



SUSTAINABILITY REPORT  
2015 · 2016

sustainable winegrowing

[vspt.wine.group](http://vspt.wine.group)

Chile. San Pedro. Tarapacá. Leyda. Santa Helena. Misiones de Rengo.  
Viñamar. Casa Rivas. Argentina. La Celia. Tamarí

## COMPANY INFORMATION (102-1; 102-3; 102-53)

### **Viña San Pedro Tarapacá S.A.**

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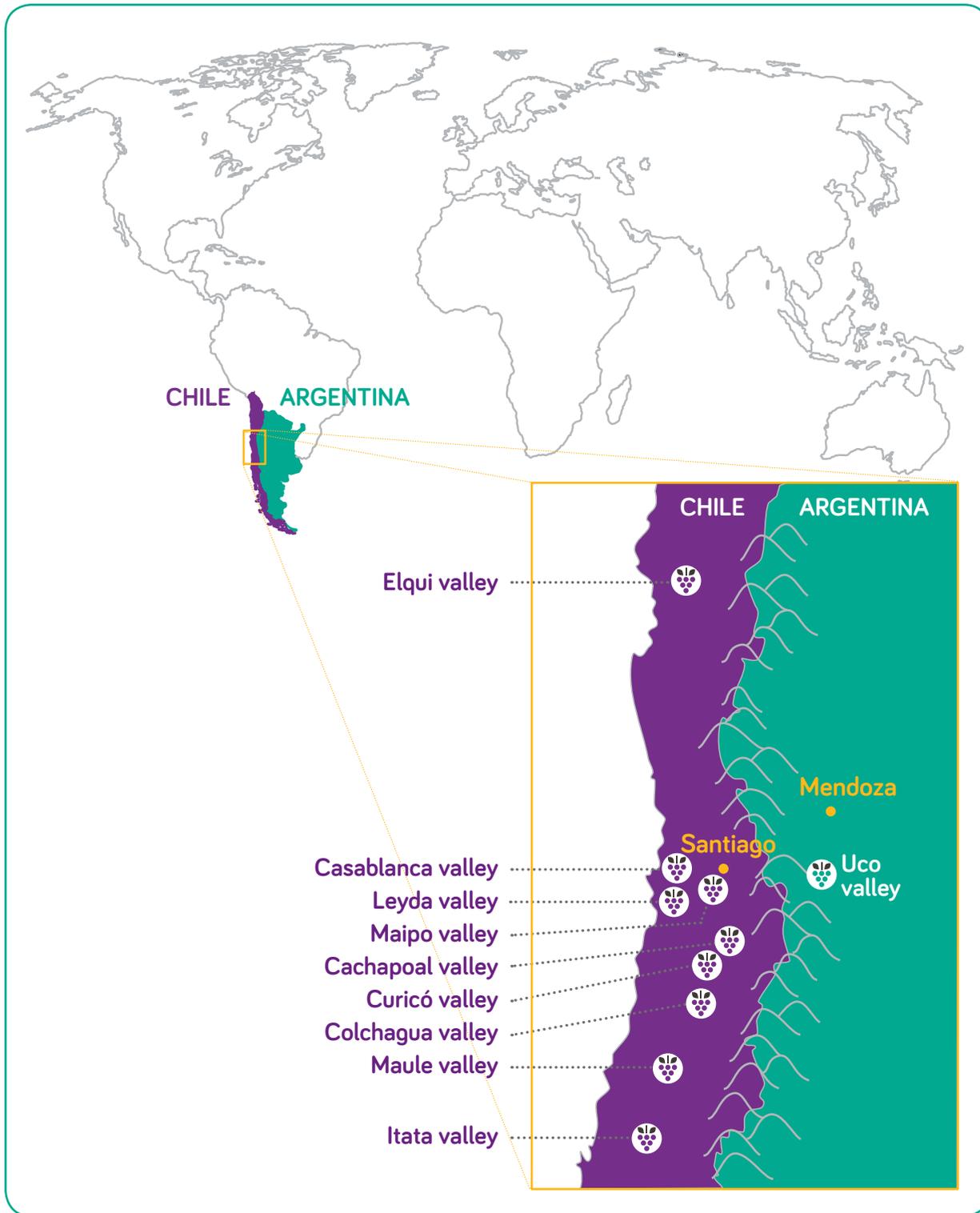
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Collaboration in report content: Centro Vincular-PUCV

Collaboration in design: Alejandra Urzúa I.

vspt.wine.group

Present in the most important valleys of Chile and Argentina



ABOUT:

# CHILE

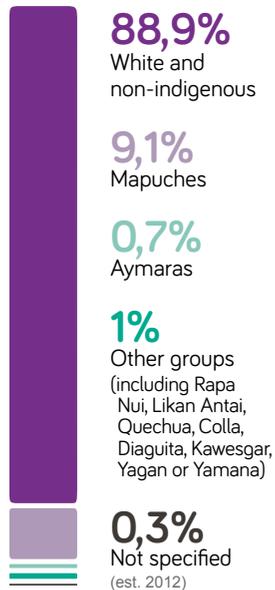
# ARGENTINA

Capital  
**Santiago**

Currency  
**Chilean peso**

Time zone  
**UTC-3**

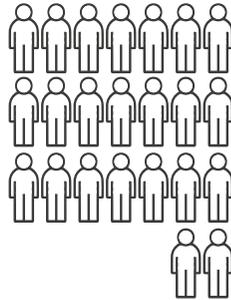
### Ethnic groups



### Climate

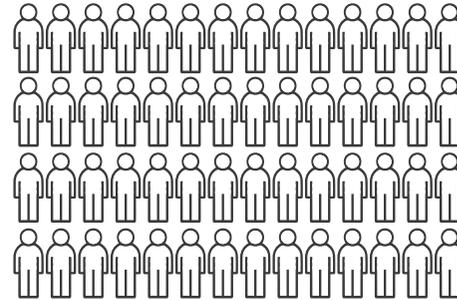
Temperate; desert in the north, Mediterranean in the central region, cold and wet in the south.

### Population



**17,650,114**

(est. July 2016)



**43,886,748**

(est. July 2016)

Capital  
**Buenos Aires**

Currency  
**Argentinian peso**

Time zone  
**UTC-3**

### Ethnic groups

**97,2%**  
European (the majority being Spanish and Italian descendants) and mixed race (mixture between European ancestors and American Indians)

**2,4%**  
American Indians

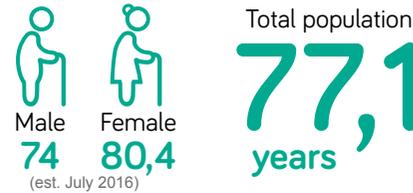
**0,4%**  
Africans



### Life expectancy



Comparison with the rest of the world: **52**



Comparison with the rest of the world: **77**



### Type of governance

**Republic**



### Internet use

**11.256 million**  
**64,3%** of the population

Comparison with the rest of the world: **43**

(est. July 2015)



**30.142 million**  
**69,4%** of the population

Comparison with the rest of the world: **23**

(est. July 2015)



### Climate

Mainly temperate, dry in the south-east, sub-antarctic in the south-west.

Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/ci.html>

## ABOUT THIS REPORT

(102-49; 102-50; 102-52; 102-54)

Since 2009, in line with the commitment to transparency with its stakeholders, VSPT Wine Group has voluntarily reported its management every two years in its sustainability reports using the GRI (Global Reporting Initiative) Standards<sup>1</sup>. This report discloses economic, social and environmental performance for the period from 1 January 2015 to 31 December 2016, and was prepared in accordance with the option “core” of the GRI standards.

One of our challenges is to incorporate the international operations of VSPT Wine Group, and thus we have included operations in Argentina for the first time in this report.

In accordance with GRI, and in order to facilitate the reading and searching for topics in this document, we have incorporated the GRI content table (pages 97-100).

### Definition of material topics

(102-21; 102-46)

This year, we updated the materiality process presented in the 2013-2014 sustainability report. We

were supported in this process by Centro Vincular of the Pontifical Catholic University of Valparaiso.

To identify relevant topics for VSPT and its stakeholders, interviews were conducted with priority groups such as shareholders, Union leaders and international clients. In addition, all Group managers and certain deputy managers were interviewed to understand the achievements and challenges of each area with regards to sustainability.

Apart from the interviews, secondary information was analysed, including VSPT’s strategic guidelines, results of surveys, certifications, and rankings such as RobecoSAM’s Corporate Sustainability Assessment, press, among others.

The results of the process were reviewed and validated at a special session of the Sustainability Committee in which all managers as well as the CEO participated.

The material topics are described in the following table, highlighting where in the value chain the impacts occur.

<sup>1</sup> <http://www.globalreporting.org/>

## TABLE OF MATERIAL TOPICS (102-21; 102-46)

### MATERIALITY 2017

		 Grape production	 Harvest	 Wine-making	 Bottling and packaging	 Wholesale distribution and sales (nat. & int.)	 Consumption	 Post-consumption
<b>Governance</b>	Ethics and anti-corruption	✓	✓	✓	✓	✓		
	Transparency	✓	✓	✓	✓	✓	✓	✓
	Risk management	✓	✓	✓	✓	✓	✓	✓
	Human Rights	✓	✓	✓	✓	✓		
	Innovation	✓	✓	✓	✓	✓		
	Support for the industry and country	✓	✓	✓	✓	✓		
	Certifications	✓	✓	✓	✓	✓	✓	
	Integration of sustainability in international operations	✓	✓	✓	✓	✓	✓	✓
<b>Collaborators</b>	Professional development	✓	✓	✓	✓	✓		
	Work climate	✓	✓	✓	✓	✓		
	Labour relations	✓	✓	✓	✓	✓		
	Occupational health and safety	✓	✓	✓	✓	✓		
	Attraction and retention of talent	✓	✓	✓	✓	✓		
	Diversity	✓	✓	✓	✓	✓		
	Working conditions for temporary workers and contractors	✓	✓	✓	✓	✓		
<b>Suppliers</b>	Development of grape producers	✓						
	Sustainable purchasing	✓	✓	✓	✓			
<b>Clients and consumers</b>	Client satisfaction					✓	✓	
	Sustainability dissemination					✓	✓	
	Efficient logistics	✓	✓	✓	✓	✓		
	Responsible consumption	✓	✓	✓	✓	✓	✓	
<b>Community</b>	Engagement	✓	✓	✓	✓			
	Contribution to local development	✓	✓	✓	✓			
<b>Environment</b>	Climate change	✓	✓	✓	✓	✓		
	Water management	✓	✓	✓	✓			
	Energy consumption	✓	✓	✓	✓			
	Use of inputs (packaging, marketing)				✓	✓		✓
	Waste	✓	✓	✓	✓			✓
	Biodiversity	✓	✓	✓	✓			



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Our commitment and vocation to a more sustainable wine production, as well as a genuine concern for our entire value chain, have strengthened over the last two years



## MESSAGE FROM THE CEO

(102-14)

Dear friends and co-workers:

We are very proud to present to you, our stakeholders, our fifth sustainability report, in which we evaluate our economic, social and environmental performance, for the 2015-2016 period.

In VSPT Wine Group we honor and respect our people and our land, both of which continue to inspire and guide how we act. During these past two years our commitment and vocation towards a more sustainable wine production, as well as a genuine concern for our entire value chain have strengthened. Sustainability is one of our five corporate values, and our commitment is to continue to grow sustainably in deep harmony with our land and our people, through innovative projects that add value to our brands and processes.

It is of vital importance to us to ensure the integration of sustainability in our international operation, and thus for the first time we are reporting on the management of our operations in Argentina, located in the Uco Valley, Mendoza.

In 2015, we met our ambitious goal of implementing 360 sustainable initiatives proposed in the year 2011 as part of our 360 Sustainability Program. This achievement made us the winery with more sustainability initiatives in the world (verified by the international company Deloitte) which were implemented



**Pedro Herane**  
CEO  
VSPT Wine Group

in each of our four pillars; Environment, Water Management, Social Commitment and Wellbeing and Quality.

With the objective of reducing our environmental impacts, over the past two years VSPT Wine Group has continued managing and verifying its carbon footprint in order to improve this important indicator. With that objective in mind, 2016 was a landmark year for us with the inauguration of two unprecedented renewable energy projects:

Firstly, we launched the world's first Biogas Plant in the wine industry. This plant provides clean energy for the Viña San Pedro operation, generated from organic waste produced during the harvest season. Secondly, in Viña Tarapacá, we opened the first mini-hydroelectric power station in a Chilean winery. Both projects have the potential to supply 60% of the energy consumed in their respective wineries, while the remaining energy is injected into the Central Interconnected System (SIC), thus providing clean energy to the country.

All the work and progress made with our 360 Sustainability Program made us worthy of the recognition of "Green Company of the Year" in the Green Awards 2016 organized by the British magazine The Drinks Business, considered the greatest recognition in terms of sustainability in the international alcohol

industry. At the same time, according to the magazine's judges, VSPT was the undisputed winner in the category "Implementation of Renewable Energy". As a company, this fills us with pride and gives us strength to continue on this path.

In terms of biodiversity, we are continuing work on the program "Biodiversity of VSPT Wine Group", with the creation of a discovery path in Viña Tarapacá and a second trail in development at the Grandes Vinos winery in Totihue. Both trails are geared to visits from collaborators, customers, and communities, where they can get to know the vineyard and its conservation areas, through paths with different informative stops on native flora and fauna of the area and its ecosystem services. In the 2017-2018 period, we

**We are aware of the importance of reporting our progress and challenges in the management of our entire production process**

will continue with the challenge of implementing this plan that seeks to preserve and recover native species and educate our value chain on the importance of protecting the biodiversity of the area in which we work.

With regards to industrial water, in 2015 and 2016 we continued with the implementation of initiatives to make better use of water resources, avoid losses and deterioration in quality. In our operation in Chile<sup>2</sup>, this resulted in an accumulated reduction of 3,5% between 2014 and 2016, reaching two liters of water per liter of wine produced, thus achieving the proposed 2020 goal. In Argentina, there was a strong focus on this pilar, with the

implementation of actions in 2015 and 2016, thus achieving a cumulative reduction of 57,8% from 2014 to 2016.

In the social sphere, in VSPT we are deeply committed to the development and wellbeing of all our collaborators and their families. That is why in these two years we have continued with the development of the program b.b.bien, with special emphasis on educating our collaborators on wine and its history in the context of self-care, promoting the consumption of wine in a responsible manner. Through various activities in 2015 and 2016 we reached a total of 2043 collaborators, suppliers and members of the communities that surround us in Chile, providing them with the necessary tools to enjoy the nobility and qualities of wine responsibly. Our challenge for 2017 and 2018 will be to replicate these initiatives in Argentina.

In the same pillar, in 2015 we concluded our Suppliers Development Program (PDP) which aimed to extend sustainability and social responsibility towards our grape suppliers. Thus, from 2012 and 2015 we supported 27 grape suppliers, representing 60% of the grapes we purchase from third parties, to implement more sustainable practices in their vineyards.

These past two years we continued to develop our human capital management program "Ser" with the launch of a new corporate value: integrity. We put special emphasis on organizational leadership and the working environment, and we are proud of the strong sense of belonging and the pleasant work environment that exists today in VSPT. The challenge for 2017 and 2018 will be to continue permeating the culture of sustainability in the personal practices of our collaborators and strengthen the core values of the company: Excellence, Passion for Wine, Sustainability, Organizational Commitment, and Integrity.

<sup>2</sup> Chile refers to the wineries Molina, Isla de Maipo and Lontué, excluding Viña San Pedro, Grandes Vinos winery in Totihue.

Under our Quality pillar, in 2016 we started the third recertification process of the *Vinos de Chile* Sustainability Code, and successfully achieved certification of the highest level of the Code in March 2017. This fills us with pride and we will continue to work to maintain the certification over the years as an indicator of our sustainable management and the constant search for excellence, together with promoting it in the markets with the highest sustainability standards.

Likewise, we are aware of the importance of reporting our progress and challenges in the management of our entire production process. A tangible example of this is our sustainability report where in each edition we seek maximum transparency and honesty with our audiences.

We are proud to have been chosen as the 2016 "Green Company of the year" according to The Drinks Business. We are honored to be deserving of this recognition, but at the same time it



We are proud to have been chosen as the 2016 "Green Company of the year" according to The Drinks Business

**We will continue working to implement more to implement more sustainable initiatives with the conviction of being a better organization every day**

presents us with the major challenge of opening and establishing a culture of collaboration between the different actors of the wine industry.

VSPT firmly believes in the necessary support among the companies to generate a real concern for sustainability and embrace this idea as part of the image of Chile.

In VSPT it is our commitment to continue on the path that made us worthy of such an appreciated recognition. We will continue working to implement more sustainable initiatives with the conviction of being a better organization every day, while respecting our land and our people, aspiring to excellence in the broadest sense of the word.

I would like to thank our followers and colleagues who have transformed this commitment in the motor that drives VSPT Wine Group.

Yours sincerely,



Pedro Herane  
CEO  
VSPT Wine Group





In VSPT it is our commitment to continue on the path towards sustainability, respecting our land and our people, aspiring to excellence in the broadest sense



# MILESTONES 2015/2016

2015

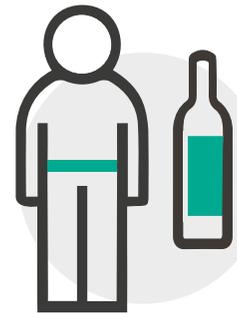
We recertified,  
for the second time,  
in the *Vinos de Chile*  
Sustainability Code



**b.b.bien**

promovemos un consumo responsable

We launched our responsible  
wine consumption program  
(b.b.bien)



**UC DAVIS**  
UNIVERSITY OF CALIFORNIA

We partnered with  
UC Davis (USA)  
to strengthen  
the R&D area

We successfully  
completed  
our  
Supplier  
Development  
Program

In VSPT Wine Group,  
we reduced our  
carbon footprint by

**19,5%**

per bottle of  
wine produced

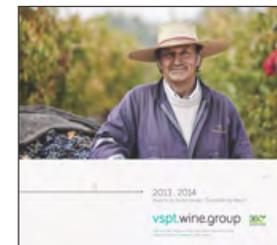
We launched the  
Biodiversity  
Program  
in Viña Tarapacá



We reduced our  
water consumption in  
the Argentinean winery by

**56,9%**

We published our fourth  
sustainability report



2016



We were recognized as  
**“Green Company  
of the year” 2016**  
by The Drinks Business



We achieved  
our target of  
implementing  
**360**  
**sustainability  
initiatives,**  
making us the  
winery with the most  
sustainability initiatives  
in the world

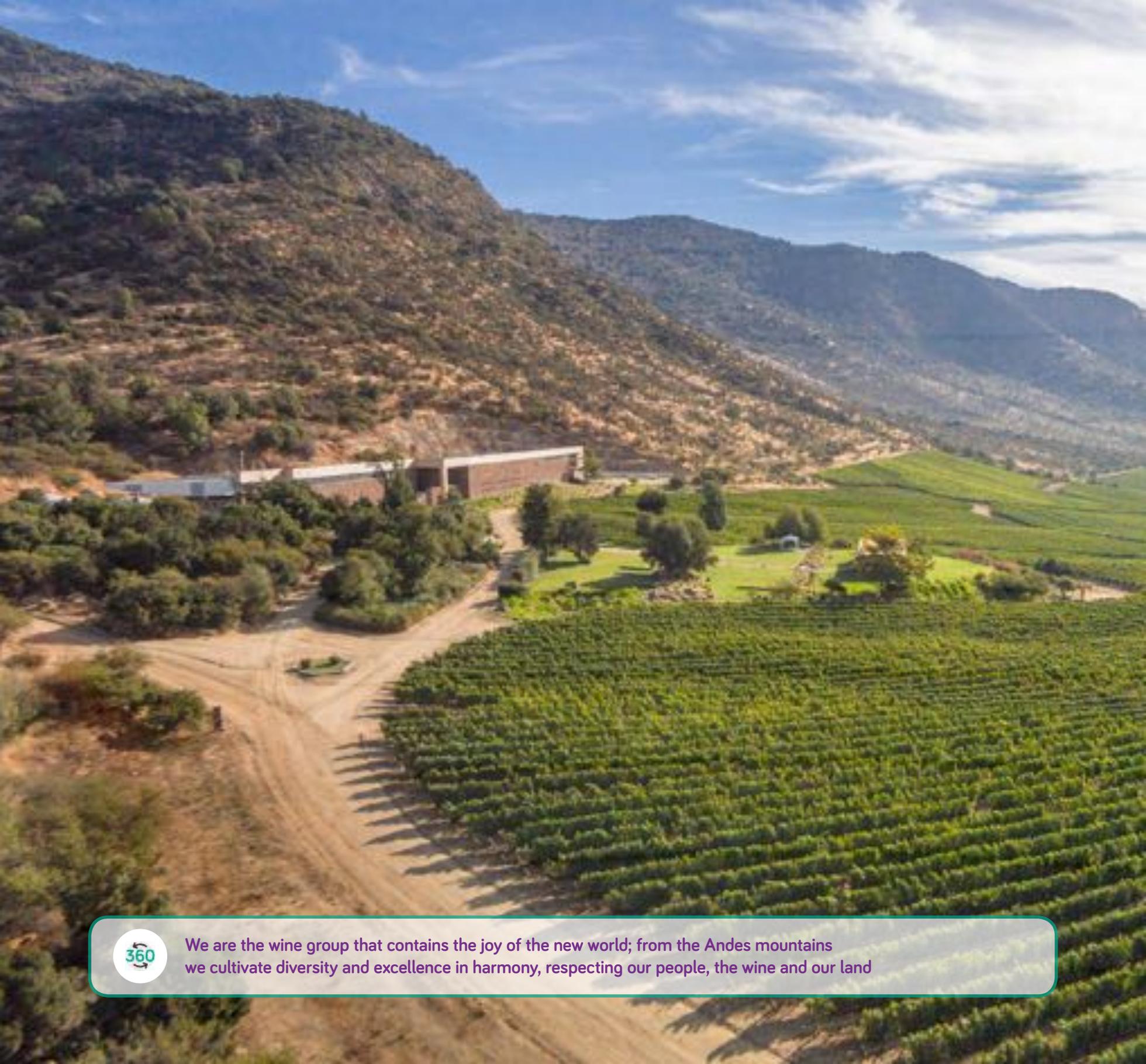


We  
inaugurated  
our  
**Biogas  
Plant**



We inaugurated the first  
**Mini Hydroelectric  
power plant**  
in a Chilean winery





We are the wine group that contains the joy of the new world; from the Andes mountains we cultivate diversity and excellence in harmony, respecting our people, the wine and our land



## WHO WE ARE

(102-2; 102-4; 102-5; 102-6; 102-7)

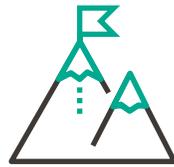
Viña San Pedro Tarapacá S.A. (also referred to as VSPT, VSPT Wine Group, the company, or the Group) was established as such in 2008, after the merger of two groups: San Pedro Wine Group, founded in 1865, and Viña Tarapacá, founded in 1874. We are currently the second largest wine group in the country, and leaders in sales in the domestic Chilean market and are the second largest player in the sparkling wines market.

We are the wine group that contains the joy of the new world; from the Andes mountains we cultivate diversity and excellence in harmony, respecting our people, the wine and our land. There is space for everyone at our table and we salute life through noble products. With our brands, we transform everyday moments into pleasant experiences through wines produced with pride and passion.

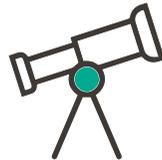
Sustainability represents one of our five corporate values, which is why our commitment is to continue growing sustainably in deep harmony with our land and our people through innovative projects that add value to our brands and processes.

**Our commitment  
is to continue  
growing sustainably  
in deep harmony  
with our land and  
our people through  
innovative projects  
that add value to  
our brands and  
processes**

(102-16)



**MISSION** By celebrating life, we inspire experiences



**VISION** To be a profitable winemaking group on a global scale, based on the strength of our strategic brands and led by the innovative and sustainable management of an excellent team.

## THE VALUES THAT INSPIRE US



### EXCELLENCE WORK

We **act quickly** to meet deadlines, in accordance with the highest quality standards for all our clients. We are rigorous and dedicated in our work, to be able to fulfill the expectations in our requests and to add value to our work.



### PASSION FOR WINE

We understand that we are **part of a wine business** and we are proud to participate in the creation of a product that comes directly from nature. We understand that it is the wine that unites us in each of our actions, and its purpose is the reason for our decisions.



### ORGANIZATIONAL COMMITMENT

We **care for and respect our organization**, trying to contribute beyond what is formally defined. It is important for us to act consistently with the organizational values of responsibility, honesty, fairness and respect for others. We constantly look out for the good of people and VSPT.



### SUSTAINABILITY

We are **concerned about the impact of our actions** on the company, people, communities and the environment. We want to leave a footprint that contributes to our surroundings, safeguarding a harmonious future for people and their environment.



### INTEGRITY

We are people who **act with honesty, transparency, responsibility and respect** for ourselves and for others. Our conduct is defined by high standards and we are concerned with acting correctly.



Sustainability is one of the 5 corporate values and one of the 5 strategic pillars of the VSPT Wine Group



VSPT provides complementary varieties and qualities, boosted by the terroirs from which they originate

In VSPT Wine Group, we have operations in Chile and Argentina and develop activities that include the production, marketing, distribution and export of wine products. VSPT Wine Group is composed of **seven Chilean wineries and two Argentinean**, each with a positioning and different wine-making seal. This diversity allows us a complementarity of wine-making valleys, among the most important of Chile and Argentina.

### Wineries in Chile

SAN PEDRO  
EST. 1865

VIÑA  
TARAPACA  
DESDE 1874



### Wineries in Argentina



VSPT Wine Group has a broad portfolio of trademarks and registered brands that allow us to market products under certain names in Chile and Argentina, and in 82 countries that constitute our export markets.

The following brands are highlighted:



VSPT is mainly engaged in two businesses: in Chile, through sales in the domestic market, where in 2016 the volume reached 64 million liters; and in the international business, through sales made by subsidiaries of Chile and Argentina, which reached a volume of 74 million liters in 2016.

Our production is carried out throughout Chile, in several areas at the most important wine-making valleys, ranging from the Elqui valley (IV Region, at the beginning of the Atacama Desert) to the Maule Region (VII Region). In Argentina, production takes place in the Uco

Valley, Mendoza. In this way, VSPT provides complementary varieties and qualities, boosted by the *terroirs* from which they originate. These features, coupled with proper agricultural and wine-making management, are the basis for the elaboration of high quality wines, inspired by excellence in every bottle of wine we produce.

The agricultural area manages the 4.208 planted hectares, owned and leased, of which 2.354 correspond to Viña San Pedro, 608 to Viña Tarapacá, 408 to Viña Santa Helena, 163 to Viña Leyda, 295 to Viñamar and Casa Rivas, and 379 to La Celia (Argentina).

## COMPOSITION OF VSPT WINE GROUP'S PLANTED SURFACE AREA

WINERY	ZONE	AREA	VINEYARD	Ha PLANTED*	OWNERSHIP
San Pedro	Curicó valley	Molina	Molina	1.064	Owned
	Maule valley	Pencahue	Pencahue	743	Owned
	Cachapoal valley	Requinoa	Totihue	93	Owned
	Cachapoal valley	Requinoa	Quillayes	86	Rented
	Colchagua valley	Santa Cruz	Chépica	223	Owned
	Maipo valley	Buin	San Ramón	12	Owned
	Maipo valley	Buin	El Tránsito	61	Rented
	Cachapoal valley	Requinoa	Altair	71	Owned
				<b>2.354</b>	
Tarapacá	Maipo valley	Isla de Maipo	El Rosario de Naltahua	608	Owned
Santa Helena	Colchagua valley	San Fernando	San Fernando	89	Rented
	Colchagua valley	Palmilla	El Huique	319	Owned
				<b>408</b>	
- Viñamar	Casablanca valley	Casablanca	Casablanca	61	Owned
	Casablanca valley	Casablanca	Loyola	26	Rented
- Casa Rivas	Maipo valley	María Pinto	Santa Teresa	208	Owned
Viñamar				<b>295</b>	
Leyda	San Antonio valley	Leyda	El Maitén	87	Owned
	San Antonio valley	Leyda	El Granito	76	Rented
				<b>163</b>	
La Celia Vineyard	Uco valley	San Carlos	La Celia Vineyard	379	Owned
<b>Total VSPT</b>				<b>4.208</b>	

\* Productive hectares and in investment



**VSPT is mainly engaged in two businesses: in Chile, through sales in the domestic market, and in the international market, through sales made by subsidiaries in Chile and Argentina**

VSPT has three production plants in Chile and one in Argentina, where the operation of all the vineyards are concentrated. These are Molina (to which the bottling line from the Lontue plant was relocated in 2017) and Isla de Maipo in Chile, and La Celia in Argentina.

The Group's current bottling capacity is 73.320 liters per hour. This capacity was increased during 2016 in comparison to 2015 due to the enlargement of the Molina Winery, which included the launch of the fastest bottling line in South America. This has not only increased production volumes, but has also increased efficiency levels, leading to higher operational excellence.

According to the report by *Vinos de Chile*, VSPT is the second largest exporting winery in the country in 2016, with 12,9% of market share in bottled volume. Meanwhile, in the domestic market, it is the first wine group in terms of value participation, with 28,7%, according to data provided by Nielsen. This represents an increase of 1,3% in comparison to the previous year.

Total sales volume of wine bottled by VSPT reached 139 million liters in 2016, including both Chilean domestic market sales as well as exports of the Group from Chile and our subsidiary in Argentina.

## OUR MARKETS

(102-6)

### Domestic market

During 2015 and especially in 2016, the domestic market experienced growth in wine sales, in contrast to past trends. This, combined with the efficient business strategy deployed by VSPT, allowed us to grow by 3,6% in volume in 2016. In the past two years, much of

**We not only managed to increase our sales volumes, but also grow our market share**

the Group's focus has been in developing the fine wine category and above all the Premium and Ultra Premium brands, which has been a major contribution to the sustainability of the business. In 2016 we achieved a growth of 16,5% in these segments.

In this context, we not only managed to increase our sales volumes, but also grow our

market share. According to AC Nielsen, we have achieved absolute category leadership in the traditional channel and wholesale<sup>3</sup>, reaching 32,4% market share in volume, which is an increase of 1,6 points over 2015 (30,8%).

Likewise, in the immediate<sup>4</sup> channel we performed well, reaching 27,3% market share according to figures from AC Nielsen, allowing us to obtain the leadership position of this channel and an increase of five points from 2015, where we had 22,3% of this segment.

VSPT SALES VOLUMES IN THE CHILEAN DOMESTIC MARKET (MILLIONS OF LITERS)



Fortunately, our most important brands have been part of this growth. *Gato* managed to increase one point in volume participation in the segment of mass brands compared to 2015, obtaining 15,1% of this segment. It also recorded a growth of 6,4% in sales volume.

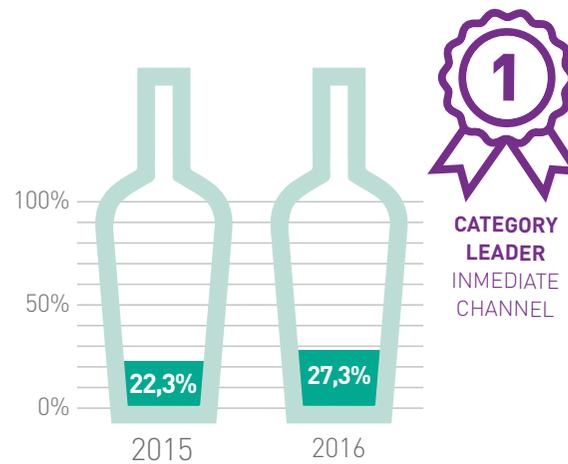
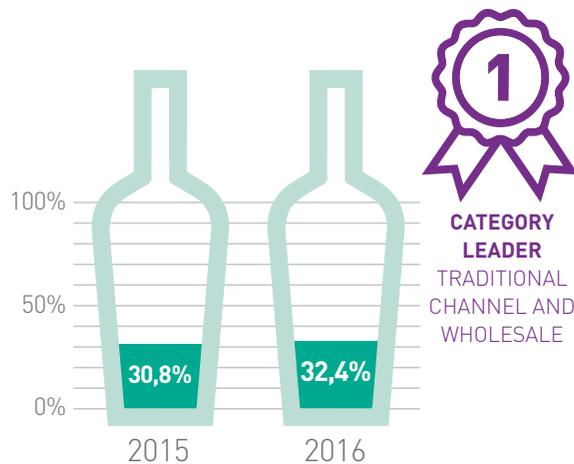
<sup>3</sup> Traditional channel and wholesale: all sales points, not including supermarkets, eg: bottle stores and local shops.

<sup>4</sup> Immediate channel: All sales points where the wine is consumed immediately in the same place as it was purchased, eg: restaurants.

MARKET PARTICIPATION  
IN VOLUME

TRADITIONAL CHANNEL AND WHOLESALE

INMEDIATE CHANNEL



VSPT Wine Group maintained its position as the vineyard with first brand preference, demonstrating the value that our brands represent to consumers in a highly competitive category

In the sparkling wines category, in 2015 and 2016 the growth of the previous years was maintained. VSPT has managed to capitalize on and position its brands, achieving a growth in volume of 46,4%.

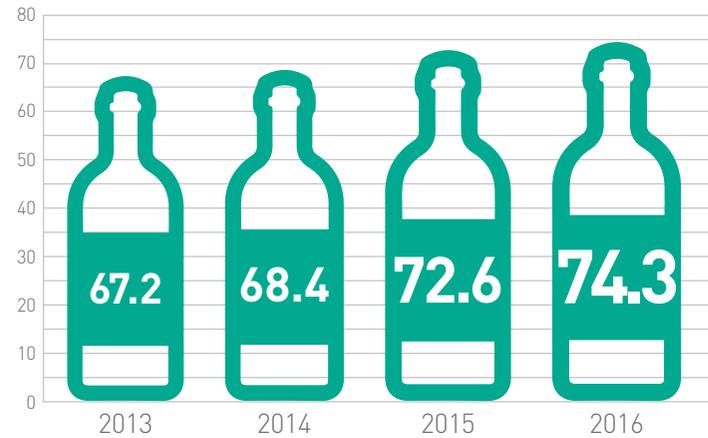
This growth was mainly driven by the launch of the Misiones de Rengo sparkling wine brand with its varieties Brut and Demisec. In addition, Viñamar sparkling wine has maintained its leadership in the Premium segment.

Adimark has backed these figures through their studies, where VSPT Wine Group maintained its position as the vineyard with first brand preference. This demonstrates the value that our brands represent to consumers in a highly competitive category.



International market

EXPORTATION VOLUME SALES  
(MILLIONS OF LITERS)\*



\* Includes operations in Chile and Argentina

EXPORT  
MARKETS  
FOR CHILE\*



**CANADA**  
2015-C9L: 246.811 → 3,1%  
2016-C9L: 255.549 → 3,1%

**UNITED STATES**  
2015-C9L: 911.180 → 11,3%  
2016-C9L: 788.426 → 9,6%

**LATIN AMERICA  
AND THE CARRIBEAN**  
2015-C9L: 1.949.686 → 24,2%  
2016-C9L: 1.980.464 → 24,0%

**SCANDINAVIA**  
2015-C9L: 1.040.970 → 12,9%  
2016-C9L: 1.001.811 → 12,1%

**EUROPE**  
2015-C9L: 1.484.007 → 18,4%  
2016-C9L: 1.522.788 → 18,5%

**AFRICA AND  
THE MIDDLE EAST**  
2015-C9L: 42.435 → 0,5%  
2016-C9L: 52.111 → 0,6%

**ASIA AND OCEANIA**  
2015-C9L: 2.383.539 → 29,6%  
2016-C9L: 2.650.356 → 32,1%

**JAPAN**  
2015-C9L: 1.577.469 → 19,6%  
2016-C9L: 1.752.743 → 21,2%

**CHINA**  
2015-C9L: 519.314 → 6,4%  
2016-C9L: 629.273 → 7,6%

\* See market details  
in Annex 1, page 101.

## EXPORT MARKETS FOR ARGENTINA



### UNITED STATES

2015-C9L: 229.634 → 68%  
2016-C9L: 212.208 → 62%



### LATIN AMERICA

2015-C9L: 33.663 → 10%  
2016-C9L: 67.314 → 20%



### EUROPE

2015-C9L: 23.802 → 7%  
2016-C9L: 33.852 → 10%



### ASIA AND OCEANIA

2015-C9L: 34.901 → 10%  
2016-C9L: 17.250 → 5%



According to statistics from Nielsen, in the domestic market VSPT is the top wine group in terms of value participation



Not only did we manage to increase our sales volumes, but we also increased our market share

## FINANCIAL INFORMATION

(102-45)

In 2016, VSPT Wine Group's total income reached 201.402 million pesos, 6% higher than in 2015. This growth is mainly due to a positive performance in the domestic market. Despite particularly aggressive competition, VSPT grew by 4% in price and 4% in volume. In the international market, we were able to strengthen our position and distribution in the majority of strategic markets, and thus total volumes increased by two percent. Even though during 2016 the average value of the dollar was higher than in 2015, this was largely offset by higher wine costs.

As for the Chilean industry, since 2008 there has been an increase in the annual growth rate of planted surface area, reaching an average of 4,4% in 2016. During 2015 there was an increase in the production of vines for wine grapes, table grapes and pisco vines. Annual Chilean consumption in liters per capita reached 13 liters in 2016, and there was an increase of 3,8% in the value of Chilean exports.

In 2016 the Group EBITDA was 44.268 million pesos, 10% higher than in 2015. Profits last year reached 28.022 million pesos which was an 8% increase from 2015. This is in line with the good operating results described above.

**In 2016 the Group's  
EBITDA was 44.268  
million pesos, 10%  
higher than in 2015**

The following table provides a breakdown of sales revenue and direct economic value generated in 2014, 2015 and 2016:

<b>MAIN INDICATORS</b>	<b>2014 (MILLIONS OF PESOS)</b>	<b>2015 (MILLIONS OF PESOS)</b>	<b>2016 (MILLIONS OF PESOS)</b>
Net sales	172.349	189.515	201.402
Gross revenue	74.825	83.559	88.464
Operational results - EBIT	24.780	32.533	37.189
Operating margin	14,4%	17,2%	18,5%
EBITDA	31.896	40.102	44.268
EBITDA margin	18,5%	21,2%	22,0%
Net income	19.311	26.025	28.022
Net margin	11,2%	13,7%	13,9%
Financial debt	31.951	28.953	28.073
Net financial expenses	-1.648	-1.329	-888
Financial debt / EBITDA	1,0	0,7	0,6
EBITDA / Financial expenses	19,3	30,2	49,8
Assets	277.730	308.288	316.965
Liabilities	85.334	102.780	104.147
Equity	197.981	205.508	212.818
Average exchange rate (CLP/USD)	570	654	677

\* These values include all VSPT Wine Group operations in Chile and Argentina.

\*\* For more financial information, see the Corporate Annual Report in [www.vsptwinegroup.com](http://www.vsptwinegroup.com)

(102-13)

In VSPT Wine Group we believe in the importance of building alliances and relationships with various trade and business associations with the aim of contributing to local and wine industry development, as well as contributing to the development of public policy through these associations. In this way VSPT researches, develops, and exchanges good practices by contributing their knowledge and experience through different forms of participation in each of the following institutions:

- **Chilean Institute for Rational Business Management (ICARE)**
- **Supplier Industry Association (AGIP)**
- **University of California, Davis (UC Davis Chile):**

We are part of the UC Davis Centre of Excellence in Chile within the framework of the Attraction Program of International Research and Development Centres of Excellence, promoted by the Government of Chile through CORFO. VSPT reinforced its commitment to innovation and wine-making excellence by

becoming an active part of this project, providing financial and human resources for its implementation. Our CEO, Pedro Herane, is part of the Scientific and Business Advisory Council of UC Davis Chile which guides this important initiative that seeks to enhance the competitiveness of the Chilean wine industry.

- **Wines of Chile (WoC):** We are part of Wines of Chile, the non-profit business association which represents Chilean wine producers. This association aims to strengthen the wine industry, participating in the analysis and elaboration of public policies on development, free trade agreements and regulations related to wine, as well as promoting the industry nationally and internationally. It also seeks to promote research and the application of new technologies and processes throughout the value chain, as well as the development of workers in the industry.
- **Santiago Chamber of Commerce**
- **Society for the Promotion of Manufacturing (SOFOPA)**



VSPT researches, develops, and exchanges good practices by contributing its knowledge and experience through different forms of participation in various trade and business associations

## THE PRODUCTIVE PROCESS IN CHILE AND ARGENTINA (VALUE CHAIN) (102-9)

### In VSPT we respect our people and our land.

Therefore, along with the purpose of obtaining the best quality grapes as possible, we aim to lead sustainable wine-making in the long term, with a concern for our natural resources through practices that ensure a rational production in our vineyards and soils.



This includes the bottling process, supply and stock management, as well as logistics from the plant to the corresponding departure port.



**BOTTLING** Once a request has been received from the commercial unit and the wine has been received from the wine-making unit, the Operations Manager is responsible for bottling and sending the final product, in accordance with the necessary quality requirements and regulations.



### TRANSPORT DOMESTIC MARKET

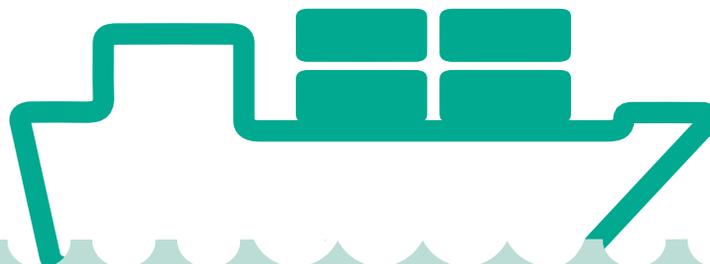


**CHILE** The distribution of our products inside the country is done via TransportesCCU Ltda. with its network of 23 distribution centres from Arica to Coyhaique and its excellent operational platform and team of highly trained personnel.



### INTERNATIONAL MARKET

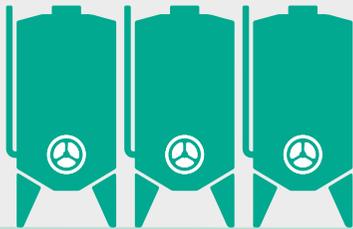
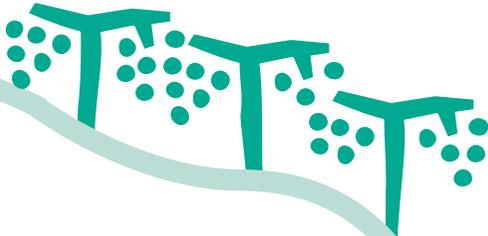
VSPT's Operations Manager is responsible for coordinating the logistics and distribution of products in the quickest, safest and most efficient way, from the production plants to the port. We are concerned that the wine arrives in optimum conditions to be loaded and sent to the final client.



**GRAPES** Our philosophy is "accompany the productive process" and not intervene in it, thus achieving a rational management of agrochemicals. It is also our aim to respect neighbouring communities and concern ourselves with the development and wellbeing of our agricultural collaborators.

**HARVEST** During the harvest process we are concerned with the correct manipulation of the grapes, as well as for the working conditions of all our workers.

**OUR SUPPLIERS** They are a pillar of our business and it is our priority to have fair practices with our suppliers, and helping them to achieve a productive development.



We are concerned with using the latest technology and standards in energy efficiency.



**WINE-MAKING** We are constantly seeking excellence that goes beyond making wine, including the revision and control when buying dry inputs that are used in the different productive processes in wine-making.



**CONSUMPTION** The moment in which a bottle of VSPT wine is uncorked is when our mission becomes real, by celebrating life, we inspire experiences.



**DISTRIBUTION AND SALES** The commercialization of the product in destination countries and to customers is the responsibility of our clients, prestigious distributors of wine and liquor that take our wine to different parts of the world.



*We promote responsible consumption -through our b.b.bien program-, as well as the correct final disposal of the bottles.*



Our philosophy is "accompany" the productive process and not intervene in it, thus achieving a rational management of agrochemicals



## OUR GOVERNANCE

(102-18; 102-19; 102-22; 102-23; 102-24; 102-26; 102-27; 102-28)

The company is controlled by the Board of Directors, the highest decision-making body of VSPT Wine Group, which is composed of seven members who are elected at the Ordinary General Shareholders Meeting. Directors serve for a period of three years, and may be reelected. There are no substitute Directors.<sup>5</sup>

Currently, the Chairman of the Board is Pablo Granifo Lavín, who does not occupy an executive position in the company.

**CHAIRMAN:**  
**PABLO GRANIFO LAVÍN**  
Commercial Engineer

**VICE CHAIRMAN:**  
**CARLOS MOLINA SOLÍS**  
Bachelors in Business Administration, MBA

**DIRECTORS:**  
**RENÉ ARANEDA LARGO**  
Commercial Engineer  
**JOSÉ MIGUEL BARROS**  
**VAN HÖVELL TOT WESTERFLIER**  
Commercial Engineer  
**PATRICIO JOTTAR NASRALLAH**  
Commercial Engineer  
**CARLOS MACKENNA IÑIGUEZ**  
Civil Engineer<sup>6</sup>  
**FRANCISCO PÉREZ MACKENNA**  
Commercial Engineer

The Board complies with the function of directing the company and ensuring the interests of the shareholders, for which ordinary and extraordinary sessions are held.

<sup>5</sup> More details on the Board of Directors is available in the Annual Report.

<sup>6</sup> The Director Mr. Carlos Mackenna Iñiguez was elected for the periods 2013, 2015 and 2016 as an Independent Director, in accordance with Article 50 of the Law No 18.046.

Part of the Board's functions is to appoint the CEO, who together with senior management, is responsible for complying with the strategic plan and directing the company under guidelines approved by the Board of Directors.

The Board evaluates economic, environmental and social issues, analyzing their impacts, risks and opportunities at least once a year, or more frequently as required.

VSPT has a **Strategic Planning Process**, approved by the Board, which defines the strategic objectives and indicators for a three-year period as well as the yearly strategic priorities.

The Board of Directors has an induction process for new directors that involves the CEO and the different business areas, in order to provide them with information related to the management of the company based on its strategic dimensions. Other economic, social and environmental trainings for directors are determined by the Board itself, on the basis of its needs.

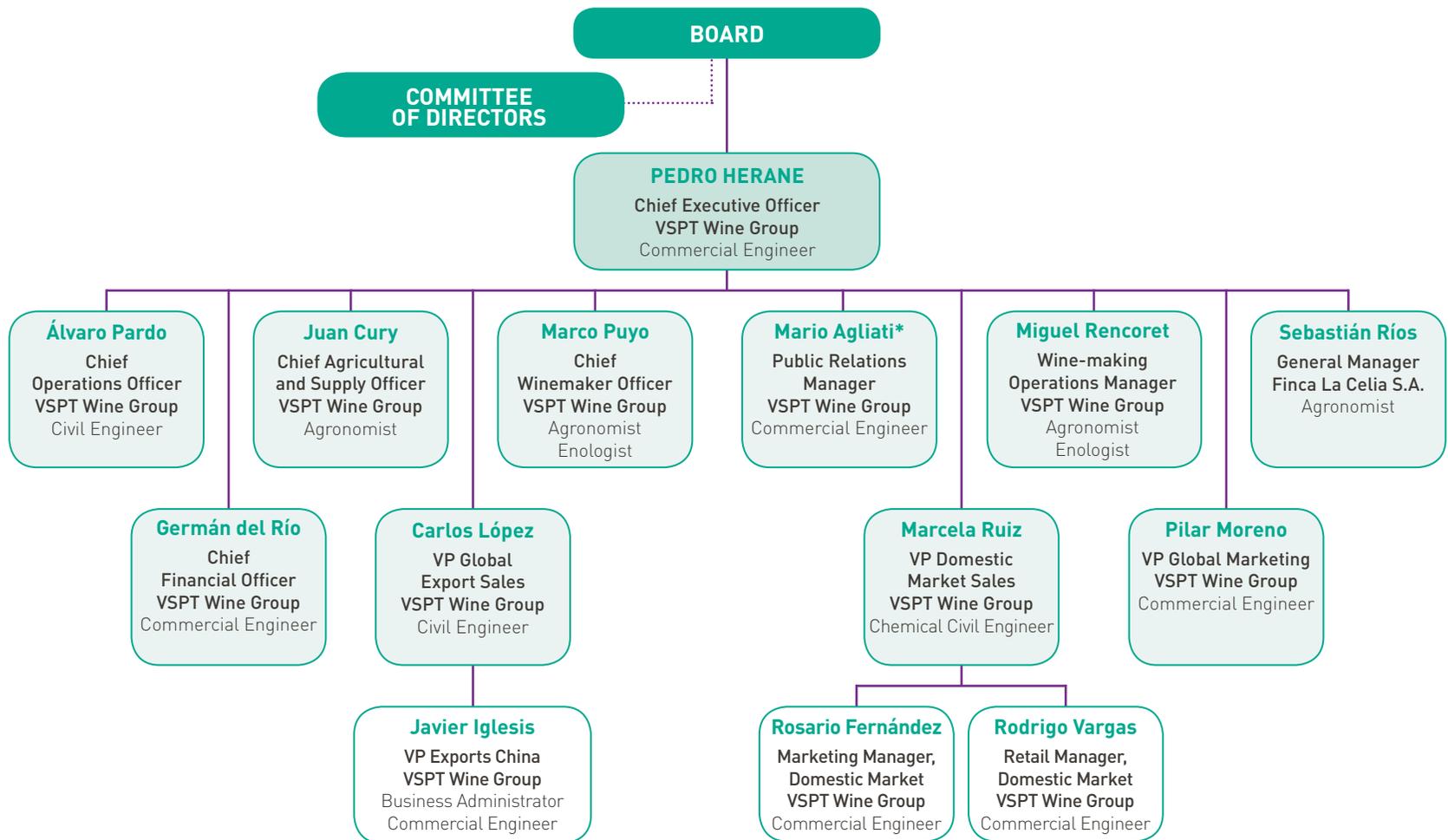
The company has a Committee of Directors, which meets once a month. As part of its functions, the Committee meets with VSPT managers, those of its subsidiaries and with external and internal auditors, among others, in order to address the relevant issues of their areas and other issues related to the management of the company, including economic, social and environmental issues. The composition of the Committee, and the different topics and activities carried out, are summarized in the Annual Report.

**The Board is responsible for directing the company, and ensuring the interests of shareholders**

The principal management areas, including Agricultural and Grape Supply, Administration and Finance, Operations, Wine-making, Domestic Market, Global Marketing, Exportations and La Celia Vineyard, report directly to the CEO of VSPT Wine Group.

Meanwhile, Compañía Cervecerías Unidas S.A. (CCU)<sup>7</sup> –head of VSPT Wine Group– provides corporate services in the following Development and Research, Audit and Technical Assistance.

Additionally, Comercial CCU provides retail services in the North and South of the country and, Transportes CCU provides distribution services and warehousing throughout Chile. Finally, CRECCU and VSPT Wine Group have a Commercial Affiliation Agreement whereby CRECCU provide clients with financial credit.



<sup>7</sup> Compañía Cervecerías Unidas S.A. is a publicly traded company, established according to the laws of Chile, with operations in Chile, Argentina and Uruguay, which participate in beer, wine, carbonated beverage, bottled water, nectar, spirit and sweet businesses in the national market, and in beer, wine, cider and spirits in Argentina and bottled water and carbonated beverages in Uruguay.

\* The Public Relations Manager, Mario Agliati, chose the company's retirement plan from 31/12/2017. This business area was replaced by the new Corporate Affairs and Innovation Area, with Barbara Wolff as Chief.



In VSPT we constantly promote and favour ethical conduct

## ETHICS IN VSPT

(102-16; 102-17)

Managing the company on a foundation of ethics and transparency is key to maintain and prolong confidence in the long term with internal and external stakeholders.

### Managing the company on a foundation of ethics and transparency is key to maintain and prolong confidence in the long term with internal and external stakeholders

In VSPT Wine Group, as a strategic business unit of CCU, we adhere to the policies and regulations that guide the actions of those who work or are somehow related to the company in its various activities.

Ethics and transparency is managed through procedures, programs, tools and documents that provide key guidelines for a correct behavior. These mainly include the Codes of Conduct, the Manual for Managing Information of Interest to the Market, the Crime Prevention Model and the Complaints Mechanism, among others.

We adhere to CCU's **Business Code of Conduct** which provides the principles, policies and good practices of corporate governance which guide the management and behavior of VSPT's directors and collaborators. Likewise, the **Board of Directors Code of Conduct** has a comprehensive chapter on conflict of interest.

This code shows the clear conviction of the company, to continue to grow and develop, based on business objectives and ethical principles shared by all those who make up the company.

In terms of the businesses, this Code establishes guidelines for the decision-making of all collaborators and subsidiaries of CCU,

as well as for partners and directors. It addresses issues such as the principles and values of the company, conflicts of interest, accuracy and confidentiality of information, treatment of privileged information, engagement with stakeholders, conduct and duties of the main executives, internal controls, fraud and disclosure of information to third parties.

Each of the executives, as well as collaborators of all levels, receive the **Business Code of Conduct**, Alcohol Policy and the **VSPT Code of Integrity**, when they enter VSPT, to which they must adhere as a contract clause. To ensure compliance there is the **CCU Business Conduct Committee** that is concerned with updating the code and analyzing complaints received.

Similarly, in order to permanently promote and encourage ethical conduct, in November 2014, our head office, CCU, established that all collaborators of its strategic business units should be in full knowledge of the **Crime Prevention Model (MDP)**, in accordance with the provisions of the 20.393 Law, which was approved by the Board of Directors in August 2010. It is for this reason that all VSPT Wine Group collaborators, with indefinite contracts, signed a new document in which they attest to having received the information. This was then attached to their contract of employment.

VSPT is part of CCU's virtual platform complaints mechanism, which is anonymous and confidential and is available to all collaborators and third parties. Through this mechanism, people can disclose any questionable activity that may violate accounting and internal control procedures, auditing matters or the ethical

principles of the company. It is always available and is accessible via the VSPT Intranet, corporate web site and/or the CCU Suppliers Portal. 100% of complaints received are analyzed.

In addition to the online platform, VSPT has the option of receiving complaints through a confidential letter, email or by direct contact with the immediate superior or manager to resolve these matters.

All these mechanisms guarantee the security, confidentiality and the anonymity of whistleblowers. In addition, these mechanisms are also used as a means of asking questions to the company.

**In 2015 and 2016, no incidents of corruption, discrimination or human rights violations were reported in VSPT**

## Number of complaints received

### 2014

TOTAL COMPLAINTS FOR THE PERIOD	AMOUNT
<b>Total Received</b>	<b>5</b>
1. Discarded	1
2. In validation / investigation processes	-
3. Investigated	4
Terminated/Resigned	3
Letter of reprimand	-
Recommendations to improve control processes	-
Other actions	1

### 2015

TOTAL COMPLAINTS FOR THE PERIOD	AMOUNT
<b>Total Received</b>	<b>11</b>
1. Discarded	4
2. In validation / investigation processes	-
3. Investigated	7
Terminated/Resigned	3
Letter of reprimand	1
Recommendations to improve control processes	3

### 2016

TOTAL COMPLAINTS FOR THE PERIOD	AMOUNT
<b>Total Received</b>	<b>5</b>
1. Discarded	-
2. In validation / investigation processes	-
3. Investigated	5
Terminated/Resigned	2
Letter of reprimand	-
Recommendations to improve control processes	3



We voluntarily adhere to the Sustainability Code, in order to improve and promote the sustainable production of wine and grapes with a long-term focus

## Integrated Management System

VSPT Wine Group has an **Integrated Management System** that ensures the correct performance of the company in social, environmental, and economic dimensions. In this way, our processes, products and services are the result of a work of excellence, conducted in an efficient and effective manner, based on compliance with applicable legal requirements and regulations (ISO 9001, ISO 14001, OHSAS 18001, HACCP, BRC), and codes to

which we have voluntarily acceded (*Vinos de Chile* Sustainability Code and BSCI).

VSPT has various policies and procedures that are available and should be adhered to by all our collaborators and people who engage with the company. These include the Code of Responsible Communications, Alcohol Policy and the Integrity Code, among others.

## Other guidelines and directives (102-12)

We adhere to the Sustainability Code, developed by Vinos de Chile<sup>8</sup> to certify sustainability practices in vineyards. This certification is voluntary and promotes the sustainable production of grapes and wine, with a focus on long-term sustainable environmental principles, social equity and economic viability. Its aim is for grape growers and winemakers to improve their management through compliance with the requirements stipulated in the standard. The standard measures sustainable practices in three areas: vineyards and grape suppliers, wineries and bottling, and social aspects related to collaborators and communities.

Likewise, in 2012 we decided to voluntarily adhere to the **Business Social Compliance Initiative's (BSCI) Code of Conduct**<sup>9</sup>, an initiative that is committed to improving the working conditions in the supply chain and support best social practices in the company.

The code, developed by the Foreign Trade Association (FTA), was driven by the Nordic alcohol monopolies. It is based on international labor standards such as the conventions of the International Labor Organization (ILO) and the United Nations Declaration of Human Rights, among others.

## Risk management

(102-15; 102-30; 102-31; 102-11; 102-3)

Annually, VSPT's Board of Directors implements a formal **Risk Management and Control Process**, which has general guidelines such as the risk management policies, approved by the Board. This SRM process (Strategic Risk Management) is part of the 'Directive Process' and is one of the ways in which the organization applies the precautionary principle.

The risk management process is based on COSO, a standard founded on Risk-Control analysis, which contains elements that aim to cover strategic, operational, financial reporting, and compliance risks. It

is intended to ensure compliance with the company's objectives, according to its propensity to risk.

SRM is conducted by senior management, based on systematically applying a methodology and best practices, which include identifying strategic risks, prioritizing them by potential damage (impact) and exposure to occurrence (vulnerability), and defining appropriate mitigation plans.

The Risk Management Unit or equivalent is responsible for the detection, quantification, monitoring and communication of risks. The Corporate Comptroller oversees risk management and reporting, as appropriate, to the Board of Directors. This department, in turn, has an internal audit unit which oversees risk management, is responsible for the verification of the effectiveness and compliance with policies, procedures, controls and codes, and presents the annual audit plan to the Committee of Directors in accordance with the law N° 18.046.

Direct risks to the company as well as indirect risks that could occur in other companies within the holding are taken into consideration in the process of risk quantification, monitoring, and communication.

This process has identified risks associated with the economy in Chile and Argentina (where we have operations), risks associated with climatic factors, earthquakes, export sales, changes in the Chilean tax laws, raw materials, which could negatively impact our profitability, among others. More details on the detected risks can be reviewed in the Annual Report.

The Board holds the ultimate responsibility for evaluating the effectiveness of the organization's risk management processes on economic, environmental and social issues. This is done by the Board whenever there are general or specific matters to review. The Board delegates the development, monitoring and continuous execution in these matters to the company's management team.

**The Board holds the ultimate responsibility for evaluating the effectiveness of the organization's risk management processes on economic, environmental and social issues**

<sup>8</sup> For more information on the Sustainability Code, go to: <http://www.sustentavid.org/>

<sup>9</sup> For more information on BSCI, go to: <http://www.bsci-intl.org>



Our commitment is to continue growing sustainably, in profound harmony with our land and our people

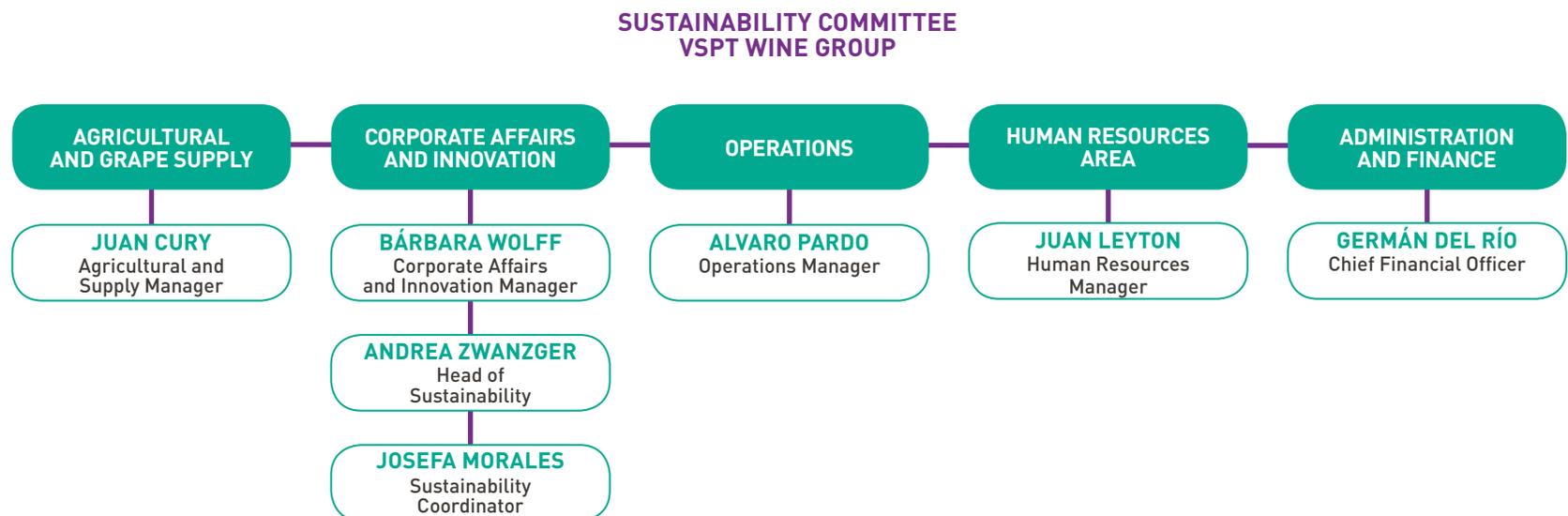


# SUSTAINABILITY IN VSPT

(102-19; 102-20; 102-32; 102-33; 102-29)

As one of the five corporate values, our commitment is to continue to grow sustainably in deep harmony with our land and our people through innovative projects that add value to our brands and processes. To achieve this, the **Sustainability Committee** was created in 2009, which analyzes, identifies, and manages the economic, social and environmental issues affecting the company. To transmit concerns to the top governing body, as and when needed, the Sustainability Committee invites the CEO to the sessions, in order to discuss and report on the relevant issues. Issues are also reported to the Board of Directors by members of the Sustainability Committee when they are invited to specific Board sessions.

This Committee plays a crucial role in the preparation of the company's sustainability report, maintaining a constant dialogue with internal and external stakeholders. VSPT's sustainability Committee is the highest level of review and approval of this report, and its objective is to ensure that the effort of compiling and presenting facts and data reflects all the Company's material topics. This Committee meets as needed, normally fluctuating between six to eight meetings a year, and is composed of the following divisions:



## Our Sustainability Strategy

Sustainable development is commonly based on three dimensions: Environmental, Social and Economic. Based on this perspective, in VSPT we decided to develop the sustainability strategy of our 360 Sustainable Program under four main pillars: **environment, water management, social commitment and well-being**, and **quality**.

In the environmental dimension, we decided to create a separate pillar for water management in order to highlight the importance of this resource in an industry in which water is critical for production, and in a national context where water resources are becoming increasingly scarce as a result of population growth, socio-economic development and the effects of climate change.

Through constant management of new initiatives, a focus on certifications and support from transparent communication tools for our clients and consumers, we aim to endorse the attribute of quality in our products and excellence in all our processes and areas.

The Sustainability Strategy is defined using the same procedure as the Strategic Planning Process, in which strategic objectives and indicators are defined for a three-year period, along with annual strategic priorities.

The 2016-2018 Strategic Plan includes the following objectives for each pillar:

### STRATEGIC PRIORITIES 2016 - 2018



#### ENVIRONMENT

- Implement renewable energy projects and continue seeking to increase clean energy consumption in VSPT's operations, to reduce the carbon footprint
- Implement VSPT's Biodiversity Master Plan
- Continue to improve the sustainability of agricultural management, minimizing the use of agrochemicals in the environment
- Adhere to the REP Law and assess opportunities for continuous improvement in recycling in Chile



#### WATER MANAGEMENT

- Continue to improve water management in agricultural and industrial areas



#### SOCIAL COMMITMENT

- Promote responsible wine consumption, through the b.b.bien program
- Continue to promote the implementation of sustainable practices in our grape suppliers



#### QUALITY

- Ensure and standardize social and environmental best practices in all our operations globally
- Maintain current sustainability certifications and evaluate new initiatives that support our work
- Maintain transparent and constant communication with our stakeholders, disclosing our progress made on sustainability

### 360 Sustainable Program

In 2011, VSPT Wine Group proposed the goal of implementing 360 sustainable initiatives by 2015, with the aim of strengthening our commitment towards a more sustainable wine production, respecting the communities and the environment in which we operate, and as a way of involving all areas of the company to participate and contribute towards the corporate sustainability strategy.

By the end of 2015, we celebrated the accomplishment of this goal and became the wine group with the most sustainable initiatives in the world. This goal considered initiatives that helped generate greater operational efficiency, lower energy consumption in wineries, reduce water consumption and environmental impacts in production processes, and improve the social well-being of our people and value chain.

The 360 sustainable initiatives, verified by Deloitte, motivated all areas of VSPT to continue to identify new initiatives that will help to build a company that seeks to constantly generate positive socio-environmental impacts.

(102-40; 102-42)

The **360 Sustainable Program** aimed to integrate sustainability across all VSPT Wine Group activities, considering and respecting all relevant audiences, which have been defined by the Sustainability Committee: environment, community, workers, suppliers, clients, consumers and shareholders. The strategy and all initiatives implemented within the framework of our 360 Sustainable Program, including this report, have been developed according to our stakeholder’s expectations.

### SUSTAINABILITY STRATEGY 360 SUSTAINABLE PROGRAM

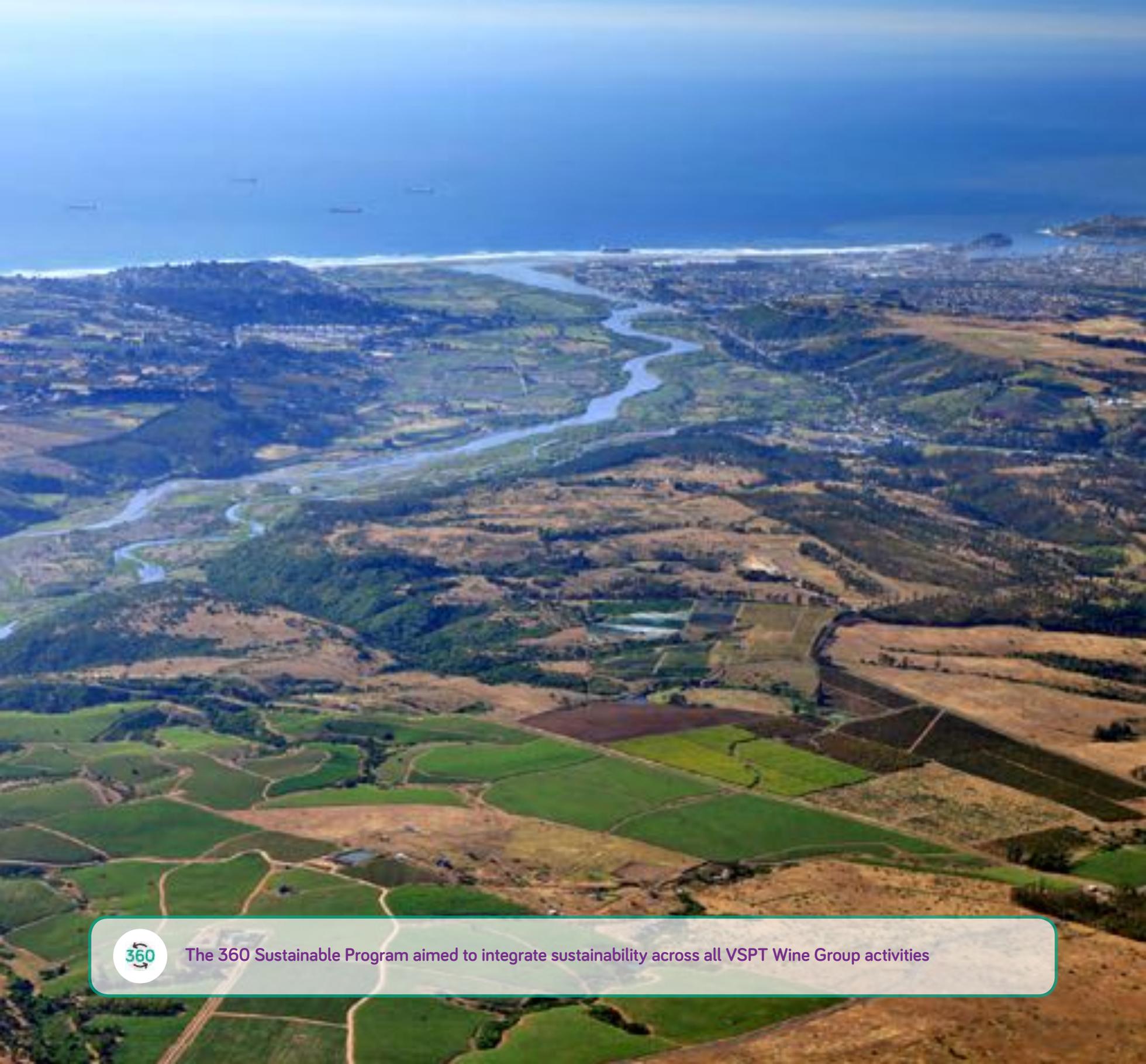


(102-43)

VSPT Wine Group understands that sustainability is built by maintaining a close and fluid relationship with our stakeholders.

For the purpose of this report, we also consider our shareholders to be a key stakeholder, to whom we disclose all economic, environmental and social topics through this document. Our investors are of utmost importance to the company’s value chain, and without them, the production of our wines, as well as their distribution and sale, would not be possible.

To maintain a constant and effective relationship, the company has various communication channels appropriate to the characteristics of each group. Such channels include regular meetings with different stakeholders, web pages, newsletters, among many others.



The 360 Sustainable Program aimed to integrate sustainability across all VSPT Wine Group activities

# ENVIRONMENT

(103-1, 103-2, 103-3)

## PROGRESS IN THE SUSTAINABILITY STRATEGY 2015-2016

"Our industry depends on mother nature, with the land and climatic factors playing a key role in our results. In VSPT we aim to continue working on measures that mitigate our climate change and biodiversity impacts, promoting less invasive agricultural practices and reducing the use of chemicals day by day through the rational use of these products".

Under the strategic objective of ensuring a sustainable operation in time, in VSPT Wine Group we promote a more balanced agriculture and ecosystem, thus strengthening biodiversity and ecosystem services<sup>10</sup> in our vineyards. At the same time, on an annual basis, we measure and manage different environmental indicators, focusing our management efforts on the rational use of water and energy, reducing our carbon footprint and waste, among other topics. In 2017-2018 our challenge is to include all the environmental indicators of our winery in Argentina and **Viña San Pedro Bodega de Grandes Vinos**.

<sup>10</sup> **Ecosystem services** are resources or processes of natural ecosystems (goods and services) that benefit humans. They includes products such as clean drinking water and processes such as the decomposition of waste. Ecosystem services are grouped into four broad categories: **supply**, such as water and food production; **regulation**, such as the climate and disease control; **support**, such as nutrient cycling and crop pollination, and **cultural**, such as spiritual and recreational benefits..

### Sustainable Agricultural Management

It is our responsibility to build an agricultural business model that is profitable in the long term, is concerned for our people and our communities and which takes care of the natural resources that we use. A central concern has been to ensure the working conditions and safety of our workers.

All the innovation that we have implemented is oriented towards achieving more efficient productive processes in order for our vineyards to reflect a viticulture that looks to the future, with production systems that are projected economically, socially and environmentally.

The main areas of innovation which have been addressed in recent years are: agricultural management, modernization of the vineyard with new genetics and vine training systems, mechanization and modernization of our irrigation systems.

In terms of **vine training systems**, the most widely used system continues to be the vertical espalier; however, new innovative systems are being implemented in order to streamline production, reduce reliance on labor and increase productivity, while always maintaining quality standards.

Regarding **machinery**, we have innovated through the incorporation of new machinery and the modernization of existing equipment.

**In VSPT we aim to continue working on measures that mitigate our impact on climate change and biodiversity**



The focus on sustainable agriculture has allowed us to improve working conditions for our collaborators, as well as improve associated production costs

**In VSPT we are concerned for the environment, and thus we have modernized our agricultural technology to be more efficient in fuel consumption and reduce our pollution and CO<sub>2</sub> emissions**

Our principal focus has been multifunctional (making the most of "each pass" of the tractor to do multiple tasks simultaneously), which we practice with both tractors and automotive equipment.

One of our main concerns has been to improve the quality of our applications by investing in the latest sprayers and nebulizers, which allow us to apply several rows with each passing and reduce to a minimum the volume of water for products (low volume). This generates a strong environmental benefit as well as greater efficiency in application processes, thus decreasing water and fuel consumption, and soil compaction.

With the same objective, we have modernized automotive equipment and tractors to access more efficient engines in terms of oil consumption, pollution and CO<sub>2</sub> emissions.

Along with the above, tasks such as green pruning, uprooting, leaf thinning, weed control, pre-pruning and pruning have been made increasingly available due to more mechanization and a reduction in manual labor.

With respect to the **application of agrochemicals**, our goal is to achieve a rational or judicious management i.e., minimum use of agrochemicals as part of a balanced management plan. Based on our philosophy, in order to accomplish this, we challenged ourselves to "accompany the production process", and only intervene when it is strictly necessary, and in this way, prevent changing natural balances.

As for weeds, we have been especially concerned with improving our soil conditions for the growth of vineyard root systems. For this purpose, we have decreased the use of herbicides, rather focusing on mechanically intervening the soil. Through this practice, we have loosened the soil and let non-competitive vegetation grow between vine rows.

With this initiative we achieve soils that are more alive, with natural populations of microorganisms, good oxygen contents and good structures.

With regards to pests and diseases, we only intervene with pesticides when the threshold of economic damage in specific sectors is exceeded. For this we have implemented a constant monitoring of pests in the vineyard. When economically feasible tools exist, we use techniques such as sexual confusion (*Lobesia botrana*) or preventive models (powdery mildew and *Botrytis cinerea*), which are based on agro-climatic parameters. Thus, we can avoid the application of agrochemicals and foster a balance in our agro-ecosystem.

We have promoted mechanized harvesting, thus improving transport conditions and reception in our wineries and decreasing the time between harvesting and processing of the grapes. In this way, the results are equal to or even better than with manual harvesting.

Production, based on a sustainable approach both in terms of social and environmental responsibility, has steadily led to improved practices in the vineyard.

In relation to the **workforce** in the vineyard, we have continued to work towards more efficient training systems by modifying them and implementing new technologies in machinery. With this, we have managed to increase worker productivity and decrease days per hectare, and hence, reduce production costs and increase worker's daily remuneration. In this way, we have improved the labor conditions of our workers in addition to production costs.

In this sense, the human factor has been an essential element. In recent years, we have implemented a training plan focused on achieving the introduction of modern criteria in our teams that allow our people to be part of this modernization stage in the production process that we have initiated.



In VSPT we intend to continue working on measures that mitigate our impact on climate change and biodiversity, promoting less invasive agricultural practices



## Biodiversity Conservation

We understand the environment as the whole agro-ecosystem in which our vineyards are immersed. This is why, as part of VSPT Wine Group's commitment towards the environment, the conservation and promotion of biodiversity surrounding our vineyards is important to our production systems. As already mentioned, our agricultural management plans aim to accompany the agricultural process, enhancing and integrating the surrounding biodiversity, focusing on quality production sustained over time.

(304-1)

VSPT's vineyards and facilities are not located in protected areas. However, in Chile our vineyards and those of our suppliers (as well as the vast majority of the country's agricultural activity) are located within the so-called Chilean Biodiversity Hotspot<sup>11</sup> "Chilean winter rainfall-Valdivian forests", which includes the regions of central

### All VSPT Wine Group's facilities have an Environmental Impact Declaration (DIA) and its corresponding Environmental Qualification Resolution (RCA)

Chile, Norte Chico (between Copiapo and Santiago), and part of the South of our country, from the IX region until part of the XI region.

In our Argentinean facilities, there are 17,24 ha of virgin native forest and very old, non-native flora, which are preserved, in good condition.

(304-2)

Current threats to the biodiversity of the Chilean "hotspot" are the degradation of original habitat, the expansion of forest plantations in central Chile, forest fires, overgrazing, the spread of alien species and trade in indigenous species<sup>12</sup>. Currently, these threats are

<sup>11</sup> Biodiversity Hotspots with conservation priority, are defined as regions with a concentration of a minimum of 1,500 endemic vascular plant species, equivalent to 0,5% of the total number of vascular plants in the world; a high proportion of endemic vertebrates, and where the original habitat has been greatly impacted by human actions (Myers et al. 2000).

<sup>12</sup> Armesto et al. 1998; Arroyo et al. 2000.

strong since Chile is a fast-growing country, with one of the most competitive economies in Latin America, which maintains a strong dependence on its natural resources. Less than 5% of central Chile and Norte Chico are under State protection, therefore collaboration with the private sector is, and will be, essential to protect the unique biodiversity of this global hotspot.

In addition to the above, the Viña Tarapacá property, El Rosario Estate located in Isla de Maipo, is close to "Cordón de Cantillana", which was classified in 2010 as a priority site for conservation by the National Commission for the Environment (CONAMA).

VSPT Wine Group aims to generate minimum impacts on the environment, thus, in line with national legislation, all its facilities have an Environmental Impact Declaration (DIA) and its corresponding Environmental Qualification Resolution (RCA). All issues relating to impacts the wineries may have on the areas where they are located, are reported in these documents.

In Argentina, the threat is quite similar, however in VSPT's property, significant impacts that may affect these sectors are exclusively climatic, since there is no intention of exploiting the area, rather the focus is to conserve it.

### VSPT's Biodiversity Program (304-3)

Based on the Chilean context, and to strengthen the initiatives previously undertaken by VSPT, in 2014 we decided to launch a conservation program for native flora and fauna in our vineyards. Viña Tarapacá's El Rosario Estate is the pilot project where the implementation of different conservation actions will be evaluated, and then extended to other VSPT vineyards.

The overall objective of this program is to minimize the impact of agricultural activities on biodiversity in El Rosario Estate. This program includes a management plan to preserve and recover

native species in order to rescue their ecosystem services. In parallel, it seeks to educate collaborators of VSPT Wine Group and communities about the importance of protecting the biodiversity of the area, through discovery paths, implemented in 2015 in Viña Tarapacá and in 2016 in Viña San Pedro Bodega de Grandes Vinos in Totihue. These paths run through different conservation areas in the vineyards, and consist of various stops with informational material and reflections on the ecosystem services provided by the biodiversity in the vineyard, and the importance of its conservation.

The management plan began in 2014 with a biodiversity inventory in El Rosario Estate, the results of which were used to develop a conservation plan. In 2015, we disseminated the action plan internally to VSPT Wine Group collaborators, through various activities. A biodiversity workshop was held where diverse issues were

discussed, such as the conservation of the Mediterranean ecosystem and the wine industry, flora and fauna of the Mediterranean zone, biological invasions, and the action plan proposed for the vineyard. In addition, we toured the discovery path along with the families of our collaborators, with the aim of educating them about biodiversity conservation and its ecosystem services, and how these relate to the wine-making process on site.

In 2016, we began to control invasive species and elaborated the biodiversity master plan, with which we seek to restore ravines and introduce native biodiversity to the vineyard, as a way to connect all our biodiversity conservation areas.

In addition, we conducted a second biodiversity workshop involving more of our employees.

**In 2016,  
we began to  
control invasive  
species, and  
elaborated the  
biodiversity  
master plan**



We are firmly committed to care for and enhance flora and fauna, integrating it into our vineyards

The biodiversity program has always been developed with the support of the “Wine, Climate Change and Biodiversity” program, a scientific initiative of the Institute of Ecology and Biodiversity (IEB) and the Austral University of Chile, whose objective is to show the compatibility between biodiversity conservation and the development of the Chilean wine industry

In line with our program in Chile, in the La Celia Estate vineyards in Argentina, we have also begun to strengthen and enhance the biodiversity and the care of our native flora and fauna. For this, an agricultural management plan has been developed that favors mechanical control instead of chemical control in all vineyard practices that allow it, thus resulting in less application of chemicals on the soil. This measure has favored the natural balance of the soil, through growth of plant cover and species that provide a habitat for beneficial insects. All this translates into greater protection of the ecosystems that exist in our vineyards in Argentina.

### Our grape suppliers (308-1)

“Contributing to the sustainability of our industry, we have put special attention and focus on our grape suppliers through a robust development program. The issues included in this program address sustainable management in vineyards and higher quality standards, as well as personal development and improvement in the quality of life of their employees.” (103)

VSPT’s commitment towards a more sustainable production and increased concern for our supply chain, encouraged us to work on a plan that would allow us to share, and pass on to our grape suppliers, our experience and good practices from the 360 Sustainable Program, since about 50% of our production is obtained by external grape and wine suppliers.

### GRAPE SUPPLIERS THAT PARTICIPATED IN THE SDP



#### Coquimbo Region

Agrícola Saturno Ltda.



#### Valparaiso Region

José Toribio Larraín Larraín  
Sociedad Agrícola Santa Marta Ltda.  
Agrícola Ízaro Ltda.



#### Metropolitan Region

Agrícola Santa Macarena Ltda.  
Agrícola Manantiales Ltda.  
Agrícola Martina Ltda.  
Agrícola La Unión  
Casas de la Capilla Agrícola Ltda.  
Juan Colombo  
Juan Cristóbal Fernández Silva  
Sociedad Agrícola Santa Maura Ltda.



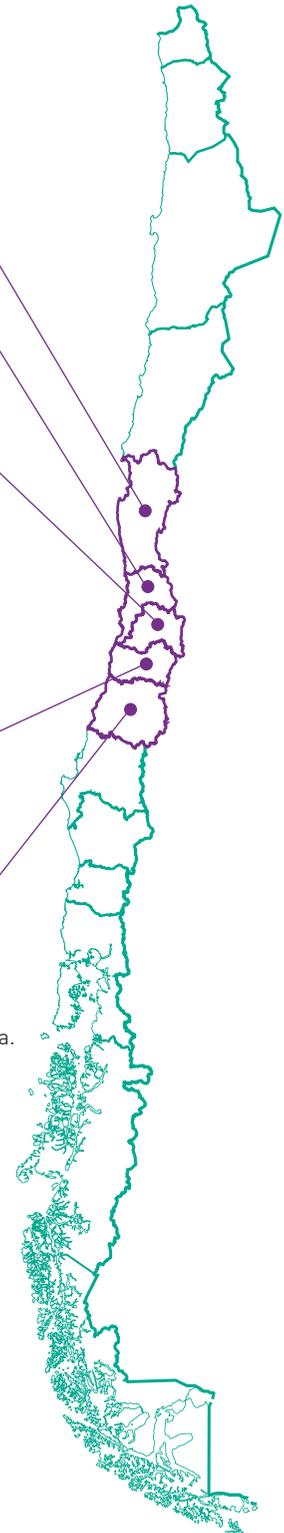
#### Libertador General Bernardo O'Higgins Region

Sociedad Agrícola Valle Hermoso Ltda.  
Agrícola San Joaquín  
Patricio Gastón Ramírez Oyarzún  
Luis Alberto Vidal Amaya



#### Maule Region

Grupo Invina:  
Sociedad Agrícola Roppongi Ltda.  
Sociedad Agrícola El Peral Ltda.  
Invina Ltda.  
Sociedad Agrícola Lomas de las Tizas Ltda.  
Sociedad Agrícola Mata Verde Ltda.  
Sociedad Agrícola Allende Herrera  
Miguel Antonio Arancibia  
Agrícola Pichimapu  
Gabriel Alberto Court Castellano  
Ganadera Peteroa  
Viña Alquihue



## Supplier Development Program (SDP)

In 2012 we initiated our **Supplier Development Program (SDP)** in which we supported 27 of our long term grape suppliers (representing 60% of the grapes purchased from third-parties), in the implementation of more sustainable practices in their vineyards, in addition to personal development activities in which the suppliers and their teams participated.

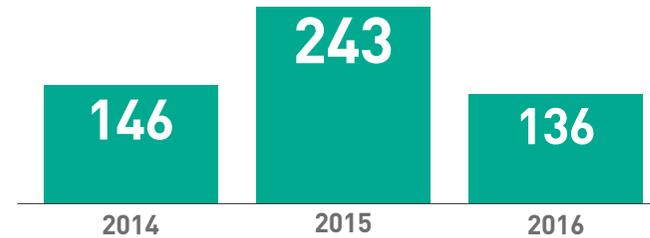
Until the middle of 2015, we had three years of working together, which were marked by numerous activities, all of which had high attendance and participation.

This program was funded in conjunction with CORFO, who support company projects which aim to improve the quality and productivity of their suppliers. The total amount invested in the SDP over the three years was \$152.903.116, of which CORFO financed 48,3% and VSTP Wine Group 51,7% in financial and non-financial contributions.

During the three years of the program, various activities were carried out, among which we can highlight:

- **Implementation of more sustainable vineyard practices:** Based on the experiences in the VSPT vineyards, the following practices were implemented: talks on sustainable agriculture, a workshop on strategies to minimize the use of agrochemicals, a theory-practical course on integrated pest management to reduce agrochemical applications, workshops on implementing good practices for irrigation, training on safe and responsible handling of pesticides, and workshops on the calibration of agricultural machinery, among others.
- **Personal development activities for our supplier's collaborators:** Training of agricultural supervisors to positively lead their teams; talks on social responsibility; workshops to support middle managers by strengthening their soft skills and competencies; among others.
- Trainings based on the **topics of greatest interest to our suppliers.** A training was conducted on labor legislation and its

## TOTAL NUMBER TRAINED IN THE SDP



specific application to the agricultural sector; workshops on agricultural management and records management; a comparative analysis was performed on direct production costs as information to support management; training on the use of the tax exemption (Sence<sup>13</sup>) to promote the training of workers; among others.

- **Viticulture Seminar:** A special invitation to national and international experts in different areas of viticulture, who oriented our suppliers on relevant aspects in vineyard development for the future. In this same activity, two days of field visits were conducted with these experts to various vineyards, where a specialized consultancy was provided on canopy management and a presentation on new vineyard management strategies which allow a greater mechanization.

**“We are focused on continuing on the path of sustainability, just as we learned in the SDP”**

Miguel Antonio Arancibia  
and Agrícola Pichimapu.

**“In the SDP we learned about sustainability, which is in line with our daily work”**

José Toribio Larraín L.

**“The SDP left us with the desire to keep growing in terms of sustainability”**

Agrícola Ízaro Ltda.

<sup>13</sup> National Training and Employment Service: A state agency responsible for regulating the national training system and for promoting instruments provided to companies for their workers. This task is undertaken by running a State-level tax incentive scheme for companies that train their staff, as well as a subsidiary action, through a scholarship training program financed with public funds.

- Implementation of the **Sustainability Code**, where 17 vineyards were certified under the code.
- Two workshops on **responsible alcohol consumption** in line with our b.b.bien program, to promote and strengthen the parental role of agricultural workers regarding the responsible consumption of wine in their families and close relations.

After all these activities, and seeing the tremendous growth of our strategic winemaking suppliers, VSPT concluded this great program in 2015, with the commitment to continue to work with our suppliers and further strengthen the relationships over time.

This is how, in 2016, an activity was held with the participation of 16 suppliers, in which the topics presented included: the "sustainable management of soils", which explained how to better

work with soils and the importance of promoting the development of organic matter for soil nutrition; and more in-depth information on the "action plan against the vine moth (*Lobesia botrana*)", featuring the new State management plan for this pest, including changes and improvements made. The activity ended with a visit to the Biogas Plant at Molina, where an explication was given on the entire process and how it has enabled VSPT Wine Group to produce clean energy through its own organic harvest waste.

**“The SDP helped us to better understand viticulture”**

Agrícola Saturno Ltda.

**“We improved our vineyard management thanks to the SDP”**

Agrícola Martina Ltda.

**“With the PDP we were able to understand the triple impact of sustainability”**

Agrícola Manantiales Ltda.



**We are committed to a sustainable wine production and we are concerned with our supply chain**

## Carbon footprint (305-1; 305-2; 305-4; 305-5)

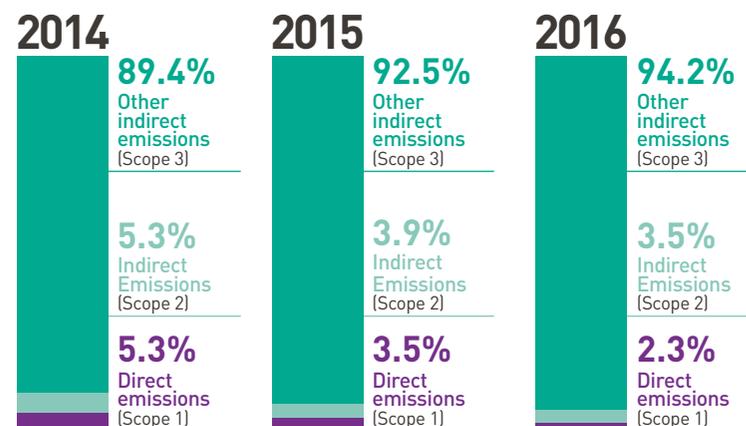
Since 2010 we have measured and managed our internal corporate carbon footprint according to the Greenhouse Gas Protocol. Up to the year 2016, our carbon footprint calculation includes all VSPT Wine Group operations in Chile, incorporating all the wineries, vineyards and central offices<sup>14</sup>. Our challenge for 2017-2018 is to include the Group's operations in Argentina in this indicator.

The Corporate carbon footprint is measured in three scopes:

<b>SCOPE 1</b>	<b>Direct emissions:</b> due to fuel use, transport of people and products, application of nitrogen fertilizers, wastewater treatment and the use of refrigerants
<b>SCOPE 2</b>	<b>Indirect emissions:</b> due to the consumption of electrical energy
<b>SCOPE 3</b>	<b>Other indirect emissions:</b> Associated with the manufacturing and transport of primary materials and purchased manufacturing materials, transport of people, waste treatment and wastewater treatment, emissions associated with the commercialization phase such as transport to the destination and energy used by cooler equipment. Emissions generated by the consumption of products is not included.

In 2016, 2,3% of VSPT Wine Group's total carbon footprint corresponded to direct emissions (Scope 1) and 3,5% to indirect emissions (Scope 2), over which VSPT has direct management control. The other 94,2% corresponds to other indirect emissions (Scope 3), which represents those emissions produced by activities or processes within the company's value chain, but which are outside of the organizational boundaries. VSPT has decided to prioritize its management efforts on Scope 1 and 2 emissions, leaving Scope 3 as a future challenge. For this reason, as part of the materiality process, it was decided to only report on Scope 1 and 2.

<sup>14</sup> As reported in the previous report, in 2014 there were significant infrastructural changes, which means that 2014 should be considered as the new base year for comparison of this indicator.



VSPT Wine Groups direct and indirect emissions (Scopes 1 and 2) for 2014, 2015 and 2016 are reported in the following table<sup>15</sup>:

### SUMMARY OF EMISSIONS BY SCOPE

	2014	2015	2016
Direct emissions (Scope 1) (ton CO <sub>2</sub> e)	6.222	5.494	4.881
Indirect emissions (Scope 2) (ton CO <sub>2</sub> e)	6.189	6.097	7.408
<b>Total emissions (Scope 1 and 2) (ton CO<sub>2</sub> e)</b>	<b>12.411</b>	<b>11.592</b>	<b>12.289</b>
Production equivalent (L)*	127.057.781	147.419.716	149.104.645
Bottle production equivalent (750ml)*	169.410.375	196.559.622	198.806.193
<b>Emission intensity (gCO<sub>2</sub> e/ bottle equivalent)</b>	<b>73,26</b>	<b>58,97</b>	<b>61,81</b>

\* Liters equivalent is calculated as the average between the wine bottled and the wine produced.

<sup>15</sup> These emissions do not include operations in Argentina.

In 2015 and 2016 we continued managing our corporate carbon footprint, through various initiatives which considered wine packaged and elaborated during harvesting, with a comparison to the previous year. Among the implemented initiatives that contributed to this reduction, we can highlight lower consumption of fossil fuels, less nitrogen fertilizer application, and the change to refrigerants with lower global warming potential. On the other hand, is the increase in the amount of wine produced, which did not increase proportionately to the total emissions.

However, in 2016, CO<sub>2</sub>e (scope 1 and 2) emissions increased by 4,8%. This increase is explained by a factor external to VSPT Wine Group, since the electricity emission factor in Chile for the year 2016 increased by 14,8%, due to the drought during the year. This

resulted in an energy matrix with less hydroelectric energy, and an increase in the proportion of thermoelectric energy (most polluting), and therefore an increase in the emission factor.

If the electricity emission factor for Chile had stayed the same as in 2015, VSPT's CO<sub>2</sub>e emissions (scope 1 and 2) would have registered a 3,3% reduction. This reduction is explained by lower fossil fuel consumption in generators and boilers, by the decrease in the number of trucks owned by the company, and by the use of refrigerants with lower global warming potential. During this period, we concluded the elimination of Type 22 refrigerants in 100% of VSPT operations.

Between 2014 and 2016, we achieved a cumulative reduction of 15.6% in the direct emissions of our corporate carbon footprint.



In 2015, VSPT achieved an important reduction in its CO<sub>2</sub>e emissions per bottle of wine produced

## Renewable energy

Continuing with our focus on reducing our carbon footprint, in 2016 VSPT Wine Group inaugurated two new renewable energy projects with a special emphasis on the concept of "Waste to Energy". These projects **positioned VSPT as a world leader in the generation and consumption of renewable energy for its operation**, according to Drinks Business.

In 2016, we inaugurated an unprecedented project that positioned Viña San Pedro as the first winery in the world to transform 100% of its organic harvest waste, i.e. more than 9,000 tons of pomace and stalks, into clean, renewable energy used to produce its wines.

The origin of this project goes back to the year 2009, when VSPT established the strategic objective to ensure the most sustainable operations possible, using clean, renewable energy sources for the production of its wines, and at the same time managing its organic harvest waste.

Based on this, in partnership with Genera Austral, experts in bio-digesters, we began to build the first biogas plant in the world, that supplies electricity and thermal energy to Viña San Pedro, from their own organic harvest waste. The project has the potential to generate 1MWh of clean energy, i.e., the equivalent of 60% of the electricity needed in Viña San Pedro to operate the winery, or the equivalent of the consumption of 3,200 homes in a month.

The plant consists of two bio-digesters where microorganisms digest the harvest residues to generate methane gas, which is subsequently transformed into electricity in a cogeneration motor. Thermal energy is also generated in the process. In addition, waste passing through the bio-digester is converted into nutrient-rich organic matter, which is returned to the vineyards as organic fertilizer for soil improvement.

Thanks to this innovative project, we have managed to close the productive cycle in a sustainable manner under the concept of the circular economy, using our waste to generate energy and at the same time reusing the bio-digested material as biofertilizer for our vineyards. **The process closes the circle, generating positive impacts in our production chain.**

**Viña San Pedro is the first winery in the world to transform 100% of its organic harvest waste into clean, renewable energy to produce its wines**

### BIOGAS PLANT VIÑA SAN PEDRO



**The Biogas plant and the Mini Hydroelectric power plant are two significant innovations that aim to increase the consumption of clean energy in VSPT Wine Group operations, and reduce its carbon footprint and impact on the environment**

The second renewable energy project is the **Mini Hydroelectric plant "El Rosario"**. This initiative began in the year 2012 thanks to the partnership between VSPT Wine Group and the company Errazuriz and Partners, with the aim of taking advantage of the irrigation canal fed by the Maipo River, to generate clean electricity for Viña Tarapacá's winery operations.

After four years of development, the first mini hydroelectric power plant in a Chilean vineyard was inaugurated in 2016. The plant is able to generate 250 kWh of energy, which represents 60% of the power consumption of the Viña Tarapacá winery.

The Biogas plant and the mini hydroelectric power plant are two significant innovations that aim to increase the consumption of clean energy in VSPT Wine Group operations, and reduce its carbon footprint and impact on the environment. Together, each month they generate the equivalent of the energy consumed by 4,500 homes in London. In both projects, the energy that is not consumed by VSPT, will be directly injected to the Central Interconnected System (SIC).

#### MINI HYDROELECTRIC PLANT "EL ROSARIO"





In VSPT we are constantly looking for ways to reduce the company's energy consumption

## Energy consumption (302-1; 302-3; 302-4;)

In order to reduce our environmental impact, VSPT identifies and implements various initiatives to reduce the company's energy consumption.

The electrical energy indicator in Chile showed an increase of 3,9% in 2015, compared to the previous year. This was mainly due to the Lontué Winery installing more aeration in the wastewater treatment plant in order to mitigate odors. There was also a smaller

**In 2016, a reduction of 4,2% in electrical energy was achieved, as a reflection of our management.**

volume of wine produced that year which affects the indicator in that plant.

Lontué winery is the only winery that is close to a community, so it doubled its efforts to mitigate possible negative impacts on its surroundings. With the aim

of achieving greater operational efficiencies, in 2017 all bottling at the Lontué plant was transferred to operations in Molina, further reducing the risk of negative community impacts. In the other plants, the energy indicators were normal compared to the previous year.

In 2016, a reduction of 4,2% in electrical energy was achieved, as a reflection of our management. An important initiative of this period was the creation of an Environment Committee in Molina, which aims to identify initiatives to reduce the environmental indicators in general. It meets at least once a month, and in each committee progress is communicated to a Steering Committee.

In this period, we worked hard on "efficiency in the production process", for which planning is key and has become a production requirement. In the wine-making and bottling planning we look for process continuity and maximization of efficiencies in equipment use, thus reducing energy consumption. By way of example, the process in the packaging lines has been optimized, by ensuring that the conveyors do not work continuously, but only when they carry bottles.

In order to manage and optimize the energy use by the compressors, we implemented a system called "Governor" that manages the compressors to sequence them and only work when required and to not continue operating in a vacuum.

### DIRECT CONSUMPTION OF ELECTRICAL AND THERMAL ENERGY IN THE INDUSTRIAL AREA\*

		VSPT CHILE			VSPT ARGENTINA		
		2014	2015	2016	2014	2015	2016
Total wine produced	Hls	1.839.141	1.772.884	1.903.743	80.578	82.013	79.468
Electrical energy	KWh	12.738.444	12.775.023	13.146.485	1.316.684	1.319.616	1.288.656
<b>Electrical energy intensity</b>	<b>KWh/Hls Wine</b>	<b>6,9</b>	<b>7,2</b>	<b>6,9</b>	<b>16,3</b>	<b>16,1</b>	<b>16,2</b>
Thermal energy	MJ	42.434.042	40.131.871	39.871.758	879.256	717.214	901.670
<b>Thermal energy intensity</b>	<b>KWh/Hls Wine</b>	<b>23,1</b>	<b>22,6</b>	<b>20,9</b>	<b>10,9</b>	<b>8,7</b>	<b>11,3</b>

\* These indicators do not include the operations of Viña San Pedro Bodegas de Grandes Vinos

In addition, in 2016 high consumption machinery engines were swapped for more high-efficiency options, and the process of changing to LED lighting was completed.

Moreover, we continued to train staff on the guidelines of the ISO 14000 certification, and develop communication campaigns to educate collaborators on resource consumption.

In terms of new buildings, a requirement was established to comply with the highest standards of sustainable construction, in order to be able to certify them in the future. Under this requirement, in 2015 construction began on the "New Finished Product Warehouse" in the Molina plant, with the implementation of temperature control by fans to take advantage of natural nocturnal cooling. This warehouse was built using LEED requirements, so that it can be certified in the future.

As for the thermal energy indicator in Chile, there was a decrease of 2,2% in 2015 and 7,5% in 2016, due to the insulation of all pipes, mainly in the wineries, in order to avoid losses.

In addition, air compressors were modernized to compressors with energy regulation systems, which allow for the reuse of heat energy in the winery that would be lost as hot water. The old compressors lost energy as steam that could not be reused.

In Argentina, the electricity indicator in 2016, showed a slight increase, due to the fact that while the energy consumption decreased, the volume of wine produced decreased by a slightly higher percentage. Therefore, all efforts such as staff training, communication campaigns and operational controls, are not reflected in the indicator. However, the percentage of wine produced for our own brands<sup>16</sup> increased during 2016 in relation to the total wine production of the winery, which is positive for the business strategy.

**A requirement was established for all new buildings to comply with the highest standards of sustainable construction, in order to be able to certify them in the future**

## FUEL CONSUMPTION IN VSPT CHILE AND ARGENTINA

		VSPT CHILE			VSPT ARGENTINA		
		2014	2015	2016	2014	2015	2016
Oil 6	Lts	418.036	391.114	368.461	3.592	6.689	6.399
Diesel oil	Lts	50.594	43.704	56.681	69.930	68.091	65.773
Diesel oil generator	Lts	40.868	51.229	78.684	862	688	643
LPG	Lts	285.652	233.381	155.268	6.117	7.961	8.659
Natural gas	m <sup>3</sup>	0	0	0	25.302	20.639	25.947
Crane gas	Lts	258.287	250.926	264.482	-	-	-
Gas services	Lts	34.278	38.298	26.202	-	-	-
Firewood	Kg	428.230	526.000	548.873	-	-	-

<sup>16</sup> In the Argentinean winery, to achieve operational efficiency, a large amount of wine is produced to be sold in bulk to third-parties. This wine is not considered as part of the business strategy.

With regard to the consumption of thermal energy, in 2015 there was a decrease of 19,9% since it was a less intense winter with higher than normal temperatures, which resulted in less need for heating during the wine-making process. This was not the case in 2014 and 2016, in which normal low winter temperatures meant that thermal energy was required for the winemaking processes. In addition, in 2016 there was greater use of tangential filters that require thorough cleaning

with hot water, leading to higher thermal power consumption than the previous year.

**The thermal energy indicator in Chile decreased by 2,2% in 2015 and 7,5% in 2016. In the same year in Argentina, the indicator increased 29,7%.**



We aim to manage our waste in the best possible manner, promoting the concept of a circular economy

## Waste (306)

In VSPT Wine Group, we aim to manage our waste, in the best possible manner, by promoting the concept of a circular economy, and thus avoiding waste being disposed in dumps or landfills. For this reason, we have defined a key target to recover 100% of our industrial waste by 2020.

Starting from the 2016 harvest, 100% of organic waste from the Viña San Pedro operation are sent to the biogas plant, where it is siloed and subsequently used for the generation of clean energy for the winery's operations. At the same time, the biogas plant residues are reincorporated in the vineyards, as organic biofertilizers, thus closing the production cycle in a sustainable manner.

The organic wastes from the other operations are subject to composting processes and are then reincorporated into our vineyards. In some cases, they are sent to authorized processing plants that are responsible for the extraction of by-products.

Materials such as cardboard, papers, plastics, glasses, among others, are separated and sent to authorized recycling plants which integrate these into their own value chains. Each removal of waste is supported by a certificate showing the process that was carried out.

The following table summarizes the VSPT Wine Group solid waste management (RISES):<sup>17</sup> (306-2)

In terms of solid waste recycling, the indicator showed a decrease in 2016, since up to the year 2015, all the pomace and stalks were sent directly to composting, with a large percentage of moisture. From 2016, solid waste decreased considerably since in the process of being sent to the Biogas plant, the humidity percentage is reduced through chipping of the stalks. This decrease in the final weight of RISES lowers the recyclability percentage.

In regard to this indicator, in Argentina in 2015 we had an important amount of recyclability due to the generation of larger volumes of glass and cardboard. This happened due to an unsold semi-elaborated product, for which each bottle had to be opened. This is reflected in an increase of 4,9% in the indicator. During 2016, we returned to more normal values in the different recyclable waste materials. In the case of wood, this year recyclability was not recorded since the materials did not meet the quality standards of the waste removal supplier. The large collection of this material represented a high fire load in the cellar, and thus in order to reduce the risk of fire, we decided to give it to our staff to be reused. All this is reflected in the indicator, which decreased by 9,3%.

**Starting from the 2016 harvest, 100% of organic waste from the Viña San Pedro operation are sent to the biogas plant**

### VSPT WINE GROUP SOLID WASTE MANAGEMENT (RISES)

		VSPT CHILE			VSPT ARGENTINA		
		2014	2015	2016	2014	2015	2016
Recyclable solid waste	Kg	16.247.546	21.371.599	12.497.799	75.745	92.660	57.900
Non-recyclable solid waste	Kg	615.527	633.949	495.080	17.810	15.220	17.740
Total solid waste	Kg	16.863.073	22.005.548	12.992.879	93.555	107.880	75.640
<b>% Recyclable</b>	<b>%</b>	<b>96,3</b>	<b>97,1</b>	<b>96,2</b>	<b>81,0</b>	<b>85,9</b>	<b>76,5</b>

<sup>17</sup> These indicators do not include the operation of the Viña San Pedro Bodegas de Grandes Vinos

With regards to hazardous wastes (RESPEL), these are stored in a suitable location and are periodically collected by specialist organizations with sanitary authorization for withdrawal, transport and final disposal of this type of waste. (306-4)

#### TOTAL WEIGHT OF HAZARDOUS WASTE (306-2)

		VSPT CHILE		VSPT ARGENTINA	
		2015	2016	2015	2016
<b>Hazardous waste</b>	Kg	10.852	24.853	1.421	849

These procedures are performed cautiously, and thus no significant spills were registered in the removal process. (306-3)

In the case of Chile, in 2016, there was a large increase in the amount of hazardous waste for several reasons. On the one hand, RESPEL selection improved, since in the past some products were disposed of as domestic waste even though they should have been classified as RESPEL. In addition, health and safety standards of our collaborators rose, and therefore there was an increase in the clothing used by operators working with earth filters (silica), which are used in the wineries.

On the other hand, a large removal of oils was undertaken in 2016, which corresponded to hazardous waste from the previous year.

An exceptional situation occurred in the Molina plant, where a large amount of non-hazardous glue residues were sent to the RESPEL warehouse. This was fixed promptly.

#### Regulatory compliance [ZSA1] (307-1)

Regulatory compliance is a fundamental pillar of VSPT Wine Group.

In 2016, we received a fine for 80,1 UTA (\$ 44.446.588) due to an environmental infringement in the old Viña Santa Helena winery, which is currently being operated by a third party. We are in the process of transferring the corresponding authorizations.

No other VSPT Wine Group facilities have received significant sanctions for environmental violations.





Since 2016 we have implemented a rational water use program with the aim of specifically managing this resource and avoiding unnecessary consumption



## WATER MEASUREMENT AND MANAGEMENT

(303-1; 303-2; 303-3)

“Water is a limited resource in Chile and is fundamental for the sustainable development of VSPT’s agricultural and industrial activities. Since 2006, VSPT Wine Group has had a program of rational water use which aims to manage this resource efficiently, avoiding unnecessary consumption, encouraging the reuse of water in processes that allow it, and avoiding the loss of water quality. This has enabled significant reductions in the volumes used in wine production over time”. (103)

In VSPT Wine Group we use water from gravitational canals and wells for irrigation, and we extract water from deep wells for use in the industrial area. None of these or other sources has been affected by VSPT Wine Group. (303-2)

In the agricultural area of VSPT Wine Group, water management focuses on applying just the right amount of water, in the best possible way, avoiding losses associated with evaporation or deep percolation, in order to achieve maximum efficiency in the use of the resource. Measurement technologies of the water status in plants and in the soil and estimation of evapotranspiration determine when and how much to irrigate.

In this sense, we are devoting significant efforts and resources to improve water management in the vineyards, looking for new, quality technologies in addition to improving the monitoring of water consumption.

Every year we have been increasing the surface area under modernized irrigation in our vineyards. In 2015, the total percentage

360

We are constantly looking for new, quality technologies and also improve our monitoring of water consumption

## SURFACE AREA WITH MECHANIZED IRRIGATION IN VSPT VINEYARDS

ESTATE	2013-14			2014-15			2015-16		
	Total Ha	Ha with mechanized irrigation	%	Total Ha	Ha with mechanized irrigation	%	Total Ha	Ha with mechanized irrigation	%
Molina	1071,50	450,30	42%	1068,00	450,30	42%	1012,40	442,80	44%
Pencahue	711,30	711,30	100%	711,30	711,30	100%	722,20	722,20	100%
Chépica	223,90	116,90	52%	223,90	116,90	52%	223,90	184,50	82%
Totihue	91,20	84,10	92%	75,90	69,90	92%	75,90	75,90	100%
Quillayes	84,90	54,05	64%	86,28	56,20	65%	86,28	56,20	65%
Isla de Maipo	581,34	517,10	89%	571,20	481,34	84%	578,00	445,40	77%
El Tránsito	42,00	42,00	100%	40,80	40,80	100%	40,80	40,80	100%
Leyda El Granito	88,42	88,42	100%	75,90	75,90	100%	75,90	75,90	100%
Leyda El Maitén	73,58	73,58	100%	78,40	78,40	100%	78,40	78,40	100%
Casablanca	86,78	86,78	100%	86,78	86,78	100%	67,00	67,00	100%
María Pinto	208,47	208,47	100%	192,50	192,50	100%	148,30	148,30	100%
San Fernando	89,30	22,00	25%	89,30	31,20	35%	89,30	31,20	35%
El Huique				318,60	0	0%	318,60	190,30	60%
Altair	71,66	71,66	100%	71,66	71,66	100%	71,66	71,66	100%
El Tránsito II									
San Ramón	11,45	0	0%	11,45	0	0%	11,45	11,45	100%
Le Celia	379,00	379,00	100%	379,00	379,00	100%	379,00	379,00	100%
<b>TOTAL VSPT</b>	<b>3.815,00</b>	<b>2.906,00</b>	<b>76%</b>	<b>4.081,00</b>	<b>2.842,00</b>	<b>70%</b>	<b>3.979,00</b>	<b>3.021,00</b>	<b>76%</b>

\* The surface area in this table only considers active hectares, and not hectares which are part of investment projects

of surface area with modernized irrigation decreased, mainly due to the purchase of a new vineyard located in the Colchagua Valley, "El Huique", which did not have modernized irrigation. However, with the implementation of modernized irrigation on 167 hectares in the vineyards of Chépica, Molina, Totihue and El Huique, in 2016 we managed to return to 76% of the total area of VSPT in Chile and Argentina under modernized irrigation.

This system prevents erosion and significantly increases the irrigation efficiency. In addition we are able to measure water quantities according to the real needs of our vineyards. Our challenge is to reach 100% of our vineyards with this type of irrigation technology.

In order to improve irrigation management, we have chosen to use probes at different depths in the ground which allow us to measure

water availability. This makes it possible to properly plan irrigation and ensure a constant monitoring of water in the soil, thus preventing overwatering and subsequent water loss due to deep percolation.

Other initiatives to improve water management in the agricultural area include the incorporation of the latest technology, such as in Molina, where in 2016 we finished sealing the last stretch of the Cerrillano canal.

At the same time, in Viñamar, the old wastewater dam was sealed in order to be used as a dam for irrigation water. In addition, an HDPE roof was installed to close the dam<sup>18</sup>, thus preventing 100% of water loss by evaporation and improving the quality of the water by preventing the growth of algae that need light to grow.

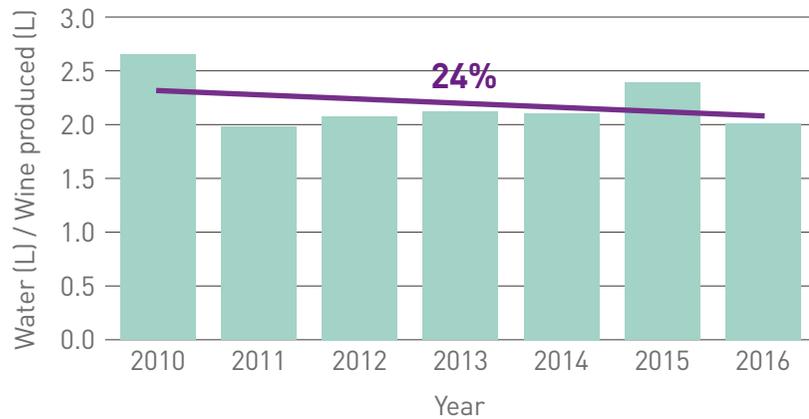
<sup>18</sup> This had already been done in the Casa Rivas tank years before.

**In Chile we reduced our industrial water consumption by 24% in the last 6 years, reaching our 2020 target of 2 liters of water per liter of wine produced**

In the industrial area, VSPT measures its indicators on a monthly basis and has annual and medium-term reduction targets, which are verified each year by third parties.

With this strategy, in Chile we have managed to reduce our industrial water consumption by 24% in the last 6 years, reaching our 2020 target of 2 liters of water per liter of wine produced.

**WATER REDUCTION**



The following table shows the water use in industrial processes during the period<sup>19</sup>. [303-1]

**WATER USED IN INDUSTRIAL PROCESSES**

		VSPT CHILE			VSPT ARGENTINA		
		2014	2015	2016	2014	2015	2016
Total wine produced	Hls	1.839.141	1.772.884	1.903.743	80.578	82.013	79.486
<b>Water consumption</b>	<b>Hls</b>	<b>3.853.184</b>	<b>4.130.539</b>	<b>3.850.350</b>	<b>271.152</b>	<b>119.062</b>	<b>112.885</b>
<b>Water per HL of wine produced</b>	<b>Hls/ Hls wine</b>	<b>2,1</b>	<b>2,3</b>	<b>2,0</b>	<b>3,4</b>	<b>1,5</b>	<b>1,4</b>

Having said that, in 2015 there was an increase of 11,2% in water consumption compared to the previous year, due to problems with the CIP (Clean in Place) washing systems in Molina which meant a greater volume of water was used to rinse the equipment at the end of the cleaning process. This problem was corrected in 2016 and we managed to achieve a decrease in the water consumption indicator.

In 2016, our main focus was on the creation of environmental committees in the plants and the continuous monitoring of the indicator. This resulted in a reduction of 13,2%, thus achieving the 2020 target.

Likewise, we worked on organizing and improving general processes with instructions for the correct use of water by the operators.

In **Argentina**, VSPT has licenses to extract groundwater (used for irrigation of parks and for industrial and domestic water) and surface water (used for irrigation of the vines) from the regulatory body (DGI). Industrial water consumption is estimated based on the volume that enters the industrial wastewater treatment plant since there are no flow meters in any of the water extraction points.

In management terms, a series of new initiatives focused on the control of water consumption were implemented in 2014, with subsequent monitoring based on an indicator of work per sector. These initiatives include the decrease in hose diameter, standardization of the distance between water exit points to reduce hose length, management of cleaning procedures to favor dry

<sup>19</sup> These indicators do not include the operation of Viña San Pedro Bodega de Grandes Vinos.

cleaning, recuperation of water used to rinse bottles in vacuum pumps, and prioritization of cleaning by hydro-cleaners, among others.

All of this is reflected in the indicator, which during 2015 achieved a substantial decrease of 56,9% in water consumption.

In 2016, control activities already implemented were strengthened, which allowed us to continue reducing water consumption by 2,2%.

**REDUCTION IN  
WATER CONSUMPTION,  
VSPT ARGENTINA  
(L WATER / L WINE)**



**Wastewater [303-3; 306-1]**

As for liquid waste, in the Lontué winery, wastewater is discharged to canals after it has gone through an aerobic system, thus complying with Supreme Decree N° 90 on discharge to a surface body of water.

In the case of the Molina and Isla de Maipo wineries, a physico-chemical treatment is performed, which is adjusted and conditioned to use the wastewater for irrigation purposes. This complies with the Norm N°1333 on irrigation water for different uses.

In La Celia winery in Argentina, the total volume of treated wastewater is earmarked for internal irrigation of parks and gardens. It includes only the water used in the cleaning of the winery and production sectors, and excludes rain water and water for domestic use. The final quality of the discharged water is defined by the DGI (legal entity) resolution and is permanently monitored by the responsible team.

**In the Molina and Isla de Maipo wineries (Chile) and La Celia (Argentina) after a physico-chemical treatment, wastewater is used for irrigation purposes**

**VOLUME OF TREATED INDUSTRIAL WASTE WATER (LIW) [306-1]**

	VSPT CHILE			VSPT ARGENTINA		
	2014*	2015	2016	2014	2015	2016
<b>LIW</b> m <sup>3</sup>	221.817	238.610	254.231	27.115	11.906	11.289

\* In 2014, liquid industrial waste from the Santa Helena winery was included, however this operation was subsequently moved to the Molina winery.



Our entire organizational culture is based on putting people in the centre of our business, we understand that our collaborators are our real competitive advantage

## SOCIAL COMMITMENT AND WELL-BEING

### Our collaborators

In VSPT Wine Group, we are highly committed to the development and well-being of all our collaborators, including the communities in which we operate. This is how we have managed to continue making progress on important initiatives related to this matter, constantly driven by our famous phrase **"In VSPT Wine Group we respect and honor our people and our land"**.

In VSPT Wine Group our collaborators are in the center. Our entire organizational culture is based on putting people in the center of the business, since we understand that our collaborators are our real competitive advantage. Thanks to them, we develop strategies and projects that set us apart as an organization.

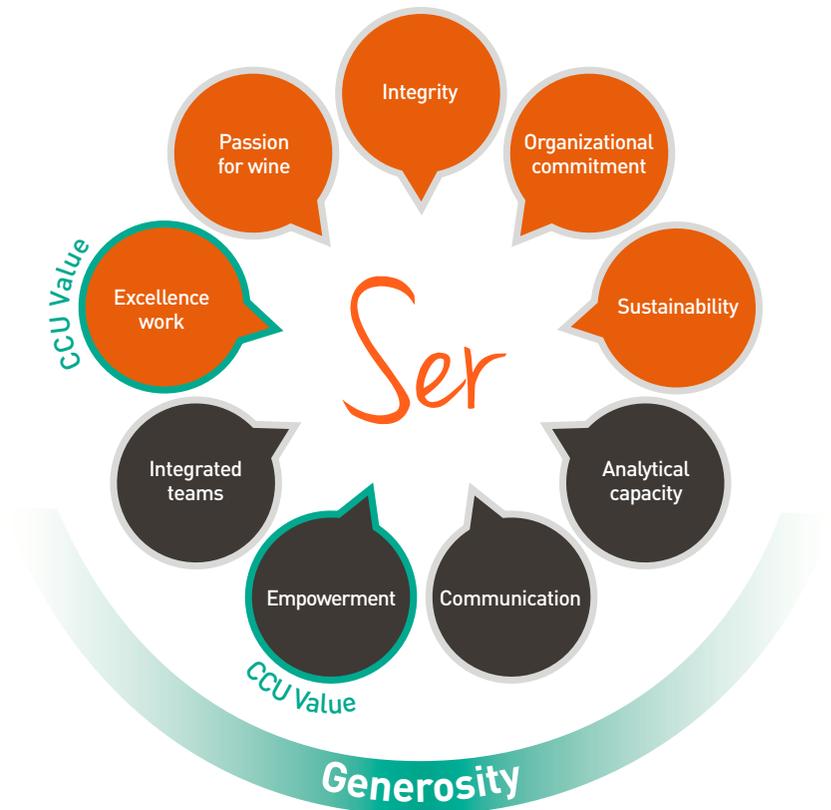
For this reason, since 2014 we have focused on building a human resources cultural management program called SER (meaning "to be" in English). The program defines the values and cross-cutting skills that must be present daily in all those who work in the organization. We seek to define a human profile that is conducive to a climate of excellence, a positive and cheerful attitude, open to new challenges, and world class teams.

SER is lived every day, by using a 360° performance management, strengthening the leadership program lider.ser, cross-cutting and regular training opportunities, recognition platforms such as te.valora (you.value) and winemaking moments of our human capital, such as the wine fairs and our b.b.bien program.

We believe that the identity of SER is faithfully reflected in our organizational mission: "By celebrating life, we inspire experiences"  
(103)

### Ser VSPT

SER VSPT is the company's cultural and human capital management program, in which the values, cross-cutting skills, and organizational culture are defined and managed. It is a program aligned to our business, that strengthens who we are, where we want to go and how we want to do: **"By celebrating life, we inspire experiences"**.



**Values:** Excellence work. Passion for wine. Integrity. Organizational commitment. Sustainability.

**Cross-cutting skills:** Integrated teams. Analytical capacity. Communication. Empowerment.



We are confident that everything we do contributes to improving our work environment and building a stronger organization

**SER VSPT is the company's cultural and human capital management program, in which the values, cross-cutting skills, and organizational culture are defined and managed**

This project was born in 2014 for the entire company and all its facilities. It emerged when the organization was looking for the identity and DNA that each of our collaborators must possess and transmit in order to achieve a culture that will allow us to achieve our organizational vision and mission.

Its purpose is to encourage and promote the values and cross-cutting skills throughout the production process, for all our collaborators, with a focus on having an important strength in our human capital.

As part of the implementation stage of the project, we decided to focus our work on a different SER VSPT value, for a two-month period. In 2014 activities were carried out in accordance with the first two values: "Passion for wine" and "Organizational commitment".

In 2015, we mainly promoted two of our values: "Excellence work" which included workshops on topics related to excellence, the ability to delegate, manage stress and analytical capacity; and "Sustainability", developing sustainability workshops in all our facilities in Chile. We held sports and recreational activities such as cycle events and family fun runs, undertook health campaigns and had a b.b.bien experience in the Santiago Office, where we could bring our brands and wine closer to our collaborators and promote responsible wine consumption.

In 2016 the 5<sup>th</sup> organizational value was born, "Integrity". This value was promoted during a two-month period with various activities such as the launch of the Integrity Code, a document that was signed by all VSPT collaborators. We held a competition for collaborators to illustrate how they experience integrity in their teams, and we showcase the results in meeting rooms, in order to encourage respect for all, in addition to a range of subsequent activities. This code was strongly positioned among managers

**As part of our SER program we aim to create a work environment of excellence. Our biggest challenge for the next two years is to continue installing this culture by overcoming geographical barriers between our facilities**

from different areas, who worked on the implementation of the code with each of their teams. In these moments, Integrity was defined, along with how people live it in the organization, how it is understood, how it works and how is put into practice in every area.

As part of our SER program, we aim to create a work environment of excellence. In the last two years, Integrity has emerged as a new corporate value of VSPT, and we have put special emphasis on organizational leadership and management of the working environment as a cross-cutting proposal to all our actions. Work climate is an indicator of the outcome of all our programs. Our biggest challenge for the next two years is to continue installing this culture by overcoming geographical barriers between our facilities. We are confident that everything we do contributes to improving our work environment and building a stronger organization.

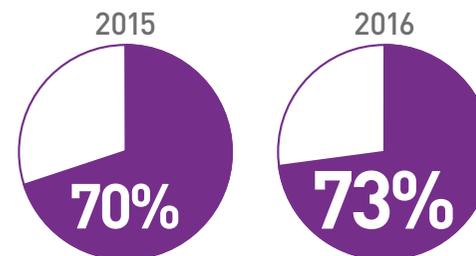
## Work environment

We are proud of the strong sense of belonging and pleasant work environment that exists today in VSPT. In 2016, this index increased significantly. During the month of August, the 15<sup>th</sup> version of the annual organizational environment survey was conducted, in a voluntary, anonymous and confidential manner, both in Chile and Argentina. The response rate was 86%, thus achieving a high level of representation in the results, which showed a global indicator of 73% satisfaction, 3 points higher than the previous year.

It should be highlighted that the satisfaction levels in all evaluated dimensions increased, especially in the Communication Systems indicator, which reinforces the actions implemented to improve communication mechanisms and coverage of these in different VSPT Wine Group facilities. An excellent initiative in this sense, was the implementation of two-way internal communication platform "Hello", where each VSPT collaborator, from Chile or Argentina, can connect through a computer or telephone, and share, comment or find out about news related to our operation, brands and activities. For the first time, "Hello" allows all of us in VSPT to be connected and in real time.

**The satisfaction levels in all evaluated dimensions increased, especially in the Communication Systems indicator**

### WORKING ENVIRONMENT SATISFACTION LEVELS



## Staff (102-8; 405-1)

In December 2016, the total staff count of VSPT Wine Group, considering its operations in Chile and Argentina, reached 2,100 collaborators, 1,6% lower than in 2015. Most of our collaborators are concentrated in the south of the country, especially in the VII

**Most of our collaborators are concentrated in the south of the country, especially in the VII Region, where staff numbers reached 721 people**

Region, where staff numbers reached 721 people, followed by the Metropolitan Region, with 621 people.

## STAFF PER AREA

	ZONA	REGION	2016
<b>VSPT Chile</b>	North	IV	5
		V	69
	<b>Total North</b>		<b>74</b>
	Central	RM	621
		<b>Total Central</b>	
	South	VI	151
VII		721	
VIII		12	
<b>Total South</b>		<b>884</b>	
<b>VSPT Argentina</b>	Argentina		99
	<b>Total Argentina</b>		<b>99</b>
<b>Total VSPT Wine Group</b>			<b>1.678</b>

## STAFF

	2014		2015		2016		
	Female	Male	Female	Male	Female	Male	
<b>VSPT Chile</b>	Fixed term contract	121	362	124	370	106	337
	Permanent contract	299	779	319	816	319	817
		<b>420</b>	<b>1.141</b>	<b>443</b>	<b>1.186</b>	<b>425</b>	<b>1.154</b>
	<b>Subtotal Chile</b>	<b>1.561</b>		<b>1.629</b>		<b>1.579</b>	
Subcontracted	72	320	61	349	80	342	
	<b>492</b>	<b>1.461</b>	<b>504</b>	<b>1.535</b>	<b>505</b>	<b>1.496</b>	
<b>Total Chile</b>	<b>1.953</b>		<b>2.039</b>		<b>2.001</b>		
<b>VSPT Argentina</b>	Fixed Term contract	15	81	15	80	17	82
		<b>15</b>	<b>81</b>	<b>15</b>	<b>80</b>	<b>17</b>	<b>82</b>
<b>Total Argentina</b>	<b>96</b>		<b>95</b>		<b>99</b>		
<b>Total VSPT Wine Group</b>	<b>507</b>	<b>1.542</b>	<b>519</b>	<b>1.615</b>	<b>522</b>	<b>1.578</b>	
	<b>2.049</b>		<b>2.134</b>		<b>2.100</b>		

In terms of gender distribution, 26,3% of staff are women and 73,7% men. With regards to staff categories, notably 26,2% of managerial positions (managers and deputy managers) were occupied by women in 2016, and in the professional and technical category, 37,6% of positions were occupied by women<sup>20</sup>.

## STAFF DISTRIBUTION

	2016
Female	442
Male	1.236
<b>Overall total</b>	<b>1.678</b>
% Female collaborators	26,3%
% Male collaborators	73,7%

## % OF STAFF BY AGE RANGE AND GENDER

Age range	2016		
	Female	Male	Total general
< than 20 years	0,1%	0,7%	0,8%
20 - 30 years	8,2%	14,9%	23,1%
30 - 40 years	8,6%	19,4%	28,1%
40 - 50 years	5,7%	17,4%	23,1%
50 - 60 years	3,2%	13,1%	16,3%
> than 60 years	0,6%	8,1%	8,7%
<b>Overall total</b>	<b>26,3%</b>	<b>73,7%</b>	<b>100,0%</b>

## STAFF CATEGORIES

Categories	Chile		Argentina		Total VSPT Wine Group	Female participation %
	Female	Male	Female	Male		
Managers	3	11	0	1	15	20,0%
Deputy managers	14	34	0	2	50	28,0%
Professional and Technical Staff	160	262	4	10	436	37,6%
Employees	68	97	11	43	219	36,1%
Sales staff	8	75	0	0	83	9,6%
Operators	172	675	2	26	875	19,9%
<b>Overall total</b>	<b>425</b>	<b>1.154</b>	<b>17</b>	<b>82</b>	<b>1.678</b>	<b>26,3%</b>

<sup>20</sup> More information on the diversity of the governance organism can be found in the annual report.



## Performance management

### Talent attraction and retention

The attraction and retention of talent is the basis for the creation of our culture and corporate identity. The selection process is carried out according to our values and the candidate's competencies, thus ensuring that new talent is a proper cultural "match" with the company.

Talent retention is based on correct performance management, constructive feedback, a working environment of excellence and the constant application of our values when it comes to decision-making at different levels. It is our corporate culture that retains talent.

The wine industry is characterized by high labor demand during the grape harvest, so in this period our recruitment and labor turnover rates are high, due largely to the types of contract (permanent or temporary). It is for this reason that the management oriented to the development and retention of talents in VSPT Wine Group, is focused mainly on collaborators with permanent contracts. Therefore, the rotation of our collaborators with this type of contract is the management indicator that we use in VSPT to measure our performance.

The following tables shows the total number and rate of new hires with permanent and temporary contracts for 2014, 2015 and 2016, as well as staff turnover during that period, separated by gender. (401-1)

**It is our  
Corporate culture  
that retains talent**

This image of **Gonzalo Castro**, from the start of the harvest in Totihue, was one of the winners of the internal VSPT photography competition

## VSPT COLLABORATORS

PERMANENT CONTRACT		Recruitment	Terminations	Staff count	Recruitment rate by gender	Recruitment rate	Turnover by gender	Turnover rate
VSPT Argentina	2014	Female	4	3	15	26,7%	6,3%	20,0%
		Male	2	2	81	2,5%		2,5%
	2015	Female	2	2	15	13,3%	5,3%	13,3%
		Male	3	4	80	3,8%		5,0%
	2016	Female	4	2	17	23,5%	8,1%	11,8%
		Male	4	3	82	4,9%		3,7%
VSPT Chile	2014	Female	210	46	420	50,0%	63,4%	11,0%
		Male	779	103	1.141	68,3%		9,0%
	2015	Female	238	45	441	54,0%	50,1%	10,2%
		Male	578	123	1.188	48,7%		10,4%
	2016	Female	190	54	430	44,2%	45,0%	12,6%
		Male	521	125	1.149	45,3%		10,9%

TEMPORARY STAFF		Recruitment	Terminations	Staff count	Recruitment rate by gender	Recruitment rate	Turnover by gender	Turnover rate
VSPT Chile	2014	Female	370	196	420	88,1%	105,1%	46,7%
		Male	1.270	546	1.141	111,3%		47,9%
	2015	Female	356	147	441	80,7%	104,1%	33,3%
		Male	1.339	529	1.188	112,7%		44,5%
	2016	Female	378	156	430	87,9%	100,2%	36,3%
		Male	1.204	483	1.149	104,8%		42,0%

\* Turnover = Annual terminations/Staff count in December. All reasons for termination are considered.

## SER Experience (404-3)

As part of the VSPT culture, it is very important to carry out a proper and comprehensive assessment of the performance management of our collaborators in the different areas of the company. An annual assessment, known as “**SER Experience**”, is conducted with all VSPT collaborators.

The evaluation is by means of cross-cutting skills, including: **self-assessment; performance evaluation; upward evaluation** and **peer evaluation**.

This assessment is a cornerstone for VSPT, since SER provides us with an important feedback space, namely the ability to improve through feedback provided not only by management, but also by the same worker, peers and direct teams. This type of assessment is an extremely important element for the development process of all our collaborators.

This process is aimed at collaborators with permanent contracts and more than six months in the company.

It takes place once a year and, subsequently, the best evaluated collaborators are recognized at an annual ceremony.

From 2014, 100% of applicable collaborators in Chile were evaluated. In Argentina the percentage of collaborators evaluated in 2016 reached 97,9%.

In 2014, the first peer assessments were undertaken in the company. Likewise, in 2016, the first 360-degree reports were finalized. That year more than 500 people were evaluated by their peers, all of whom have access to e-mail. This was an important milestone for us. Today, the challenge is to study the methodology in order to apply the evaluation to other workers who do not have access to e-mail or a computer.

We are constantly innovating in performance management and looking for new ways to improve the quality of this process. In this sense, for example, we have been perfecting job descriptions and strengthening the skills of our workers every year.

## SER EXPERIENCE RESULTS TOTAL STAFF % EVALUATED

		VSPT Chile	VSPT Argentina
2014	Female	28,3%	13,5%
	Male	71,7%	83,3%
2015	Female	28,2%	13,7%
	Male	71,7%	80,0%
2016	Female	27,6%	15,6%
	Male	72,3%	82,3%

## STAFF % EVALUATED BY STAFF CATEGORY

CATEGORY	VSPT Chile			VSPT Argentina		
	2014	2015	2016	2014	2015	2016
Managers	0,4%	1,6%	1,3%	1,0%	1,1%	1,0%
Deputy managers	4,4%	4,8%	4,4%	3,1%	1,1%	2,1%
Professional and Technical Staff	32,0%	35,8%	36,5%	18,8%	17,9%	14,6%
Employees and Operators	63,3%	57,4%	57,5%	74,0%	73,7%	80,2%
Temporary staff	0,0%	0,2%	0,1%	0,0%	0,0%	0,0%
<b>% of Staff evaluated</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>96,9%</b>	<b>93,7%</b>	<b>97,9%</b>
<b>Total staff evaluated</b>	<b>822</b>	<b>1.053</b>	<b>1.054</b>	<b>93</b>	<b>89</b>	<b>94</b>

## Development matrixes

In VSPT, many operators are part of a collective bargaining agreement and therefore do not undergo performance evaluation or salary reviews. However, as a means of promoting equity and encouraging professional development, we began to implement a **Succession Plan** in different areas of the company.

Each position has a formal job description with a matrix of different requirements. These requirements define the level of each job, with a total of five levels. With this, all collaborators know the levels that are above their own, and understand their responsibilities and duties. This means that when there is a vacancy, internal mobility is encouraged and facilitated. In this way, internal development is constantly promoted and collaborators have access to positions with greater responsibility. The development matrixes covered 500 people at operator level in 2015 and 2016.

A Matrix Turnover Indicator is derived from this process, which measures how many vacancies are covered by internal collaborators.

## Total Compensation

This initiative, started in 2015 but strengthened in 2016, seeks two-way commitment of the organization with people and vice versa. Total compensation is aimed at grouping and reporting all forms of remuneration to our collaborators, both financial and non-financial. In this way, we seek transparency together with demonstrating VSPT's commitment to its collaborators. And at the same time, generating a commitment of our people to their place of work, understanding all the benefits provided. With this model, the company appreciates the dedication and commitment of its collaborators and continues to promote it.

**With the Total Compensation Initiative, the company appreciates the dedication and commitment of its collaborators and continues to promote it**



Vineyard managed by enologist Rodrigo Silva. The image, one of the winners of the internal photography competition, was taken by Francesca Perazzo.

## Benefits and Quality of Life (401-2)

VSPT has different benefits to contribute to the well-being of our temporary and full time collaborators.

In Chile, full-time collaborators have benefits such as special event bonuses, food, wedding bonus and special leave, a bonus and leave in case of a death in the immediate family, vacation bonus, seniority bonus, birthday gift, Christmas and wine bonuses, among others.

Temporary collaborators have transport and canteen benefits.

### We understand that part of the well-being of our collaborators implies a good balance between their work and family relations

We understand that part of the well-being of our collaborators implies a good balance between their work and family relations. It is for this reason that we encourage family relations through various benefits for collaborators with children, such as a gross amount for

schooling, bonus and parental leave, gifts for Mother's and Father's Days, two free days for mothers of children under 12 years of age during winter vacations, among others.

The following table shows the number of collaborators who made use of parental leave<sup>21</sup>. (401-3)

PARENTAL LEAVE	VSPT Chile			VSPT Argentina		
	2014	2015	2016	2014	2015	2016
Female	17	15	13	1	2	0
Male	41	41	39	6	5	3

It should be noted that collaborators with parental leave, maintain their positions for at least 12 months after returning to work.

In Argentina, full-time collaborators have benefits such as a complementary annual salary<sup>22</sup>, and birth, wedding and holiday bonuses. Both permanent and temporary collaborators are given birthdays, Christmas and wine bonuses, among others.

With the aim of improving the **quality of life** of our collaborators, during the period different activities were undertaken to promote healthy living, such as health operatives, individual assessments, talks on healthy eating and fairs in the company's various facilities. In order to promote integration in the company, camaraderie breakfasts were held, in which collaborators from different areas participated and shared their experiences, as well as provide initiatives that contribute to improving the working environment. Another initiative that was carried out in 2016 was the inter-area tours, where our employees had the opportunity to get to know the production processes in their entirety, enabling them to visualize the importance that the value "work of excellence" has on the company's results.

In the sporting dimension, in 2016, the third version of "SER fun run and cycling event" was held, with a high level of participation by VSPT and CCU collaborators and their families, who had a unique experience in the beautiful landscapes of our vineyards. This activity was carried out at two of our main facilities, Molina and Isla de Maipo. During the second half of the year, we held our traditional "Cabernet Cup" Football Championship, this time including VSPT Argentina.

<sup>21</sup> Considers maternity leave for mothers and 5 days leave for fathers.

<sup>22</sup> The bonus is paid 50% in June and 50% in December

## Development and training (404-1, 404-2)

Among our priority lines of action, we care about the ongoing professional development of our collaborators. Through an annual training plan, we strive to find a balance between their interests and their integral development, promoting specialization in different areas within the company.

We understand that the training of our collaborators starts with the induction program, when the collaborator enters VSPT Wine Group. All new collaborators participate in this program and receive the following information:

- Conduct Manual
- Internal Order, Health and Safety Regulations
- Responsible Consumption of Alcohol Policy
- Policies associated with the Integrated Management System (SIG)
- Policies associated with sanitary responsibilities and information on the risks identified for their designated work, in addition to general plant-related risks
- "Obligation to Inform" (ODI) or "Right to know" according to DS N°40
- Corporate Human Resources Policy
- Up-to-date job description
- Organizational chart showing all management levels and another detailed chart for their area in particular
- Benefits and bonuses associated with their position
- Induction program of meetings with different areas and key actors within VSPT Wine Group

In addition, each worker, on their first day of work, is formally introduced to all areas of the facility/office to which they belong.

Inductions are done once a month in the plants, with the exception of the harvest season. In the administrative offices in Santiago, four Corporate inductions are held each year.



**We care about the ongoing professional development of our collaborators, thus we strive to find a balance between their interests and their integral development**





Through trainings, we aim for our collaborators to achieve professional growth, and thus assume new responsibilities through internal promotions

## Trainings

We consider training courses to be one of the essential tools for our development, which allows us to not only improve and complement technical-professional degrees, but also increase and promote employability. In this sense, we have focused on training programs that support this vision.

Our intention is to provide better opportunities for personal and professional growth to our collaborators, strengthening their technical and interpersonal skills in conjunction with a performance of quality and excellence in our work teams.

**Training activities are focused on strengthening the skills of all the organization's collaborators**

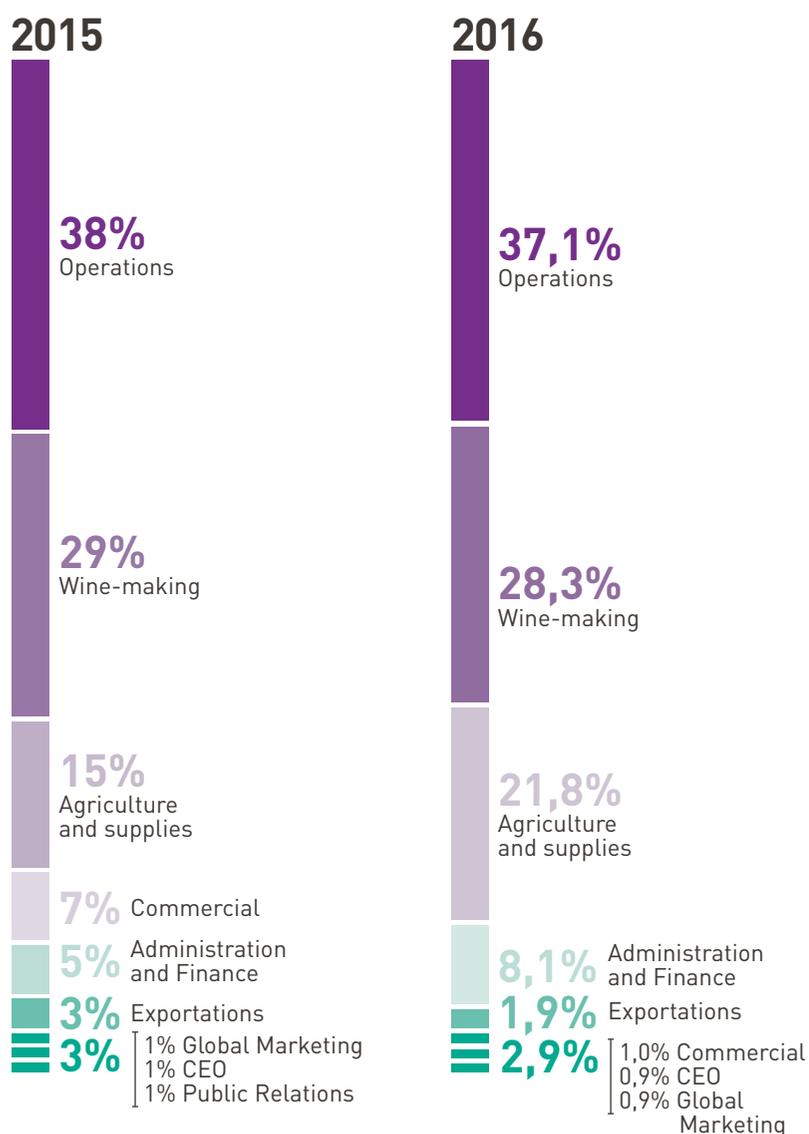
During the period 2015-2016, we developed various training activities, which included the execution of workshops, courses,

inductions and training program designed to enhance the skills of all our collaborators. The activities carried out, both external and internal, sought to strengthen skills that every collaborator should possess (analytical capacity, empowerment, communication and integrated teams), by providing knowledge and tools according to the needs of each collaborator, team or area.

We also worked on the implementation of succession and development matrixes for all areas of the production plants, related to Operations and Winemaking. This allowed collaborators to know their status within the organization and at the same time, to achieve professional growth through training, and assuming new responsibilities through internal promotions.

During 2015, 996 people were trained, reaching a coverage of 84%, with a total investment of 43.129 chronological hours of training. In 2016, a total of 968 people participated in training activities, reaching a coverage of 87,36% of the average total staff count for the year, with a total investment of 40.000 chronological hours of training.

These activities were carried out in the following way, across the different business areas:



In relation to the implementation of the **OCA/TPM program** in the production plants, more than 3.000 hours of training were carried out in 2015, through the implementation of various workshops, attended by 324 collaborators.

In terms of technical training, during the period we continued to implement "**Industrial Operation and Maintenance for the Wine Industry**" in the operations, winemaking and agriculture areas. The program had a duration of 162 hours and led to the certification of 42 collaborators in 2015 and 48 in 2016 as "Operator Maintainer", across various production plants in Chile.

During 2015 and 2016 we continued working with the **Educational Leveling Program for Primary and Secondary Schooling**. This activity aims to encourage and support those collaborators that, due to different situations, failed to complete their formal education.

#### SECONDARY SCHOOL TRAINING: ANNUAL TRAINING HOURS PER COLLABORATOR\*

	Female		Male	
	Nº of people	Nº of Horas	Nº of people	Nº of Horas
Update on Basic Sciences	5	200	24	960
Update on Basic Language and Communication and Mathematics	3	160	10	560
Basic Functional Work English	4	160	22	880
<b>Overall total</b>	<b>12</b>	<b>520</b>	<b>56</b>	<b>2400</b>
<b>Average hours</b>	<b>43</b>		<b>43</b>	

\* In 2016 this type of training was not conducted

SUSTAINABILITY IN VSPT  
SOCIAL COMMITMENT

In addition, we continued with the **VSPT Educa** program, through which VSPT Wine Group provides three annual technical scholarships and three professional scholarships in order to support outstanding employees, with more than two years in the company, in the challenge of studying a professional degree.

Finally, VSPT won the Human Capital Development Award from Inacap Curicó in 2015 and 2016 for the 5th consecutive year. This is thanks to the support we provide to skills development and employment growth of our workers in the Seventh Region.

360

Through the VSPT Educa program, we provide three annual technical scholarships and three professional scholarships to support our collaborators



## Remunerations (102-35; 102-36; 102-37; 405-2)

For purposes of managing compensations, in VSPT Wine Group there are no differences between people who hold the same position. Internal policy consists of two requirements which must be met simultaneously: internal equity, i.e. positions with the same relative value have a similar compensation range; and recognition of merit, i.e. compensation of meritorious performance.

Given the VSPT Wine Group policy mentioned above, the established base salary is independent of the collaborator's gender.

In the same way, the procedure by which remunerations are determined is internal. However, external studies and sources of information are used to compare remunerations, both with the industry, and the market in general. To maintain equity within the organization, the remuneration of other collaborators that share the same responsibilities, level of education, years in the company and respective performance evaluations are analyzed.

The following table presents the ratio of base salary and compensation of women compared to men by job category. (405-2)



#harvestmode, photograph taken by Harold Flores, which was one of the winners of the internal competition in VSPT

### BASE SALARY BY GENDER

VSPT CHILE*	Female	Male	Ratio**
Executives	3.198.831	3.159.960	1,01
<b>2014</b> Profesional and technical staff	846.668	894.412	0,95
Others	223.858	227.329	0,98
Executives	3.397.787	3.286.485	1,03
<b>2015</b> Profesional and technical staff	888.180	958.771	0,93
Others	292.800	297.645	0,98
Executives	3.291.055	3.389.548	0,97
<b>2016</b> Profesional and technical staff	895.849	905.827	0,99
Others	290.272	294.434	0,99

\* The minimum salary in Chile in 2016 was \$257.500 Chilean Pesos, in 2015 it was 241.000 and in 2014 it was 225.000.

\*\* Corresponds to:  
Female average base salary/Male average base salary

VSPT ARGENTINA***	Female	Male	Ratio**
Executives	-	-	-
<b>2014</b> Profesional and technical staff	19.752	21.286	0,93
Others	7.900	8.086	0,98
Executives	-	-	-
<b>2015</b> Profesional and technical staff	26.511	35.174	0,75
Others	10.557	10.324	1,02
Executives	-	-	-
<b>2016</b> Profesional and technical staff	41.150	48.351	0,85
Others	16.835	15.967	1,05

\*\*\* VSPT Argentina information is in Argentinean Pesos. The national minimum salary in Argentina in 2016 was \$7.560 Argentinean Pesos, in 2015 it was \$6.040 and in 2014 it was \$4.400.



In VSPT the health and safety of our workers are very important concepts for which we work every day in each of our facilities

### Se.seguro

In VSPT we are deeply concerned for the health and safety of our collaborators at all times.

Temporary collaborators are an essential part of the wine-making process. This is why VSPT is concerned for these collaborators and ensures that they have all necessary health and safety conditions.

We have a comprehensive assessment of all agents and risk factors in different processes, with defined control measures appropriate to each of them.

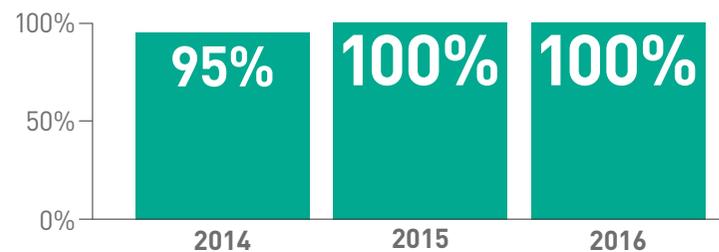
VSPT cares about the health and safety of all collaborators in the plants, and thus conducts an induction process where the Right to Know (DAS) is given to all new staff to make them aware of the risks and control measures to avoid occupational

accidents. Likewise, all Personal Protection Equipment suitable for tasks like cutting and pruning vines, in conjunction with required work clothes, are provided.

Staff are trained on safe work methods and their health is monitored through examinations with our administrator agency, the Chilean Safety Association (ACHS). During this period, in VSPT Wine Group Chile, we continued to work with various joint committees, emergency brigades and leaders in occupational health and safety. In that sense, the representation of collaborators in formal

employee-company health and safety committees is the following (403-1):

#### PERCENTAGE OF COLLABORATORS REPRESENTED BY HEALTH AND SAFETY COMMITTEES

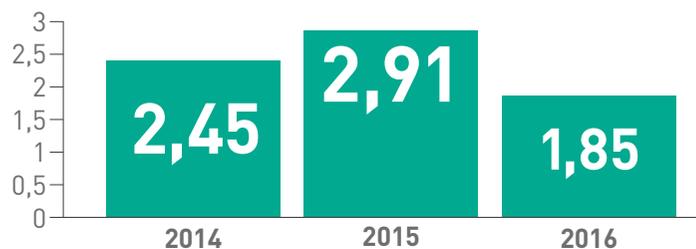


As shown in the graph above, we achieved 100% coverage of VSPT staff in 2016, up from 95% in 2014. In accordance with regulations, the committees are responsible for advising and instructing collaborators on the use of personal protection elements, risk assessment, investigation of accidents, among others. Its ultimate goal is to ensure the compliance of prevention, hygiene and safety standards.

In addition, we have an Emergency Plan for all our facilities, where in the future we aim to establish a training process of our emergency brigades to reactivate their participation as a group in response to unexpected situations.

Our accident rate in 2015 increased from 2,45 to 2,91. In 2016 we improved this indicator, reducing the rate from 2,91 to 1,85.

### ACCIDENT RATE IN VSPT WINE GROUP



In Argentina, the level of the Occupational Health and Safety Committee is Supervisor-Operator and acts as coordinator and facilitator in risk prevention management in the productive processes, work processes, and in all hierarchical levels. It consists of the SSO supervisor, prevention team, medical department, and representatives of collaborators for each area: Agriculture, Wine-making, Production and Maintenance. It has maintained a coverage level of 55%.

During the period, VSPT maintained its accident and severity rates below the national average and those reported by the insurance administration agency for risk prevention ACHS. (403-2)

### ACCIDENT RATE

	Year	N° of collaborators	Accidents	Lost Days	Accident rate	Severity rate
VSPT Chile	2014	1.624	40	1.209	2,5%	74,5%
	2015	1.647	48	1.598	2,9%	97,0%
	2016	1.625	30	1.470	1,9%	90,4%
VSPT Argentina	2014	101	2	97	2,0%	96,0%
	2015	100	0	0	0,0%	0,0%
	2016	104	2	12	11,5%	11,5%

## Relations with our people (407-1)

In VSPT Wine Group we respect and support human rights, including the right to freedom of association and collective bargaining for our collaborators. We maintain a good relationship with the trade union organizations formed within the company, based on confidence, and favoring dialogue and mutual cooperation. For this reason, we carry out regular meetings with the trade union officials, who are an effective channel of communication, respect and transparency.

We currently have six unions, which are distributed throughout our facilities.

The percentage of unionized collaborators has remained stable over the years, reaching 35% of the total workforce in 2016.<sup>23</sup>

In December 2016, 72% of VSPT Wine Group's collaborators were covered by the various collective bargaining agreements in the company. In other words, all staff with permanent contracts benefit, either by their participation in trade unions or by the extension of these benefits. The only collaborators that are excluded are the managers of the company.

The following table shows details of the unions, their leaders and membership numbers for 2016.

### TRADE UNIONS IN VSPT CHILE

Union name	President	Agreement	Location	Total
Planta Lontué	Juan Mancilla Muñoz	Industrial	Molina - Lontué	191
San Miguel	Ruperto Valenzuela Jara	Agriculture	Molina	51
San Pedro	Benito Sepúlveda Espinoza	Agriculture	Molina	52
Viña San Pedro n°2	Mario Olivares Rios	Santiago	Santiago	104
Viña Tarapacá Ex Zavala S.A.	Fernando Pino Fuenzalida	Tarapacá	Isla de Maipo	129
Vitivinícola del Maipo	Manuel Hormazabal Vasquez	Videma	Isla de Maipo	23
<b>Overall total</b>				<b>550</b>

In Argentina, there is one State Union whose scope covers the vineyard and winery operators. Annually they represent collaborators in salary negotiation as a joint action, where the Trade Union, the chamber which brings together the wineries in the province and the Public Ministry meet to discuss salary adjustment. This is a general and inclusive negotiation, with all workers being represented, without the need to be union members. Manager, secretaries, administration personnel and professionals are excluded based on rules and regulations, since they are classified as Personnel Outside the Agreement.

The Union is called SOEVA and is a health provider, through its social work called OSPAV. It is governed by the Collective Agreements 85/89 - for winery staff and 156/91 for vineyard staff.

### VSPT ARGENTINA PERMANENT STAFF

	2014	2015	2016
Personnel Outside the Agreement	48	49	53
Personnel in the Agreement	48	46	46
<b>% with coverage</b>	<b>50%</b>	<b>48%</b>	<b>46%</b>
<b>Overall total</b>	<b>96</b>	<b>95</b>	<b>99</b>

<sup>23</sup> In the previous report the staff percentage was calculated based on collaborators with permanent contracts, and therefore the values are not comparable with this report

## **Committed to our communities** (413-1)

**“We work hard every day to ensure we act in harmony with our surroundings, putting special focus on communities close to our operations. We want to generate a positive impact on their development and well-being through supportive initiatives such as the responsible consumption of alcohol, volunteering and higher education programs.”** (103)

During the period 2015-2016, we focused community initiatives on two aspects: environmental conservation and responsible consumption of alcohol<sup>24</sup>.

In order to inform our communities about the importance of biodiversity conservation, the agricultural area and their families were invited to visit the biodiversity trail in Viña Tarapacá. This event was attended by 50 people.

In the period, we also continued our community programs including volunteering, internships, mentoring young people, counseling to micro-entrepreneurs, among other initiatives that were already featured in the previous sustainability report<sup>25</sup>.

<sup>24</sup> Reported in the chapter Passion for Wine.

<sup>25</sup> For more details, review page 69 of the report: <http://vsptwinegroup.com/sustentabilidad>



**We want to generate a positive impact on the development and well-being of the communities in which our operations are located, through different initiatives**



## Passion for wine

In 2011, we incorporated into our strategic priorities, the promotion of responsible alcohol consumption, through our **Family Education** program. Since then we have implemented workshops aimed at collaborators, suppliers and communities, in order to strengthen the parental role with respect to the responsible consumption of alcohol. Through a family-oriented workshop, we provide tools to educate future generations about responsible wine consumption.

In 2015 we wanted to broaden the objectives of this program and the audiences to which it is directed, and so we re-launched it under a new name **"b.b.bien" (drink well)**. We set out to extend it to our collaborators, customers and consumers, adding a second objective: educating about wine, its history and characteristics, and to promote its responsible consumption, through workshops and b.b.bien experiences.

**In the period 2015-2016 we carried out more than 48 activities, reaching 2.065 people with our workshops and b.b.bien experiences and covering groups such as collaborators, suppliers, communities, clients and consumers**

During 2015, 24 workshops were held with internal and subcontracted collaborators, which dealt with subjects such as wine history and its origin, culture, consumption rates in Chile and the world, benefits of wine and damage from excess consumption, the definition of a responsible consumer, among

others. In addition, 7 workshops on "Strengthening of the parental role" were conducted with employees from the agricultural area and a workshop was held in the community of Rinconada de Jáuregui (Chépica). Finally, all collaborators in the corporate offices were invited to a b.b.bien experience.

This experience began with the delivery of a glass served up to 100 ml. The event was designed for this drink to be consumed over the duration of the event (one hour), so that once it was finished,

the alcohol consumed had been metabolized, thus educating and promoting a moderate consumption.

2016 was the year of the **wine fair boom**. A total of nine fairs were held where our different brands were introduced to nearly 1.000 employees, a milestone in this area. These activities encompassed all shifts in the plant facilities, including temporary collaborators, and its main objective was to bring the wine closer to our collaborators, for them to have an in-depth knowledge of our brands, and to transmit and promote the passion and love for wine and its history.

Along the same lines, a **b.b.bien workshop** was held as a corporate induction for new employees and two **b.b.bien picnics** were held for our employees and their families. Likewise, two "Strengthening of the parental role" workshops were held in our Paredones (Chépica) and Cuncumen (Leyda) communities. Dedicated to our clients and consumers, we developed graphic POP material, and incorporated the phrase "Enjoy responsibly. Product for persons over the age of 18" in all our national advertising campaigns.

In the period 2015-2016 we carried out more than 48 activities, reaching 2.065 people with our workshops and b.b.bien experiences and covering groups such as collaborators, suppliers, communities, clients and consumers.

**b.b.bien**  
we promote responsible consumption



The b.b.bien (drink well) program has two objectives: promote the responsible consumption of alcohol and educate people about wine, its history and characteristics, through workshops and b.b.bien experiences

## QUALITY

“In VSPT, we consider Quality to be a fundamental pillar for achieving our strategic goals in economic, social, environmental, and occupational health and safety areas. With a constant focus on the expectations of our clients and consumers, our processes, products and services, are the result of a work of excellence, in teams and carried out efficiently and effectively, based on compliance with legal requirements and regulations, as well as under certifications in codes to which we have acceded voluntarily”. (103)

### Sustainability Code

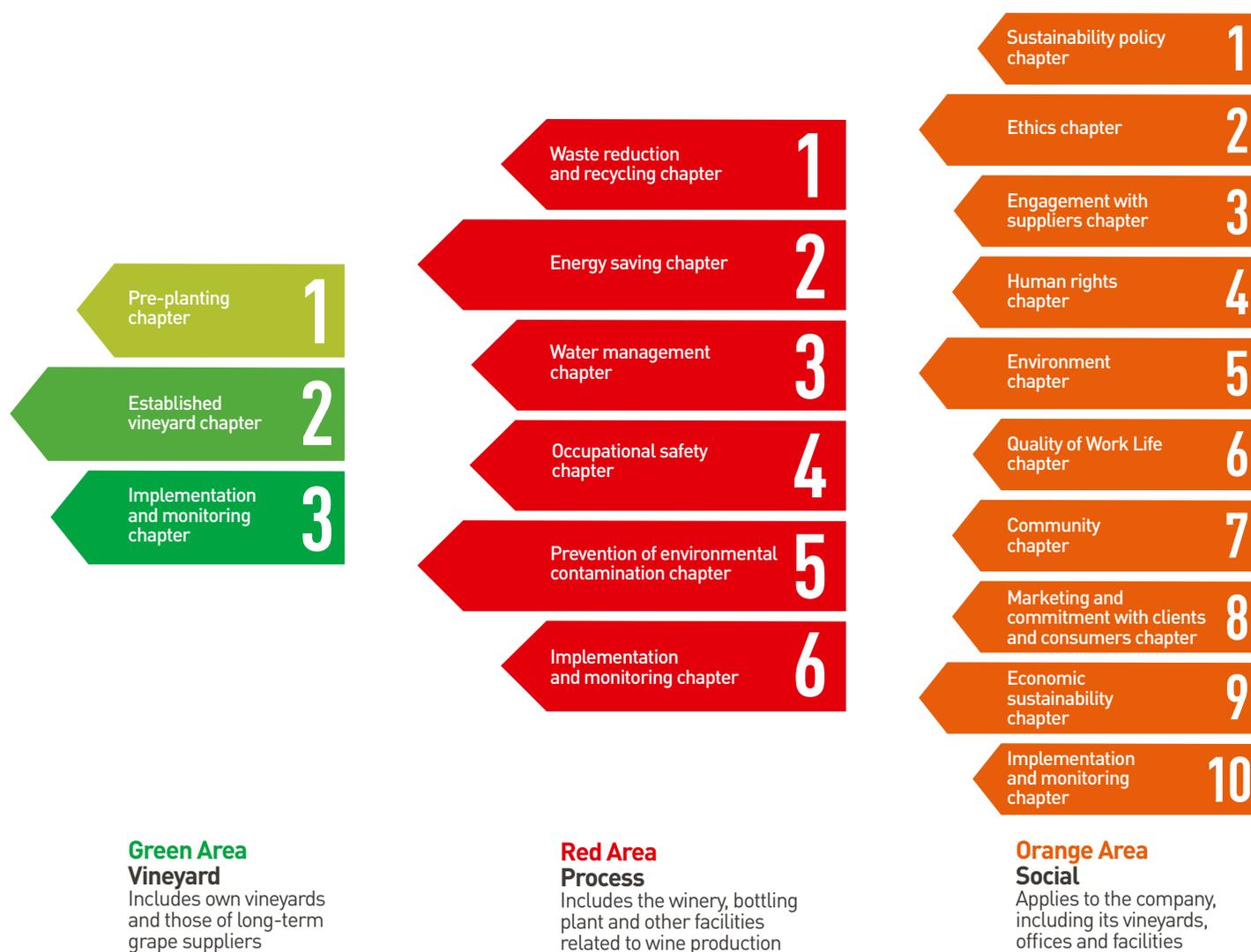
VSPT was one of the pioneer wineries to participate in the Sustainability Code, developed by Vinos de Chile. This code certifies the sustainable management of our own vineyards and those of strategic grape and wine suppliers, as well as the winery operations and corporate management based on the highest standards of global sustainability.



With a constant focus on the expectations of our clients and consumers, our processes, products and services, are the result of a work of excellence, and teamwork

The audits are carried out by an external company, in the case of VSPT, it is the Institute of Marketology (IMO). The audits consider the three areas of the Code: Green, involving the vineyards; Red, with visits to the wine-making operations, and Orange, where practices at the corporate level and work with our internal collaborators and communities are revised.

## SUSTAINABILITY CODE ASPECTS EVALUATED IN EACH AREA



Each year the requirement level to comply with the standard increases, starting with a minimum of 50% compliance in the first audit, then 75% compliance for the second audit, and finally a compliance of 90% in the third certification. Once the certification has been achieved, it is valid for two years.

During 2015, VSPT was audited and recertified for the second time under this code, reaching the 75% compliance level without major challenges. This allows us to demonstrate our ability to manage and reduce potential environmental and social risks, caused by the activities involved in the production of wine. A total of 3.920 hectares

**In March 2017, we achieved our third certification of the Vinos de Chile Sustainability Code, becoming one of the first wineries in Chile to reach the highest level of the code.**

were audited in 2015, including eight vineyards and ten suppliers.

Over the course of 2016 we continued working with the administrators of our vineyards and our suppliers to improve practices and performance, in order to meet the new requirement level for the next certification in 2017.

In March 2017, we achieved our third certification of the Vinos de Chile Sustainability Code, becoming one of the first wineries in Chile to reach the highest level of the code.

## Fair Trade

In Finca La Celia (Mendoza, Argentina), we have a Fair Trade certification for all wines that have been produced with grapes from our own vineyards in the Uco Valley. The main objective of this standard is to contribute to the socio-economic development of the community in which the company is inserted. The fundamental pillars of the standard are the assurance of fair working conditions for workers, environmental protection and the contribution to social development projects, through the management of a premium that is generated through the sale of wines that have this label.

In accordance with the objective of having efficient and environmentally friendly processes that offer maximum quality in our products, VSPT has the following certifications in quality, environmental management, health and safety:

## OTHER CERTIFICATIONS<sup>26</sup>

Standard	Molina	Lontué	Isla de Maipo	Grandes Vinos	La Celia
ISO 22000					✓
ISO 9001	✓				✓
ISO14001	✓	✓	✓		✓
OSHAS 18001	✓	✓	✓		✓
BRC	✓		✓		✓
HACCP		✓		✓	
Fair Trade					✓
Organic certification	✓ 35 South BO and Tarapacá Plus				
Sustainability Code	✓ All vineyards in Chile				

<sup>26</sup> A summary of our certifications can be reviewed in Annex 3, page 103.



In 2016 we were recognized as the "Green company of the year" by Drinks Business, this is our greatest recognition and cause of great pride for everyone in VSPT

### Recognition

As we disclosed in the previous report, in 2014 VSPT Wine Group obtained the "Ethical company of the year" award in the Green Awards contest, organized by the British magazine Drinks Business, which brings together the international wine and spirits industry. At the same time, we obtained a prominent second place in the "Green company of the year", becoming the first South American producer to obtain two simultaneous awards in the history of the competition.

However, our greatest recognition and cause of great pride for everyone in VSPT, was in 2016 when we were recognized as the "Green company of the year" by Drinks Business. At the same time and due to our latest initiatives in the area of renewable energy, we were deserving of the "Leaders in renewable energy" award. In both categories, we competed against leading international companies in the field of sustainability. The judges highlighted us as a clear winner for "our holistic approach to reducing our impact on the environment", with initiatives such as the biogas and hydroelectric plants, energy efficiency projects, biodiversity, suppliers program,

responsible consumption of alcohol, water consumption, among many others. Likewise, the judges praised us for the "large scale" holistic approach to renewable energy supply, declaring us "a clear winner" in this category.

This is the highest sustainability honor in the alcohol industry, and it is an honor for us and at the same time a challenge to maintain this path in the period 2017-2018.



## Ideas and New Projects Area

With the aim of taking a leading position to proactively and constantly accommodate new trends in the wine industry in Chile and the world, we have created the Ideas and New Projects Area in VSPT. We see how the wine world is changing constantly; today's success does not ensure success tomorrow.

### **The search for new opportunities, based on new trends and new interests of our consumers, is the path to the future**

We are convinced that the search for new opportunities, based on new trends and new interests of our consumers, is the path to the future. Thus, in 2016, we welcomed **VSPT Innovation Lab**.

The aim of this new area is to support the implementation of our strategic plan through a process that seeks to constantly manage new ideas, and transform them into innovative products, processes or services that generate value for the company.

The innovation process we have designed includes the generation and collection of ideas, development of the project, to its implementation and subsequent monitoring. We seek to be facilitators of innovation projects, coordinating and supporting the different areas involved in the development of each one.

On the other hand, we want to foster an innovative culture as part of VSPT's culture so that it becomes a factor that differentiates us from our competitors and we become a benchmark for the industry, both domestically and in our destination markets.





We want to promote a culture of innovation that becomes a differentiating factor from our competitors, thus making us an industry reference

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WE RESPECT  
AND HONOR  
OUR PEOPLE  
AND OUR LAND

## GRI CONTENT INDEX

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102-7	Scale of the organization	15	
102-8	Information on employees and other workers	72	
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102-10	Significant changes to the organization and its supply chain	-	There were no significant changes in the organization and its supply chain
102-11	Precautionary Principle or approach	39	
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Indicator	Content	Page	Observations
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102-48	Restatements of information	-	In VSPT there were no re-expressions of information
102-49	Changes in reporting	3	
102-50	Reporting period	3	
102-51	Date of most recent report	-	The previous Sustainability Report shows the management of the 2013 and 2014 periods
102-52	Reporting cycle	3	
102-53	Contact point for questions regarding the report	Inside front cover (2)	
102-54	Claims of reporting in accordance with the GRI Standards	3	
102-55	GRI content index	97	
102-56	External assurance	-	The report has not been externally verified
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205-1	Anticorruption- Operations assessed for risks related to corruption	36	
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205-3	Anticorruption- Confirmed incidents of corruption and actions taken	36	

Indicator	Content	Page	Observations
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	36	There were no legal actions relating to anticompetitive behavior, antitrust and monopoly practices
302-1	Energy- Energy consumption within the organization	58	
302-3	Energy- Energy intensity	58	
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303-1	Water- Water withdrawal by source	64, 66, 67	
303-2	Water- Water sources significantly affected by withdrawal of water	64	
303-3	Water- Water recycled and reused	64, 67	
304-1	Biodiversity- Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	48, 50	Yes
304-2	Biodiversity- Significant impacts of activities, products, and services on biodiversity	48, 50	Yes
304-3	Biodiversity- Habitats protected or restored	48, 50	Yes
305-1	Direct (Scope 1) GHG emissions	53	
305-2	Energy indirect (Scope 2) GHG emissions	53	
305-4	GHG emissions intensity	53	
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306-1	Effluents and waste: Water discharge by quality and destination	61, 67, 101	
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306-3	Effluents and waste: Significant spills	62	
306-4	Effluents and waste: Transport of hazardous waste	62	
306-5	Effluents and waste: Water bodies affected by water discharges and/or runoff	-	No water body was been affected by water discharges or runoff
307-1	Non-compliance with environmental laws and regulations	62	
308-1	New suppliers that were screened using environmental criteria	50	
401-1	New employee hires and employee turnover	74	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	78	
401-3	Parental leave	78	
403-1	Workers representation in formal joint management-worker health and safety committees	84	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	85	
403-4	Health and safety topics covered in formal agreements with trade unions	84	
404-1	Average hours of training per year per employee	79	
404-2	Programs for upgrading employee skills and transition assistance programs	79	
404-3	Percentage of employees receiving regular performance and career development reviews	76	
405-1	Diversity of governance bodies and employees	72	Review information on the diversity of our governance bodies in the 2016 Annual Report

Indicator	Content	Page	Observations
405-2	Ratio of basic salary and remuneration of women to men	83	
406-1	Incidents of discrimination and corrective actions taken	37	There were no cases of discrimination or corrective actions during the period
407	Libertad de Asociación y Negociación Colectiva- Operaciones y proveedores cuyo derecho a la libertad de asociación y negociación colectiva podría estar en riesgo	86	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	86, 99	
408-1	Operations and suppliers at significant risk for incidents of child labor	-	VSPT operations have been evaluated and are not at risk from child labor. Operations undergo revisions or evaluations on their impacts on human rights, however exhaustive analyses of 100% of our suppliers have not been conducted.
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	VSPT operations have been evaluated and are not at risk from forced or compulsory labor. Operations undergo revisions or evaluations on their impacts on human rights, however exhaustive analyses of 100% of our suppliers have not been conducted
412-1	Operations that have been subject to human rights reviews or impact assessments	-	VSPT operations have been evaluated and there are no significant risk of impact on human rights
413-1	Operations with local community engagement, impact assessments, and development programs	87	
413-2	Local communities: Operations with local community engagement, impact assessments, and development programs	-	There were no operations with significant negative impacts in the local communities
414-1	New suppliers that were screened using social criteria	51, 52	
414-2	Negative social impacts in the supply chain and actions taken	51, 52	
415-1	Political contributions	-	As an internal policy, VSPT does not make donations to political parties
416-1	Assessment of the health and safety impacts of product and service categories	84	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	84	
417-1	Requirements for product and service information and labeling	38	
417-2	Marketing and labelling: Incidents of non-compliance concerning product and service information and labeling	-	There were no significant incidents
417-3	Marketing and labelling: Incidents of non-compliance concerning marketing communications	-	

## ANNEX 1

# MARKET CONTEXT INFORMATION

### Latin America

In general, in 2016 Latin America represented a decrease of 5% in volume and 8% in value. This was mainly influenced by a fall in shipments to Brazil -a key market for VSPY- of 28% in volume and 31% in value, due to the macro-economic crisis and the strengthening of the direct importation business led by the principal retailer Pao de Azúcar.

Despite this, the fall was offset by good results in markets where VSPT has a leadership position with its brands, such as Paraguay, Colombia, Uruguay y Mexico.

### Europe

2016 was influenced by the currency volatility due to Brexit, which generated uncertainty and pressure on margins. Despite this, VSPT grew 5% in Europe, strongly influenced by the recovery in Eastern Europe.

### Scandinavian Monopolies

In the Scandinavian monopolies of Iceland, Finland, Sweden and Norway, general sales in 2015 grew by 3%, and fell by close to 4% in 2016, which means that in both years we maintained our sales levels. This behavior is in line with the industry which experiences zero growth in both years.

With regards to Gato Negro, the most important VSPT brand in the region, grew 4% and in 2016 it experienced a growth of 8%. Gato Negro is amongst the leaders in each of the segments where we compete, and additionally it is the number one brand in Finland.

### United States

In 2015, in the United States, the VSPT commercial team took the decision to raise prices in the gat Negro Brand, which impacted sales and led to a decrease of 26% in 2016. In 2016, we introduced two of our strategic brands to the market: La Celia from Argentina and Gran reserve Tarapacá from Chile. Both brands, along with prestigious distributors, have already presented excellent sales results.

### Asia

2015 was a year of consolidation for VSPT in Asia, reaching 1.797.647 exported crates and reaffirming leadership positions in key regional markets such as Japan and South Korea.

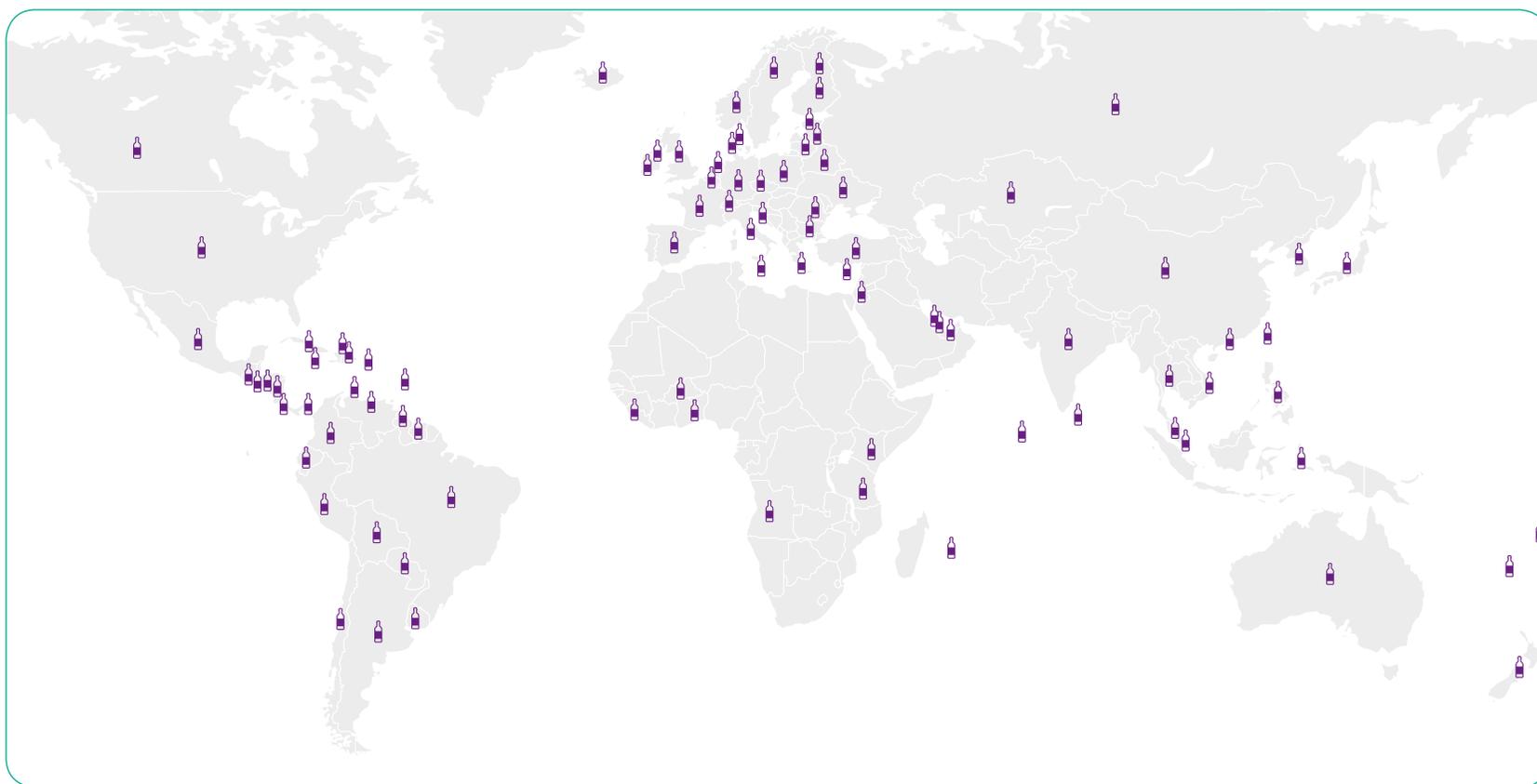
In this sense, the Alpaca brand in Japan should be highlighted, with an increase of 116%. The meaning of the Alpaca in that culture converted the product into the best-selling wine brand in the Japanese market. Likewise, the brand 1865 continued to grow in the Korean market, maintaining the position #1 over the past two years. In 2016, VSPT continued its growth, maintaining leadership in key countries.

### China

The year 2016 marked a milestone with China becoming the top export destination for Chilean wine, thanks to the increase in the consumer preferences for imported wines, at the expense of local wine. Based on this, VSPT grew 20% over the previous year and continued its strategy focused on the sustainable development of strategic brands.

## ANNEX 2

# VSPT EXPORT COUNTRIES



ANGOLA	CANADA	DENMARK	FRANCIA	INDONESIA	MALAYSIA	NOTHERN	RUSSIA	TOGO	UNITED STATES
ARGENTINA	CHINA	DENMARK TR	GERMANY	IRELAND	MALDIVES	IRELAND	SIERRA LEONE	TURKEY	URUGUAY
BAHREIN	COLOMBIA	DOMINICAN	GREECE	ITALY	MALTA	PANAMA	SINGAPORE	TURKS	VENEZUELA
BARBADOS	COREA	REPUBLIC	GUATEMALA	JAMAICA	MAURITIUS	PARAGUAY	SPAIN	AND CAICOS	VIETNAM
BELARUS	COSTA RICA	ECUADOR	GUYANA	JAPAN	MEXICO	PERU	SRI LANKA	ISLANDS	
BELGIUM	CROACIA	EL SALVADOR	HOLLAND	JORDAN	NEW	PHILIPINES	SURINAM	UKRAINE	
BOLIVIA	CUBA	ENGLAND	HONDURAS	KAZAKSTAN	CALEDONIA	POLAND	SWEDEN	UNITED ARAB	
BRAZIL	CURAZAO	ESTONIA	HONG KONG	KENYA	NEW	PUERTO	SWITZERLAND	EMIRATES	
BULGARIA	CYPRESS	FIJI	ICELAND	LATVIA	ZEALAND	RICO	TAIWAN	UNITED	
BURKINA	CZECH	FINLAND	INDIA	LITHUANIA	NICARAGUA	QATAR	THAILAND	REPUBLIC	
FASO	REPUBLIC	FINLAND TR			NORWAY	ROMANIA		OF TANZANIA	

## ANNEX 3

# CERTIFICATIONS

- **QUALITY MANAGEMENT (ISO 9001):** This standard establishes criteria for a quality management system and is the only regulation from the 9000 family which can be certified (although this is not required). It can be used by any organization, large or small, regardless of its field of work. It is currently implemented by more than one million companies and organizations in over 170 countries. <http://www.iso.org/>
- **ENVIRONMENTAL MANAGEMENT (ISO 14001):** The purpose of this standard is to support the application of an environmental management plan in any organization from the public or private sector. As is the case with ISO 9001, it was created by the International Organization for Standardization (ISO), an international network of national regulatory institutes that work in conjunction with governments, industry and consumer representatives. <http://www.fao.org/>
- **OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT (OHSAS 18001):** A tool for managing the challenges facing companies from all sectors, of all sizes, addressing high accident rates and occupational diseases, lost working days, absenteeism, penalties, medical care costs and workers' wages. Its implementation, therefore, helps to improve the working environment, lower absenteeism and, as a result, increase productivity. <http://www.certificacion-ohsas-18001.com>
- **FOOD SAFETY MANAGEMENT (ISO 22000):** This standard specifies the requirements for a food safety management system. Organizations must demonstrate their capacity to control food safety hazards in order to guarantee that food are safe in the moment that they are consumed. This is applicable to all organizations, regardless of their size, that are involved in any aspect of the food chain, and that want to implement systems that ensure safe products. <http://www.iso.org>
- **BRITISH RETAIL CONSORTIUM (BRC):** this is a food safety system developed by British retailers based on the need for a uniform quality and food safety standard. It is a standard specific to the agro-food industry, and is only applicable to companies that manufacture or bottle food products. <http://www.elika.net>
- **HAZARD ANALYSIS & CRITICAL CONTROL POINT (HACCP):** An international standard which defines the requirements for the effective control of food safety. This system helps organizations to focus their efforts on the dangers affecting food safety and hygiene, and to systematically identify these by establishing control limits throughout the critical points of the food production process. <http://www.sgs.cl/>





SUSTAINABILITY REPORT

2015 · 2016

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Chile. San Pedro. Tarapacá. Leyda. Santa Helena. Misiones de Rengo.  
Viñamar. Casa Rivas. Argentina. La Celia. Tamarí