

SUSTAINABLE DEVELOPMENT

AUGUST 2013

CONCHA Y TORO

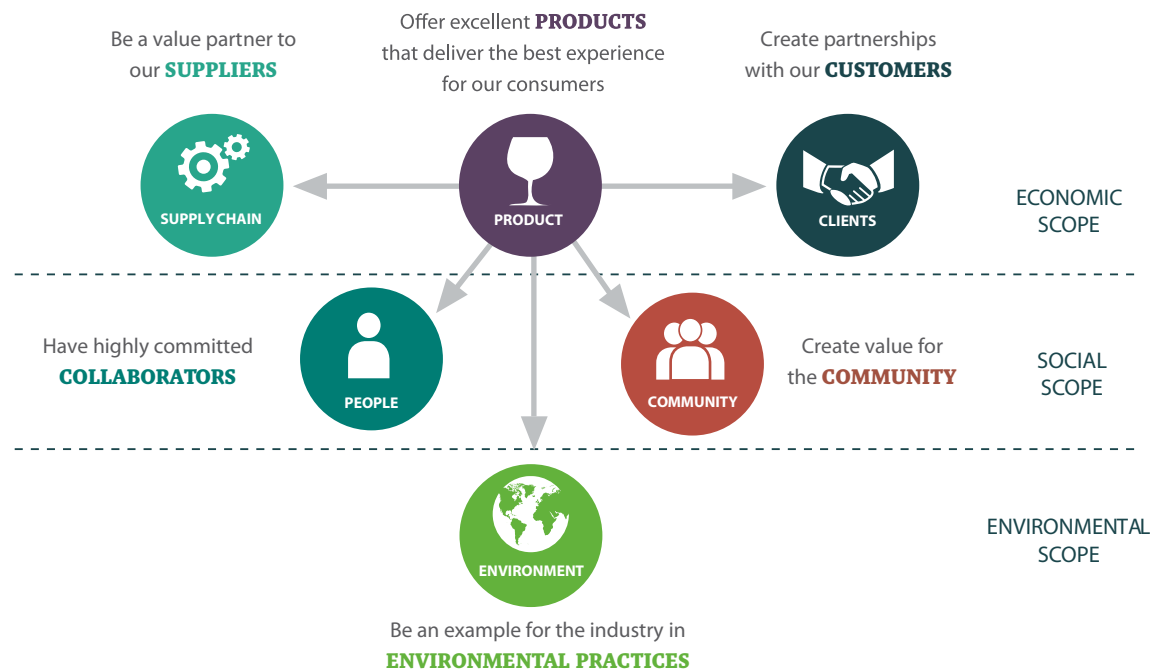


INTRODUCTION

Concha y Toro winery incorporates sustainability into its corporate vision by balancing the economic, environmental and social dimensions of its business. The essential components of Sustainable Development are part of our history and the way we act.

As a company, we have always sought to be in harmony with our environment, to use natural resources rationally and to care for the environment from vineyard to final product. We have also favored and promoted integration with the surrounding communities as well as well-being and promotion of the people who are part of our company.

Along these lines, Concha y Toro bases its Sustainability Strategy on six strategic pillars - Environment, Product, Client, Supply Chain, People and Society - which reflect the company's business activities and take into account its most relevant stakeholders.



The specific goals contained in each strategic pillar help the winery achieve its mission:
TO GIVE BACK IN EVERY BOTTLE THAT WHICH EARTH HAS GIVEN US.

↘ ENVIRONMENT

THE WINERY AIMS TO BE A BENCHMARK FOR THE INDUSTRY IN TERMS OF ENVIRONMENTAL PRACTICES BY ADOPTING A CULTURE OF ENVIRONMENTAL EXCELLENCE IN THE DEVELOPMENT OF ITS PRODUCTS. THE COMPANY'S LONG-TERM COMMITMENT IS REFLECTED IN VARIOUS INITIATIVES TO REDUCE ITS ENVIRONMENTAL IMPACT, SUCH AS REDUCED WATER CONSUMPTION AND CO2 EMISSIONS, AMONG OTHERS. CONCHA Y TORO AND ITS SUBSIDIARIES HAVE DEVELOPED SEVERAL PROJECTS, THE MOST IMPORTANT ONES BEING:



1. Carbon Footprint Measurement:

An inventory of greenhouse gas emissions has been carried out since 2007, Concha y Toro being one of the first wineries to do so in Chile. Carbon footprint has been measured and verified by an external auditor each year and has been an essential step to work on future gas emissions reduction targets. Its calculation includes scopes 1, 2 and 3 and has been developed according to “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard” of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).



CONSOLIDATED CARBON FOOTPRINT BY SCOPE CONCHA Y TORO 2007 - 2012

In January to December 2012, emissions totaled 235,000 tons of CO₂, a reduction of 28% compared to 2011 mainly due to the addition of suppliers' Carbon footprint measurement. During 2012 unitary average emissions were 1.3 KgCO₂ per 750cc bottle, one of the lowest values in the world wine industry.

2. Water Footprint Measurement:

Concha y Toro is the first winery in the world to estimate the water footprint in partnership with Fundación Chile (FCH) and the Water Footprint Network (WFN), an international organization whose mission is to promote transition to production systems with sustainable water use. Water footprint measurement shows the total volume of fresh water used by the company across its different processes and allows it to develop better strategies to mitigate environmental impact and improve water resource management.

Results indicate the winery uses 25% less water to produce a glass of wine than the estimated average for the global wine industry. It is worth noting that Concha y Toro registers a lower water footprint than the average of certain areas such as France, Spain and Australia.

540
liters
PER BOTTLE



720
liters
PER BOTTLE



WATER FOOTPRINT CONCHA Y TORO V/S AVERAGE WATER FOOTPRINT OF INDUSTRY

One of the measures implemented to optimize water use is drip irrigation in the entire extension of the company's vineyards. This irrigation system provides the plant with the exact amount of water needed and avoids water infiltration and loss.

3. Forest and Wilderness Areas Conservation Program:

With the aim of preserving the rich biodiversity of its vineyards and surrounding areas, Concha y Toro has developed this program to protect the native sclerophyllous forest found within its land holdings. In December 2012, the company had 3,272 hectares registered as native forest in the National Forestry Corporation (CONAF).

With support from the Institute of Ecology and Biodiversity (IEB) a biodiversity inventory was carried out to characterize existent flora and fauna in the winery's holdings, with the purpose of generating specific conservation plans tailored to the reality and needs of each estate. As of December 2012 1,217 hectares, equivalent to 37% of the company's total area of native forest have been inventoried.

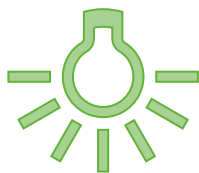
PROTECTED NATIVE FORESTS (FARMS)	LOCATION (Region and County)	FOREST AREA	TOTAL AREA OF THE FARM (ha)
Villa Alegre	Maule, San Javier	283	639
Rucahue	O'Higgins, San Vicente	106	305
Peumo	O'Higgins, Peumo	476	1,310
Ucúquer	O'Higgins, Litueche	235	971
Rauco	O'Higgins, Rauco	458	1,142
Santa Raquel	Maule, Penciahue	38	597
Lourdes	Maule, Penciahue	77	1,513
Palo Santo	O'Higgins, Litueche	84	372
Idahue	O'Higgins, San Vicente	1,515	2,327
PROTECTED AREA TOTAL		3,272	9,176



4. Energy Efficiency:

Given the importance of this issue the winery has performed energy efficiency audits in its winemaking and storage cellars since 2010. During this period it has implemented measures to improve the quality of energy used, by progressively changing the type of lighting fixtures in bottling plants and cellars and by replacing use of fossil fuels with renewable energy sources. Installation of a Laserlight lighting system in the Vespucio plant has improved the quality of light and generated savings of up to 70% on lighting energy consumption.

70%
SAVINGS
ENERGY CONSUMPTION
LIGHTING



In the field of renewable energy, in 2012 a process of installation of solar thermal panels in warehouses was begun. In a first stage this technology has been incorporated in the Chimbarongo cellar, in the Agricultural Management facilities and in the estates of Los Acacios, San Julián, El Trapiche and Quebrada Seca, all in the Limarí Valley.



5. Recycling Program:

100% of major industrial waste is treated, recycled or reused by the winery, by reducing materials and by incorporating technology and innovate measures to develop clean production processes.



NON-HAZARDOUS SOLID

Consists primarily of packaging materials such as paper, cardboard, glass and plastics.

100% of non-hazardous waste is recycled by external companies.



ORGANIC SOLIDS

Composed of waste from the vinification process such as pomace, stems and sediments.

100% of organic waste is treated and valued. 62% is recycled for tartaric acid. 38% is reused as compost.



HAZARDOUS SOLIDS

Composed primarily of oils, empty chemical drums, batteries, personal protection items, among others.

100% of this waste is handled directly at each facility. Later it is properly managed by an external company in accordance with current legislation.



LIQUIDS

Composed primarily of remaining liquids from the operation with fine organic matter.

100% of the total ILW generated is treated. 60% is treated at the 5 liquid waste treatment plants of the company, and the remaining 40% by external companies.



↘ PRODUCT

CONCHA Y TORO HAS DEFINED SUSTAINABILITY AS A KEY VALUE TO CONSOLIDATE ITS GLOBAL LEADERSHIP. TO THIS END IT HAS INCORPORATED SEVERAL MEASURES ACROSS ITS PRODUCTION PROCESSES TO HAVE A PORTFOLIO OF BRANDS THAT SATISFY CURRENT CONSUMERS AND AT THE SAME TIME ADAPT TO FUTURE CONSUMER TRENDS.

PRODUCT

1. Lightweight Bottles:

One of the main conclusions of the Carbon Footprint measurement was the environmental impact produced by transportation to destination markets. Thus, in 2009 the lightweight Ecoglass bottles project was implemented to use less glass and reduce emissions by this factor. The project began with the company's varietal brands.

IN 2010 WAS EXTENDED TO THE PREMIUM LINE CASILLERO DEL DIABLO

Since its widespread introduction in 2010, bottle weight reduction has lowered glass consumption by 17,812 tons.

The use of this type of Ecoglass bottle, 14% lighter on average than traditional bottles, helps Concha y Toro consume less energy in both production and distribution processes, reduce fuel consumption in transportation to domestic and foreign markets and thus achieve a significant reduction in its greenhouse gas emissions. Currently, 92% of the company's 750cc bottles use this light - weight format.



2. Carbon Neutral Products:



4,300 tons of CO₂ generated by the Sunrise brand production process were neutralized by buying carbon credits from non-conventional renewable energy projects in Chile. The destination markets were Sweden, Finland, Norway and Denmark. In the Santiago Climate Exchange (SCX) the company bought carbon credits of the renewable energy project Lircay Hydroelectric Central. Concha y Toro has thus confirmed Sunrise as its first carbon neutral product.

4,300
TONS
OF CO₂ NEUTRALIZED



3. Ecolabels:

In 2012 the company first tried voluntary ecolabelling its products with sustainability indicators. The indicators used are the Water and Carbon Footprints by wine glass, as well as recycled content included in the bottle production. The average values were 0.3 kgCO₂/glass, 72 LtH₂O/glass and bottles with 25% pre-consumer recycled material.





CLIENTS

TO ENSURE SAFETY, LEGALITY AND QUALITY OF ITS PRODUCTS, THE COMPANY HAS OBTAINED VARIOUS CERTIFICATIONS AND ADHERED TO INTERNATIONAL QUALITY STANDARDS.



CLIENTS

The company now has:

HACCP CERTIFICATION

(Hazard Analysis and Critical Control Points)



BRC

(British Retail Consortium)



IFS

(International Food Standard)



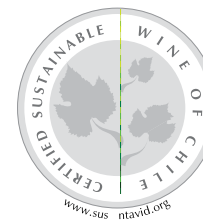
For its four bottling/packaging plants to avoid exposure to any potential risk to product innocuity and ensure consumers' safety.

FOOD DEFENSE

The company is implementing the Food Defense Plan in its plants, cellars and estates to identify, mitigate and monitor potential sources of intentional food contamination and thus ensure a safe, quality product at our consumer's table.

SUSTAINABILITY CODE

Concha y Toro and its subsidiaries obtained Sustainability Code certification given by Wine Technology consortium Tecnovid of the Wines of Chile Association. This certification demonstrates the company complies with the national sustainability standard and promotes industry best practices across the production chain (vineyard, winery and bottling process).



SUPPLY CHAIN

WE SEEK TO GENERATE A BOND OF TRUST AND TRANSPARENCY WITH OUR SUPPLIERS.



1. Inputs:

The large number of inputs used in our production process requires efficient management to minimize impact on both production and post-consumption. Concha y Toro works with its suppliers to minimize the amount of raw material contained in inputs.

2. Suppliers:

In September 2011 Concha y Toro launched a suppliers' program named "Sustainability and Carbon Footprint". The first activity was measuring each suppliers' footprint to be able to identify opportunities for CO₂ reduction in production processes and determine emission factors for the national wine industry. In addition, a Suppliers Code of Conduct was established as a way to begin incorporating ethical requirements that will be audited at a later stage. The program involves all producers of non-organic supplies for the company. Results for measurements

of our suppliers have shown a high level of performance for the national packaging industry, and national factors have been found to be up to 50% lower than international factors for wine industry supplies.

50%
LESS
WINE PACKAGING





PEOPLE

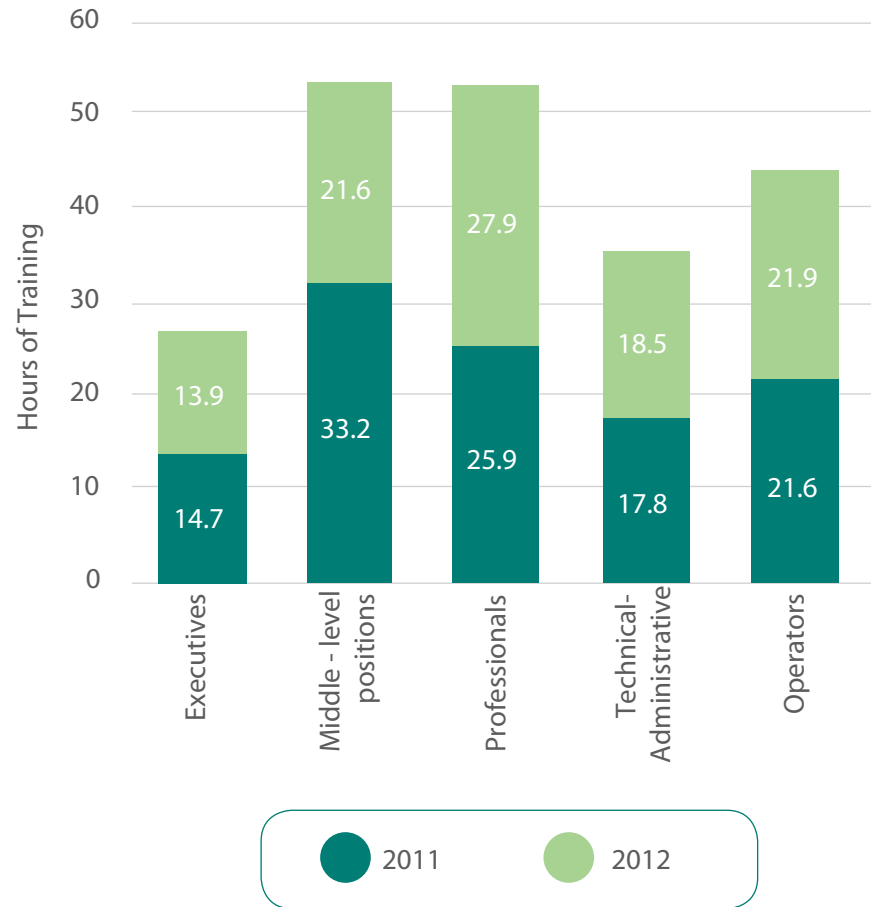
THE COMPANY WORKS TO REINFORCE A LONG-TERM RELATIONSHIP WITH ITS EMPLOYEES TO INVEST IN THEIR TRAINING AND PROFESSIONAL DEVELOPMENT. IN TURN, PROMOTES PERSONAL AND FAMILY WELL-BEING BY DELIVERING THE TOOLS THAT SUPPORT AN ADEQUATE QUALITY OF LIFE.



1. Training:

Concha y Toro considers employee training and coaching is key to promote development. Therefore, the company has various types of programs and as part of an intensive program to strengthen employee skills. During 2012, 1,366 people were in programs totalling 56,140 hours of training in various subjects.

The Department of Personnel Development and Training has programs whose aim is to strengthen knowledge and technical skills in line with the responsibilities of each position.



AVERAGE HOURS OF TRAINING 2011-2012

2. Quality of Life:

With the aim of promoting healthy life styles and wellness among its employees, the winery introduced this second strategic focus. The Quality of Life Department delivers benefits and significant discounts on multiple services for employees and their families.

The “Concha y Toro Social Network” platform available to employees has developed a wide range of programs, including a support network that offers psychological, legal, social and financial aid. In addition, several recreation initiatives that promote health through sports have been carried out, increasing the opportunities for bonding among employees and their families and participation in different sports teams. Every year there are various bowling championships.

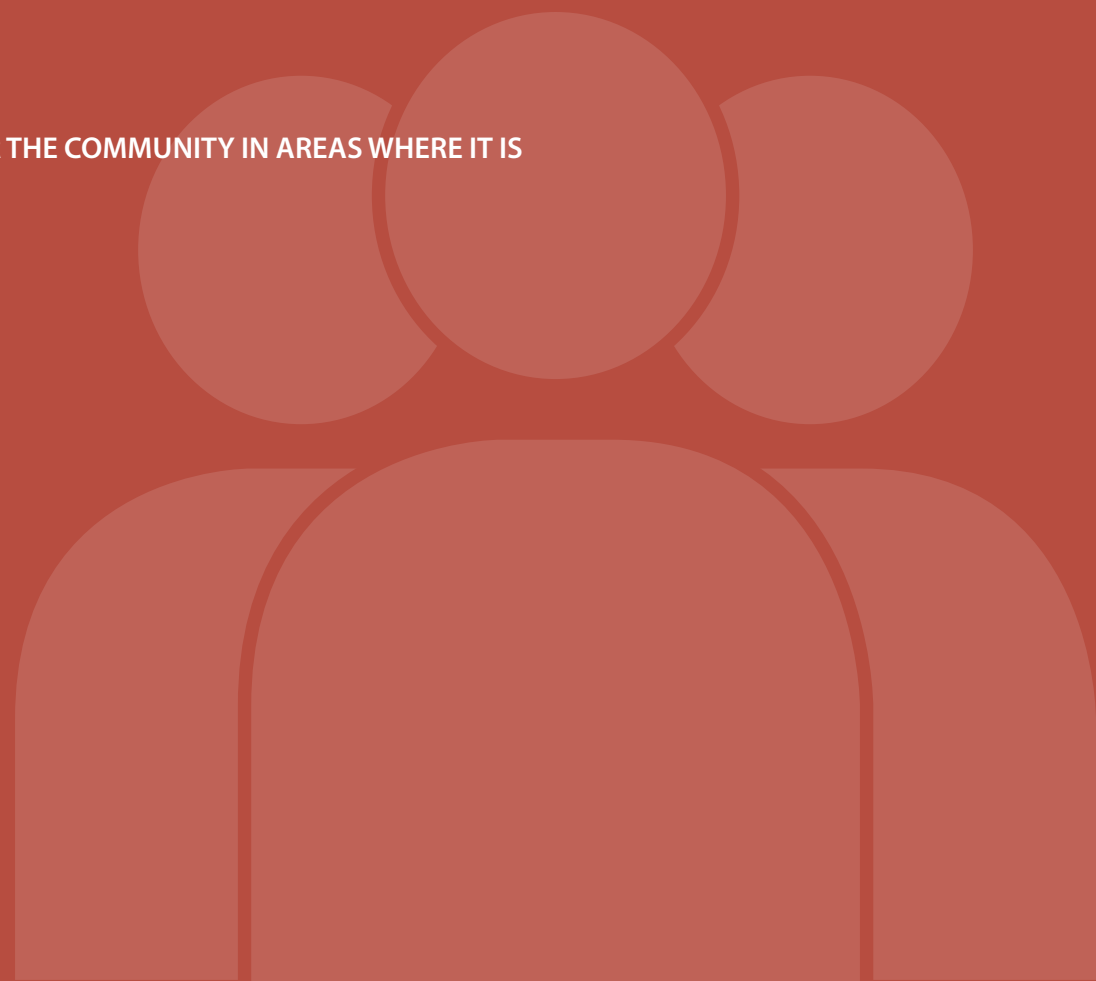
Another example is Concha y Toro Runners, a group of runners whose training plan is financed by the company.





COMMUNITY

THE WINERY AIMS TO CREATE SHARED VALUE FOR THE COMMUNITY IN AREAS WHERE IT IS PRESENT WITH ITS OPERATIONS.



1. Reconstruction Project:

Given the huge destruction in Chile's Central Zone as a result of the 2010 earthquake, the company began a reconstruction project in the neighboring communities of its estates and vineyards. This initiative led to the delivery of a total 146 basic houses, built primarily by Concha y Toro workers. The company also participated in the reconstruction of the Pirque parish church.



146
basic houses
built



2. Education:

Over the years, Concha y Toro has shown strong commitment to human capital formation by supporting the education of low-income young people with scholarships to different institutions.

Among these are:

- **Agricultural School Las Garzas:**

Concha y Toro grants 20 annual scholarships to this technical education school located in Chimbarongo county, oriented to education of people from low income rural families. The school's mission is to train agricultural technicians with solid academic and technical knowledge as well as values, providing the professional skills needed in the workplace.

- **John Paul II Foundation:**

The company makes annual contributions to the corporation that supports and favors low income people or those in greatest financial need for college tuition fees.

- **Concha y Toro Scholarships for Higher Education:**

Scholarships created to encourage and support education of the children of company (and subsidiaries) employees, a financial contribution to help fund higher education studies. These scholarships, managed by the Eduardo Guilisasti Tagle Foundation, finance the college or technical institutions tuition fees and monthly expenses of youths exhibiting good performance in school and in the University Admission Test (PSU), among other requirements.



Student that have received the Scholarship at Fundación Eduardo Guilisasti Tagle

In the interest of making a concrete contribution and be at the forefront of environmental and sustainable issues, Concha y Toro is part of or collaborates with:

May Day Network



An international program uniting more than 1,500 companies committed to combating climate change through concrete actions to mitigate carbon emissions in their business.

Institute of Ecology and Biodiversity



A foundation that collects and recycles obsolete computer equipment for use in education establishments of vulnerable sectors.

Chile Enter



Wines of Chile Association



Water Footprint Network (WFN)



Santiago Climate Exchange (SCX)



An entity that manages Carbon Credits transactions, the first to do so in Latin America.

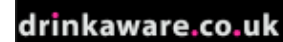
National Forestry Corporation (CONAF)



Corporation Esperanza



Drinkaware



(British organization promoting responsible alcohol consumption).