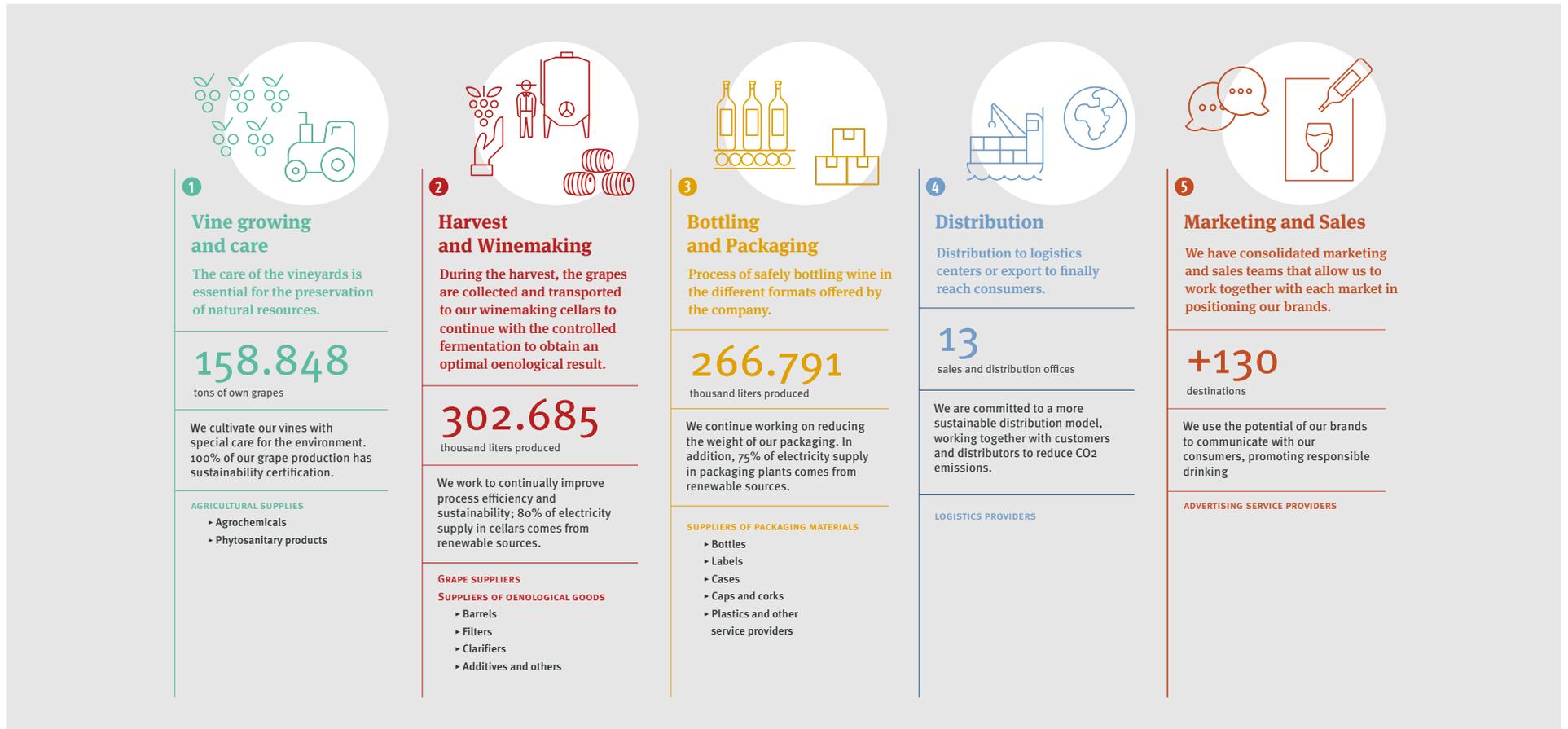


VIÑA DON MELCHOR



# VALUE CHAIN

The success of our business model is due to the fact that the company actively participates in all stages of the value chain: vineyards, wineries, bottling plants and sales offices. In this way, we have a comprehensive vision that ensures quality in each of the processes and, finally, in the products.



# BUSINESS STRATEGY

## VISION:

To be a leading global wine company, consumer-centric with a focus on developing premium wine brands

## OBJECTIVE:

Growth in value and profitability.

## STRATEGIC GOALS 2022

Double the operating result from **\$70.000 MM** in 2016/17 a **\$140.000 MM** in 2022.

Increase the operating margin from **10,7%** in 2016 (base year) to an approximate range between **16% and 16,5%**

## STRATEGIC PILLARS



Every day, millions of consumers around the world place their trust in the quality of Viña Concha y Toro's brands. Each of the people who work in the company seeks to achieve excellence in a continuous and collaborative process.



We promote an entrepreneurial spirit and constantly challenge ourselves. We seek to transcend with solutions that add value to our consumers. We believe in the power of research, development and systematic innovation for a sustainable future.



We understand the value of growing in harmony with our natural and social environment. Each step of our business operates incorporating sustainability and generating virtuous ties, seeking to give back in each bottle what the land has given us.



At Viña Concha y Toro we understand that our employees are strategic allies and the true protagonists of the cultural change that is taking place within the company. Our systemic and integrative vision establishes collaboration as the main value of a culture that will allow us to meet every challenge we set for ourselves.

# RESEARCH AND INNOVATION

Through the **Center for Research and Innovation**, opened in 2014 to provide a place for wine growers and researchers to meet and exchange knowledge, Viña Concha y Toro promotes various R&D initiatives and strategic alliances to achieve its objectives.

The CRI's work is guided by six strategic programs (SP), which involve the different stages of the production chain, from the vineyard to the final product.

<p><b>SP1</b></p> <p>Strengthening of plant material in the nursery</p>	<p><b>SP2</b></p> <p>Water resources and climate change</p>
<p><b>SP3</b></p> <p>Quality of grapes and wines</p>	<p><b>SP4</b></p> <p>Smart wine industry</p>
<p><b>SP5</b></p> <p>New product design</p>	<p><b>SP6</b></p> <p>Circular viticulture program</p>



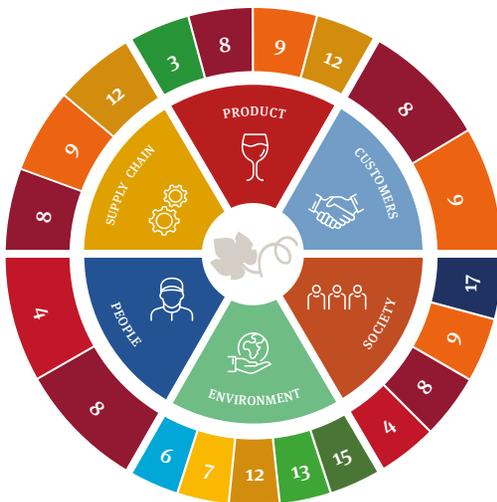
## CRI OBJECTIVES:

1. Strengthen plant production in order to keep the company at the forefront of this field.
2. Perfecting the company's wine production processes through technological innovation and the development of new tools.
3. Transfer knowledge in chemical, molecular and sensory analysis to both productive and commercial areas.
4. Strengthen the innovation management system for the design of new products.
5. Encourage the development of the industry by strengthening the exchange between the different actors through technology transfer and dissemination of the results of R+D+i.

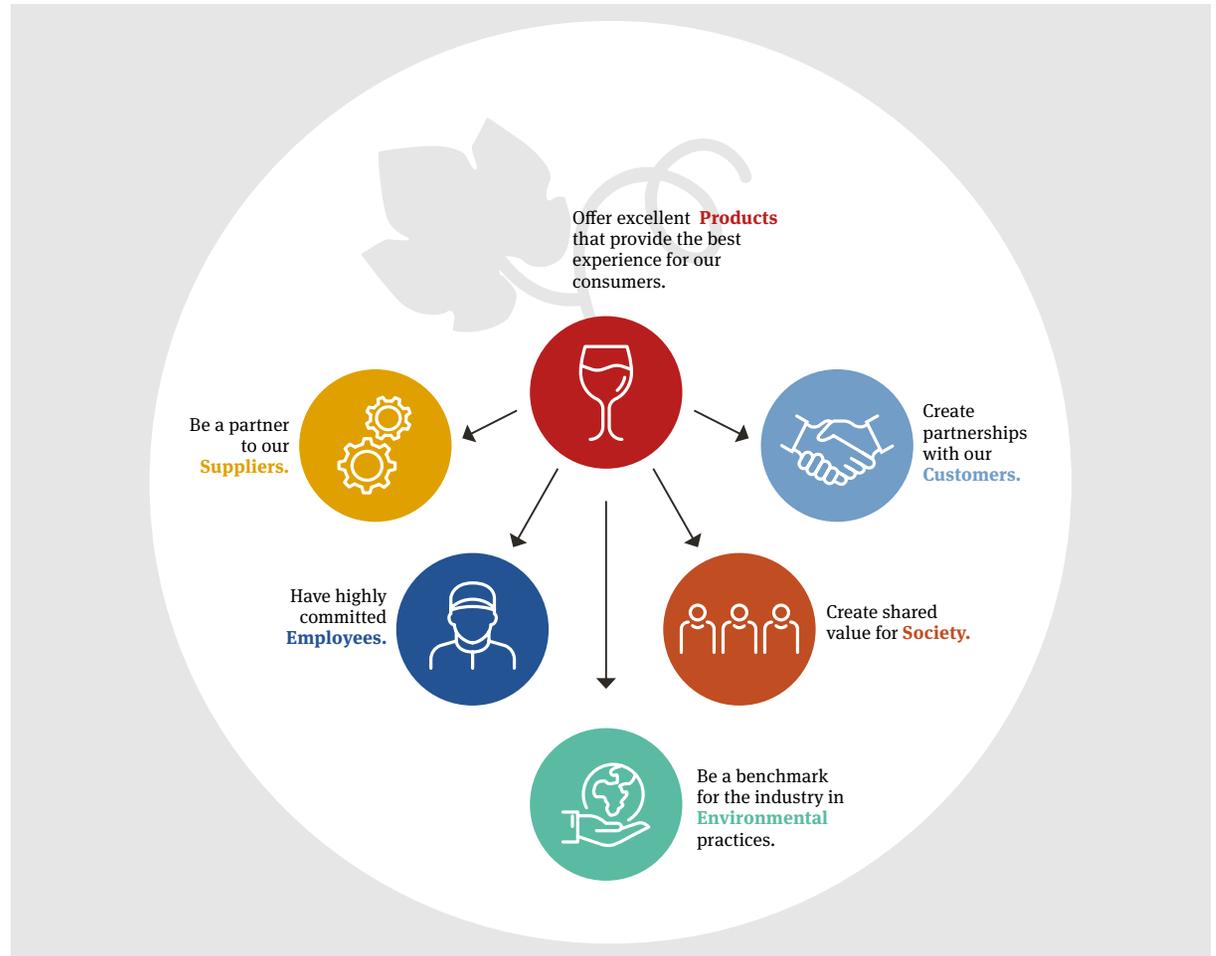
# SUSTAINABILITY STRATEGY

## Give back in each bottle, what the earth has given us.

Viña Concha y Toro's vision of sustainability is based on understanding that economic success goes hand in hand with caring for the environment, making rational use of natural resources, coupled with a commitment to people and the social sphere in which it operates. This virtuous circle is essential in the company's business model.



The company's Sustainability Strategy is aligned with the Global Compact Principles and with the Sustainable Development Goals (SDGs) defined by the United Nations, contributing to its achievement by 2030.



- 3** GOOD HEALTH
- 4** QUALITY EDUCATION
- 6** CLEAN WATER AND SANITATION
- 7** AFFORDABLE AND CLEAN ENERGY
- 8** DECENT WORK AND ECONOMIC GROWTH
- 9** INNOVATION AND INFRASTRUCTURE
- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13** CLIMATE ACTION
- 15** LIFE ON LAND
- 17** PARTNERSHIP FOR THE GOALS

# ASSOCIATIONS

The company participates in associations that seek to promote the development and sustainability of the sector.

## AFFILIATIONS AND ASSOCIATIONS



It seeks to promote, disseminate and continue integrating the 10 principles of the Global Compact into the business sector, seeking more responsible operations.



Organization that focuses on promoting fair and smart use of water.



Carbon Pricing Leadership Coalition is a voluntary public-private association that agrees to advance the "Carbon Pricing" agenda.



Independent organization whose objective is to promote the development of sustainability reports in all types of organizations.





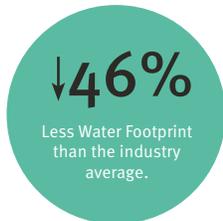
# ENVIRONMENT

Be a benchmark for the industry in environmental practices



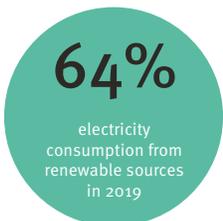
## WATER

During 2019, the recognized sustainability index CDP, highlighted the company as a leader in sustainable water management, scoring it with the maximum grade “A” - maximum grade of the program - in the “Water Security” category.



## ENERGY

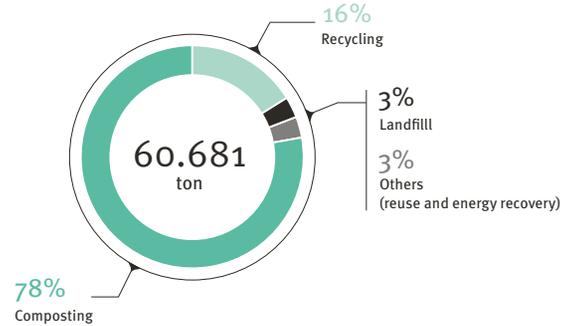
During 2019 we completed the construction of 9 photovoltaic solar plants in Chile and closed contracts for the construction of 11 new plants during 2020 and it was obtained Green-e certification for renewable energy.



## WASTE AND RECYCLING

Our goal is to reduce the generation of waste as much as possible, maximizing our recycling and reuse rates, seeking to eliminate the negative impact on the environment caused by transportation to landfills.

WASTE BY TYPE OF DISPOSAL



## BIODIVERSITY

In 2019, Viña Concha y Toro became the **first wine company in the world to achieve FSC certification for conservation purposes** (FSC-C154029). This certification strengthens the conservation work carried out by the company during the last decade.

## SOILS

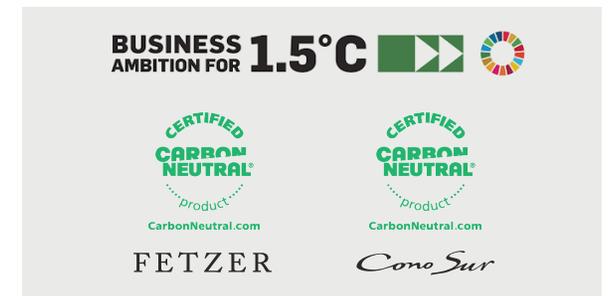
**Fetzer** practices regenerative agriculture on the 388 hectares of vineyards it grows for Bonterra Organic Vineyards.

**Trivento** working under its Vine Nutritional Program (VNP), whose objective is to provide each plant with the exact nutrients required according to its variety, rootstock, soil, climate, destination, etc.

**Cono Sur** has more than 300 hectares organically managed and certified by the German company BCS Oeko Garantie GmbH.

## CLIMATE CHANGE

In 2019 Viña Concha y Toro became the first Latin American company to set reduction targets aligned with the global goal of keeping global warming below 1.5°C approved by the Science Based Targets Initiative (SBTi). This way, we are committed to **reducing our total emissions from Scope 1,2 and 3 by 55% by 2030** compared to 2017.





# SUPPLY CHAIN

## Be a strategic partner to our suppliers

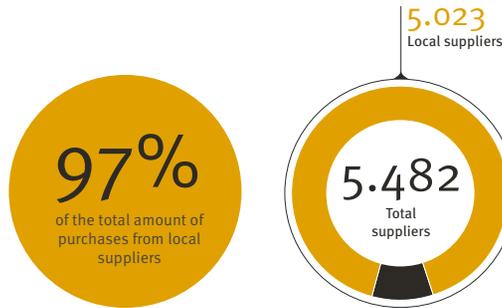


### RESPONSIBLE SOURCING

In 2019, the **Guidelines for Ethical Behavior** were published and disseminated, with the aim of communicating in greater detail and clarity the behavioral principles and values that the company expects from its suppliers.

#### Our suppliers must meet the following requirements:

- ▶ Business integrity
- ▶ Compliance with applicable laws and regulations
- ▶ Ethical and social management system
- ▶ Nondiscrimination
- ▶ Prohibition of child labor
- ▶ Prohibition of forced labor
- ▶ Fair wage
- ▶ Respect for working hours
- ▶ Respect for freedom of association and collective bargaining
- ▶ Healthy and safe working conditions
- ▶ Environmental protection



### QUALITY SUPPLIES MANAGEMENT

Currently, **98%** of the bottles used by the company are lighter in weight. Given that a lighter bottle implies fewer associated emissions and a lower environmental impact, our objective is to continue working to minimize their weight.



Reaffirming our commitment to responsible forest management, in 2019, the company subscribed to the FSC® Trademark License for promotional purposes, with the aim of promoting and communicating the use of FSC® certified products in its value chain.



### PROMOTING SUSTAINABILITY

Viña Concha y Toro considers that the quantification of the carbon footprint is vital for the proper management and reduction of the impact of productive activities on climate change, which is why we encourage our suppliers to measure and manage their emissions. Our goal of a 15% reduction in GHG emissions associated with packaging established for 2020 was met early, in 2018, reaching a reduction of 22%. Because of this, during 2019 the program focused on the standardization of carbon footprint measurements for the different types of packaging used by the company.



# PRODUCT

**Offer excellent products that provide the best experience for our consumers.**



## QUALITY AND SAFETY MANAGEMENT OF OUR PRODUCTS

The company has a Corporate Quality Policy that provides the guidelines for the Quality Management System, made up of a series of protocols and a documentary system based on the HACCP standard and internal and external controls and verification systems, which are validated by the certifications and international standards of the British Retail Consortium (BRC) in Chile and Argentina and the International Food Standard (IFS) for its bottling plants in Chile.

Chile - Concha y Toro



Chile - Cono Sur



United States - Fetzer



Argentina - Trivento

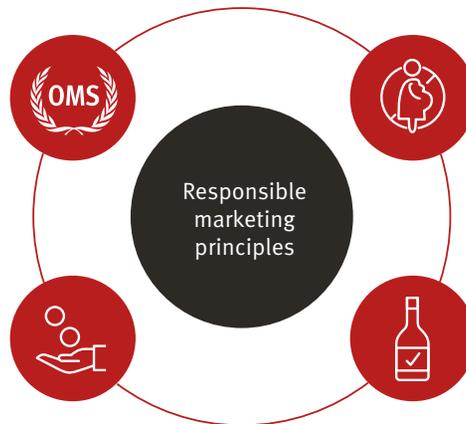


## RESPONSIBLE MARKETING AND CONSUMPTION

The company is committed to promoting, creating and strengthen a healthy relationship with wine consumption, which is based on conscious and responsible consumption, moderate and restricted in cases where it represents a risk for personal health or the rest of society.

In addition, the company makes sure that all of its marketing communications do not violate these principles, both on digital and social media as well as on traditional marketing platforms.

**Responsible Drinking is an essential and desirable value in present and future society, which is why it is a fundamental aspect in the consolidation of the company's commitment to society and its leadership at the global level.**



Review our commitment to responsible consumption in:  
<https://conchaytoro.com/en/holding/responsibleconsumption/>

## INNOVATION IN PRODUCT DEVELOPMENT

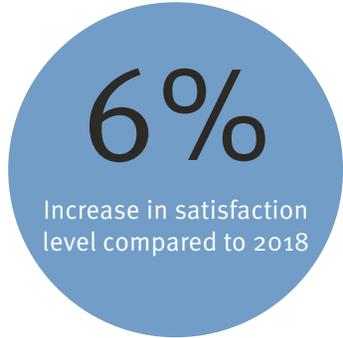
Innovation has been key to the company's success in the long term and has also allowed it to maintain its leadership in sustainability.





# CUSTOMERS

## Create partnerships with our customers



The company promotes efficiency in transport and distribution as a fundamental aspect of its sustainability strategy. The objective is to reduce by 15% land transport emissions from production and distribution operations by 2020 compared to the base year 2014.

### STRATEGIC RELATIONSHIPS

Every year, the company is subject to different external audits requested by customers, who seek to ensure the company's compliance with the required performance standards regarding ethical, environmental, quality and safety aspects.

During 2019, the company went through 5 external audits on safety and ethical aspects requested by customers in bottling plants.

### PROMOTION OF SUSTAINABILITY

Viña Concha y Toro extends its sustainability practices, including ethical and social guidelines and standards, to its strategic customers, seeking to promote respectful and responsible practices, both with the environment and with the people involved in the different stages of its value chain.





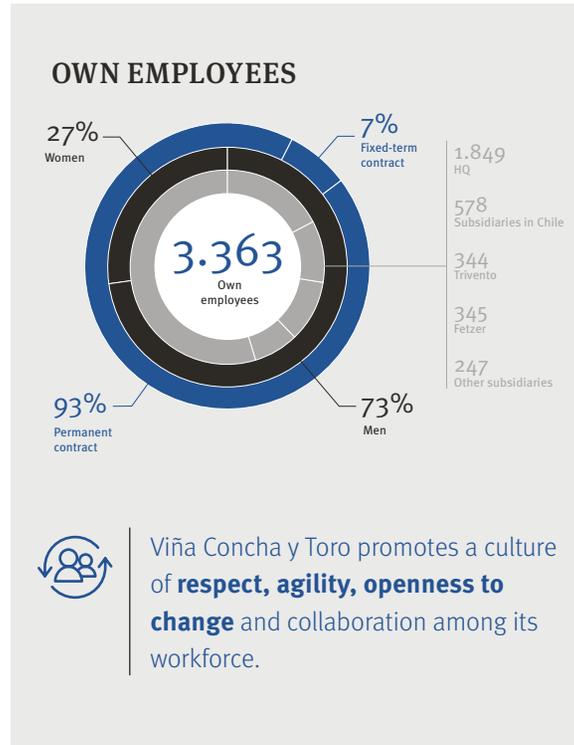
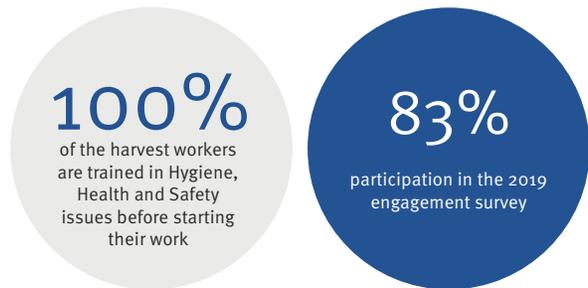
# PEOPLE

## Having highly committed employees

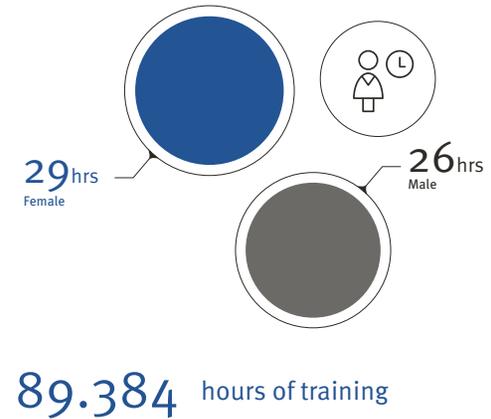


### EMPLOYEES DEVELOPMENT AND WELLBEING

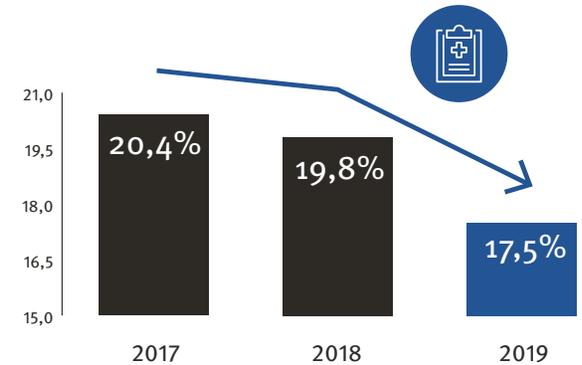
The company has two main workforces, its own employees, either with a permanent or fixed-term contract, and temporary workers, who mainly carry out agricultural work during the harvest season in winemaking cellars, for specific periods or tasks.



### AVERAGE HOURS OF TRAINING BY GENDER



### LOST-TIME INJURIES FREQUENCY RATE



Viña Concha y Toro has made it a priority responsibility to protect the health, safety and wellbeing of its employees and to manage the potential risks of its operations.



# SOCIETY

**Being a company that creates value for society and the environment where it operates**



## SUPPORT FOR LOCAL DEVELOPMENT

Since 2014, Viña Concha y Toro and the National Institute of Agricultural Development (INDAP, Instituto de Desarrollo Agropecuario) have developed the Productive Alliances Program. The program seeks to build and strengthen the capacities of local grape suppliers through technical/practical consultancies linked to productive aspects.

Strengthening our commitment to promoting applied research, technology transfer and innovation in national viticulture, the company's Center for Research and Innovation (CRI) and the Livestock and Agricultural Service (SAG, Servicio Agrícola y Ganadero) signed an agreement in 2019 to strengthen technical cooperation and information exchange.

## SOCIAL INITIATIVES AND VOLUNTEERING

### Chile

**Together for the children** In support of Fundación Ilumina, we carried out volunteer work to improve the outdoor spaces of the San Pedro y San Pablo nursery in the Puente Alto.

**Christmas with a purpose** The goal was to invite children of the neighboring communities to Christmas parties with meaning, full of games, music and magic.

**All hands on earth** Volunteer program that invites all employees to participate in reforestation days.

### Argentina

**Lazos por huellas** For 10 years we have carried out solidarity campaigns for supplies, milk, warm clothes, sports shoes, books, toys and non-perishable food to deliver to schools in the communities surrounding the Argentine subsidiary's facilities.

**White Malbec: an outstanding wine** The sales of this new wine will allow quadrupling the annual scholarships awarded, benefiting Trivento employees, employees' children and children from the Mendoza community, thanks to an alliance with the Scholarship Fund for Students of Argentina (Fondo de Becas para Estudiantes de Argentina - FonBec).

### United States

**Support for local agriculture** Fetzer annually supports the Mendocino Agricultural Families' Scholarship Fund, a program that seeks to create educational opportunities by offering people effective ways to promote the well-being of local communities.

**Cancer Resource Centers of Mendocino County's Patient Navigation** Fetzer Vineyards is a direct sponsor of Pure Mendocino, the annual fundraising campaign of the Cancer Resource Centers (CRC).



# PROGRESS TOWARDS SDG

**The Sustainable Development Goals (SDGs) are a universal call for action to end poverty, fight inequality and tackle climate change.**

Viña Concha y Toro's sustainability management is aligned with the United Nations SDGs. Then it presents the progress update of our contribution to objectives that are that are critical to our business and where we can have the greatest positive impact.





## ENVIRONMENT

	Sustainability Strategy Viña Concha y Toro			2030 Agenda	
	Goal 2020	% Progress 2019	% Total progress	SDG	Specific Objective
<b>Water</b>	-10% Water Footprint	17%	100%		<b>6.4</b> Substantially increase water-use efficiency
<b>Energy</b>	100% Renewable Supply	14%	80%		<b>7.2</b> Increase the share of renewable energy in the global energy mix
<b>Biodiversity</b>	100% Native Forest with conservation alternatives	25%	75%		<b>15.1</b> Ensure the conservation of ecosystems
<b>Circular Economy</b>	100% Waste avoiding landfills	1%	97%		<b>12.5</b> Reduce the generation of waste
<b>Climate Change</b>	30% Reduction in scope 1 & 2	23%	90%		<b>13.2</b> Incorporate measures relating to climate change



## CHAIN SUPPLY

	Sustainability Strategy Viña Concha y Toro			2030 Agenda	
	Goal 2020	% Progress 2019	% Total progress	SDG	Specific Objective
<b>Responsible sourcing</b>	100% Key suppliers meeting the Corporate Ethics Standard	25%	75%		<b>8.8</b> Protect labor rights and safe work environment
<b>Sustainability index</b>	100% Suppliers with sustainability assessment	25%	50%		<b>12.2</b> Decrease raw material / product
<b>Sustainable packaging</b>	100% Of premium portfolio using lightweight bottles	80%	86%		<b>12.2</b> Decrease raw material / product
<b>Packaging carbon footprint</b>	15% Reduction per bottle	0%	146%		<b>9.4</b> Decrease CO2 emissions per unit of value added



PRODUCT

	Sustainability Strategy Viña Concha y Toro			2030 Agenda	
	Goal 2020	% Progress 2019	% Total progress	SDG	Specific Objective
<b>Innovation</b>	3 New product categories	33%	100%		<b>8.2</b> Improve productivity through innovation
<b>Quality</b>	100% Unified Quality Strategy Implemen- tation	33%	66%		<b>9.4</b> Promote the adoption of clean technologies
<b>Sustainable Attributes</b>	100% Brands with identified attributes and imple- mented campaigns	25%	75%		<b>12.8</b> Promote the access to information on sustainability
<b>Responsible Drinking</b>	100% Campaign implemented in 4 phases	25%	75%		<b>3.5</b> Strengthen the prevention of harmful alcohol consumption
					<b>12.6</b> Adopt sustainable practices and incorporate information about sustainability



CUSTOMERS

	Sustainability Strategy Viña Concha y Toro			2030 Agenda	
	Goal 2020	% Progress 2019	% Total progress	SDG	Specific Objective
<b>Efficiency in logistics costs</b>	19,5 \$/litre	0%	102%		<b>8.2</b> Improve productivity through innovation
<b>Efficien- cy of CO<sub>2</sub> Emissions</b>	15% Reduction per bottle	20%	87%		<b>9.4</b> Promote the adoption of clean technologies
<b>Integral Customers</b>	100% Of customers complying with the Corporate Ethical Standard	25%	75%		<b>8.8</b> Protect labor rights and safe environment



PEOPLE

	Sustainability Strategy Viña Concha y Toro				2030 Agenda	
	Goal 2020	% Progress 2019	% Total progress		SDG	Specific Objective
<b>Career Development</b>	100% Departments with career plans	25%	50%			8.3 Promote training policies
<b>Engagement</b>	+ 70% Level of engagement	0%	94%			8.2 Improve productivity through innovation
<b>Training</b>	35 HH Hours of training per employee per year	6%	80%			4.3 Ensure access to formal education
<b>Ethical Management</b>	100% Facilities under ethics certification systems	33%	90%			8.8 Protect labor rights and safe work environment



SOCIETY

	Sustainability Strategy Viña Concha y Toro				2030 Agenda	
	Goal 2020	% Progress 2019	% Total progress		SDG	Specific Objective
<b>Productive Alliances</b>	100% Of growers with an increase in productivity	20%	80%			8 Improve productivity through innovation
<b>Extension for Growers</b>	100% Of participants with positive impacts on knowledge	25%	75%			8 Promote training policies
<b>Communities</b>	4 Social programs	25%	75%			9 Develop infraestructure for people's wellbeing
<b>Education</b>	100% Of graduates in labor market	100%	100%			4 Ensure access to formal education
<b>Entrepreneurship</b>	Business Accelerator operating in the company	33%	66%			8 Improve productivity through innovation
						17 Promote the establishment of effective alliances

