2017-2018 SUSTAINABILITY REPORT

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

GRI Indicators: 102-1, 102-3, 102-53

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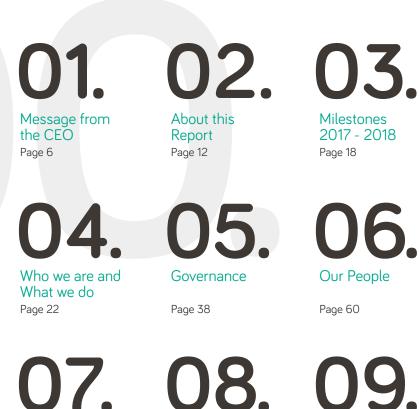
Readers can send queries or comments regarding this report to: swinegrowing@vsptwinegroup.com

2017-2018 SUSTAINABILITY REPORT

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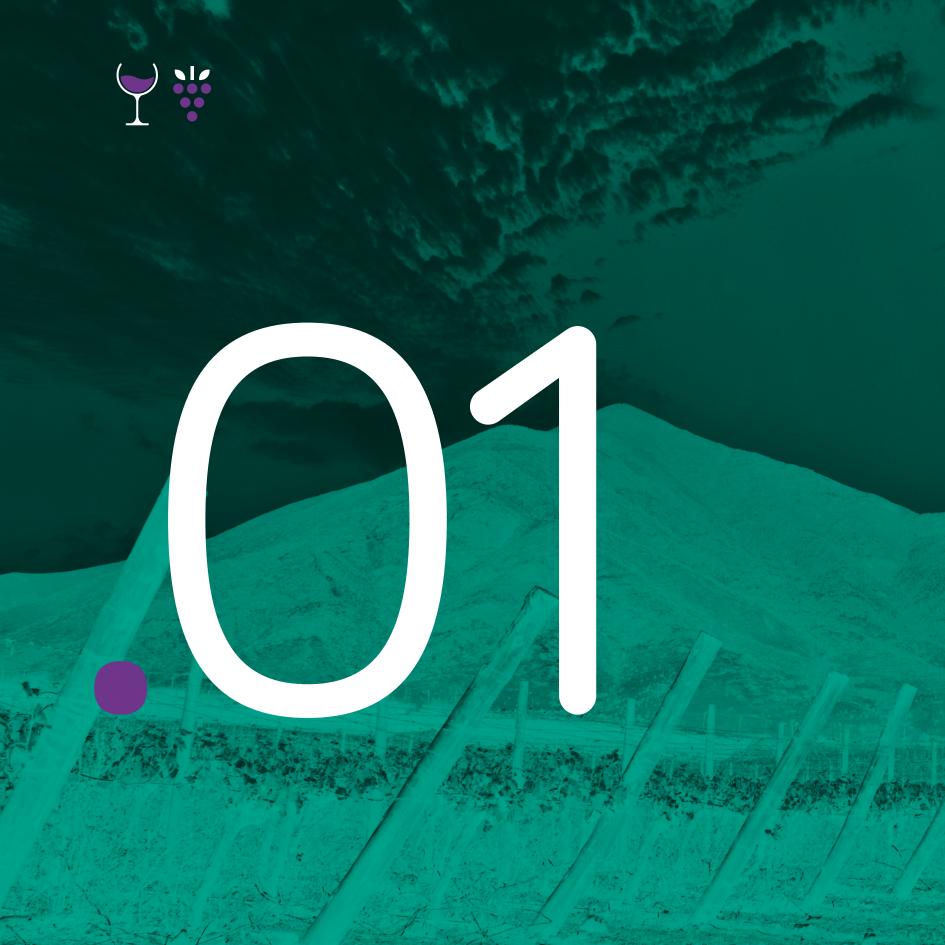
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Innovation and

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## Message from the CEO

# .01





"We continue to make progress sustainably in building our business and a better organization."

2017-2018 SUSTAINABILITY REPORT

#### GRI Indicators: 102-14, 102-15

Dear friends and partners:

I am pleased to present our sixth Sustainability Report, compiled under GRI Standards, which aims to report to you –our main stakeholders–our economic, social and environmental performance, as well as the progress made in these fields during the years 2017-2018.

To begin, it is important to mention that the years referenced in this review (2016 and 2017) were particularly challenging for the industry, caused by strong weather fluctuations in Chile and Argentina which affected negatively the volumes of grape production, resulting in high costs of grapes and wine.

In spite of the above, if we look at the financial results, total revenue at VSPT Wine Group in 2018 was \$206,519 million, a figure which is 1% higher compared to the previous year, when total revenue was \$204,454 million.

Furthermore, over the past two years VSPT Wine Group has continued to strengthen its commitment to sustainability. In 2017, we celebrated entering the Dow Jones Sustainability Index Chile (DJSI). This index measures sustainability management and performance of over two thousand companies listed on the most important stock exchanges in the world, and only the best in their categories are included in the index as a result of their successful economic, environmental and social performance.

All the same, in 2017 VSPT was acknowledged in the Green Awards by the British magazine, The Drinks Business as a finalist in two categories: Biodiversity and Water Management. Both were a result of continuous work in the agricultural and operational areas.

In 2018, the group once again received important acknowledgements thanks to two emblematic projects: Ethical Company of the Year in the Green Awards, and first place in the Human Rights category of the Principles Integration System promoted by the UN Global Compact (Sistema de Integración de los Principios de Pacto Global, SIPP). This was possible due to our collaborative project with the mapuche community in Buchahueico to plant 10 hectares of Pinot Noir in the Malleco Valley. Moreover, we were recognized as Leaders in Renewable Energy Implementation in the Green Awards, since we took up the challenge of producing wines using 100% renewable energy by 2021.

In this context during 2018 we incorporated two large clean energy generation projects, to accompany the Biogas Plant inaugurated in Molina in 2016 and the mini run-of-the-river Hydroelectric Plant built at Viña Tarapacá in the same year, with a view to making progress towards this ambitious goal. Solar panels are to be installed in 9 of the group's estates in 13 different sub-projects, to generate an estimated of 2.7 MW power. Simultaneously, the group finalized the tendering process for the implementation of photovoltaic panels at Viña San Pedro, aiming to supply 1.3MW power for our winemaking operation in Molina. With a total of four renewable energy projects, VSPT will have a mix of clean energies consisting of biogas, hydroelectric and solar power.

With regards to the promotion of Responsible Alcohol Consumption, in the last two periods we continued making progress with our b.smart program, which aims to promote a passion for wine with joyfulness and moderation, whilst educating associates about responsible consumption through education workshops and Wine Fairs. In 2018, we organized seven fairs which involved the participation of 90% of our VSPT associates in Chile and Argentina. Furthermore, we incorporated the b.smart seal across all of brand communication, advertisements and social media campaigns, as well as in every occasion when wine is served, such as wine tastings and fairs.

Another important milestone was to sign the Clean Production Agreement (Acuerdo de Producción Limpia, APL) for Zero Waste Disposal by 2020 along with 29 other Chilean companies, aiming to manage all of our industrial waste. This new commitment drives us to find innovative ways to deal with this current problem in our country.

In the same line, we proposed the challenge of managing brand advertising waste used in billboards, in order for each brand to define a solution within its marketing plan to reuse public advertising material and giving it a new purpose. In 2018, Misiones de Rengo started this initiative and recaptured 230kg of PVC displayed for its first campaign, in order to transform it into 800 re-usable bags. These important advances have positively reinforced our management, in order to continue building an organization in which Sustainability is considered one of six strategic objectives for the business, and one of five corporate values.

In addition, another significant milestone of 2018 was undoubtedly the development of a new sustainability strategy with a view to 2021, entitled 360°.Commitment. It was defined according to a sustainability management model based on the Mission, Vision and Values of VSPT Wine Group, encompassing five dimensions:

1. Our People, 2. Innovation and Leadership, 3. From the Vineyard to the Bottle, 4. Clients and Consumers, and 5. Governance. Within this new strategy, four large new commitments were made for 2021:

- 1. 100% electricity from renewable sources.
- 2. Spread our Responsible Wine Consumption Program: b.smart/b.b.bien.
- 3. 100% management of public advertising waste.
- 4. 100% Eco-Packaging consideration for new projects.

In summary, we continue to make progress sustainably in building our business and organization. We are sure that the long-term outlook proposed in our 360°.Commitment program will take on many of the Sustainable Development Goals promoted by the UN, and will allow us to embrace these global ambitions with focus and celerity.

To finish off this brief walk-through of our progress and most noteworthy achievements, I would like to thank everyone who is a part of VSPT Wine Group, since they are at the center of our Sustainability Model. Undoubtedly, their commitment and positive empowerment have enabled us to become a benchmark in this field for the global wine industry. I would also like to thank our shareholders, importers and distributers around the world, for trusting in our work and in our team.

I invite you to explore our Report, and would like to take the opportunity to gladly announce that this will be our last biennial Sustainability Report. From 2019, we will begin to compile and incorporate it into our Annual Report.

Many thanks,

**Pedro Herane** CEO / VSPT Wine Group "The commitment and positive empowerment of everyone at VSPT have enabled us to become a benchmark in sustainability for the global wine industry."





# About this Report

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#### GRI indicators: 102-1, 102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54.

**The Sustainability Report 2017-2018** from Viña San Pedro Tarapacá S.A. –from here on, VSPT Wine Group– reveals to stakeholders the economic, social and environmental performance of the Company, in accordance with Global Reporting Initiative (GRI) standards. It should be noted that this report has been published on a biennial basis since 2009.

The document covers management carried out by VSPT Wine Group with its wineries in Chile and Argentina from January 1st 2017 until December 31st 2018. Furthermore, the report was compiled in accordance with the Essential option for the GRI Standards –the most recent version of this international framework– as was the previous report.

The most significant changes in compiling this report were in updating the materiality process and the addition of key aspects for the organization not covered in previous reports, mainly relating to economic matters, supplies and innovation.

At the end of this document is the GRI Content Index, which lays out the information and requirements for each profile and performance indicator, as well as the page where it can be found.

#### GRI Indicators: 102-46, 102-47 Identification and prioritization of material issues

In order to compile this report, a new analysis of material issues was carried out, that is to say, issues which are important and relevant for the sustainability of VSPT Wine Group in the long term.

The objective of this stage was to confirm the relevance of some issues which were already being covered in previous reports, as well as to identify those which, during 2017 and 2018, have emerged as a result of the dynamic and constant evolution of the wine industry, both at a national and international level. Background information taken into account for this stage included information relating to the Dow Jones Sustainability Index application, the VSPT Wine Group Sustainability Strategy 2019-2021, and the materiality process carried out by the parent company, CCU.

#### Stages

At the same time, updating the material issues enabled us to define the indicators which should be covered, according to new expectations from interest groups, social trends, consumers, regulatory changes and environmental challenges, among other key aspects to consider. In light of this, the report content could be enriched and also took into account better industry practices. In order to identify material issues, a series of activities were carried out in order to ensure compliance with the principles of comprehensiveness and balance required for GRI methodology.

The following diagram presents the main process inputs:

#### Stages of the Compilation Process for the VSPT Wine Group Sustainability Report

	<b>Stage 1:</b> Interviews with senior management at VSPT Wine Group	<b>Stage 2:</b> Review of internal VSPT Wine Group documents	<b>Stage3:</b> Materiality analysis of Parent Company	Stage 4: Benchmarking of the best national and international industry practices	Stage 5: Alignment with the VSPT Wine Group 2019-2021 Sustainability Strategy	<b>Stage 6:</b> Validation of material issues	
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**Stage 1:** Interviews with Senior Management: The first stage consisted of carrying out 11 interviews with Company managers and assistant managers, aiming to gather key information about each part of the organization, as well as the main goals, challenges, milestones and managerial approaches for 2017-2018.

**Stage 2:** Review of internal documents: Press releases, regulations, policies and codes of conduct were analyzed in order to determine which issues were reported heavily in the period covered by this report, and which ones are of interest to members of the Company and its operation.

**Stage 3:** Materiality Analysis of Parent Company: An analysis of issues which are of priority to the performance of all business units, as well as those specific to VSPT Wine Group, with an aim to strengthen the list of reported material aspects.

**Stage 4:** Benchmarking of the best industry practices: Reports were revised from the leading companies in the wine industry (both national and international), in terms of sustainable practices.

**Stage 5:** Alignment with the VSPT Wine Group 2019-21 Sustainability Strategy: Cross-checking was carried out of the relevant issues that emerged during the analysis of other companies in the industry, the materiality of the parent company, interviews with senior management, and the VSPT Wine Group 2019-21 Sustainability Strategy. Therefore, we were able to create a consolidated list of material issues reflecting the main impacts, risks and opportunities for VSPT's business.

**Stage 6:** Validation of material issues: The list of material issues was subjected to validation from the group's Sustainability and Innovation department, which directs and coordinates the compilation of the report as well as managing initiatives relating to the Company's sustainability performance.



#### GRI Indicators: 102-44, 102-47 List of material issues

Stemming from the aforementioned process, a narrowed-down selection of 27 material issues was made arising from the GRI indicators for economic-governmental, environmental and social-working performance laid out in this report.

The different issues addressed in this list as well as their relevance for internal and external interest groups are the following:

"The document covers management carried out by VSPT Wine Group with its wineries in Chile and Argentina from January 1st 2017 until December 31st 2018."

Sustainability Areas	Nº	Material Issues	High Relevance for External GI	High Relevance for the Organization
	1	Economic growth, investment and productive efficiency.	<ul> <li></li> </ul>	<ul> <li>✓</li> </ul>
Governance	2	VSPT Values: Working excellence, Passion for Wine, Innovation, Sustainability and Integrity.		~
and Economic	3	Risk Management.	~	<ul> <li>✓</li> </ul>
Performance	4	Human Rights (Due Diligence).	<ul> <li></li> </ul>	<ul> <li>✓</li> </ul>
	5	Legal Compliance.		<ul> <li>✓</li> </ul>
	6	Free Competition.	<ul> <li></li> </ul>	<ul> <li>✓</li> </ul>
	7	GEI: Measurement and management of greenhouse gases.	~	<ul> <li>✓</li> </ul>
	8	Water management: Use, Consumption, Capture.	<ul> <li>Image: A start of the start of</li></ul>	<ul> <li>✓</li> </ul>
	9	Energy consumption and efficiency.		<ul> <li>✓</li> </ul>
Environmental Performance	10	Renewable Energies.	<ul> <li></li> </ul>	✓
renormance	11	Waste management (valorization of industrial waste, advertising waste, EPR law).	~	<ul> <li>✓</li> </ul>
	12	Biodiversity.	<ul> <li>Image: A start of the start of</li></ul>	<ul> <li>✓</li> </ul>
	13	Innovation in packaging.	<ul> <li>Image: A start of the start of</li></ul>	✓
	14	Occupational Health and Safety Culture.		<ul> <li>✓</li> </ul>
	15	Inclusion, equality of opportunities- gender equality.	<ul> <li></li> </ul>	<ul> <li>✓</li> </ul>
	16	Training, Education, talent attraction and retention.		<ul> <li>✓</li> </ul>
	17	Working environment and relationships (for employees and seasonal workers).		<ul> <li>✓</li> </ul>
	18	Responsible alcohol consumption (among employees, seasonal workers, clients and consumers).	~	<ul> <li>✓</li> </ul>
Social and Working	19	Industry-country development.	<ul> <li>✓</li> </ul>	<ul> <li>✓</li> </ul>
Performance	20	Innovation in processes, products and labelling.		$\checkmark$
	21	Development of rural communities.		$\checkmark$
	22	Quality and Safety of products.	$\checkmark$	$\checkmark$
	23	Vineyard Management.	$\checkmark$	$\checkmark$
	24	Sustainable agricultural supply.	$\checkmark$	
	25	Brand growth and attributes.		$\checkmark$
	26	Consumer satisfaction (internal market).	$\checkmark$	$\checkmark$
	27	Client satisfaction (export markets).	$\checkmark$	$\checkmark$



## Milestones 2017 / 2018

#### 2017



We were granted the **CORFO** fund for innovation management, in order to install relevant capacities, thereby strengthening the culture of innovation as well as systemizing its processes and activities.



We began the **Wine School program** to develop internal knowledge of the industry, with an aim of having a technically-trained human team to represent our Company and wineries in Chile and around the world.



We re-certified for the third time under the **National Sustainability Code** (Código Nacional de Sustentabilidad, CNS) from Wines of Chile and in January 2019 we received a fourth re-certification.



We achieved second place in the Water Management category in the 2017 Green Awards.



Viña San Pedro unveiled its project in the Malleco Valley: **Chile's largest Mapuche** vineyard in collaboration with the Buchahueico Community.

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM ()



We entered the **Dow Jones Sustainability Index (DJSI) Chile.** This index measures annually the economic, social and environmental performance of over 2,000 companies worldwide, which are listed on the most important stock exchanges.

We launched the **b.smart** seal; a program website and a complementary video aiming to promote passion for wine and responsible consumption at all contact points with clients, consumers and associates.

#### 2018

We formalized the new VSPT sustainability management model and the new 2019-2021 Sustainability Strategy, entitled **360°Commitment**. Its name derives from it involving the whole organization to contribute to the sustainability of the business.

The 2018 harvest was practically perfect, thanks to the fact that the weather was optimal across all valleys. In general, yields were within what was expected for a normal year, allowing us to produce wines with character, good concentration and, above all, a pureness of fruit throughout products of all price segments.

We formed an alliance with the **Ciudad Luz Company**, aiming to install solar panels in 9 of our estates (a total of 13 sub-projects) to harness the sun's energy, capable of generating 2.7 MW.

We finished the tendering process for a second **photovoltaic project**, aiming to supply 1.3 MW power for the winemaking operation at Viña San Pedro located in Molina, Curicó Valley.

At the Molina Plant we inaugurated the first bottling training room, aiming to help train **Operators** and **Maintenance staff** to operate this industrial area.

We committed to managing 100% of advertising waste used in billboards by our **Domestic Market department.** This incredible initiative began with our Misiones de Rengo brand and was then extended to VSPT's entire brand portfolio, later our parent company CCU adopted the challenge, resulting in the recycling of all of advertising material used in our billboards.

We were listed for the second time on the **Dow Jones Sustainability Index (DJSI) Chile**, through a joint application with our parent company, CCU.

### 360°.commitment















## Who we are and What we do

# .04



"We have a marked innovative spirit, and our work has a focus on sustainability."

2017-2018 SUSTAINABILITY REPORT

#### WINERIES IN ARGENTINA



#### WINERIES IN CHILE











Santa Helena



#### GRI Indicators: 102-1, 102-2, 102-3, 102-4

**Seven Chilean and two Argentinian** wineries comprise our portfolio at VSPT Wine Group, and each one has a unique, excellent positioning and winemaking philosophy. This enables us to enjoy complementarity across the most important viticultural valleys in Chile and Argentina.

We are the second-largest wine group in the country, with leadership in the domestic Chilean market, as well as a noteworthy second position in the sparkling wines segment.

Since 2008, we exist as Viña San Pedro Tarapacá S.A. (from here on, VSPT or VSPT Wine Group, the Company or the Group) following the merging of Viña San Pedro, founded in 1865 and Viña Tarapacá, which was established in 1874.

We have a marked innovative spirit, and our work has a focus on sustainability. Therefore, we firmly believe that we can constantly improve our products and at the same time, use natural resources efficiently. We are inspired by a passion for wine, which is demonstrated in the quality of our products.

The main Company offices are located in the city of Santiago at the address: Av. Vitacura N° 2670, Piso 16 Las Condes, Santiago, Chile.

#### GRI Indicator: 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.

#### / VALUES



Excellence Work

We act with high speed to accomplish deadlines on time and in accordance with high quality standards for all our customers. We are rigorous and dedicated in our work, to be able to fulfill the expectations in our requests and to give added value in our task.



### 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 wine that unites us in each of our actions, and its craft is the reason for our decisions



#### Innovation

We promote and cultivate forward-thinking, as well as the generation of new ideas, and projects which create value. This leads to new products, processes, services and strategies which ensure the sustainability of our organization.



#### **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 what surrounds us, safeguarding a harmonious future for the people and their environment.



#### Integrity

We are people who act based on the values of honesty, transparency, responsibility and respect for oneself and others. Our procedure is defined by high standards and we are concerned to act correctly every time.

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We are inspired by our **passion** for wine, which is demonstrated in the **quality** of our products.



#### **Our History**

#### / 1865

José Gregorio Correa Albano founded Viña San Pedro in the Maule Region.

#### 1874

At the foothills of the Andes mountains in the metropolitan area, Don Francisco de Rojas founded Viña de Rojas, now known as Viña Tarapacá.

#### 1890

Finca La Celia is founded in the Uco Valley in Mendoza, Argentina.

#### 1892

Viña de Rojas was bought by Don Manuel Zavala Meléndez and becomes known as Viña Tarapacá.

#### 1940

Viña San Pedro first began exporting wine to the USA, Canada, Germany and Japan.

#### 1942

Viña Santa Helena is founded in the Colchagua Valley.

#### 1990

Viña San Pedro becomes a public company and begins trading shares on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

#### 1992

La Compañía Chilena de Fósforos acquires the Viña Tarapacá property and the El Rosario de Naltahua estate in the heart of the Maipo Valley.

#### 1994

Compañía Cervecerías Unidas S.A. (CCU) purchases 48% of the shares of Viña San Pedro.

#### 1997

Implementation of the 21st Century project, goes ahead in order to increase the productive, oenological and commercial capacity at Viña San Pedro.

1998

Viña Leyda is founded in the San Antonio Valley.

#### 2000

Viña Casa Rivas is established in María Pinto.

#### 2001

Viña Altaïr is born in the Cachapoal Andes Valley. The winery is conceived for the production of high-end wines. Simultaneously, Viña Misiones de Rengo is founded in the same place.

#### 2002

The house of sparkling wines, Viñamar de Casablanca, is founded in the heart of this valley.

#### 2003

A joint venture between San Pedro and Sociedad Agrícola y Ganadera Río Negro Ltda., gives rise to Viña Tabalí S.A., a boutique winery tailored towards the production of Premium and Super-Premium wines in the Limarí Valley.

#### 2005

Guillermo Luksic Craig becomes Board Chairman of Viña San Pedro S.A. The Company successfully issues its first bonds worth 1.5 million UF.

#### 2007

Viña Tabalí acquires Viña Leyda, and Viña Altaïr becomes a subsidiary of Viña San Pedro, thereby deepening the Group's focus on the Premium and Super Premium segments.

#### 2008

The merger of Viña San Pedro and Viña Tarapacá gives origin to a new wine group in Chile: Viña San Pedro Tarapacá (VSPT), leader in the domestic market in the fine reserva wines segment, and the second-largest exporting group in the country.

#### 2009

Successful consolidation of VSPT, in administrative, commercial and operational terms is achieved. Each winery maintains its independent identity and character.

#### 2010

In spite of the complex context of the February 27th earthquake, VSPT Wine Group managed to boost growth and, at the same time, strengthen its key wineries and markets.

#### 2011

Viña San Pedro is chosen as "Winery of the New World 2011" by Wine Enthusiast magazine, one of the most prestigious publications in the USA and across the world.

#### 2012

Viña Tabalí ceases to be part of the Group, and Viña Leyda becomes 100% property of the VSPT subsidiary.

#### 2013

Pablo Granifo Lavín becomes the new President of the Group, and Pedro Herane becomes the new CEO. Viña Misiones de Rengo and Viña Urmeneta merge, becoming Viña Valles de Chile.

#### 2014

VSPT is the first winery to earn two simultaneous acknowledgements in the Green Awards from the British magazine: The Drinks Business. These were "Ethical Company of the Year" and second place in the "Green Company of the Year" award. Furthermore, VSPT is chosen as "Winery of the Year" by Wines of Chile.

#### 2015

Viña San Pedro celebrates 150 years of history and launches two wines to commemorate this important milestone: 1865 Anniversary Edition, and Castillo de Molina Tributo 150 years.

Grupo Fósforo S.A. sells 23% of the VSPT shares it owned, allowing for a new group of minority shareholders to enter the Company.

#### 2016

VSPT Wine Group is acknowledged as "Green Company of the Year" by the British Magazine: The Drinks Business in the 2016 Green Awards, and as "Leaders in Renewable Energy Implementation" in the global alcohol industry.

#### 2017

VSPT Wine Group features in the Dow Jones Sustainability Index Chile for the first time.

Viña San Pedro plants the largest mapuche vineyard in Chile with the Buchahueico Community. CCU Inversiones acquires a greater share of the VSPT property, controlling a 67.22% of the stocks.

#### 2018 /

VSPT signs an agreement with Pernod Ricard Argentina to acquire Bodega Graffigna along with its Pocito and Cañada Honda vineyards located in San Juan, as well as the La Consulta vineyard located in the Uco Valley, Mendoza. The purchase agreement is subject to the usual type of conditions for this type of transaction.

Furthermore, in 2018 CCU S.A. increases its share, holding an 83.01% of VSPT Wine Group's equity. The Chinese firm, *Jiangsu Yanghe Distillery Co.*, joins in as an investor with 12.5% of the share.

#### GRI Indicators: 102-5, 102-10 Property and Legal Structure

Viña San Pedro Tarapacá S.A., founded in 1865, was constituted as a public limited company in 1990. It is registered in the Securities Record of the Financial Market Commission (Comisión para el Mercado Financiero, CMF- formerly the Superintendencia de Valores y Seguros, SVS) under Nº 0393 and as a consequence it is subject to being audited. It trades its stocks on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

By means of a Public Offering in 2018, CCU S.A. acquired more of the group shares, reaching 83.01% of its ownership. In addition, the Chinese company, Jiangsu Yanghe Distillery Co. entered the property with 12.5% of the shares. The remaining 4.49% is spread among minority shareholders.

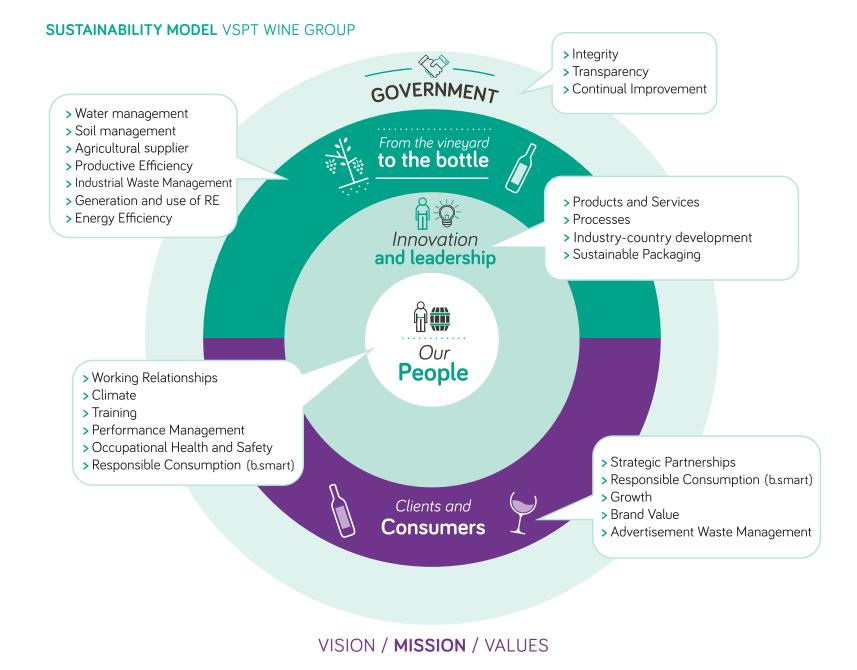
Furthermore, in 2018 CCU S.A. increases its share, holding an 83.01% of VSPT Wine Group's equity. The Chinese firm, *Jiangsu Yanghe Distillery Co.*, joins in as an investor with 12.5% of the share.

Additionally, the purchase agreement with Pernod Ricard of the Argentinian wine brands Graffigna, Colón and Santa Silvia, will translate into an approximate of 1.5 million 9 liter boxes of wine bottles per year.

#### GRI Indicator: 103-1, 103-2, 103-3, 102-16 Sustainability Management Model

At VSPT Wine Group, we understand Sustainability as a corporate value and fundamental to reach our strategic objectives in the long run -be it economic, environmental, social or regarding the safety and occupational health of our people. This is why we have defined a sustainability management model with a long-term view in alignment with the business; in order to minimize risks, preempt any possible threat, generate value and maximize profitability.

In order implement our Sustainability Policy and based upon our Mission, Vision and Values, we have determined the following strategic dimensions in this model:



The sustainability, quality and safety of our products, respect for the environment, occupational health and safety of our associates, client satisfaction and protection of our assets; are the responsibility of all of us who pertain VSPT Wine Group, and are key to positioning us as a world-class wine producer.

#### 2019-2021 Sustainability Strategy

In order to put our primary focuses and the dimensions of our Sustainability Management into objectives, we formalized our 2019-2021 Sustainability Strategy, and we named it 360°.Commitment. We have committed – in addition to our current objectives– to the following goals: achieve electricity supply using 100% renewable energy by 2021; spread our b.smart responsible consumption program to 100% of contact points with clients, consumers and collaborators; achieve 100% public advertising waste management in Chile; and look for more sustainable packaging alternatives for 100% of new projects.

#### / OUR AMBITION FOR 2021

We look to continue managing our impact and raising our standards in complete harmony with our business and environment; with a special focus on the generation and use of renewable energies, responsible wine consumption and an innovative management across all our value chain.



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360°.commitment

#### GRI Indicators: 102-2, 102-7 **Our Brands**

At VSPT Wine Group we have a broad portfolio of registered and nominative brands which allows us to commercialize products under certain names in Chile and Argentina, as well as in 82 countries which make up our export markets. The following stand out among them:

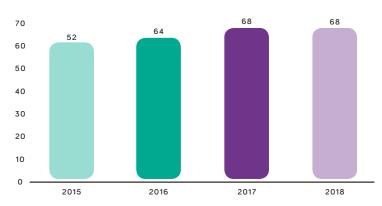
Viña San Pedro	Castillo de Molina, 1865, Gato, GatoNegro, 35 Sur, Epica, Altair, Cabo de Hornos, Sideral, Tierras Moradas, Kankana del Elqui, among others.			
Viña Tarapacá	Gran Reserva Tarapacá Etiqueta Negra and Etiqueta Azul, Gran Reserva Tarapacá Blend Series #1, Gran Tarapacá, León Tarapacá, among others.			
Leyda	Leyda lot, Leyda Single Vineyard, Leyda Reserva and Leyda Espumante.			
Santa Helena	Santa Helena Varietal, Siglo de Oro, Santa Helena Selección del Directorio, Santa Helena Reserva, Alpaca, Gran Vino Santa Helena.			
Misiones de Rengo	Misiones de Rengo Gran Reserva, Misiones de Rengo Reserva, Misiones de Rengo Varietal and its four sparkling wine varieties.			
Viñamar de Casablanca	Sparkling wine ranges in varieties: Método Tradicional, Extra Brut, Rosé, Brut, Brut Unique and ICE.			
Casa Rivas	Gran Reserva Casa Rivas, Reserva Casa Rivas and Varietal Casa Rivas.			
La Celia	Reserva La Celia, Pioneer La Celia, Elite La Celia, Heritage La Celia, among others.			
Tamarí	AR, Reserva, Reserva Red Passion, Varietal.			

In our cooler category, we have the Manquehuito brand.

### GRI Indicator: 102-6 **Our Markets**

VSPT participates in two main businesses: in Chile, through sales in the Domestic Market, in which volumes in 2018 equaled 68 million liters; and International Business, where sales carried out by subsidiaries in Chile and Argentina totaled 70.7 million liters. Regarding 2017, in the Domestic Market, figures were similar to 2018. In contrast, International Business volumes reached 75 million liters in 2017 and 70.7 million liters in 2018.

#### VSPT Sales Volumes, Domestic Market (Chile) (Million Liters)



In this context, we experienced a decrease in volumes of 3.0%. However, it should be noted that the production of the 2018 harvest was in line with historic averages, resulting in a gradual cost reduction that began to be reflected in some products starting the second half of the year.

In the domestic market, we observed a good commercial performance, confirming our position as leaders in volume and value. In the Premium sparkling wines category, we continued to grow significantly with our brands Viñamar de Casablanca and Misiones de Rengo.

In International Business, our exported volumes decreased by 6%, due to a drop in our mass-consumption segment in markets defined as strategic and large in size. It should be emphasized that we grew a noteworthy 15% in sales volumes in higher-value segments, but this definitely did not compensate for the decrease in the mass-consumption segment.

#### **Description of the Chilean and Argentinian Market**

In Chile, average annual consumption is estimated at 12.5 liters per capita. In recent years, the mass-consumption wine category has been shrinking in favor of Premium level wines. With regards to formats, according to industry figures, 58% of consumption in Chile is attributed to bottles; 40.4% to boxed wine and 1.6% to plastic containers and cans.

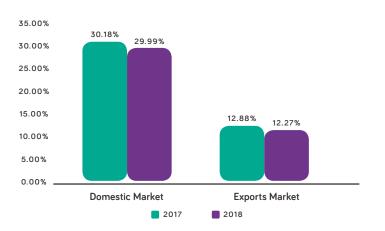
In the past ten years, Chilean bottled wine exports have shown a clear growth trend, with an average expansion of 3.1% per year in sales of 9 liter boxes. This occurred in spite of the fact that in 2018, according to figures provided by Wines of Chile, there was a decrease of 3.3% in volume and 0.3% in value of bottled wine exports. In the sparkling wines segment, volume decreased by 15% and there was an increase of 3.8% in price, which meant a decrease of 12.1% in value. Bulk wine, in turn, declined by 18.6% in volume and 2.3% in value. This resulted in a decrease of 9.8% in volume and 0.8% in value in total wine exports, according to official figures provided by Wines of Chile.

In Argentina, average annual consumption is estimated at 18.4 liters per capita, and the main destination markets continue to be the USA, Canada, United Kingdom, Brazil and the Netherlands.



VSPT exports volume (million liters)

\*Includes operations in Chile and Argentina.



Market Share

#### Awards and Acknowledgements

Developing innovative projects with positive impact for our stakeholders is part of our culture. The passion we put into each new idea has made us deserving of various awards which are a huge source of pride, and reassure to us that we are on the right path.

Below are the main acknowledgements we have received in the last period:

- VSPT Wine Group (Viña San Pedro) is selected as Ethical Company of the Year. This prize was awarded by the British magazine: The Drinks Business, in the 2018 version of the Green Awards. Its aim is to recognize good practices in the global wine and spirits industry in terms of sustainability. We earned this acknowledgement through the plantation of the largest vineyard in Chile with a Mapuche community, in Buchahueico, Malleco Valley. This emblematic project from Viña San Pedro has set an important precedent in Chile of a sustainable model of associative work with a community, that which generated new labor opportunities. The initiative also earned us first place in the "Human Rights" category in the 2018 version of the UN Global Compact (*Sistema de Integración de los Principios de Pacto Global, SIPP*), promoted by the United Nations.
- VSPT Wine Group is "Leader in Renewable Energy Implementation". For this prize, the following renewable energy projects were recognized within the context of the 2018 Green Awards: Construction of the world's first Biogas Plant to produce clean energy using organic waste from harvest at Viña San Pedro; a mini run-of-the-river Hydroelectric Power plant at Viña Tarapacá; installation of solar panels in the vast majority of VSPT's agricultural estates to power technical irrigation systems and, in addition, a large solar project in Molina to power its operation.
- VSPT Wine Group is recognized as one of the leading companies in Chile to promote creative and innovative culture. The latest version of the Creative Culture and Innovation Ranking (Ranking de Cultura Creativa e Innovación, C3), which is compiled each year by MMC Consultores-Brinca and the Universidad del Desarrollo awarded us 5th place in the Large Companies category.
- The Human Capital Development Prize was awarded to Viña San Pedro by Inacap, Curicó branch. The acknowledgement recognizes important efforts regarding investment and continuity of training programs for associates by leading companies with operations in this area of Chile.
- Recertification under the CNS. For the third time, we were certified under the National Sustainability Code (Código Nacional de Sustentabilidad, CNS) in 2017 by Wines of Chile, demonstrating our spirit of excellence and commitment to best sustainable practices.









## GRI Indicators: 102-12, 102-13 Memberships and Allegiances

We are aware that working together is the key to success, not only for our organization, but also for the industry and the country. For this reason, we take part in a wide range of organizations:

Association, group or initiative	Description
Santiago Chamber of Commerce (Cámara de Comercio Santiago, CCS).	Nonprofit trade association bringing together large, medium and small companies representative of the most important economic sectors in the country.
Chilean Institute for Rational Company Administration (Instituto Chileno de Administración Racional de Empresas, ICARE).	Independent, nonprofit private corporation for trade and political interests, with an aim to promote business excellence in the country.
University of California, Davis (UC - Davis Chile).	US public university which runs in Chile the Center for Innovation in Life Sciences, with a focus on the country's agri-food sector.
Wines of Chile (WoC).	Nonprofit trade entity of private character which represents viticultural producers in Chile.
ACCIÓN Empresas.	Organization comprised of private and public sector companies, which promotes sustainable development in Chile and links various social agents through associative and collaborative projects, seminars, committees, thematic panels, meetings with experts, courses and conferences.
PrideConnection.	PrideConnection Chile is a network of companies which aims to promote inclusive work spaces for sexual diversity and to generate bridges to attract LGBT+ talent to a range of organizations.
UC Innovation Center Anacleto Angelini	Promotes multidisciplinary innovation initiatives through projects and high-impact entrepreneurial programs.



# Governance

# .05

#### GRI Indicators: 103-1, 103-2, 103-3, 102-42

At VSPT, we have an unwavering commitment to the principles of good governance, striving to make decisions in an ethical, honest and transparent way based on our values, on development, and on the needs of our strategic stakeholders.

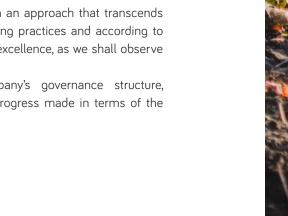
These interest groups are: clients, suppliers, associates, specialist opinion leaders (critics), press, authorities, investors and consumers. We also strive to form mutually beneficial relationships with communities, who we consider relevant players in the challenges faced by the industry and the countries where we operate:

As part of our Model and the 2019 – 2021 Sustainability Strategy, we have defined the following primary focuses of work for the Governance dimension:

Integrity	Ensure that our actions adhere to our internal policies and the law.
Transparency	Maintain a continuous dialogue with our stakeholders that ensures transparency in the way we conduct business.
Continuous improvement	Constantly raise our standards, allowing us to maximize results in terms of sustainability.

To achieve these goals, we operate with an approach that transcends regulatory compliance, in line with leading practices and according to our innovative spirit orientated towards excellence, as we shall observe throughout this report.

The following describes our Company's governance structure, and we will then go into detail about progress made in terms of the aforementioned primary focuses.







# 



2017-2018 SUSTAINABILITY REPORT

"At VSPT we have a strong commitment to the principles of good governance, seeking to make decisions in an ethical, integral and transparent way, based on our values, and on the development and the needs of our strategic stakeholders."

# GRI Indicators: 102-10, 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-26, 102-29, 405-1 OUR GOVERNANCE

# **Our Board**

The Company is administered by a Board of Directors comprised of seven members, who remain with their roles for a period of three years, with the possibility of reelection. It should be noted that there are no alternate directors.

In accordance with Law N° 18.046 concerning Chilean Corporations Law (Ley de S.A.), directors are chosen by the Shareholders' Committee, who must abide by the established legal requirements for these ends. The last VSPT Wine Group Board of Directors election was in April 2018.

Currently, the Chairman of the Board is Mr. Pablo Granifo Lavín, who does not hold an executive position at the Company.

NAME	PROFESSION	POSITION	SENIORITY IN OFFICE
Pablo Granifo Lavín	Commercial Engineer	Chairman of the Board	Director and Board Chairman: 6 years.
Carlos Molina Solís	Business Administration graduate	Vice-president of the Board	Director: 4 years. Vice-president of the Board: 3 years.
José Miguel Barros van Hövell tot Westerflier	Commercial Engineer	Director	3 years.
Patricio Jottar Nasrallah	Commercial Engineer	Director	20 years.
Carlos Mackenna Iñiguez	Civil Engineer	Director	7 years.
Francisco Pérez Mackenna	Commercial Engineer	Director	4 years.
Shuo Zhang*	Business Administrator	Director	1 year.

\*In 2018, Mr. Shuo Zhang joined the Board, a director of Chinese nationality who represents the Jiangsu Yanghe Distillery Co., a commercial partner who acquired 12.5% of VSPT shares through its Chilean subsidiary, Yanghe Chile SpA.

### **Diversity of Board Members**

	GENDER			TOTAL			
YEAR AGE RANGE	Men		Women		TOTAL		
	N/WOL	N°	%	N°	%	N°	%
	Under 30 years old	0	0	0	0	0	0
2017	Between 30 and 50 years old	0	0	0	0	0	0
	Over 50 years old	7	100	0	0	7	100
	Total	7	100	0	0	7	100
	Under 30 years old	0	0	0	0	0	0
2018	Between 30 and 50 years old	1	14	0	0	1	14
	Over 50 years old	6	86	0	0	6	86
	Total	7	100	0	0	7	100

The Board is responsible for managing the Company and looking out for the interests of the shareholders. This objective is pursued through ordinary and extraordinary meetings.

As the supreme body for Company administration, it examines and approves the Triennial Strategic Plans. In these plans, objectives are defined for these periods as well as the strategies to achieve them.

Part of the Board's role is to designate the position of CEO who, together with the Senior Management, is responsible for executing the Strategic Plan and running the Company according to the guidelines approved by the Board.

The Board of Directors evaluates economic, environmental and social issues, analyzing impact, risks and opportunities at least once per year, or more frequently as need be.

In compliance with what is stipulated in article 80 bis of the Chilean Corporations Law (Ley de S.A.), there is a Committee of Directors comprised of three members, one of whom is independent. The President and Independent Director is Mr. Carlos Mackenna Iñiguez. The directors Jottar Nasrallah and Francisco Pérez Mackenna comprise the remaining members.

According to the aforementioned Chilean Corporations Law (Ley de S.A.), the main roles of this committee are the following:

- Examine the reports made by the external audit company, balance sheets and other financial statements presented by administrators or liquidators of the Company, and make a statement about them prior to presentation to shareholders for their approval.
- 2) Propose names to the Board for external audits and private risk rating agencies, which will be suggested to the respective Shareholders' Committee.
- 3) Examine background information regarding operations with aspects relating to Title XVI of the aforementioned Chilean Corporations Law (Título XVI de la Ley de S.A.) and compile a report concerning these operations.
- Examine remuneration systems and compensation plans for managers, chief executives and Company associates.
- **5)** Prepare an annual management report, which includes their main recommendations for shareholders.
- 6) Inform the Board of the suitability of hiring, or not hiring, an external audit company to provide services which do not take part of the external audit. This should happen only if they are not prohibited from doing so, and in accordance with what is established in article 242 of Law N° 18.045, and with caution so that the nature of these services would not a risk of loss of independence.

#### 7) The remaining areas listed in the social statute.

In 2018, the Committee met on nine occasions, drafting minutes of each meeting. In performing their duties, the Committee met with Managers of Viña San Pedro de Tarapacá S.A. and its subsidiaries, external and internal auditors, among others, in order to address the relevant topics of each area, as well as others relating to Company management.

# GRI Indicator: 102-25 Conflicts of Interest

In order to control for the existence of any conflict of interest, our Company has a Code of Conduct for the Directorate that stipulates the principles, policies and best practices for corporate governance, and which guides the management and actions of directors. This code has a chapter which fully and comprehensively addresses what is understood by conflicts of interest.

We also have a Business Code of Conduct (Código de Conducta en los Negocios, CCN) that establishes guidelines for decision making among associates, and which covers topics such as Company principles and values, conflicts of interests, precision and confidentiality of information, handling of privileged information, relationships with interest groups, conduct and duties of the main executives, internal controls, fraud and dissemination of information to third parties, reporting of irregularities, anti-competitive practices and the environment.

In addition, we have an Information Management Manual for the market which guides the dissemination of information of interest, safeguards confidential information, and which establishes the standards for securities trading by directors, executives and related people, as stipulated by the Commission for the Financial Market (Comisión para el Mercado Financiero, CMF). We also have a Whistleblowing Channel, which can be accessed both by associates and people who are external to the Company via two mediums: the website, which allows people to register complaints or whistle-blow anonymously, confidentially and safely; or directly, if the complainant does not require confidentiality.

At our Company, we present a summary every half-year of all complaints received, along with analysis and action plans to be implemented by the Audit Committee, as well as each month through the Business Conduct Committee.

In the same vein, we have a Chief of Crime Prevention, who half-yearly presents the Board with the management Model of Crime Prevention (Modelo de Prevención de Delitos, MPD) adopted by the Company, in accordance with Law N°20.393 regarding Criminal Accountability of Legal Entities in crimes of Asset Laundering, Financing of Terrorism,

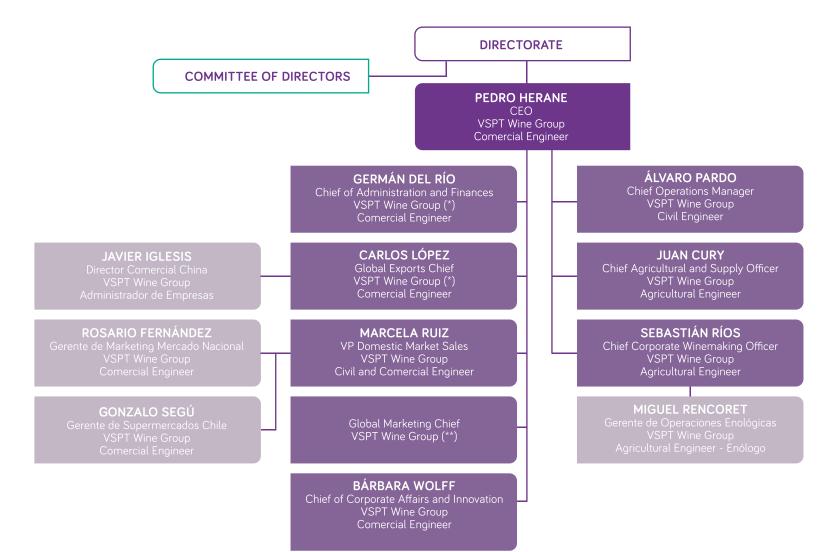
Bribery and Receiving. The MPD has all the elements in place to prevent such actions, and is certified each year by authorized companies. In this way, in 2018 we adhered to the monitoring and audit of the MPD, through dissemination activities to prevent, detect and respond to potential crimes.

It should be noted that, in the event of a conflict of interest, directors must step aside and refrain from participating in decision making, without casting their vote, and this is then put on record. Similarly, the Directorate Committee keeps track of transactions with related parties. This is also reported in financial statements published on the CMF and the webpage. Transactions are brought to attention and approved by the Board, with abstention in the case of the Director being the related party.

#### **Senior Administration**

At VSPT Wine Group we have eight front-line managers who report directly to the CEO: Administration and Finances; Operations; Agriculture and Supplies; Winemaking; Global Marketing; National Market; Global Exports; and Corporate Affairs and Innovation. Each has specific responsibilities in different areas, among them economic, environmental and/or social.

#### Organization chart for our Company



(\*) Mr. Carlos López D. relinquished his role on February 28th, 2019. The position was taken up by Mr. Germán del Río L., from March 1st, 2019. (\*\*) On January 21st, 2019, the Global Marketing Chief position was taken up by Mr. Rodrigo Romero, Commercial Engineer, replacing Ms. Pilar Moreno, who left the Company in August 2018.

# GRI Indicators: 102-20, 102-31, 102-32, 102-33. Sustainability Committee

The Sustainability Committee at VSPT Wine Group is responsible for managing and coordinating all issues relating to the sustainable development of our Company, progress made and measures relating to the Sustainability Strategy and Model, as well as sustainability reports.

The committee meets once every two months and involves participation from the Innovation and Sustainability Management team, Chief of Finance, Export Chief, Agricultural Chief, Operations Chief, Assistant Human Resources Manager and the Assistant Organizational Development Manager.

In the same vein, the Corporate Affairs and Innovation Management at our Company participates in committees with our parent company, CCU, regarding areas of sustainability. These include the Sustainability Committee and the Environment Committee, whereby topics of interest for the different business units also emerge under a common focus.

#### GRI Indicators: 103-1, 103-2, 103-3, 102-6, 102-7, 201-1 Economic Growth

The period reported was especially positive at an operational level. In productive terms, we initiated an important plan to quadruple our crushing capacity by 2025 in our Molina Plant, and we made progress in other projects which will undoubtedly lead to new standards of efficiency, excellence and productive response capacity.

Moreover, we made new investments in the agricultural area with an aim to strengthen our own supply. These involved purchasing two new estates: one in the Maule Region, Chile and one in Mendoza, Argentina. Both investments will allow us to ensure sustainable, responsible supply for our business. In particular, 2018 was a very good year for our domestic business, both in Chile and in Argentina. In Chile, we achieved an important growth of 11.3% in value, in a strongly competitive atmosphere. Our brand value, measured through the first preference indicator, reached record levels.

In the Premium sparkling wines category, led by our Brand Viñamar de Casablanca and the Misiones de Rengo proposals, we achieved a historical 25.2% market participation, improving our position in this segment.

In the domestic Argentinian business, in which we completed a second year since the launch of Finca La Celia along with our partner CCU Argentina, we greatly exceeded our own expectations with significant growth. In this context, the purchase agreement was recently announced for Bodega Graffigna from Pernod Ricard Argentina. Together with our partner CCU Argentina, the focus is to become an important player in the domestic Argentinian market.

If we look at the financial results, total revenue of VSPT Wine Group was USD 322 million, a figure that is 1% greater than last year.

The EBITDA was USD 48 million, which is 4% lower than in 2017, and profits were USD 114 million, which is 16% lower than the previous year. This is explained by the high costs of wine in the last two periods, and lower sales volumes in international business.

In addition, in 2018 we approved the new Strategic Plan which will guide our decisions over the next three years. It was formed with six major objectives: Our People, Our Brands, Our Growth, Our Future (Innovation), Our Efficiency and Our Planet.

# Main Financial Figures

Income Statement	2017 (Mill USD)	2018 (Mill USD)
Operating Revenue	315	322
Operating Profit	121	114
Administration and Sales Expenses	-83	-79
Operating Income (*)	38	35
Net Financial Expenses	-2	-3
Net income	27	23
Depreciation and Shareholders' equity and Minority Interest Amortization	12	12
EBITDA	49	48

(\*) Operational Result does not include other earnings (or losses)

(General) Balance Sheet	2017 (Mill USD)	2018 (Mill USD)
Current Assets	217	243
Fixed + Other Assets / Non-Current Assets	268	290
Total Assets	486	533
Current Liabilities	98	126
Non-current / Long-term liabilities	48	49
Equity and non-controlling interest	339	358
Total Liabilities and Shareholders' equity	486	533

### Economic Value Generated and Distributed

Economic Value Generated	2017 (Th USD)	2018 (Th USD)
Operating Revenue	315.102	322.082
Non-Operating Revenue	797	354
Other Revenue	1.394	3.392
Total Economic Value Generated (EVG)	489	508

Economic Value Distributed	2017 (Th USD)	2018 (Th USD)
Salaries and social benefits for workers	35.432	35.114
Other costs / Expenses of Operations	242.134	253.791
Taxes	8.203	8.321
Investments and support for the community	1	9
Environmental Investment/Expenses	1.139	1.208
Capital Providers	16.023	14.730
Total Economic Value Distributed (EVD)	302.933	313.174
Total Economic Value Retained (*)	14.360	12.654

(\*) The economic value retained corresponds to the following remainder: Total EVG – Total EVD.

#### GRI Indicators: 102-16, 102-17, 205-1, 205-2, 205-3, 406-1 Integrity

In this working focus of the Governance dimension, we strive to ensure that our actions comply with our internal policies and the law. In this context, as well as promoting strict adherence to all of our proceedings, standards and local regulations, we continuously aim to nurture a culture based on our values.

As well as the codes and manuals mentioned in the Conflicts of Interests section, among instruments for good governance is the Whistleblowing System. The following presents the figures relating to its management over the periods 2017 and 2018.

# / BSCI CODE FOR WORKING ETHICS

In 2013, VSPT Wine Group was audited under the BSCI (Business Social Compliance Initiative), a code for working ethics driven by the Nordic monopolies. On this occasion, the audit was approved with 100% compliance and without observations, demonstrating our good social practices. Currently, VSPT maintains strict adherence to the Code, and looks to continuously enhance our commitment in this area.

#### Whistleblowing Management / N° and State

	2017	2018
Not applicable	0	0
In the process of investigation	0	0
Resolved	0	2
Total	0	2

#### Whistleblowing Topic

	2017		2018	
	N°	%	N°	%
Conflict of interest and incompatible negotiation	0	0	0	0
Theft and Incorrect usage of assets	0	0	1	50
Questioning of purchasing or tendering processes	0	0	1	50
Violation of controls and breaching of proceedings	0	0	0	0
Topics relating to the occupational area	0	0	0	0
Total	0	0	2	100

It should be noted that for the periods covered in this report, there were no complaints of misconduct relating to issues of corruption or discrimination.

#### GRI Indicators: 103-1, 103-2, 103-3, 408-1, 409-1, 411-1, 412-1 Human Rights

Through the above-mentioned Whistleblowing System, we monitor situations relating to Human Rights. It should be noted that to this day we have not received complaints of misconduct in this subject, and along the same line, we have not registered any rights violations of indigenous people.

Thanks to our robust commitment to diversity, inclusion and working with communities, we should again emphasize our project with the Buchahueico mapuche community, which was carried out smoothly, constructively and achieved great results.

In the occupational area, we can confirm that there is no type of forced labor in VSPT processes, and in addition, we have eliminated all types of heavy work through the adoption of automated systems.

With regards to child labor, work at VSPT is prohibited for minors under 18 years old, in accordance with what is established in our Internal Guidelines for Order, Hygiene and Safety. Tasks that involve greater risks within our productive processes are carried out by qualified, trained personnel.

Since the safety of our associates is a priority for the Company, we have enhanced training for working teams time and time again through our leaders, aiming to cultivate the safety culture we promote.

It should be noted that in 2018, we formalized the Corporate Human Rights Policy which is governed from the CCU Corporation for all its business and subsidiary units, including VSPT Wine Group. This document establishes criteria and commitments to protect the fundamental rights of people, who should always be treated with dignity, equality and respect, including in the working environment.

#### GRI Indicators: 102-40, 102-42, 102-43, 102-44 **Transparency**

In this primary working focus, we strive to maintain a continuous dialogue with our interest groups. Therefore, we emphasize the role of transparency and proper accountability in our business.

The following lays out the main communication channels with our main interest groups:

• **Clients**: We maintain direct contact with our clients via satisfaction surveys, the Customer Care Service (Servicio de Atención al Cliente, SAC), social media, the b.b.bien program, product campaigns and through direct contact with our sales force associates. The main topics covered with this interest group correspond to product launches, satisfaction aspects, questions, complaints, training, among others.

• **Providers**: We carry out two annual meetings with grape and wine suppliers. In addition, our regional agronomists periodically support their work, as well as receive and communicating topics of interest directly. Regarding mass channels, these include: the website, complaints system, Sustainability Report, social networks, among others.

• **Collaborators**: We make contact with our collaborators through performance evaluations, the work climate, training programs, collective agreements, annual meetings, our complaints system, the b.smart program, intranet, webpage, social media, Sustainability Report, among others. The main topics addressed concern occupational health and safety, the Company's economic, social and environmental performance, professional development programs, training, among others.

• Specialized Opinion Leaders (critics): We communicate with this interest group through meetings, events, our Sustainability Report, working groups, press releases, website, social media, among others. We address diverse issues, such as initiatives, product launches, our economic, social and environmental performance, consumption and trends.

• **Press**: The main communication channels are: press releases, events, meetings, the Sustainability Report, Financial Reports, website and social media. We address topics such as the Company's economic, social and environmental performance, relevant projects and campaigns.

• Authorities: With this important interest group, we maintain continuous as well as circumstantial channels for dialogue to address topics of public policies, standards and initiatives and projects with social, environmental or productive impact, among others. With each of these areas, we abide by the regulatory framework which guides the processes and mechanisms of dialogue with authorities.

• **Investors**: We maintain contact through the Annual Report, the Sustainability Report, through the Investor Relations website portal and others channels. Mainly, we address the Company's economic, social and environmental performance, the regulatory frameworks and standards that affect the organization, corporate governance issues, among others.

• **Consumers**: We interact with consumers through satisfaction surveys, the Sustainability Report, social media, the official website, the b.b.bien program, among others. Topics addressed include complaints, questions and product launches.

• **Community:** On top of the diverse communication channels and platforms mentioned above (including our website, social media and the Sustainability Report), we carry out various activities with our communities throughout the years: bicycle rides, soccer training, among others. Our goal is to promote a healthy lifestyle, responsible alcohol consumption, as well as to spread our commitment with environmental and social development and care. We strive to encourage robust economic development opportunities for communities, a goal that requires an intense, productive dialogue, as demonstrated with the Buchahueico project.

# *GRI indicators: 103-1, 103-2, 103-3, 416-1* **Continuous Improvement**

As we have stated earlier, we operate with an approach that transcends regulatory compliance, in line with the best practices, and according to our innovative spirit orientated towards excellence. Part of these achievements is expressed through the adoption of internationallyrecognized standards and certifications.

Within this primary working focus, it should be noted that all the group's plants are certified under BRC v7 (Molina - Isla de Maipo) and NCh 2861 (Bodega Cachapoal-Andes) standards. BRC is the Global Standard for Food Safety, which establishes requirements to produce safe products and for product quality control. Its objective is to define criteria for safety, quality and functioning that the company must follow in order to adhere to consumer legislation and protection, based on the HACCP (Hazard Analysis and Critical Control Point) System, which is supported by a quality management system.

The scope of the certification is from the reception of the grapes until dispatch of the finished product (from the plant). Therefore, we can confirm 100% of our products are created aligned with these systems.

Meanwhile, at Finca La Celia (Mendoza, Argentina) we have the Fair Trade certification for all wines produced using grapes originating from our vineyard located in the Uco Valley. The main purpose of this standard is to support the socioeconomic development of the community where the Company is inserted. The key role of this standard is to aim to ensure fair working conditions for employees, take care of the environment, and support social development projects; via managing a premium on sales of wines that have this seal.

In the case of the ISO 9001 certification, it establishes criteria for a quality management system, and it is the only standard from the 9000 family which can be certified (though this is not a requirement). It can be used by any organization, large or small, independent of its business field. It has been implemented by over a million companies and organizations in over 170 countries.

Meanwhile, the Environmental Management (ISO 14001) certification aims to support the implementation of an environmental management plan for any organization from the public or private sector. As well as the ISO 9001 Quality Standard, the ISO 14001 was created by the International Organization for Standardization (ISO) as an international network of national standards which works in partnership with governments, the industry and consumer representatives.

With regards to the OHSAS 18001, this is a tool to manage aspects of Occupational Health and Safety: The accident rate and occupational illnesses, loss of working days, work absenteeism, sanctions and health care and compensation costs for associates. Its implementation, therefore, looks to ensure the safety of workers, improve their working environment and conditions, decrease absenteeism and increase productivity as a result.

# / THE NATIONAL SUSTAINABILITY CODE FROM WINES OF CHILE

This standard, which is voluntary in nature, measures sustainable practices in three areas: the vineyard, wine-making operations, and social aspects relating to collaborators, communities and suppliers.

#### **Current Certifications at VSPT Wine Group**

Standard	MOLINA	ISLA DE MAIPO	GRANDES VINOS	LA CELIA
ISO 9001	~			$\checkmark$
ISO 14001	<ul> <li></li> </ul>	✓		~
OSHAS 18000	~	<ul> <li>✓</li> </ul>		<ul> <li></li> </ul>
BRC	~	✓		~
НАССР			~	
Fair Trade				~
Organic Certification		✓		
National Sustainability Code		All the winer	ries in Chile	

#### GRI Indicators: 103-1, 103-2, 103-3, 102-11, 102-15, 102-30 **Risk Management**

At VSPT, we have a formal Risk Management and Control process, and its guiding principles are the risk management policies approved by the Board. This process is called ARE (Strategic Risk Administration, Administración de Riesgos Estratégicos) and forms part of the Directive Processes, being an effective tool to apply the precautionary principle.

The Risk Administration process is based on COSO, a standard based on a Risk Control analysis featuring elements to address Strategic, Operational, Financial Report and Compliance Risks. The aim is to ensure the pursuit of Company objectives, according to their risk propensity.

The execution and supervision of ARE correspond to the Senior Management. It aims to identify Strategic Risks, prioritize according to the damage (impact) that they could cause, and how exposed we are to them taking place (vulnerability). Using this analysis, the respective Mitigation Plan can be determined.

The Risk Management unit or equivalent is responsible for detecting, quantifying, monitoring and communicating risks. This unit belongs to the Corporate Controllership Management, which supervises risk management and reports to the Directors.

Moreover, we have an internal audit unit which supervises risk management and is responsible for verifying effectiveness and adherence to the policies, proceedings, controls and codes. It presents the annual audit plan to the Committee of Directors, in accordance with Law N° 18.046.

Within the risk quantification, monitoring and communication process, both direct risks of the entity are considered, as well as indirect risks that can arise from the other companies of the business group which the entity belongs to.

The Board of Directors has ultimate responsibility in evaluating the effectiveness of the organization's risk management process in economic, environmental and social terms. Moreover, it has delegated within the administration the continual development, monitoring and implementation of these issues.

The following are the risks identified by our Company in the abovementioned analysis:

## Identified risks - VSPT Wine Group

Risks associated with Chile.	The economic conditions faced by the country can negatively impact the financial position and operational results.
Risks associated with the exchange range.	A large part of our sales is indexed to foreign currency (US dollars, Canadian dollars, Euros and Pounds Sterling), and for this, we are exposed to risks from the exchange rate which could negatively affect the financial position and operating profit of the winery.
Risks associated with export sales.	The export market is strongly linked to the fluctuations of the different economies around the world. This could impact in a decrease in wine dispatches to one country in particular.
Risks associated with Argentina.	The group carries out operations in Argentina, and its economic conditions could affect results.
Risks associated with changes in tax laws in Chile and/or Argentina.	Changing tax laws could result in an increase in the prices of products and/or a loss of profitability.
Risks associated with changes in specific or similar taxes can affect sales and profitability.	An increase in specific or other taxes could negatively affect sales and profitability in Chile or in in international markets where the winery is present.
Risks associated with regulatory changes in the labor markets of the countries where VSPT operates.	In August 2016, the Chilean government approved a Labor Reform (Ley N° 20.940). This law came into effect in April 2017 and created a more rigid labor market. In Argentina, high levels of inflation and trade union pressure can affect salary expenses of operations.
Risks associated with prime material can negatively impact profitability.	VSPT buys grapes and wine as its main input. The prices of these products are influenced by the volatility of market conditions, which have seen significant fluctuations over time, and are also determined by global supply and demand, along with other factors such as harvest volumes in Chile.
Risks associated with the supply chain, production and logistics.	An interruption or a significant failure in this chain could negatively affect the Company results if the failure is not swiftly resolved.
Risks associated with dependence on importers and distributers.	There is dependence on importers and distributers in the export markets, whereby all sales occur through local partners.
Risks associated with competition in the Chilean market.	The Chilean wine market has been fairly competitive in recent years, and in addition, many small and medium sized companies would like to position themselves in the market. For this reason, it cannot be guaranteed that a greater level of competition will not have a negative effect on profits.

Risks associated with the supermarket industry in Chile.	The supermarket industry in Chile is consolidated, which increases the importance and purchasing power of a few supermarket chains.				
Risks associated with our information systems.	There is increasing dependency on the networks and technology of information systems- including the internet- to process, transmit, and store digital information.				
Risks associated with earthquakes.	An earthquake can generate a loss of wine, which would directly affect the cost of wine.				
Risks associated with climatic factors.	Droughts, frosts, hail, pests, rains and fungi can occur. These factors can potentially damage grape production and generate lower yields per hectare, which would finally result in a decreased availability of grapes and wine.				
Risks associated with water supplies.	A failure in water supply or contamination of water sources could negatively affect sales and profitability.				
Risks associated with regulations concerning the labelling and advertising of alcoholic drinks in Chile.	Currently, a bill is being discussed which would modify law N° 18.455, establishing standards for the production, processing and commercialization of ethyl alcohols, alcoholic drinks and vinegars.				
Risks associated with new environmental regulations.	The Company operations are subject to environmental regulations in Chile and in Argentina. This regulation addresses, among other things, emissions, noise, the disposal of solid and liquid waste, as well as other activities inherent to the wine industry.				
Risks associated with the capacity for financing.	A global liquidity crisis or an increase in interest rates could eventually limit the capacity of achieving the necessary liquidity to fulfill VSPT obligations.				

#### GRI Indicator: 201-2

## / EFFECTS OF CLIMATE CHANGE

With regards to the risks and opportunities associated with climate change, the loss of vitis vinifera grapes and the decrease in water for irrigation could potentially generate losses in agricultural operations, as well as a loss of quality and/or productivity of a given operation. This could mean, as a consequence, a total or partial loss of agricultural productivity.

Nevertheless, we have the opportunity to diversify our productive zones, which would increase the surface area destined for our operations. It would therefore reduce the risk associated with viticultural losses, and mitigate a potential negative impact in agricultural profitability.

### GRI Indicators: 103-1, 103-2, 103-3, 206-1 Free Competition

In accordance with what is established in our Business Code of Conduct and the corporate guidelines specific to this issue, we have a strong commitment towards free competition.

In this way, loyalty is the distinctive element in each and every commercial action taken by each member of our organization. For this reason, we are determined to:

- Compete fairly and vigorously.
- Treat all clients and providers in an honest, objective and fair way.
- Not approach issues regarding pricing with competitors or clients in violation of the laws prohibiting them.
- Avoid any kind of practice or program that could be considered unfair or deceitful, and always present the Company products and services in an honest and unequivocal way.
- Not criticize a product or competitor without an objective basis.
- Have a special focus on the adherence to the general terms and conditions of the commercial policies and all the standards for free competition.

With regards to periodic monitoring in this field, we can confirm that, in 2018, no legal actions were taken against our Company regarding violations of the applicable law against free competition and antitrust legislation.

Management of free competition issues has been delivered through training, with an e-learning tool made available to managers and assistant managers.







# Our People

# .06

#### Indicators GRI: 103-1, 103-2, 103-3.

**In this dimension**, we have set the goal of positioning our people who participate in our production process at the center of the business management. They are part of our real competitive advantage, promoting their own integral development, well-being and a quality work life.

With this objective as our starting point, we have developed the following work priority focuses:





To keep people right at the center of our competitive reality, with a good environment management.



Training

To contribute to the integral development of our collaborators, providing the necessary tools for their formation.



Performance management

To promote an excellence performance, empowering our collaborators with our corporate competences and values, though a thorough and quality feedback.



# Occupational health and safety culture

To encourage a safe workplace environment and to create selfcare awareness.



Working relationship

To provide prompt and efficient answers to collaborators' concerns.



Responsible consumption

To promote a responsible wine consumption.



# Community development

To promote community development in the areas where our operation is based.

#### Indicators GRI: 103-1, 103-2, 103-3 Organizational culture

At VSPT Wine Group, we have a commitment that guides our actions in this matter: We respect and honor our people and our land. We extend the values that are part of our corporate culture with our work that also intend to affect communities in a positive way.

This work is based on the definitions of our cultural management program of human capital -called SER- containing values and competencies that should guide the daily work of our collaborators, in order to achieve an excellent performance, in an environment of respect, enthusiasm and innovation spirit.

VSPT Wine Group's SER is a permanent attitude we promote with personnel management key tools, performance assessment, "Lider. ser" leadership program, educational programs, "Te.valora" recognition system and proper specialized training for our human capital, such as wine fairs and "b.smart" program.

In this sense, during the period covered by this report, we organized different activities to promote corporate values in both Chile and Argentina, as well as coordinating the SER route, to visit the most distant facilities and to run innovation workshops.

"At VSPT we respect our people and our land, and we honor it."

#### Indicators GRI: 102-7, 102-8 **Our Workforce**

The total 2018 workforce for VSPT Chile was 1,742 collaborators, 6% more than in 2017, when the workforce was 1,642 (fixed and indefinite term contract).

In the case of VSPT Argentina, 2018 workforce reached 99 collaborators and in 2017 we had 101. Overall, our workforce grew by 5.6%, reaching 1,841 collaborators in 2018.

In VSPT Chile, for 2018, collaborators with indefinite term agreements represented 65% of the total workforce, while in VSPT Argentina, they represented 95%.

Regarding female workforce at VSPT Chile, it increased by 16% in 2018 compared to 2017, and 11% at VSPT Argentina. Overall, it maintained the same percentage of growth as VSPT Chile.

99% of the total VSPT workforce (VSPT Chile and VSPT Argentina) has a full-time contract.

On the other hand, VSPT Chile has 368 collaborators belonging to contracted parties and 97 trainees. At VSPT Argentina there are no collaborators from contracted parties or trainees.

In 2018, considering Chile and Argentina total workforce, 45% of collaborators are based in Chile's 7th Region, followed by the Metropolitan Region, which concentrates 34% of employees. In 2017, the 7th Region also concentrated most of our labor force, 43%, and again followed by the Metropolitan Region, with 36%.

In the following chart, we show our workforce breakdown by type of contract and gender. The complete workforce breakdowns can be found in the Annexes section of this report.

			2016			2017			2018	
		Men	Women	Total	Men	Women	Total	Men	Women	Total
	Indefinite term contract	817	319	1.136	825	331	1.156	796	332	1.128
VSPT	Fixed term contract	337	106	443	362	124	486	403	211	614
CHILE	Subtotal Chile	1,154	425	1,579	1,187	455	1,642	1,199	543	1,742
	Outsourced	342	80	422	357	58	415	317	51	368
	Total Chile	1,496	505	2,001	1,544	513	2,057	1,516	594	2,110
	Fixed term contract	0	0	0	79	17	96	77	17	94
	Indefinite term	82	17	99	4	1	5	2	3	5
VSPT	contract									
ARGENTINA	Subtotal Argentina	82	17	99	83	18	101	79	20	99
	Outsourced	0	0	0	0	0	0	0	0	0
	Total Argentina	82	17	99	83	18	101	79	20	99
Total VSPT Wine Group		1,578	522	2,100	1,627	531	2,158	1,595	614	2,209

#### Workforce breakdown by type of contract and gender

#### Indicators GRI: 103-1, 103-2, 103-3, 405-1 Inclusivity, equal opportunities, gender equality

At VSPT we are concerned that all processes are transparent and in accordance with current legislation and with our values. We strongly reject any discrimination because of race, color, sex, age, marital status, union membership, religion, political affiliation, nationality, and national or social origin, intending to cancel or modify equal opportunities and treatment at work.

Regarding these matters, we are ruled in accordance with legislation established in the Labor Code and in accordance with the criteria set out in the Corporate Policy on Human Rights of our parent company (CCU), which has applicability in all Company's business units and subsidiaries.

Moreover, we are working with external consultants in order to raise awareness in our leaders regarding labor inclusion and we have set ourselves the short-term goal of developing an Inclusion Policy.

It should be pointed out that VSPT Wine Group is one of the few companies in Chile that is part of PrideConnection (https://www. iguales.cl), an organization belonging to Fundación Iguales that seeks to promote inclusive job opportunities for sexual diversity. We are currently working on a training process so that we can implement our own internal inclusion and diversity program.

We are also working on the inclusion of migrants, making sure all legal aspects are complied with. We make sure migrants who apply to VSPT have their legal documentation and comply with all obligations, in order to have work opportunities and be able to work without inconveniences.

In Chile, at the end of 2018, we had 27 migrants: 4 from Argentina, 1 from Colombia, 1 from the Dominican Republic, 1 from France, 5 from Haiti and 15 from Venezuela.

"At VSPT we are concerned that all processes are transparent and in accordance with current legislation and with our values."

# **Diversity Indicators**

Workforce breakdown by position and gender - VSPT Chile and Argentina

	GENDER				POSI	TIONS		
YEARS			Managers	Deputy Manager	Professional and technical staff	Employees and operational staff	Seasonal worker	Total
	Men	N°	12	26	252	527	419	1.236
	Men	%	80	70	66	75	77	74
2016	Manaan	N°	3	11	132	173	123	442
2016	16 Women	%	20	30	34	25	23	26
	<b>T</b> . 1	N°	15	37	384	700	542	1,678
	Total	%	1	2	23	42	32	100
	Man	N°	12	34	270	588	366	1.270
	Men	%	80	76	62	78	75	73
2017		N°	3	11	164	170	125	473
2017	Women	%	20	24	38	22	25	27
	Tatal	N°	15	45	434	758	491	1,743
	Total	%	1	3	25	43	28	100
		N°	10	38	253	572	405	1.278
	Men	%	77	70	60	78	65	69
2010		N°	3	16	166	164	214	563
2018	Women	%	23	30	40	22	35	31
	Tatal	N°	13	54	419	736	619	1,841
	Total	%	1	3	23	40	33	100

Note: Reported percentages represent women and men distribution in each position.

# Workforce breakdown by age group and position - VSPT Chile and Argentina

		Position							
Year	Age	Managers	Assistant Manager	Professionals and Technicians	Employees and operational staff	Seasonal Worker	Total		
	Younger than 30	0	0	126	211	115	452		
2016	Between 30 and 50	10	29	215	268	231	753		
2016	Older than 50	5	8	43	221	196	473		
	Total	15	37	384	700	542	1,678		
	Younger than 30	0	0	154	212	96	462		
2017	Between 30 and 50	10	37	235	307	194	783		
2017	Older than 50	5	8	45	239	201	498		
	Total	15	45	434	758	491	1,743		
	Younger than 30	0	2	142	238	172	554		
2018	Between 30 and 50	9	46	235	315	219	824		
	Older than 50	4	6	42	183	228	463		
	Total	13	54	419	736	619	1,841		

#### Indicators GRI: 103-1, 103-2, 103-3, 102-35, 102-36, 102-37, 202-1, 405-2 Salaries and pay equity

Pay equity is managed in levels through pay bands, considering job position classification and responsibility level, according to Mercer job evaluation. This methodology only assesses job positions and does not consider the worker who will do the job, focused mainly on three principles: Internal equity, competitiveness and effectiveness. Wages are set according to positions and they are updated every six months, according to the variation of the Consumer Price Index (CPI). Therefore, we make no distinction of any kind with respect to foreigners, gender, national origin, nationality, among other aspects of diversity.

The company's policy is to have a competitive Salary Scale that ranges between 80% and 120% of market average defined for each position. Real remuneration adjustments are granted in accordance with the annual score obtained in the performance assessment. The formal complaint mechanism in these matters is through collaborators' direct heads, who must ensure internal equity of work teams.

In the last period, regarding wage differences according to local minimum, Chile is above 20% and Argentina above 80%. Here below we present detailed figures. It should be noted that data related to wage gaps by position and gender can be found in the Annexes to this report.

#### Minimum Local Wage Ratio by Gender at VSPT Chile

Year	Minimum local wasa	Company's m	inimum wage	Ratio		
	Minimum local wage	Men	Women	Men	Women	
2016	257.500	294.434	290.272	1,14	1,13	
2017	270.000	337.552	331.460	1,25	1,23	
2018	288.000	371.664	365.805	1,29	1,27	

#### Minimum Local Wage Ratio by Gender at VSPT Argentina

Year		Company's m	inimum wage	Ratio		
	Minimum local wage	Men	Women	Men	Women	
2016	6.810	11.300	9.800	1,66	1,44	
2017	8.860	12.900	14.800	1,46	1,67	
2018	11.300	20.900	21.500	1,85	1,90	

Note: Wages reported in Argentinean pesos.

## *GRI indicator: 401-2* **Benefits and Quality of Life**

At VSPT, we have different benefits to contribute to the welfare of our temporary and full-time employees. We understand that part of our

employees' well-being is to have a balance in the quality of their work, personal and family life. In the following, charts you will find a list of the benefits we offer:

BENEFITS	DESCRIPTION					
Life insurance	100% company cost, capital insured is equivalent to compensation for years of service.					
Supplementary Medical Insurance	Shared cost of total premium value (50% collaborator) with medical and dental coverage for the collaborator and family.					
3-day sick leave	The employer pays the first three days of sick leave (not covered by the health plan).					
Independence day allowance	Gross amount in cash (annual).					
Christmas allowance	Gross amount in cash (annual).					
Holiday allowance	Gross amount in cash (annual).					
Education bonus	Gross amount in cash for employees or beneficiaries who are in nursery, primary or secondary school or first degree (annual).					
Holiday Loan	12 month loan with no readjustment or interests.					
Allowance for getting married	Gross amount in cash with corresponding certificate.					
Birth allowance	Gross amount in cash with corresponding certificate.					
Bereavement Pay	Gross amount in cash for employee, parents or children's death, with corresponding certificate.					
Product allowance	Company products delivered 3 times per year.					
Work clothes	Twice a year (Winter and summer).					
2 days off in July	Only for mothers with children up to 12 years old (school winter break).					
Meals	Restaurant voucher, allowance or lunch room (according to each area).					
Company loan	Subject to revision and evaluation, with no readjustment or interests.					
Solidarity support procedure	Cases where employees have high-cost health debts are evaluated. As the case may be, a single contribution in cash or a loan in instalments may be granted, without readjustments or interest.					
Scholarship	Funding for technical or university studies for our employees up to a set amount.					
Christmas card	Supermarket gif voucher.					
Christmas party	Recreational day for employees and the family group. Gifts for 12 year old children or younger.					
Father´s/mother's day	Gift for employees.					
Birthday	Birthday gift.					

# VSPT Chile Benefits to employees with indefinite contract 2017 - 2018

Regarding Paternity leave, we apply the 5-day legal period.

For collaborators with a fixed-term contract, benefits of work clothing and meals apply. For seasonal workers, the work clothes benefit is available. There are some exclusive benefits for unionized workers. For example car loan, catastrophic health insurance, car wear allowance, among others.

#### VSPT Argentina Benefits to employees with indefinite contract 2017 - 2018

BENEFITS	DESCRIPTION			
Salary advance	The company grants salary advances.			
Employee's loan	Soft loan with no interests.			
Employees sales	Purchase of products at discounted prices.			
Medical Assistance	Nurse assistance at a medical center once a week and home medical assistance.			
Preventing medical testing	Every year for all employees.			
Nursery	Nursery school available for children up to 4 years old, within the premises of the production plant.			
Christmas party	For the whole family group.			
End-of- the-harvest event	Lunch for all the collaborators.			
Work clothes	Work clothes delivered every year.			
Snacks	Snacks available daily.			
Birthday	Birthday gifts.			
Children's day	Gifts for 12 year old children or younger.			
Father's day	Gift for employees.			
Worker day	Gift for employees (wine).			
Wine day	Gift for employees (wine).			
Toys for Christmas	Gifts for 12 year old children or younger.			
Christmas box	Groceries with 15 Christmas products.			

Seasonal workers and/or with a fixed-term contract have benefits for birthdays and Christmas and receive wine as a gift, among other benefits.

#### Indicator GRI: 401-3 Parental Leave

In the following chart, figures related to employees with parental leave are shown.

### Employees with parental leave

Gender		VSPT Chile		VSPT Argentina			
Gender	2016	2017	2018	2016	2017	2018	
Men	39	28	26	3	7	4	
Women	13	20	17	0	1	2	
Total	52	48	43	3	8	6	

Note: Parental leave considers legal period of 5 days in the case of the father and postnatal leave in the case of mothers.

An important remark is that every employee with parental leave in 2016 and 2017, kept their positions for at least 12 month after coming back to work.

#### GRI indicator: 403-6 Quality of life

During 2017 and in order to improve collaborators' quality of life, together with the Chilean Security Association (Asociación Chilena de Seguridad, ACHS), the "For a Good Work" Program was launched, aimed at setting up concrete and systematic actions to promote healthy lifestyles among employees, with a long-term view.

In March 2017, a Central Committee was created with employees from different areas and conducted a diagnosis with a Healthy Habits Survey. The results allowed us to define four dimensions where focus our work: prevention and self-care, healthy eating, physical activity, balancing work and family life and spare time. The first activities by dimension were carried out during the second half of 2017, where collaborators participated in health programs, received healthy snacks, nutritionist, activities of family-work integration, healthy cooking for children, among others. These activities were also carried out during the second semester of 2018, since, during this year, we continued working on all four dimensions previously set up.

Moreover, in August 2018, a Pilot Program started in Isla de Maipo with four stages: Awareness, Diagnosis, Action Plan and Intervention, with the objective of knowing more in depth, issues related to collaborators' quality of life and healthy habits. The Program had the methodological counselling of the Chilean Security Association (ACHS) and it will be implemented progressively at all main VSPT facilities.

On the other hand, also in the health area, VSPT signed an agreement with the Health Departments of Molina and Isla de Maipo Municipalities, for several free preventive campaigns for collaborators, such as vaccination, cardiovascular prevention testing, mammograms, etc.

### / VSPT WINE GROUP IMPLEMENTS HEALTHY EATING IN STAFF CAFETERIAS

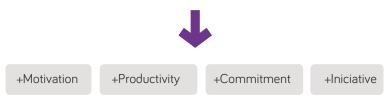
We developed a "Healthier Option" initiative at the staff cafeterias of VSPT Wine Group Plants in Molina and Isla de Maipo. This project consists of identifying with a bright orange stamp, the most balanced menu option regarding to nutrients. This way, employees know in advance what is the most balanced dish suggested by an Aramark nutritionist for a healthy diet.

In addition, in the desserts area, all products will have a traffic light, indicating if it can be consumed: occasionally, in moderation or regularly. Regarding beverages, we added water with fruits or herbs to have a healthier option to drink with meals.

## *GRI indicators: 103-1, 103-2, 103-3* **Organizational climate**

Understanding the relevance of organizational climate, this year we incorporated a new climate study model based on engagement. This new approach will allow us to deeply understand commitment and motivation levels of VSPT Wine Group employees, as well as the energy they put to the work every day and their challenges and how they face them.





#### Aspects evaluated in the Global Climate Indicator

#### Organization's satisfaction

- I am satisfied with working in the organization.
- I like working in this company.

#### **Organization's Image**

- I feel proud to belong to this organization.
- I feel I am part of this organization.

#### Engagement

- When at work, I feel excited.
- When at work, my energy levels are high.

#### Intention of permanence

- If it were up to me, I would work in this organization for much longer.

Considerations of this new model:

- It is highly validated and reliable since it is consistent with the theoretical climate model and the instrument designed.
- Results are not comparable with the previous year, because they are two different instruments.
- A new Global Climate Indicator (GCI) has been defined with the four concepts assessed in the survey.

The organizational climate survey was conducted in August and answers were voluntary, anonymous and confidential, both in Chile and in Argentina.

In 2018, our Global Climate Indicator reached 78%, with 88% of answer rate. Results are not comparable with 2017 due to methodology modification mentioned before.

#### Results of the Global Climate Survey



#### *GRI indicators: 103-1, 103-2, 103-3, 401-1* **Talent attraction and training**

#### **Quality Employment**

At VSPT, we are committed to contributing to the creation of quality jobs, focusing our search on what we need, strategic business focal points and corporate values. We believe people are our main asset; therefore, we aspire to create long-term relationships with all our collaborators and to provide the best conditions of climate and work development for them, according to our organizational culture.

The following charts show the total number and the rate of new employees hired with an indefinite contract during 2017 and 2018, as well as the staff turnover during the same period. Tables with detailed figures related to expenditures and temporary collaborators can be found in the Annexes section.

#### New employees hired by gender and age

			VSPT CHILE		VSPT ARGENTINA			
YEAR	AGE	Men	Women	Total	Men	Women	Total	
	Younger than 30	91	52	143	0	0	0	
2016	Between 30 and 50	103	46	149	0	0	0	
2016	Older than 50	9	1	10	0	0	0	
	Total	203	99	302	0	0	0	
	Younger than 30	77	45	122	2	1	3	
2017	Between 30 and 50	66	38	104	0	1	1	
2017	Older than 50	4	4	8	0	0	0	
	Total	147	87	234	2	2	4	
	Younger than 30	100	92	192	1	2	3	
2010	Between 30 and 50	66	43	109	2	1	3	
2018	Older than 50	6	3	9	0	0	0	
	Total	172	138	310	3	3	6	

### 74 sustainable winegrowing

#### Rates of new employees hired by gender and age

			VSPT CHILE		V	SPT ARGENTINA	N
YEAR	AGE	Men	Women	Total	Hombres	Men	Women
	Younger than 30	37,6%	55,3%	42,4%	0%	0%	0%
2016	Between 30 and 50	27,5%	31,5%	28,5%	0%	0%	0%
2016	Older than 50	4,5%	1,3%	3,6%	0%	0%	0%
	Total	24,8%	31,0%	26,6%	0%	0%	0%
	Younger than 30	32,0%	46,4%	33,3%	8,7%	20,0%	10,3%
2017	Between 30 and 50	17,0%	24,4%	17,7%	0,0%	12,5%	2,1%
2017	Older than 50	2,0%	5,1%	2,7%	0,0%	0,0%	0,0%
	Total	17,8%	26,3%	18,7%	2,5%	11,8%	4,0%
	Younger than 30	40,3%	88,5%	50,3%	4,3%	40,0%	9,7%
2019	Between 30 and 50	16,8%	26,2%	18,0%	5,7%	12,5%	6,1%
2018	Older than 50	3,9%	4,7%	3,8%	0,0%	0,0%	0,0%
	Total	21,6%	41,6%	25,4%	3,9%	17,6%	6,1%

#### Staff turnover by gender and age

			VSPT CHILE		V	SPT ARGENTINA	
YEAR	AGE	Men	Women	Total	Men	Women	Total
	Younger than 30	14,9%	42,6%	22,6%	0,0%	0,0%	0,0%
2016	Between 30 and 50	8,3%	32,9%	15,1%	0,0%	0,0%	0,0%
2016	Older than 50	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Total	8,2%	27,6%	13,6%	0,0%	0,0%	0,0%
	Younger than 30	16,6%	45,4%	23,0%	8,7%	0,0%	6,9%
2017	Between 30 and 50	8,8%	10,3%	8,5%	5,6%	25,0%	8,5%
2017	Older than 50	3,1%	2,5%	2,7%	5,0%	0,0%	4,0%
	Total	9,7%	18,7%	11,3%	6,3%	11,8%	6,9%
	Younger than 30	29,0%	30,8%	27,2%	0,0%	0,0%	0,0%
2018	Between 30 and 50	12,2%	6,7%	9,8%	17,1%	12,5%	14,3%
2018	Older than 50	9,7%	0,0%	6,4%	0,0%	0,0%	0,0%
	Total	17,0%	13,0%	14,6%	7,8%	5,9%	7,1%

#### GRI indicators: 103-1, 103-2, 103-3, 404-1, 404-2 Training

The objective of the training area is to create added value to the business and the achievement of strategic guidelines, through collaborators' training and skill development.

Our objectives and goals are focused on:

- Implementation of the Training Plan.
- Design Corporate Programs tailored to the needs of each management.
- Manage and make the best use of training budget.
- Have the best strategic training partners working for VSPT (Technical Training Organizations).
- Develop teams and leaders to achieve the company's strategic objectives.

The training process begins with the Training Needs Detection (Detección de Necesidades de Capacitación DNC), during the first quarter of the year. Interviews are conducted with each area management, submanagement and heads, covering different issues from management strategic guidelines to specific instances according to detected gaps, or to strengthen potential identified. All these needs are gathered in the Annual Training Plan, where corporate and plant programs, group activities and specific actions are defined. Subsequently, they are assessed and included in the budget for their correct implementation along the year.

In addition, the Organizational Development area works on developing the necessary competencies collaborators need for the organization, relevant training programs, tailored to the needs of each team, always oriented to the company's strategic objectives. That is why the Training area hires, through the best universities, institutes and consultants in the country, specialists and academics to train our teams.

It is worth mentioning that we have a Training Centre at VSPT Molina Plant as well as the Isla de Maipo Training Centre.

Collaborators can make queries, suggestions or formal complaints regarding these matters through a Service Survey, which is applied once a year and assesses the perception of our internal clients regarding training. In addition, we have reaction surveys applied at the end of each internal activity. During the reporting period, we developed different training activities, which included workshops, internal specialization courses, induction of different topics and training programs for collaborators of all VSPT Wine Group managements.

For 2018 in particular, 97% of people belonging to our organization with an indefinite term contract were trained. Total educational hours implemented were approximately 35,000 chronological hours.

Here below, we describe the main cross-curricular training programs:

- Maintenance Operator Program: This program certifies our operators as maintainers of their own machinery. It covers Operations, Oenological Operations and Agricultural areas.
- Excel Program: This program's focus is to give access to Microsoft Excel learning programs to all collaborators. For this purpose, "mobile classroom buses" were provided, equipped with computer rooms at both Molina and Isla Maipo facilities, which allowed certification in Digital Literacy and Basic, intermediate, and Advanced Excel.
- We.are Program: Corporate English program for the entire organization. The "We Are" initial stage consists of a complete diagnosis to all collaborators who must use the English language in their daily functions (on either regular or sporadic basis). Based on the diagnosis results, participants were singled out to attend group face-to-face classes during the year.
- Líder.ser Program: Leadership program under the Cultural Model "Ser". It is addressed to all organization's leaders, both formal (Executive positions), and informal (employees without a leadership position, but with direct impact on work teams, example: TPM facilitator), providing concepts and basic tools to become an example "leader.be." Each person attended to one of the eight-hour face-to-face workshops, conducted in most facilities, including Argentina.

- Agricultural Extension School: This internal training program was taught for the first time and it was addressed to the entire Agricultural area of the Company, where 90% of the courses taught were created internally and conducted by the different organization's experts. The program's coverage was 100% attendance of agricultural collaborators (198 people) including Assistant Managers, Supervisors and Operators, who are part of the different vineyard properties located in Valparaíso, Metropolitan, O'Higgins and Maule Regions. This school includes a training program including 15 courses to be taught in two weeks, highlighting specific topics of the area, such as "Calibration of Pickers", "Tractor driver", "Sprayer Calibration and Sustainability", "Technical Irrigation", "Prevention of Agricultural Risks" among others.
- TPM "Total Productive Management" Program: It gathered all the Operative Areas to strengthen the key TPM cornerstones and deepen collaborative work in every team.
- Good Manufacturing Practices Program (BPM -Buenas Prácticas de Manufactura): Training program that brought together all Operative Areas to strengthen good food manufacturing practices and deepen the safe and high quality work in each team.
- E-Learning Sustainability Program: First digital training program that gathered all VSPT areas to strengthen and deepen the sustainability management model, the 2019-2021 strategy, the sustainability policy, and every team commitment with business sustainability.
- Training for Trainers Program: Training for collaborators who are considered specialists in their areas, in order to prepare them to strengthen their role as knowledge facilitators. The 24-hour program focused on content design, exhibition and teaching.
- Working Competency Certification Program: Scholarship program that -thanks to 8 continuous hours of observation- grated certifications of proficiency profiles in Packaging, Laboratory and Oenology areas of Isla de Maipo and Molina premises. This certification was granted through Chile Valora, and it represents a formal recognition of our collaborators' working competencies, no matter the way they have

acquired such competencies or if have a diploma or academic degree granted by formal education.

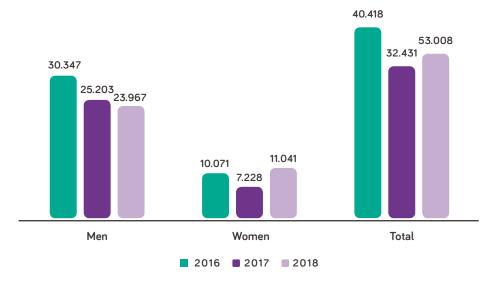
It is worth mentioning that the Líder.ser Program was conducted in Chile and Argentina during 2017 and 2018. The other programs took place only in Chile.

The Maintenance Operator Program, Excel Program, We.are Program, TPM Program and BPM Program was carried out both in 2017 and in 2018. The other programs were conducted only in 2018.

In addition to the aforementioned programs, induction processes called First Day, Industrial Induction and Corporate are also implemented.

The following chart presents the figures related to annual training programs.





#### Average Training Hours by Gender and Position at VSPT Chile and Argentina

DOSITION		2016			2017			2018		
POSITION	Men	Women	Total	Men	Women	Total	Men	Women	Total	
Managers	2,67	0,0	2,13	10,00	13,67	10,73	12,70	18,00	13,92	
Assistant Managers	16,08	0,73	11,51	42,03	87,73	53,20	70,26	52,75	65,07	
Professional and technical staff	30,91	46,82	36,38	27,62	28,00	27,76	37,99	45,03	40,78	
Employees and operational staff	41,95	22,45	37,13	27,54	9,59	23,52	20,21	16,27	19,33	
Total	37,14	31,57	35,58	27,88	20,77	25,90	27,45	31,64	28,65	

Note: The average training hours is calculated based on total staff with an indefinite term contract of Chile and Argentina.

#### *GRI indicators: 103-1, 103-2, 103-3, 404-3* **Performance Management**

The process of performance assessment allows us to develop the maximum potential in our collaborators. At VSPT, we have a 360° assessment process, where collaborators are assessed regarding performance by their heads, peers and team. If the collaborator does not have an executive position, a 18 ° assessment is carried out.

In addition, each collaborator has the opportunity of a self-assessment. In this way, at the end of the year, he or she has a comprehensive vision of his or her performance at VSPT, recognizing those competencies that allow them to achieve excellence and defining improvement actions for next year.

We call this global process Experiencia.Ser and it has a digital platform that allows us to manage each stage. The objective is to promote Assessment, Recognition and Feedback.

Each evaluation is carried out once a year, a process where everybody who is 6 month old holding an indefinite contract at the company can participate. At the end of the different evaluation and feedback stages, a results report is issued.

#### **Objectives and goals**

- To achieve 100% of participation in each assessment, for all those who meet the requirements to be evaluated.
- To achieve 100% feedback in the evaluation conducted by the head to the collaborator.
- To allow that those who have an unexpected performance in any of the evaluations, improve their results for next year, through supporting plans.

In Chile and Argentina, 100% of the employees were evaluated during 2017 and 2018. This considers employees who met the requirements at the time of the Performance Assessment process.

# / VSPT WINE GROUP RECOGNIZES ITS LEADERS

During March 2018, VSPT Wine Group acknowledged all leaders who had an outstanding performance in the ascending 2017 assessment. The awarded collaborators enjoyed breakfast, with their heads of area, Deputy Managers and Managers.

The activity's objective was to recognize those leaders who work hard every day to be at the team's service, working hand to hand with them, in order to achieve the area and company goals.

#### *GRI Indicators: 103-1, 103-2, 103-3, 403-1, 403-5, 403-8, 403-9, 403-10* **Culture of occupational safety and health**

The Management System has been implemented based on the International Standard OHSAS 18001. This standard was certified by an external accredited company. In addition, we have a working corporate methodology in the industrial area, Total Productive Management (TPM).

The OHSAS 18001 standard implementation included, among other aspects: Formalization of Occupational Health and Safety Policy; Identification and risks and danger assessment and legal requirement Identification and compliance.

The Management System is certified for industrial plants, and the entire Management System is made available to 100% of VSPT's collaborators, outsourced staff and services.

Different trainings are carried out to promote regulation adherence, such as:

- 1.- Inductions.
- 2.- Procedures and Safety Instructions Training.
- 3.- Training on the use of fire extinguishers.
- 4.- Emergency Brigade Training.
- 6.- Legal Responsibility Training.
- 7.- Musculoskeletal Disorders Training.

Main hazards representing injury risk with major consequences are those associated with: high-rise work, working at confined spaces, equipment intervention, electrical work, working with chemical-corrosive products, pedestrian traffic in mobile equipment circulation areas, among others. These hazards have been determined through risk identification matrices defined together with collaborators. There are action plans associated with eliminating and/or controlling these risk situations, which include training, investments, equipment modifications, changing work methods, among others.

The main accidents and/or injuries are impacts, falls, entrapment and sprains.

Regarding occupational diseases, the main hazards to collaborator's health are Exposure to noise, chemical products, and dust, among others.

It should be noted that during 2017 and 2018 there were no fatal accidents. However, in 2018 at VSPT Chile we registered a work accident with great consequences, which raised the rate of work injuries frequency of 0.38 for men, and 0.26, a total level.

VSPT Chile and Argentina altogether registered 19 occupational accidents in 2017 and 45 occupational accidents in 2018. This increase is due to the inclusion of agricultural accidents and to an increase in accidents in general. This was already addressed for improvement in the Safety pillar.

At VSPT Chile, we registered one collaborator with occupational disease related to hearing loss, both in 2017 and 2018.

The incidence rate of occupational disease for 2017 is 0.28 and 0.27 for 2018. Regarding gender, the incidence rate of occupational disease in men is the same in 2017 and 2018: 0.39.

#### Safety Indicators of our own collaborators

Safety Indicators at VSPT Chile

Year	Gender	Number of Occupational Accident	Working Hours	Frequency Rate of Occupational Accidents	Lost workday rate	Absenteeism Rate (%)
	Men	29	2.457.756	11,80	326,72	1,89
2016	Women	11	1.053.324	10,44	62,66	0,81
	Total	40	3.511.080	11,39	247,50	2,7
	Men	13	2.563.920	5,07	118,57	1,96
2017	Women	4	982.800	4,07	109,89	0,84
	Total	17	3.546.720	4,79	116,6	2,8
	Men	31	2.589.840	11,97	277,62	1,82
2018	Women	10	1.172.880	8,53	77,59	0,78
	Total	41	3.762.720	10,90	215,27	2,6

#### Safety Indicators at VSPT Argentina

Year	Gender	Number of Occupational Accident	Working Hours	Frequency Rate of Occupational Accidents	Lost workday rate	Absenteeism Rate (%)
	Men	0	176.183	0	459,75	2,89
2016	Women	0	33.218	0	451,56	0,59
	Total	0	209.401	0	458,45	3,5
	Men	2	179.280	11,16	457,17	2,47
2017	Women	0	38.880	0	477,23	0,51
	Total	2	218.160	9,17	460,56	3,0
	Men	4	170.640	23,44	443,55	2,84
2018	Women	0	43.200	0	490,95	0,58
	Total	4	213.840	18,71	451,26	3,4

#### GRI Indicators: 103-1. 103-2. 103-3. 102-41. 402-1. 407-1 Labor Relations

Promotion of mutual respect and good communication among collaborators is within VSPT's priorities. For this, we have a work program that includes full communication and timely response to all concerns raised by VSPT's unions, with monthly meetings with Human Resources and twice a year with Area Managements and General Management.

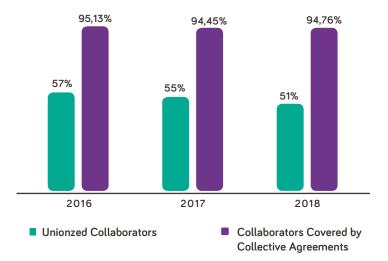
Regarding operational changes in productive sectors, they are reported through union leaders and/or directly to the affected groups. Changes that could affect a significant number of employees are informed in Human Resources meetings with the staff.

The role of area leaders is also crucial, who has to be prepared to provide answers to the doubts team members may have.

Regarding collective bargaining, they are duly regulated and are held every two years. Main agreements are common work conditions, remunerations, benefits and royalties. Labor relationship between the company and its union organizations has allowed negotiations to end without conflicts and in good terms for both parties.

Thus, three collective bargaining agreements were negotiated with Business Unions from Viña San Pedro Tarapacá S.A. Isla de Maipo, San Pedro and San Miguel, and Viña San Pedro S.A. National Trade Union, which represent collaborators from Santiago, Molina and Isla de Maipo plants, respectively, most of them belonging to the Agricultural, Industrial and Domestic Sales areas. All negotiations were successful.

#### Unionization Rate and Collaborators Covered by Collective Agreements VSPT Chile



In Argentina, there is only one State Trade Union. It covers operational staff working at the Vineyard and the Winery, with a collective bargain once a year. During this negotiation, all collaborators are represented, without the need to be unionized. Management, Secretary, Administrative and Professional Staff (Staff who are out of the Agreement) are not in the regulation scope.

The Union is called SOEVA and provides health assistance through its social work called OSPAV. It is regulated by Collective Labor Agreements 85/89- for warehouse staff and 156/91 for vineyard staff.

#### Unionized Collaborators at VSPT Argentina

	2016	2017	2018
Unionized Collaborators	46%	44%	42%

Note: Figures include agriculture staff (the industrial part of the plant).

#### GRI Indicators: 103-1. 103-2. 103-3 Responsible Consumption

#### **b.smart Program**

Since we are wine producers and sellers, we feel that along with promoting passion for wine, we must educate our collaborators, clients and consumers about the importance of consuming alcohol responsibly at all times. In this context, and considering that excessive alcohol consumption can be detrimental to health, we strictly respect all regulations concerning product labelling and advertising. Moreover, our communication is orientated towards people aged 18 and over, along with other measures aiming to prevent consumption among minors.



We have a solid program of responsible consumption called "b.smart", created in 2011 to promote the passion for wine as well as moderate consumption, managing a potential risk in our industry.

In 2018, we renewed the program's objectives, within the framework of our 360°.Commitment. Therefore, we set ourselves the goal of spreading this powerful initiative in 100% of contact points with collaborators, clients and customers.

We also internally launched the 10 commandments of a b.smart good consumer at VSPT, for our collaborators to become true program ambassadors.

In addition, we launched the program's website and a video, both addressed to clients, consumers and collaborators.

www.bsmart.wine www.vsptwinegroup.com/sustainability/bsmart

#### 10 COMMANDMENTS OF A b.smart GOOD CONSUMER AT VSPT



I am of legal age.



I am not pregnant, nor am I breastfeeding.



l do not drink and drive.



I drink to relax, not to avoid problems.



I know how much one alcohol measure is.



When I drink, I eat food periodically and I keep hydrated with water.



I know my limits and I do not succumb to social pressure.



I incentivize self-control to those who consume alcohol excessively.



During work tastings, **I spit** rather than drink.



I am a VSPT ambassador, and with clients I only uncork our brands.

#### "Wine School" Program

This program of internal knowledge management allows us to deepen our corporate values of "Passion for wine" and "Work of excellence" and furthermore it is a source of motivation and retains our human capital. The objective is that everyone who represents VSPT in front of clients, consumers and journalists has a solid knowledge of our wines and the industry in general.

The program has four modules, with four classes each covering subjects such as culture, viticulture, tastings, sales training, our brands and sustainable initiatives. It has teaching materials and a final exam, as well as field trips to learn and observe activities such as harvest and pruning, and weekly tasting sessions.

The "Wine School" began in 2017 in the Export department and in 2018; it was extended to the Domestic Market department.

#### **Wine Fairs**

Promoting the Passion for Wine and Responsible Consumption through the b.smart Program is a permanent challenge that we spread through Wine Fairs for employees, in order to bringing brands and their products closer in a space full of learning and entertainment. In 2018, seven fairs were held, where 90% of VSPT collaborators participated in Chile and Argentina.

#### GRI indicators: 103-1. 103-2. 103-3. 413-1 Community Development

#### Our commitment to rural communities

At the beginning of this chapter, we pointed out how important it is for VSPT to promote our values not only internally, but also among communities, we interact with and, in turn, to provide opportunities for joint development. We developed an emblematic project that holds these objectives and it is in line with our Sustainability Model and Strategy in Malleco, Araucanía Region.

The initiative was born three years ago, in Viña San Pedro - one of the oldest vineyards in Chile, with an exploratory vocation and a pioneer in the search for extreme origins - with the idea of generating a project together with the community of Buchahueico, developing the largest mapuche vineyard in the country.

In partnership with the Institute of Agricultural Development (Instituto de Desarrollo Agropecuario Indap), the National Irrigation Commission (Comisión Nacional de Riego CNR) and the local municipality support, we implemented this initiative where families were able to grow the Pinot Noir variety on their own land, grapes that are believed to make the most elegant wines in the world.

Therefore, Buchahueico has become a unique project for VSPT Wine Group, with a 10-hectare of premium quality Pinot Noir on community lands, located in the virtually unexplored Malleco Valley, Araucania Region.

The relationship between Viña San Pedro and the farmers is regulated under a grape sales agreement where the winery pays the grapes in advance so they have enough funds to plant and set up irrigation equipment, among others.

In these three years, producers have received permanent training and technical advice from Viña San Pedro, which has allowed them to develop a new sustainable productive activity on their own land, with great results. It has also contributed to create jobs for other community members.

The first productive harvest happened in 2018 and the wine from this harvest is expected to start being commercialized at the end of 2019.

As we reported in the Awards and Recognitions section, Viña San Pedro obtained first place in the Human Rights category of the Principles Integration System promoted by the UN Global Compact (Sistema de Integración de los Principios de Pacto Global, SIPP). The recognition came after our project that supports the work with mapuche community. The company was also was chosen Ethical Company of the Year by the renowned English magazine The Drinks Business.

These recognitions reflect the hard work of a great team of collaborators committed to developing sustainable initiatives that contribute to the development of the industry, society and a more balanced management with the environment.

#### Activities at Isla de Maipo and Molina

At VSPT, we work on a community development program with Internship Agreements with educational institutions, both in Molina and Isla de Maipo. We also promote sports, with VSPT Football School in Molina, which already has two community stadiums. The program covers transportation, equipment and medals for more than 80 children and teenagers. Up to date, this initiative has produced great results, even with a couple of players recruited to join professional football teams.

In addition, two activities are organized every year: family biking in Molina and a family run in Isla de Maipo, encouraging healthy and better living for all collaborators and local community. In 2017, we organized the fourth version of our SER Family Run and Biking and in this opportunity; the Isla de Maipo Municipality supported us by promoting and informing the community about the activity as well as providing the sports implementation and logistical support on the event's day. In 2018, the 5th version of this event was held. Regarding Responsible Consumption, in 2017 we developed the Parental Role Workshop within the b.smart Program where 30 people from Molina community attended. The focus is to promote a moderate wine consumption within collaborators, families and the surrounding community as a measure of self-care and prevention. This workshop's objective is to think about the parental role and the importance of it for children's education. It intends to be a starting point for a more active and participative attitude of parents on the issue of alcohol consumption, motivating families to provide support to growing children at each stage for an integral development. In addition, it offers collaborators and their families opportunities where they can share their concerns, get more information about motivations, risks, effects and consequences of alcohol consumption at an early stage, as well as learning and trying new skills that can help them to enhance their protective role and to improve relationships with their children.



# Innovation and Leadership

# .07

#### GRI indicator: 103-1. 103-2. 103-3

**Regarding this dimension,** we intend to create value with new projects, in order to ensure the sustainability of our future business, encouraging us to challenge our industry limits.

Therefore, we established the following four priority areas of work:

Products and Services	To support -in a profitable way- the inorganic growth of our brands in Chile and in the world.
Processes	To support productivity and efficiency of our operation as a whole, challenging our usual processes.
Industry – Country Development	To promote the implementation and development of the wine industry and its people in Chile and Argentina.
Sustainable Packaging	To make packaging decisions in order to minimize our environmental impact.

#### **Process Innovation**

Our R&D career started in 2006, when we became active part of Vinnova, the Grape and Wine Industry Technology Consortium (Consorcio Tecnológico Empresarial para la Vid y el Vino) whose participants were wineries belonging to Wines of Chile business association and the Pontificia Universidad Católica de Chile.

With CORFO co-funding, 24 projects were developed in 5 years, together with Tecnovid Consortium, where wineries associated to Chilevid participated as well as the University of Chile, University of Talca and University Técnica Federico Santa María. These research results were delivered to the country wine industry.

Later, in 2016, we participated in another powerful R&D program launched by CORFO, called Attraction of R&D Excellence Center (Atracción de Centro de Excelencia de I+D) with Wines of Chile. At the same time together with the University of California and with its UC- DAVIS Program, we acquired a tested innovation method to apply to Chilean reality.

At the same time, we also focus on our own R&D initiatives, creating highly interactive processes that are sensitive to the company's own problems, as well as global trends.

In this respect, our R&D has been developed by the people who work in our organization, by the people who plan and implement projects from its initial proposal stage up to the project's operation, contributing with their experience, skills and knowledge, with a quick result implementation.

#### **Internal Projects**

R&D at VSPT Wine Group is carried out with a cross-sectional methodology, gathering different areas to improve the quality of our wines. Hereby we present some of the projects under development:

#### • Temperature and rainfall study.

The focus of this research is to have enough knowledge to predict harvest dates and, therefore, to be able to estimate when grapes will get to the winery and the beginning of each harvest.

With this innovation – being able to estimate harvest dates-, associated costs related to the beginning of this important stage are reduced and the winery can get prepared with greater anticipation. In the future, these data could be used to organize the process in case of early or late harvests, considering historical data.

#### • Study of grape yield and water regime on wine's quality.

This work's purpose is to adapt processes within the winery in order to keep the quality of wine coming from high production grapes, providing support to winemakers' work, by producing an optimal raw material for winemaking.

Moreover, it helps us to boost yields, making better use of the planted area.

#### • Rational soil management.

This innovation involves testing new models of soil management as well as the inclusion of sowing equipment and plant cover, to improve soil's physical fertility and optimize water use.

#### Introduction of native species to build biological corridors.

This project, implemented at El Rosario estate of Viña Tarapacá, tries to find the balance with all microorganisms, insects, birds and animals, with biological corridors that control pests such as spiders or thrips. In addition, this system will allow restoring and preserving biodiversity in the area and reduce the use of agrochemicals.

#### • Evaluation of bottle capping.

Monitoring wine chemical parameters, as well as sensory evaluations, provide information that could help us to choose the most suitable capping for wine conservation, improving process efficiency.

The use of appropriate wine caps will reduce costs associated to quality loss.

### • Evaluation of using biodigested material as biofertilizer at the Company's vineyards.

Organic waste from harvests that go through a biodigester become biodigested material. At the Molina Plant, we follow this step, closing the cycle of our main waste.

By using biodigested material, the soil structure is improved and irrigation water is more efficient. In addition, it can reduce the use of chemical fertilizers and the energy needed to water. Soil biodiversity is also likely to increase.

#### • Characterization of wines, regarding soils, clones and rootstocks.

This project's focus is to identify the different wines produced in a particular sector, regarding type of soil, clone and rootstock, as well as determining the effect of agricultural practices on grapes and wine.

This will provide information on the effect of agricultural practices for better decisions such as, for example, how to apply a specific product or how many times it has to be applied without affecting the wine quality, improving the process efficiency.

#### • Characterization of different vinification systems.

This innovation uses closed and automated systems, which will allow us to improve process efficiency, by using the tank more times during the harvest.

It will also reduce costs associated to the winemaking operation, by using systems requiring less labor and are safer to operate. It will allow us greater access to world technology, but adapted to our conditions.

#### **Joint Projects**

In addition to the innovation projects that we develop internally, we have worked in R & D together with Wines of Chile Association, Chilean universities, the University of California, through a UC-Davis alliance and the Institute of Agricultural Research (Instituto de Investigaciones Agropecuarias INIA).

Here is a list of the most relevant projects:

#### Projects with UC Davis

#### • Isolation of microorganisms associated with wood diseases.

This project consists of developing a protocol to identify wood diseases, detecting the type of disease and separate the plants, which are not right for the vineyards.

#### Comparison of complete genomes.

This project is focused on the genetic identification of grape clones of the most relevant Chilean varieties for wine, such as: Cabernet Sauvignon. Sauvignon Blanc. Chardonnay. Merlot and Pinot Noir, among the most relevant, grapes that represent approximately 80% of the national wine production.

#### • Methods for the use of irrigation water.

This project allows access to a new technology called Surface Renewal, used to determine real evapotranspiration losses of a specific vineyard area. It provides irrigation criteria, useful information in the decision-making processes to supply plant water requirements efficiently.

#### • Chemical Analysis for predicting grape quality .

This research uses chemical analysis of grapes to predict their quality, in order to make the most of their full potential. With this information, winemaking can be guided in order to fully express the quality of the grape and achieve greater process efficiency.

#### Projects with Wines of Chile

During 2018, we participated in two initiatives with Wines of Chile, focused on vineyard improvement and the National Sustainability Code (CNS). This is a voluntary standard to assess and certify sustainable practices in three areas: vineyard, winery operations and packaging, and social aspects related to collaborators, clients, consumers and communities.

The projects with Wines of Chile are focused on implementing a production system of wildlife micropropagation material of high sanitary quality, clear varietal identity and traceability; and to provide tools to strengthen the commitment to sustainability and to integrate social responsibility into strategic management.

This last project is focused on creating technical relationships with distributors, in order to generate greater positioning and to get feedback in order to have improvements in the National Code of Sustainability of Wines of Chile. It should be noted that the CNS has been used in communications of important international companies, such as the well-known British supermarket chain Marks & Spencer and SAQ and LCBO in Canada.

#### Projects with INIA, La Platina Regional Research Center

#### Evaluation of behavior and production of wine grapes

The objective of this project is to ensure the sustainability of national viticulture, when facing climate change consequences, with the evaluation of behavior and production of wine grapes.

#### / SUPPLIERS FAIR

In order to get wine industry innovations closer to our teams, on June 5th 2018, we had the first innovation fair with VSPT Wine Group suppliers. 21 suppliers from different areas, such as packaging, caps, printing companies, flavor houses, etc. had the opportunity to show VSPT team new alternatives so they can evaluate including them in our projects to boost innovation. The activity took place at our HQ CCU art room, where each supplier had a booth to show their news. More than 100 VSPT collaborators from different areas attended. A very successful activity!

#### **Product Innovation**

Our innovation approach involves new products, processes, services or business models. It is a fundamental pillar of our activity to support business sustainability in the future. For product innovation, we support inorganic growth of our portfolio, both in domestic and export markets.

Some of the innovations we have implemented and that have allowed us to offer more and diverse alternatives to our clients are:

**Epica Sangría:** The Epica brand entered the market with a premium sangria, shaking this emerging, but promising category in Chile. With a soft and refreshing flavor, this new product mixes the best of Epica wine with the perfect selection of fruit notes.

The first Premium Sangria of Viña San Pedro, launched in October 2018, got one of the most important recognitions from Chilean consumers; it was awarded the Product of the Year.

**GatoNegro Breeze**: GatoNegro included into its portfolio the first Wine Spritzer, named GatoNegro Breeze with two varieties: Fresh Berries and Tropical. This frizzante wine is fresh, fruity and aromatic. Frizzante is an Italian trend from the 80's that is back to the front line in wine industry.

**Misiones de Rengo Premium Sparkling Wines**: After a very successful line of sparkling wines, during the spring of 2018, we launched two new varieties: Premium Sparkling Wine Rosé and Premium Sparkling Wine Muscat, both made in the Charmat method. Therefore. Misiones de Rengo's sparkling wine line has four varieties: Brut, Rosé, Demi Sec, and Muscat. **Viña Tarapacá Blend Series**: It presented one of his most exclusive products: Blend Series # 1, a wine made with a deep and thorough study on the soils of El Rosario Estate, in Maipo Valley.

Tarapacá Gran Reserva Blend Series # 1 is the first wine of a series of limited editions, inspired by Maipo Valley's terroir.

**Manquehuito Pop Bar**: Manquehuito Pop Wine invited wine cooler fans to enjoy their renewed mixology line, called "Pop Bar". These new additions are Mojito Pop Wine and Terremoto Pop Wine.

Remy Carbonara, renowned Venezuelan bartender created the Mojito Pop Wine based on Manquehuito Red Berries. Terremoto Pop Wine is a creation of the talented mixologist Nico Parra, who used Manquehuito Pineapple to make this delicious drink.



#### / INNOVATION VALUE CHALLENGE

Since we adopted innovation as a new corporate value, in September 2018 we launched the "Innovation value challenge" where we gathered ideas from all our collaborators to make VSPT an even happier place to work. Top initiatives were:

- Techniques for effective 30-minute meetings.
- Ser Coffee. An opportunity for a group of collaborators to share breakfast with a leader of the company of choice.
- VSPT Library. Implement collaborative libraries at main facilities.

Honorary Mentions

- Space to work standing up, in order to allow employees to change their usual work position sitting at the desk.
- VSPT experience. To include within the prizes available for the te.valora program, experiences in our facilities (lunches, tours).

At VSPT, we live innovation in the broad sense of the word, so we try to contribute with innovative ideas for each area of our work. #InnovationDependsOnUsAll.

#### GRI indicators: 103-1. 103-2. 103-3. 417-1 Innovation in Packaging and Product Labeling

#### Packaging

Reduction in the use of materials, particularly glass, has been the focus of our work. This challenge has been taken together with our suppliers, in order to get lighter bottles. They are bottles that come from existing designs and that are still in use, but they get their weight reduced without significantly changing their dimensions. 87% of VSPT wines use light bottles.

This means that in 2018 we stopped sending 3.750 tons of glass to the market. This also represents lower emissions from raw materials and transportation.

#### **Product Labelling**

In the first place, labeling of VSPT products is regulated by the legislation in force in the country the product is going to be sold. In the case of Chile, it is Law No. 18.455 on Production, Processing and Commercialization of Ethyl Alcohol, Alcoholic Beverages and Vinegars, regulated in Decree No. 78 of the Ministry of Agriculture 1986, which indicates labeling requirements, among others. For Chile also, we have the Decree No. 464 of the Ministry of Agriculture 1995 on Viticultural Zoning or appellation of origin for wines produced in the country and sets standards for its use, identifying the geographical areas from which the grapes must come to have a specific appellation of origin.

In addition, we include the SAC phone number in all our mass products as well as our website on the label, packaging and / or primary packaging. In addition, packaging has messages of "Choose to recycle" and responsible consumption.

Regarding other internal regulations, we have a "Responsible Communications Code", indicating that all alcoholic products must contain messages mentioning that products are only for adults.

In the case of Argentina, we must comply with Law N  $^{\circ}$  14,878 - General Law on Wines, which provides the regulatory framework regarding production, industry and wine trade throughout the national territory; and with Law 25,163 – 1999, which establishes general regulations for designation and presentation of wines and spirits made with wine in Argentina.

Summing up: 100% of our products comply with relevant laws and regulations.

#### GRI indicators: 103-1. 103-2. 103-3 Industry - Country Development

Regarding this matter, our objective is to promote the implementation and development of wine industry and its people in Chile and Argentina. In order to achieve this goal, we have committed ourselves to capitalize on knowledge, experience and commitment of all our collaborators in order to be a contribution for country development, becoming a role model for our industry peers not only in Chile but also worldwide.

A sample of this is what we do with the Mapuche community of Buchahueico, a project that we have already reported in Our People Chapter, and we hope it will be an inspiration for other companies to regard collaborative work as a very beneficial action for both, organizations and communities.

On the other hand, we are also committed to achieve that our electricity electricity supply will come from 100% renewable sources by 2021, according to our current Sustainability Strategy. We expect other organizations may consider a top class company as a role model, able to set ambitious sustainability goals and to move forward with conviction to achieve them. (Check details in the From the Vineyard to the Bottle chapter).



# From the Vineyard to the Bottle

# .08

**In this dimension** of our Sustainability Management Model, we aim at an efficient productive chain from the vineyard to the bottle, promoting balanced processes with the environment and ensuring a quality production over time.

It is important to point out that at VSPT Wine Group we have more than four thousand hectares planted, which means a great challenge to work together with all the actors that are part of our value chain.

Moreover, seven priority focal points have been defined:

Water Management	Efficient use of water resources in the vineyard and in all our production processes.
Soil Management	To Improve soil biology, making sure more nutrients are available as well as water, oxygen and organic material.
Productive Efficiency	To keep nominal grape cost per kilo produced over five years, ensuring quality and improving our workforce productivity all our operations.
Agricultural Suppliers	To keep on working with long-term suppliers in order to be in line with sustainable production objectives, as well as including new strategic suppliers for VSPT.
Industrial Waste Valuation	To increase the percentage of reusing, recycling and reducing our industrial waste.
Generation and Use of Renewable Energies	To increase the energy consumption from renewable sources in all our production processes.
Energy Efficiency	To promote the efficient use of thermal and electrical energy in all our operations.
Biodiversity Conservation	To promote the conservation of biodiversity in our agricultural lands.

#### GRI Indicators: 103-1. 103-2. 103-3. 102-9. 204-1. 308-1. 414-1. 414-2 Sustainable and Responsible Supply

Under the above-described approach, we are committed to continue strengthening long-term work with our agricultural suppliers. Therefore, during 2017 and 2018, we kept moving forward from learnings obtained at the Supplier Development Program conducted in previous years and that was oriented to boost economic, environmental and social sustainability criteria towards grape suppliers, generating competitive advantages and optimizing production, in order to face high demands of not only international, but also domestic market.

Currently, we hold two annual meetings with our grape suppliers to reinforce vineyard management issues: sustainable soil management and rational irrigation management. In addition, we have area agronomists who periodically support suppliers' work, to keep controlled variables that may impact the chain. In 2017 and 2018, there were no negative impacts that affected the chain supply of grapes and wines. At VSPT, we have an important percentage of our own fields supply and long-term suppliers where many of them participated in our Supplier Development Program in Sustainability and Social Responsibility (2012-2015).

Therefore, approximately, 25% of total production comes from our own fields. 25% corresponds to long-term grape suppliers, and 20% to long-term wine suppliers. 30% of the remaining supply comes from grape and wine suppliers who meet the quality standards demanded by the Company, particularly the one related to supplier's logistics expertise and pesticides management in order to ensure grape and wine safety.

TYPE OF SUPPLIERS		NUMBER OF SUPPLIERS						SUPPLIER EXPENSES					
	2016		20	)17	2018 20		016 2017		)17	2018			
SUFFLIERS	N°	%	N°	%	N°	%	MM\$	%	MM\$	%	MM\$	%	
Domestic	134	97	174	98	140	97	51.269	87	68.377	92	69.942	91	
International	4	3	4	2	4	3	7.860	13	6.313	8	6.889	9	
Total	138	100	178	100	144	100	59.129	100	74.690	100	76.831	100	

#### **VSPT Suppliers**

#### **Domestic Suppliers**

		NUMBER OF SUPPLIERS						SUPPLIER EXPENSES					
TYPE OF SUPPLIERS	2016		2017		2018		2016		2017		2018		
SUPPLIERS	N°	%	N°	%	N°	%	MM\$	%	MM\$	%	MM\$	%	
Packaging *	6	4	6	3	6	4	19.932	39	20.394	30	20.520	29	
Grapes + Wine													
from third	128	96	168	97	134	96	31.337	61	47.983	70	49.422	71	
parties													
Total	134	100	174	100	140	100	51.269	100	68.377	100	69.942	100	

\*Scope: Glass, boxes, corks, caps and carton packaging.

## GRI Indicators GRI: 102-9 Our Supply Chain

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

#### 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.

#### TRANSPORTATION DOMESTIC MARKET



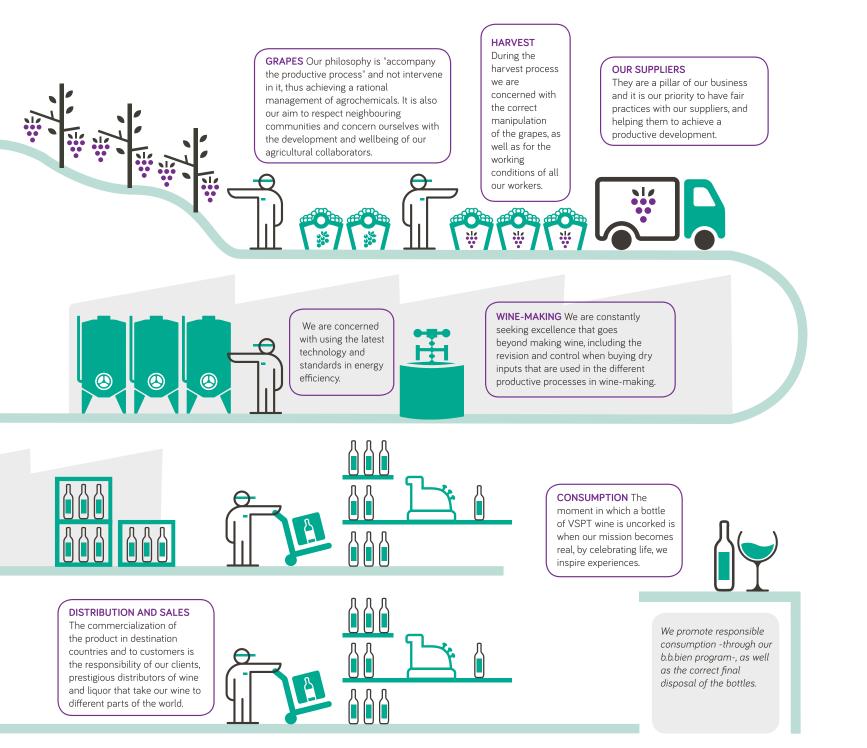
CHILE The distribution of our products inside the country is done via Transportes CCU Ltda. with its network of 23 distribution centres from Arica to Coyhaique and its excellent operational platform and team of highly trained personnel.



#### **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.





#### GRI Indicator: 103-1. 103-2. 103-3. 102-10. 201-2 Vineyard Management

The constant excellence quest has driven us to boost an innovative and sustainable viticulture, where productive efficiency, corporate social responsibility and respect for our natural resources are the basis of a project focused on long-term sustainability.

Our collaborators are key agents in the production process, so permanent training represents a milestone that allows us to have highly trained people, capable of adopting new technologies, increasing productivity and safety at work.

This way, the mission of VSPT Wine Group agricultural area is to supply the best possible grape quality in a profitable and sustainable way in the long term.

These initiatives are in line with our management approach:

- Incorporation of tractors with cabins, in order to increase operator's productivity and work safety levels.
- Incorporation of low-volume sprayers, which improve the quality of applications, reduce human handling of products and reduce application costs (there is an increase of machine efficiency and a reduction in the number of applications required).
- Pest monitoring for rational use of pesticides.
- New works on soil, in order to improve its conditions to keep water and to grow beneficial microorganisms.
- Steady growth of the area watered with technical irrigation, with a rational water use as a result.
- Implementation of new ways of vineyard management, which facilitate automation, allowing a more efficient production.

We have production plants in the whole of Chile, in different areas where the most important wine valleys are: from the Elqui Valley (Fourth Region, at the beginning of the Atacama Desert) to Malleco Valley (Araucanía Region). In Argentina, our production is based in the Uco Valley, Mendoza. At VSPT, we have complementary varieties and qualities, enhanced by the terroirs they come from. These particularities, along with an adequate agricultural and winemaking management, are the basis for making high quality wines, bottles inspired in excellence.

The following chart shows composition of agricultural areas we work on (own and leased):

14/	Zone		_	Planted hectares (*)		
Winery		Area	Estate	2017	2018	Property
	Curico Valley	Molina	Molina	1.064	1.059	Own
	Maule Valley	Pencahue	Pencahue	743	743	Own
	Cachapoal Valley	Requínoa	Totihue	93	93	Own
	Cachapoal Valley	Requínoa	Quillayes	86	86	Leased
		Rengo	Santa Sofía	0	0	
SAN PEDRO	Colchagua Valley	Santa Cruz	Chépica	223	223	Own
	Maipo Valley	Buin	San Ramón	12	12	Own
	Maipo Valley	Buin	El Tránsito	61	61	Leased
	Cachapoal Valley	Requínoa	Altaïr	70	70	Own
	Maule Valley	Caliboro	Caliboro	0	432	Own
				2.352	2.779	
TARAPACÁ	Maipo Valley	Isla de Maipo	El Rosario de Naltahua	611	614	Own
SANTA HELENA	Colchagua Valley	San Fernando	San Fernando	89	89	Leased
	Colchagua Valley	Palmilla	El Huique	329	329	Own
				418	418	
Viñamar	Casablanca Valley	Casablanca	Casablanca	60	60	Own
	Casablanca Valley	Casablanca	Loyola	26	26	Leased
Casa Rivas	Maipo Valley	María Pinto	Santa Teresa	208	208	Own
VIÑAMAR				294	294	
LEYDA	San Antonio Valley	Leyda	El Maitén	88	88	Own
	San Antonio Valley	Leyda	El Granito	75	75	Leased
				163	163	
Finca La Celia	Uco Valley	San Carlos	Finca La Celia	379	380	Own
Finca Los Campamentos	Province of Mendoza	Mendoza	Los Campamentos	0	265	Own
FINCA LA CELIA				379	645	
Total VSPT				4.217	4.913	

#### Composition of Agricultural Areas at VSPT Wine Group

(\*) Hectares planted for production and as investment.

#### **Main Projects**

#### **Field Diversification:**

In order to reduce climate change risk, VSPT has identified the importance of diversifying production along our locations in Chile, which are very different from each other regarding climate and agriculture. In fact, the last two vineyards incorporated are located in regions where the company did not have wine production before: Huique in the 6th region, and Caliboro in the 7th region. In order to develop both projects, we have taken special care in having available a good water supply and that the regions are suitable for grape production considering climate and agriculture. In the same line, in 2018 VSPT also included Los Campamentos estate, located in Rivadavia, east of Mendoza in Argentina.

#### Water Supply :

Our management has been constantly focused in ensuring the right water supply for the vineyards. Therefore, in recent years, we have acquired new water rights, we have drilled new deep wells and, most importantly, we have implemented a more rigorous watering management to allow an optimum resource use. Currently, in most of the vineyards we have automatic irrigation systems and flow meters to measure the volume of water applied, and systems to control vineyards' water needs.

It is worth remembering that we have an R&D project together with UC Davis to develop a cost-effective irrigation tool that allows us to be efficient in managing water resources. For most properties (the largest ones) we have developed an irrigation masterplan leading our steps towards future plantation investments and that considers that 100% of our new vineyards will have automatic irrigation technology, allowing us to increase our water use percentage (over 90%).

#### System of vineyard canopy management:

Currently, most of vineyard replanting consider climate and agricultural factors that may affect grape quality. In order to achieve optimum quality and productivity, we focus on the direction of vineyard plantations, conductions of sprouts and -finally- aspects that affect microclimate where bunches are developed.

#### Exploration of new productive regions:

One of the company's development pillars is to explore new productive regions. In this context. 2018 was the first harvest of Pinot Noir wines located in the Malleco Province, where we know there is an important future development of viticulture.

#### GRI Indicators: 103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5 Water Management

Regarding this matter, we are committed to an efficient water use in the vineyard and in all our production processes. We believe it is our fundamental responsibility not only for our industry, but also for the growing global scarcity of natural resources. Some of our achievements are listed below:

- During 2017-2018 agricultural season, 80% of our total vineyard area in Chile and Argentina has technical irrigation, which represents 3,273 hectares.
- We reduced water uptake by 25% in Industrial Processes, regarding 2017.
- Twelve of our properties have technical irrigation in 100% of the area.
- The volume of irrigation water for VSPT Wine Group vineyards during 2017-2018, was 15,981,201 m<sup>3</sup>/year. 10% less than the previous season, due to lower climatic requirements and the irrigation strategies implemented.
- The volume of water captured in industrial processes during 2018 was 264,082 m<sup>3</sup> in Chile and 11,381 m<sup>3</sup> in Argentina. 25% and 8% less than in 2017, respectively.
- During 2018, water consumption in Chile (liquid industrial waste for irrigation) was 230,218 m<sup>3</sup>. 46% higher than in 2017 (157,340 m<sup>3</sup>), since we move operations from Lontué to Molina plant.

It is important to point out that challenges on water resources are managed with the Rational Use of Water Program, in order to avoid unnecessary consumption and to promote water reuse in processes that allow it and preventing quality loss. This has produced significant reductions in the volumes used in wine production over time. At VSPT Wine Group, we use water from gravitational channels and irrigation wells, and we extract from deep wells for the industrial area. None of these sources or any others have been affected by the use we make.

On the other hand, in a systematic way and in accordance with the aforementioned guidelines, we have increased the area in our vineyards with technical irrigation.

#### Technical irrigation area at VSPT Wine Group vineyards

	2015-2016			2016-2017			2017-2018		
Vineyards	Total Area	Technical Irrigation Area	%	Total Area	Technical Irrigation Area	%	Total Area	Technical Irrigation Area	%
Molina	1.012,40	442,80	44%	1.012,40	523	52%	1.012,40	499,6	49%
Pencahue	722,20	722,20	100%	741,74	741,74	100%	741,74	741,7	100%
Chépica	223,90	184,50	82%	223,11	223,11	100%	216,80	216,8	100%
Totihue	75,90	75,00	99%	94,13	94,13	100%	94,13	94,1	100%
Quillayes	86,28	56,20	65%	86,28	56,23	65%	86,28	56,23	65%
Isla de Maipo	578,00	445,40	77%	578,00	412,48	71%	578,00	417,54	72%
El Tránsito	40,80	40,80	100%	40,80	40,80	100%	40,80	40,80	100%
Leyda El Granito	75,90	75,90	100%	75,90	75,90	100%	75,9	75,9	100%
Leyda El Maitén	78,40	78,40	100%	78,40	78,40	100%	78,4	78,4	100%
Casablanca	67,00	67,00	100%	67,00	67,00	100%	86,76	86,76	100%
María Pinto	148,30	148,30	100%	208,90	208,90	100%	208,9	208,9	100%
San Fernando	89,30	31,20	35%	89,30	31,20	35%	89,30	31,2	35%
El Huique	318,60	190,30	60%	318,90	241,93	76%	318,6	241,93	76%
Altair	71,66	71,66	100%	71,66	71,66	100%	71,66	71,66	100%
El Tránsito II	-	-		19,84	19,84	100%	21,34	21,34	100%
San Ramón	11,45	11,45	100%	11,45	11,45	100%	11,45	11,45	100%
La Celia	379,00	379,00	100%	379,00	379,00	100%	379,00	379,00	100%
Total	3.979,09	3.020,11	76%	4.096,81	3.276,77	80%	4.111,46	3.273,31	80%

Some of the technical irrigation advantages are: it prevents erosion, reduces the risk of diffuse fertilizers contamination and highly increases irrigation efficiency by rationing water according to our vineyards needs. VSPT Challenge is to have 100% of our vineyards with this irrigation technology.

Another relevant measure in terms of water availability is using probes at different depths. By knowing the underground volume, we can plan an adequate irrigation and a permanent monitoring of water available in the soil, avoiding over watering or losing water by deep percolation.

#### Water Capture

The volume of irrigation water in VSPT Wine Group vineyards during 2017-2018 was 15,981,201 m3 / year, 10% lower than the previous season, mainly due to weather conditions and the irrigation strategies implemented, which are adjusted to crop requirements.

Volume of Traditional and Technical irrigation water at VSPT Wine Group Vineyards (m3/year)

	2016-2017	2017-2018
Molina	4.789.003	4.343.163
Pencahue	3.897.543	3.566.835
Chépica	875.462	811.929
Totihue	287.451	247.280
Quillayes	350.007	328.365
Isla de Maipo	2.254.870	2.124.200
El Tránsito	137.889	125.623
Leyda El Granito	123.487	112.560
Leyda El Maitén	132.665	116.267
Casablanca	90.663	78.865
María Pinto	609.775	588.471
San Fernando	401.883	386.058
El Huique	1.200.556	1.080.245
Altair	256.554	244.361
El Tránsito II	145.559	133.268
San Ramón	47.992	46.956
La Celia	2.164.090	1.646.755
TOTAL	17.765.449	15.981.201

The volume of water captured in industrial processes during 2018 was 264,082 m3 in Chile and 11,381 m3 in Argentina, 25% and 8% less than in 2017, respectively. The 2018 decrease in Chile was due to the implementation of specific improvement projects and also because in 2017 we moved operations from Lontué to Molina plant, achieving greater process efficiency.

#### Water Capture at VSPT Wine Group Industrial Processes (m3/year)

	20	)16	20	17	2018	
Source Type	Chile	Argentina	Chile Argentina		Chile	Argentina
Ground Water	384.105	11.289	352.562	12.361	264.082	11.381

We monthly monitor these indicator's parameters, in accordance with our annual and medium-term reduction objectives, which are verified by third parties.

Considering improvement opportunities of these processes, during 2018, the following projects were implemented:

- Molina Plant: System to recycle the water used in rinsing bottles while in the filling area, which is then used in a vacuum pump operation on the same line. 100% of the water saved is used in the vacuum process of the bottle line.
- Molina Plant: Water recirculation system during cooling process with NH<sup>3</sup> compressor, where the water consumption and discarding was replaced by a closed circuit cooling system and temperature regulation through IC (water/ethanol from molasses).

In addition, we kept on working in organizing and improving general processes with instructions for operators regarding appropriate water use.

The intensity indicator of water collection in Chile (Hl of water Hl / Hl wine) during 2017 and 2018, was 1.8 (Hl of water / Hl wine) and 1.4 (Hl of water / Hl of wine), respectively. In Argentina, the amount for 2017 was 1.8 (Hl water / Hl wine) and 1.7 for 2018 (Hl water / Hl wine). In 2017 and 2018 there was a lower production in Argentina, therefore, a lower efficiency of these indicators.

#### Intensity of water collection in Industrial Processes at VSPT Wine Group (Hl water/Hl wine)

	VSPT Chile			VSPT Argentina		
	2016	2017	2018	2016	2017	2018
Hl water by Hl of wine production comparable* (Hl/Hl wine)	2,0	1,8	1,4	1,4	1,8	1,7

\*Comparable production (Average between wines produced and bottled + harvest wine)

#### GRI indicators: 303-4, 303-5

#### Residual water and industrial process water consumption

At Molina and Isla de Maipo plants, we apply a physical-chemical treatment to Liquid Industrial Waste (Residuos Industriales Líquidos RILES) in order to use them as irrigation water. This complies with regulation No. 1333, about irrigation water for different uses. At Lontué plant, discharge into canals was done after an aerobic system, complying with Supreme Decree No, 90 of discharging water on a superficial watercourse. At the end of 2018, the RILES treatment plant at Lontué estate stopped operating because the operation moved to Molina plant.

At Finca la Celia winery in Argentina, the total volume of treated RIL is directed to agricultural irrigation (watering company's parks and gardens). It includes only water used in cleaning winery and production areas. The final waste quality is defined by a DGI (legal entity) resolution and it is monitored permanently by the team in charge.

Regarding water discharge to superficial watercourses, in 2017 there was 49,681 m<sup>3</sup> and in 2018 26,674 m<sup>3</sup>. The decrease produced in 2017 happened since we move operations from Lontué to Molina plant.

#### RILES discharged to Watercourses at VSPT Wine Group (m<sup>3</sup>/year)

	2016		20	17	2018	
Origin/Destination	Chile	Argentina	Chile	Argentina	Chile	Argentina
RILES/Water stream	60.541	-	49.681	-	26.674	-

Water consumption includes all evaporated or evapotranspired water (watering gardens or others), that was not returned or reintegrated to superficial or underground water courses, during the period covered in this report. Consequently, all RILs treated and disposed to be used as irrigation are considered water consumption. During 2018, water consumption in Chile was 230,218 m<sup>3</sup>, 46% higher than 2017, and in Argentina it was 11,381 m<sup>3</sup>, 7.9% lower than 2017.

<sup>1</sup> From 2017-2018, the methodology of GRI Standard indicators 303-2018 is used, including the water consumption indicator according to the standard terminology.

#### RILES to be used for watering at VSPT Wine Group (m3/year)

	2016		2017		2018	
Destination	Chile	Argentina	Chile	Argentina	Chile	Argentina
To be used for watering gardens	199.910	11.289	157.340	12.361	230.218	11.381
and forests (Evapotranspired*)	199.910	11.205	107.040	12.501	230.210	11.001

\*Evapotranspiration refers to the loss of moisture from a surface by direct evaporation, as well as water lost by transpiration of vegetation.

#### GRI indicator: 103-1, 103-2, 103-3, 301-1

#### Agricultural Raw Materials and Packaging Materials

The main raw material we use is wine grape for wine making. During 2018, we used 191,116 tons of grapes, 7% more than what we used in 2017. Another relevant raw material is packaging. During 2018, we used 50,364 t of glass, 6.3% less than in 2017 and 4,640 t of cardboard, 7% less than in 2017.

#### Volume of Agricultural Raw material and Packaging Materials at VSPT Wine Group

Material	Type of Material	Unit of measurement	2016	2017	2018
Own wine grape + suppliers (including wine suppliers*)	Agricultural Raw Material	t	194.897	178.693	191.166
Glass	Packaging	t	53.600	53.765	50.364
Cardboard	Packaging	t	5.541	4.997	4.640

Note: Information not available for Argentina by the end of this report. \* Grape equivalent.

The reduction of materials, particularly glass, has been our work's focus. During recent years, we have worked together with our suppliers in order to achieve lighter bottles, reducing from 5% to 12% of their weight in the different categories. This meant that, in 2018, we have avoided launching at about 3,750 t of glass to the market.

#### *GRI indicators: 103-1, 103-2, 103-3, 301-1, 306-2* **Recovery and Industrial Waste Management**

Regarding this area, we have set the goal of increasing the percentage of our Industrial waste reuse, recycling and reduction. It should be noted that, in September 2018, we signed the Clean Production Agreement (Acuerdo de Producción Limpia APL), Zero Waste to be disposed, which aims to reduce solid waste volumes that are eliminated, by introducing circular economy practices, to avoid generation or increase value.

- In 2018, we avoided launching to the market at about 3,750 t of glass, thanks to reducing our bottle weight.
- Likewise, industrial waste recovery in 2017 was 96.5% for Chile and 97% for Argentina. In 2018, it was 97.2% and 96.9%, respectively.

#### GRI indicators: 301-1, 306-2 Industrial waste

As we have pointed out, at VSPT Wine Group we are committed to circular economy challenges, avoiding industrial waste to get discarded in landfills or sanitary landfills. Thus, together with subscribing the APL, we have defined the 100% recovery of our solid industrial waste as a key objective by 2020, in accordance with the Corporate Environmental Vision Plan.

Moreover, since 2016, 100% of harvest organic waste from Viña San Pedro's operation are ensiled and sent to the biogas plant, where they are used for clean energy generation for Viña San Pedro operating processes. In addition, all waste from the biogas plant is reincorporated into the vineyards, as an organic biofertilizer, closing the production cycle in a sustainable way.

In the case of other operations, organic waste goes under a composting process to be reincorporated into our vineyards, or it is sent to authorized processing plants responsible for by-product extraction.

Cardboard, plastic, paper and glass, among others, are separated and sent to recycling plants for reuse.

Recovery of industrial solid waste (% recycling and reuse), in 2017 was 96.5% for Chile and 97% for Argentina. For 2018, it was 97.2% and 96.9%, respectively. For both years, figures were higher than 2016.

The following chart represents a summary of solid industrial waste (RISES) management at VSPT Wine Group:

Turne of Wester	20	2016		)17	2018	
Type of Waste	Chile	Argentina	Chile	Argentina	Chile	Argentina
RISES that can be Recycled/ Reused	11.191.380	57.900	13.800.544	556.667	14.005.071	537.949
RISES that cannot be Recycled/ Reused	715.183	17.740	493.764	17.020	402.128	17.260
Total RISES	11.906.563	75.640	14.294.308	573.687	14.407.199	555.209
Industrial Waste Recovery	94,0%	76,5%	96,5%	97,0%	97,2%	96,9%

#### Solid industrial Waste Management (RISES) at VSPT Wine Group (Kg)

Note: 2016 figures for Chile were updated to those obtained from the Hazardous Waste Declaration and Monitoring System (Sistema de Declaración y Seguimiento de Residuos Peligrosos SIDREP) and the National Declaration System of Waste (Sistema Nacional De Declaración de Residuos SINADER). These Indicators do not include Viña San Pedro winery operation (Great Wines winery).

#### GRI indicators: 306-2, 306-3

#### Hazardous Industrial Waste

Hazardous waste generated from industrial processes are stored in an authorized place and are periodically collected by certified companies.

During 2017, we generated 52,945 kg of hazardous waste in Chile, higher than previous year since at Isla de Maipo plant 25,000 kg of contaminated water were generated, which had to be disposed of in authorized places. In 2018, 13,112 kg of hazardous waste were disposed. Withdrawal procedures for authorized disposal are performed with rigorous care, so any significant spill was registered.

#### Total Weight of Hazardous Waste at VSPT Wine Group (Kg)

Tupo of wasta	2016		20	017	2018		
Type of waste	Chile	Argentina	Chile	Argentina	Chile	Argentina	
Hazardous Weight	23.223	849	52.945	0	13.112	0	

Note: These Indicators do not include Viña San Pedro winery operation (Great Wines winery).

#### GRI indicators: 103-1, 103-2, 103-3, 302-1 Generation and Use of Renewable Energy

In the context of our Sustainability Strategy to 2021, the objective on this matter is to increase energy consumption from renewable sources in all our production processes.

In addition to the milestones we set in 2016 with the implementation of the first Biogas Plant in the world to produce clean energy from its own organic harvest residues in Viña San Pedro and the mini run-of-the-river Hydroelectric Plant built at Viña Tarapacá, an ambitious challenge was included: to reach 100% renewable electricity supply by 2021.

The advances were implemented after a recent agreement signed with the company Ciudad Luz for solar panels installation in most of our agricultural land - 9 estates will have the benefit of solar energy (13 sub- projects in total) – to have technical irrigation systems and a winemaking operation in Cachapoal Andes. This project includes a 2,7 MW power supply, which will generate energy equivalent to average monthly consumption of 2,101 homes.

In addition, we closed the tendering process for the implementation of another large photovoltaic energy project in Viña San Pedro, in order to implement an additional 1.3 MW power supply for the winemaking vineyard operation.

During 2018, 3,773,981 Megajoules (MJ) of self-generated electricity coming from renewable energies was generated and 6,897,712 Megajoules (MJ) in 2017. One of the main reasons for the biogas production decrease in 2018 was a waste feed rate problem of the biodigester, which caused a discontinuous production, which was lower than the previous year. Technical adjustments are being implemented to the production processes so that biogas generation is constant and sustainable in the future. We hope these modifications allow us to approach the production levels of the biogas plant design, in order to reduce GHG emissions levels.

Agricultural and Industrial Electricity Generation from Not Conventional Renewable Energies (Energías Renovables No Convencionales ERNC) at VSPT Wine Group (MJ)

	2016	2017	2018	
ERNC Electricity	305.888	6.897.712	3.773.981	



#### *GRI indicators: 103-1, 103-2, 103-3, 302-1, 302-3, 302-4* **Energy Efficiency and Carbon Footprint**

We are focused on promoting efficient use of thermal and electrical energy in all our operations, as well as greenhouse gas emissions management.

- In 2018, we achieved an energy intensity of 42.48 in Chile (MJ / Hl wine produced).
- We stopped 16,202,671 MJ consumption and 521 t CO<sup>2</sup>e emission, compared to our 2010 baseline. The reduction is due to greater efficiency in production processes, technological renovation and specific projects.

#### GRI indicators: 302-1, 302-3, 302-4 Energy Consumption Industrial Processes

During 2017 in Chile, total energy intensity was 40.42 (MJ / Hl wine produced) and 42.48 (MJ / Hl wine produced) in 2018. The increase was due to a lower wine production (packed and vinified wine + harvest wine) (5% less). In the case of Argentina, during 2017, total energy intensity was 92.48 (MJ / Hl wine produced) and 95.83 (MJ / Hl wine produced) in 2018. The increase is due to a higher total energy consumption and the significant decrease of production volumes (vinified and packaged wine + harvest wine), of 14% in 2017 and 2.5% in 2018.

In 2017, the Lontué Plant packaging process was taken to Molina operations, in order to contributing to greater operational efficiencies goals. Moreover, as of 2016 we work in an Environment Committee, which aims to assess initiatives to reduce general environmental indicators. They have sessions at least once a month, and each committee must present progresses to the Directive Committee.

Although intensity indicators were affected by lower production, we kept working on efficiency during production process, where planning packaging and wine production are relevant factors.

Specifically, during the period we are reporting, the following initiatives were developed:

- In 2017, there was an air network replacement at the Molina winery, from wine tanks to pneumatic panels. This has eliminated almost all leaks, reducing energy consumption when generating compressed air.
- In the supply refrigeration room, a programmed system suspension during nighttime was implemented for the refrigerated solution pumping system, taking refrigerated solutions to wine tanks implemented during September and December, taking advantage of lower temperatures and reducing electricity consumption.
- In 2018, also in the supply room, two high efficiency IE2 motors (according to IEC 60034-30-1 standard) replaced two low efficiency motors.

Here below we present figures of electric and thermal energy consumption of our industrial processes:

#### Electric and Thermal Energy Consumption in VSPT Wine Group Industrial Process

	VSPT Wine Group Chile			VSPT	Wine Group Ar	gentina
	2016	2017	2018	2016	2017	2018
Total Consumption of Thermal Energy (MJ)	33.227.373	41.905.184	36.505.381	1.146.463	1.337.063	1.341.549
Total Consumption of Electric Energy (MJ)	48.275.216	36.624.846	41.493.786	4.639.162	4.970.135	5.030.208
Total Consumption of Energy (Thermal + Electric) (MJ)	81.502.589	78.530.030	77.999.167	5.785.625	6.307.198	6.371.757
Production of comparable wine* (Hl)	1.903.329	1.942.649	1.836.113	79.468	68.203	66.490
Electric Energy Intensity (MJ /Hl comparable wine*)	25,36	18,85	22,60	58,38	72,87	75,65
Thermal Energy Intensity (MJ /Hl comparable wine*)	17,46	21,57	19,88	14,43	19,60	20,18
Energy Intensity EE +TE (MJ /Hl comparable wine*)	42,82	40,42	42,48	72,80	92,48	95,83

Note: These indicators do not include the operation of Viña San Pedro, Great Wines Winery. The do not include self-generated electric energy with fossil fuels. We updated figures for Argentina in 2016.

\* Comparable production (Average of vinified and packaged wine + harvest wine).

The following table shows fossil fuels consumption in industrial processes.

#### Fossil Fuels Consumption at VSPT Wine Group Industrial Process

		VSP	T Wine Group (	Chile	VSPT	Wine Group Arg	entina
Type of fuel		2016	2017	2018	2016	2017	2018
			MJ	MJ	MJ	MJ	MJ
	Natural gas		10.489.840	17.185.067	902.070	625.094	582.288
Fuel for Steam Generation (Boiler)	GLP	3.728.335	3.627.092	3.345.517	-	-	-
	Oil 6	14.091.185	6.578.051	-	-	-	-
Fuel for Cranes used in internal movements	GLP	2.423.732	6.801.731	6.255.529	221.168	248.801	199.995
	Diesel	4.612.813	4.490.475	7.562.119	23.225	-	-
Fuel for Electric Energy Production(back up)	Gasoline	-	-	-	-	194.652	203.412
	Diesel mobil	-	-	-	-	268.516	355.854
Total		24.856.065	31.987.189	34.348.232	1.146.463	1.337.063	1.341.549

Note: These indicators do not include the operation of Viña San Pedro, Great Wines Winery. We updated figures for Argentina in 2016.

In 2018, we saved consuming 16,202,671 MJ and in 2017 21,137,616 MJ, compared to our baseline. The reason of these results is greater efficiency in productive processes, technological renovation and specific projects.

#### Energy Consumption Saving at VSPT Wine Group (MJ)

	2016	2017	2018
Energy Consumption Saving (*)	16.147.745	21.137.616	16.202.671

(\*) Calculation methodology is Business as Usual, using MJ / hl KPI of base year with real productions of each year.

#### GRI indicators: 103-1, 103-2, 103-3, 305-1, 305-2, 305-4, 305-5 **Carbon footprint**

Corporate carbon footprint is measured based on three scopes:

**Scope 1** (Direct emissions): Produced by fuel use, people and product transportation, application of nitrogen fertilizers, wastewater treatment and the use of refrigerants.

Scope 2 (Indirect Emissions): Due to Electric Power Consumption (EE).

**Scope 3** (Other indirect emissions): Related to manufacturing and transportation of raw materials and purchased manufacturing materials, people transportation, waste and wastewater treatment, emissions associated with the commercialization stage, such as transportation to destination, and energy used by cooling equipment. Emissions generated by product consumption are not included.

Calculation of our Carbon Footprint includes all VSPT Wine Group operations in Chile, incorporating all winemaking plants, vineyards and central offices, as well as Finca La Celia operations, in Argentina.

From total 2018 VSPT Wine Group Carbon Footprint, 3.5% corresponds to direct emissions (scope 1) and 4.8% to indirect emissions (scope 2), over which VSPT has direct control in its management. 91.7% corresponds to other indirect emissions (scope 3), which represent those produced by activities or processes in equipment that are part of the company's value chain, but outside the organizational limits. According to the corporate plan regarding this matter, we focus our management efforts on scopes 1 and 2, leaving scope 3 as a future challenge. Therefore, we report figures associated with such specific scopes.

Thus, during 2017 and 2018 we kept on managing our corporate Carbon Footprint, with different initiatives, for packaged and harvest wine. The most relevant initiatives implemented that contributed to this reduction were lower fossil fuels consumption, lower application of nitrogen fertilizers and changing to refrigerants with a lower global warming potential.

Scope 1 emissions in 2018 were 6.8% higher than 2017, due to a production increase. Moreover, as we have already mentioned, we have included operations in Argentina.

For scope 2 emissions, in 2018 they were 12.6% higher than the previous year. This variation is also due to the lower energy generation from renewable sources, as well as the increase in the emission factor of the electrical system. In fact, in 2017, we used the 2016 factor of the Central Interconnected System (Sistema Interconectado Central SIC) and the Interconnected System of the Norte Grande (Sistema Interconectado del Norte Grande SING), being the SIC the most relevant due to geographical location of our facilities. In 2018, we used the National Electricity System (Sistema Eléctrico Nacional SEN) factor, which -by joining both systems- generates an increase in the emission factor for plants fed by the SIC. If we compare both emission factors, the increase from SIC to SEN was 7%.

#### Greenhouse Gases Emissions by Scope - VSPT Wine Group

	2016	2017	2018
Direct emissions (Scope 1) (ton CO <sup>2</sup> e)	4.869,3	5.548,9	5.928,4
Indirect emissions (Scope 2) (ton CO <sup>2</sup> e)	7.430,4	7.053,9	8.269,4
Emissions (Scope 1 and 2) (ton $CO^2 e$ )	12.299,7	12.602,8	14.197,8
Production of Packed Wine (l)	148.595.338	130.700.662	138.701.625
Production of Wine Bottles (750ml) equivalent	198.127.118	174.267.549	184.935.500
Intensity of emissions (Scope 1 and 2) (gCO <sup>2</sup> e/equivalent bottle)	62,08	72,32	76,77*

Note: 2017 and 2018 include operations of Finca La Celia in Argentina.

\* The increase in the intensity of emissions is influenced by the aforementioned decrease of biogas production in 2018 and the increase of GHG emission factor of electricity purchased in the National Electric System in Chile.

Compared with 2010 baseline, in 2018 we have stopped issuing 521 t CO2e (considering Chile's operations in Scopes 1 and 2). The reduction is due to greater efficiency in productive processes, technological renovation and specific projects.

#### *GRI indicators: 103-1, 103-2, 103-3, 304-1, 304-2* **Biodiversity Conservation**

At VSPT Wine Group, for ten years we have been implementing initiatives to support our activity and the country sustainable development. As the second largest exporter of Chilean wine, we know we have a big challenge of having an innovative and pioneering management that focuses on sustainability in an integral way. In the same line, our Biodiversity Conservation Plan has become a key part of our Sustainable Winegrowing program that from 2009 is focused on sustainable production, in the same line with our challenges regarding this matter.

In recent years, we have put our focus on El Rosario Estate from Tarapacá Winery, in an area of scrubland and sclerophyllous forest in Chile. This ecosystem has been considered a hotspot for biodiversity conservation by the international scientific community since it is right next to Altos de Cantillana mountain range. This coastal massif covers an area of 205,000 hectares and the National Environment Commission (CONAMA) has nominated it as a priority level 1 site for the conservation of national terrestrial biodiversity, because it has 53% of the country's endemic flora and fauna and 47% of native species.

For this reason, we decided to develop a program in order to preserve, protect and restore the balance between the species found in our plant and Altos de Cantillana, developing a Masterplan for Biotic Backup Areas for six years.

One of the achievements of the project's leading team –integrated by biologists, agronomists and landscape architects- is the incorporation in 2017 of 4,600 native trees and shrubs, from 24 different species, and 2,400 more, from 35 different species, in 2018. Some of the plan's positive effects can already be appreciated. There is an increase of fauna

and birds spotting in our vineyards and biological corridors built, such as the giant hummingbird, the jewel and Liolaemus lemniscatus lizards and the long-tailed snake, species that -without the shrubby flora planted to protect them and the rocks that were brought as an environmental improvement- would not be able to live in the area. In addition, in order to have a comparison base, by the end of 2018, the first study of arthropods in biological corridors was carried out, which will allow us in the short term to measure and quantify the masterplan's effects.

In addition, improving canyons has allowed reestablishing the ecological flow between the Cordillera de Cantillana and Maipo River, considered as a regional biological corridor.

These improvements are complemented with Biodiversity Workshops to our collaborators, focused on raising awareness about ecosystem conservation in our wine production, flora and fauna from Mediterranean area and biological invasions. In addition, we have the Biodiversity Path, open to our collaborators and clients and that we launched in 2016, in order to educate our collaborators, customers and consumers about the importance of conservation.

In line with our program in Chile, in Finca La Celia vineyards in Argentina we also work to promote biodiversity and caring for our native flora and fauna. Therefore, we have an Agricultural Management Plan that prefers mechanical control over chemical control in all those vineyard practices that allow it, which means less chemicals are applied to the soil. This initiative looks after natural soil balance, by growing plant cover and species that are habitat for beneficial insects, which produce higher protection for those ecosystems living in our Argentinean's vineyards.

### GRI indicator: 307-1 Normative compliance

The fundamental pillar of our work is to comply with all applicable regulations and to go even further, always focused on best practices, and this is formally declared in our Code of Business Behavior and Environmental Policy that rules us from our holding company.

All our facilities have an Environmental Impact Statement (Declaración de Impacto Ambiental DIA) and a corresponding Environmental Qualification Resolution (Resolución de Calificación Ambiental RCA).

However, we know there is no productive activity that is free of risks and impacts, particularly if they have a complex productive chain. During 2018, we had two non-significant fines, applied by the Agricultural and Livestock Service and the Health Service, for a total amount of 15 UTM (equivalent to approximately 737,000 CLP), in the Lontué Winery and the El Huique plant, respectively.

The other VSPT Wine Group facilities have not received fines of significant amount, due to environmental breaches.





## Clients and Consumers

# .09

**Our permanent challenge** in this dimension of our Sustainability Management and Strategy Model is to be preferred by our clients and customers (whom we consider strategic partners), thus maximizing profitability.

For this purpose, we established six priority focuses:



Growth

To achieve sustainable growth goals.



**Brand Value** 

To build differentiating value propositions, based on our brands in order to consolidate ourselves as a world-class wine group.



#### Strategic Partners

To build long-term relationships with our clients, based on trust and strategic guidelines.



Responsible Consumption

To promote wine consumption in a responsible way.

#### Management of Advertising Waste

To manage final disposal of our advertising material.

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#### Extended Producer Responsibility Law

To lead by the example - and with the necessary anticipation - regarding the fulfillment of the Law of Extended Producer Responsibility (Ley de Responsabilidad Extendida del Productor).

#### *GRI indicators: 103-1, 103-2, 103-3* **Responsible Consumption in Clients and Consumers**

We approach the promotion of responsible wine consumption, both inside and outside the Company, through the b.smart Program, with the double objective of celebrating the passion for wine with joy and moderation, as well as encouraging responsible alcohol consumption.

Based on our 360°.Commitment to 2021, we set ourselves the goal of spreading this powerful initiative to 100% of contact points with collaborators, consumers and clients. In this way, during 2018, the b.smart seal was incorporated into all brand communications, both in advertising pieces and social media, as well as in consumer, tastings and fairs. We also launched the 10 commandments of b.smart drinker at VSPT, the program's website and a complementary video.

In the case of domestic wine, we have 32,518 points of sale, so our challenge is to keep on moving towards our goal and it is a challenge taken as a team and with the greatest enthusiasm.

www.bsmart.wine www.vsptwinegroup.com/sustainability/bsmart





#### GRI indicators: 103-1, 103-2, 103-3 Brand Value

As we have indicated, our brands deliver a differentiating value proposition, which they communicate to clients and consumers in different instances, with the purpose of consolidating ourselves as a world-class wine group. Here we have some campaigns and initiatives with a special brand positioning.

#### Misiones de Rengo

This is the most sold bottled wine in Chile and it is back with the "The Power to Believe" (Poder de Creer) contest, supporting entrepreneurs looking for innovative initiatives that inspire the whole country. After a selection process of more than two thousand projects, "Bosque Hundido" was the idea that best represents the original spirit of the contest.

Three entrepreneurs Rodrigo and Felipe Martino, both brothers, and Pedro Vial started their work three years ago. They created a sustainable project to rescue woods submerged in the depths of Patagonia lakes, to reuse them and transform them into noble pieces of furniture.

Misiones de Rengo supported the project execution by buying special machines and workshops in order to provide tools and knowledge to enhance the delivery of value to final customer. The idea is to recover the heritage of native forest to give it a new life, "Our woods tell a story: ancient origins, settler adventures, lung diving, strength and ingenuity that enhance their value, a message of balance with nature," says Felipe Martino, one of the project founder.

#### Gato "Típico Chileno"

Gato launched his new campaign: "Chileans know what is good" ("Los chilenos saben lo que es bueno"), which is played by two of the most important humorists in our country, Coco Legrand and Stefan Kramer.

In the campaign we see both comedians talking about who knows more about the origin of the most typical products of our country. For example, the best cheese empanada is from Huentelauquén, the wicker from Chimbarongo, the best spider crab from Punta Arenas, the curanto from Chiloé, the Lamb from Magallanes, finishing with the statement that the best wine is Gato, "Typically Chilean".

#### Castillo de Molina

This brand launched its "Face to Face" advertising campaign, which is in line with its positioning and consistency in communicating "Enjoy here and now". The goal is to promote fewer virtual encounters and more real encounters.

#### **Epica**

It communicates sustainability in its advertising campaigns, communicating, for example, that wine production is made with renewable energy.

It should also be noted that, as of June 2018, the Epica brand recycles 100% of glass bottles it uses at events (approximately 1,000 bottles). In addition, bottles from other brands participating in the events are collected.

### *GRI indicators: 103-1, 103-2, 103-3* **Strategic partners**

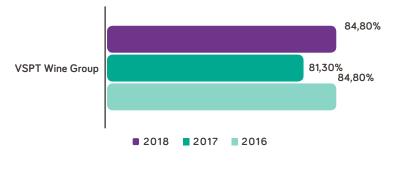
Little by little, we are making the sustainability concept to have a positive impact on our customers. We have made progress with large supermarket chains, where, for example, we have the challenge of reducing advertising materials within the premises and providing easy to recycle material, such as cardboard. For this reason, we are focused on meeting the requirements and having a long-term relationship that benefits both of us.

Also, thanks to our environmental initiatives and the fact that every time our wine production is more sustainable, we can have a better position of our brands among clients who are wine specialists, since they take wine attributes and tell the history behind to increase sales.

In addition, we continue to maintain an excellent relationship with the customers of our traditional channel, warehouses and liquor stores, since thanks to execution and strategic alignment we have managed to stay in the first place in that channel.

To continue maintaining an excellent relationship with our customers, we have goals associated with the valuation of our brands, applying studies that, together with detecting levels of satisfaction and loyalty, allow us to identify aspects that make our customers prefer us and close gaps in a systematic way. In addition, customer satisfaction studies were conducted in the national territory for domestic wine (internal market) and consider a scale of 0 to 100. Here we present results:

#### **Results of Customer Satisfaction Studies**



#### Loyalty studies results

2016	2017	2018
50%	46%	54%

Note: The loyalty indicator is created by conjugating client's behavioral and attitudinal information, 5 drivers are evaluated: experience, relationship, offer, brand and price.

#### GRI indicators: 103-1, 103-2, 103-3, 301-1, 301-2, 306-2 Advertising Waste Management

In 2018, we developed a project that reinforces our commitment to reduce environmental impacts through a process of recovery and reuse of PVC fabrics exhibited by brands in their advertising campaigns.

Misiones de Rengo was the first brand to pursue this initiative and thanks to two of its campaigns, we managed to recover 988 m2 of PVC fabric to transform it into 1,780 reusable bags, in line with the goal of managing public advertising waste by 100%. Also, we were able to compensate 510.4 kg of  $CO^2$  emissions.

In this way, Misiones de Rengo (the best-selling wine brand locally) extends its leadership through the best sustainability practices, and -in particular- through conscious marketing. All brands that are part of the VSPT and CCU portfolio have adhered to this cause, committing themselves to develop plans to manage 100% advertising waste used in public areas during their campaign periods and provide a new use. Below, we present the main figures associated with this initiative.

#### Summary of Advertising Waste Management

BRAND	Printed Ma	aterial	Relocati	on	Recovered Material	J	CO <sup>2</sup> avoided	
	Mts <sup>2</sup>	Kg	Mts <sup>2</sup>	Kg	Mts <sup>2</sup>	Kg	4401000	
Viña Tarapacá	412,5	181,5	300	132	712,5	313,5	374 kg	
Misiones de Rengo	988,9	435,1	0	0	988,9	435,1	510,4 kg	
Viñamar	648,4	285,3	0	0	496	218,2	260,4 kg	



"We are very proud of these projects and it is for this reason that -with the area of Sustainability and Innovationwe have decided to go further. Today, all brands belonging to our group are committed to include this positive idea within marketing campaigns, which allows us to get closer and closer to our goal of managing 100% of our waste."

/ PEDRO HERANE CEO VSPT WINE GROUP / As one of the five corporate values of VSPT Wine Group, 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.



# Annexes

GRI indicators: 102-8, 405-1, 405-2, 401-1 Tables in Chapter Our People GRI Content Index

# .10

Staff by region and type of contract - VSPT Chile and Argentina

	2016			2017			2018		
REGION	Indefinite term contract	Fixed - term contract	Total	Indefinite term contract	Fixed - term contract	Total	Indefinite term contract	Fixed - term contract	Total
IV	6	0	6	6	0	6	6	0	6
V	57	27	84	55	29	84	54	34	88
RM	535	85	620	543	83	626	530	94	624
VI	45	88	133	54	108	162	51	137	188
VII	481	243	724	486	266	752	475	349	824
VIII	12	0	12	12	0	12	12	0	12
Argentina	0	99	99	96	5	101	94	5	99
Total VSPT Wine Group	1.136	542	1.678	1.252	491	1.743	1.222	619	1.841

Note: Outsourced personnel is not included.

#### Staff by working hours and gender - VSPT Chile and Argentina

WORKING DAY	2016			2017			2018		
WORKING DAT	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full Time	1,235	440	1,675	1,269	471	1,740	1,277	558	1,835
Part Time	1	2	3	1	2	3	1	5	6
Total	1,236	442	1,678	1,270	473	1,743	1,278	563	1,841

Note: Outsourced personnel is not included.

#### Other staff by gender - VSPT Chile

	2016				2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	
N° of Interns	61	76	137	46	55	101	43	54	97	

132 sustainable winegrowing

				POS	ITION		
YEAR	Age range	Managers	Assistant Managers	Professionals and Technicians	Employees and operational staff	Seasonal Workers	Total
	Younger than 30	0	0	33	30	21	27
2010	Between 30 and 50	67	78	56	38	43	45
2016	Older than 50	33	22	11	32	36	28
	Total	1	2	23	42	32	100
	Younger than 30	0	0	36	28	20	27
2017	Between 30 and 50	67	82	54	41	40	45
2017	Older than 50	33	18	10	31	40	28
	Total	1	3	25	43	28	100
	Younger than 30	0	4	34	32	28	30
0010	Between 30 and 50	69	85	56	43	35	45
2018	Older than 50	31	11	10	25	37	25
	Total	1	3	23	40	33	100

#### % of Staff by age range and position - VSPT Chile and Argentina

Note: Percentages informed represent the distribution of age groups within each position.

#### Wage gap by position and gender - VSPT Chile

AÑO	POSITION	GEN	DER	DATIO
ANU	POSITION	Men	Women	RATIO
	Managers	-	-	-
2016	Assistant managers	3.386.548	3.291.055	0,97
2016	Professional and technicians	905.827	895.849	0,99
	Employees and operational staff	294.434	290.272	0,99
	Managers	-	-	-
2017	Assistant managers	3.718.334	3.610.287	0,97
2017	Professional and technicians	993.692	982.746	0,99
	Employees and operational staff	337.552	331.460	0,98
	Managers	-	-	-
2018	Assistant managers	3.844.758	3.733.037	0,97
2018	Professional and technicians	1.027.478	1.016.160	0.99
	Employees and operational staff	371.664	365.805	0,98

Notes: Salaries of managers are not informed for confidentiality reasons. The ratio is determined by dividing female average salaries by male average salaries.

#### Wage gap by position and gender - VSPT Argentina

VEAD	DOCITION	GEN	IDER	DATIO
YEAR	POSITION	Men	Women	RATIO
	Managers	-	-	-
2016	Assistant managers	-	-	-
2010	Professional and technicians	48,351	41,150	0.85
	Employees and operational staff	14,900	14,400	0.96
	Managers	-	-	-
2017	Assistant managers	-	-	-
2017	Professional and technicians	54,700	47,900	0.87
	Employees and operational staff	20,400	20,000	0.98
	Managers	-	-	-
2018	Assistant managers	-	-	-
2018	Professional and technicians	85,800	75,900	0.88
	Employees and operational staff	31,800	33,000	1.04

Notes: Average salaries are informed in Argentinian pesos. Salaries of managers and assistant managers are not informed for confidentiality reasons. The ratio is determined by dividing female average salaries by male average salaries.

#### New hires of seasonal workers by gender and age range and gender

VEAD			VSPT CHILE		VSPT ARGENTINA			
YEAR	Age range	Men	Women	Total	Men	Women	Total	
	Younger than 30	112	56	168	0	0	0	
2010	Between 30 and 50	224	99	323	0	0	0	
2016	Older than 50	114	16	130	0	0	0	
	Total	450	171	621	0	0	0	
	Younger than 30	117	53	170	0	0	0	
2017	Between 30 and 50	233	72	305	0	0	0	
2017	Older than 50	166	14	180	0	0	0	
	Total	516	139	655	0	0	0	
	Younger than 30	121	54	175	0	0	0	
2010	Between 30 and 50	208	85	293	0	0	0	
2018	Older than 50	132	13	145	0	0	0	
	Total	461	152	613	0	0	0	

Note: The number of seasonal workers that are hired within a year is the same as the number of seasonal workers that leave the Company during that year. This is due to the fact that seasonal workers are hired for the extent of a specific job or labor (taking into account both agricultural activities and harvest), and its duration is just a few months each year.

VEAD	405		VSPT CHILE		١	SPT ARGENTIN	4
YEAR	AGE	Men	Women	Total	Men	Women	Total
	Younger than 30	36	40	76	0	0	0
2010	Between 30 and 50	31	48	79	0	0	0
2016	Older than 50	0	0	0	0	0	0
	Total	67	88	155	0	0	0
	Younger than 30	40	44	84	2	0	2
2017	Between 30 and 50	34	16	50	2	2	4
2017	Older than 50	6	2	8	1	0	1
	Total	80	62	142	5	2	7
	Younger than 30	72	32	104	0	0	0
2010	Between 30 and 50	48	11	59	6	1	7
2018	Older than 50	15	0	15	0	0	0
	Total	135	43	178	6	1	7

#### Terminations of employment by age range and gender

#### Terminations of employment by age group and gender of seasonal workers

YEAR		VSPT CHILE		VSPT ARGENTINA			
	Age	Men	Women	Total	Men	Women	Total
	Younger than 30	112	56	168	0	0	0
2016	Between 30 and 50	224	99	323	0	0	0
2016	Older than 50	114	16	130	0	0	0
	Total	450	171	621	0	0	0
	Younger than 30	117	53	170	0	0	0
0.017	Between 30 and 50	233	72	305	0	0	0
2017	Older than 50	166	14	180	0	0	0
	Total	516	139	655	0	0	0
	Younger than 30	121	54	175	0	0	0
2018	Between 30 and 50	208	85	293	0	0	0
	Older than 50	132	13	145	0	0	0
	Total	461	152	613	0	0	0

Nota: The number of seasonal workers that leave the Compnay within a year is the same as the number of seasonal workers that are hired. This is due to the fact that seasonal workers are hired for the duration of a job or labor (taking into account both agricultural activities and harvest), and its duration is just a few months of each year.

#### GRI Indicators: 403-9, 403-10

## Safety and Occupational Health Indicators for Seasonal Workers

At VSPT Argentina no seasonal workers are hired. At VSPT Chile there were zero cases of occupational illnesses of seasonal workers and – when this report was completed- the absentism rate was not available for this group of collaborators.

#### Frequency rate of occupational accidents and days lost for seasonal workers

VSPT Chile		N° Occupational Accidents	Working Hours	Occupational Accidents Rate	Rate of Days Lost
	Men	4	1,932,336	2.07	10.35
2016	Women	0	828,144	0	0
	Total	4	2,760,480	1.45	3.62
	Men	1	502,680	1.99	29.84
2017	Women	0	215,434	0	0
	Total	1	718,114	1.39	13.93
	Men	3	477,918	6.28	31.39
2018	Women	1	204,822	4.88	0
	Total	4	682,740	5.86	14.65

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	417-3 Incidents of non-compliance concerning marketing communications.	-	VSPT during the 2017 and 2018 period had no breaches in this matter.			
Socioeconomic compliance.	419-1 Breach of laws and regulations in the social and economic fields.	-	VSPT during 2017 registered 3 fines issued by the SAG for an amount of 23 UTM. In 2018 there were no fines in these matters.			

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