
SUSTAINABILITY REPORT

2016



Cono Sur

VINEYARDS & WINERY

A MESSAGE FROM THE GENERAL MANAGER¹



We are pleased to present our new 2016 Sustainability Report, which covers, among other things, the economic, financial, social responsibility and environmental dimensions of our work. Here we present a summary of our vineyard's principal results throughout 2016; if you require for additional information please contact the sustainability area of Viña Cono Sur. In developing this report, we used the fourth generation of the Global Reporting Initiative (G4 GRI) methodology under the new 2016 standards according to the Essential option².

This is a free and public report, available to anyone interested in understanding Viña Cono Sur's management, accessible at our website: www.conosur.com.

In accordance with the commitments made in 2015, though our efforts were concentrated in various areas, we had a principle focus on

our employees. We implemented a quality of life program that featured healthy eating initiatives and voluntary health checks, including ophthalmological and dental examinations, as well as blood tests. In addition, our agriculture team was granted one administrative day per semester, which consists of two paid-days off a year. Another achievement this year was providing clothing to all of our permanent and temporary agriculture staff of more than three years, and distributing tools to make their day-to-day easier.

Regarding our environmental management, we have continued our efforts in measuring, controlling and mitigate possible impacts upon our environment by permanently training our employees, innovating with technology that allows us to save energy and reduce our carbon footprint, increasing the amount of organic

vineyards, and planting native trees in order to restore our principal estate's biodiversity. As a result of our efforts, Chile's Manufacturers' Association (SOFOFA), along with the School of Business at Adolfo Ibáñez University awarded us the Corporate Sustainability Award within the Environmental category.

Lastly, we are currently working on updating our management system in order to renew our ISO 9001 and ISO 14001 certifications in adherence with the 2015 versions.

ADOLFO HURTADO
General Manager

¹ 102-14

² 102-54

1. GENERAL BACKGROUND

Viña Cono Sur S.A.³ was founded in 1993 with the vision of producing premium, expressive and innovative wines. Its name refers to the company's geographic positioning, representing wines made in America's southern cone, upon whose eastern edge lies Chile and its wine-growing valleys. Its logo evokes a freehand drawing of South America's silhouette.

Cono Sur's base is innovation. The company is characterized by its creative use of technology, orientation toward quality and a commitment to the environment. This innovative approach is the starting point for each of our wines' expression.

From the very beginning, Viña Cono Sur has been deeply committed to developing environmental policies, convinced that producing high-quality wines can go hand-in-hand with environmentally friendly practices.

1.1 OUR NATURE AND LEGAL FORMATION⁴

Viña Cono Sur is a subsidiary of Viña Concha y Toro, who provides general administrative services that correspond mainly with accounting, taxes, treasury and IT. Our packaging process is also outsourced to Concha y Toro. Figure 1 shows the interaction of the various roles⁵ within the organization. Viña Cono Sur is managed independently from Concha y Toro,

who provides general administrative services that correspond mainly with accounting, taxes, treasury and IT. Our packaging process is also outsourced to Concha y Toro.

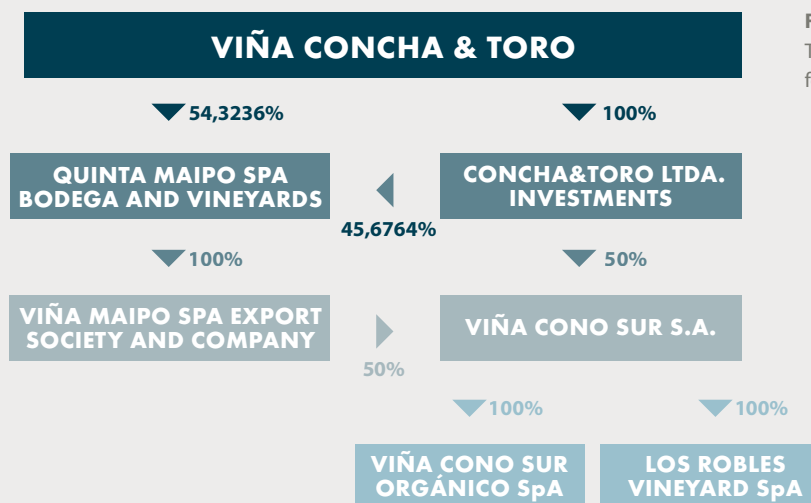


Figure 1: The company's formation

³ 102-2; 102-1

⁴ 102-5

⁵ 102-40; 102-42

2.

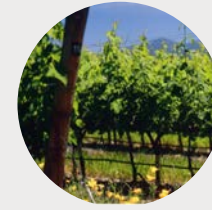
CONO SUR'S MAJOR MILESTONES

Viña Cono Sur S.A., a subsidiary of Viña Concha y Toro S.A., is created in 1993 with one clear objective: conquer Chile's fine wines export market.



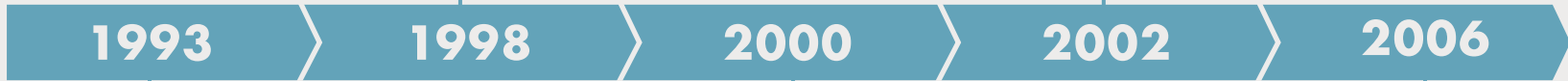
Organic vineyard management.

Inauguration of a 40-hectare organic vineyard project in the Colchagua Valley. To this date, we have also added the San Antonio Valley, totaling Cono Sur's organic management to around 300 hectares.



Clean Production Agreement.

Viña Cono Sur receives the "Clean Production Agreement" certification, an initiative by the Chilean government and Chilean Wine Corporation that aims to serve as a management instrument to enhance production, as well as environmental and energy efficiency conditions, among others.



1993

1998

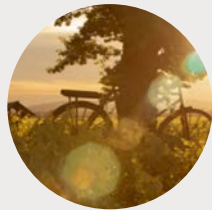
2000

2002

2006

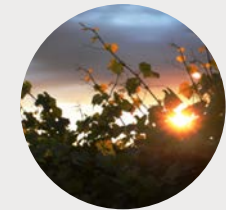
Integrated vineyard management.

Transformation from conventional to integrated vineyard management, a system that favors using natural alternatives for fertilizers, as well as pest and disease prevention and control.



Double ISO 9001 and 14001 Certifications.

The first vineyard in South America to obtain a double certification: ISO 9001, for quality management, and ISO 14001 for environmental management.



CarbonNeutral® delivery.

Cono Sur is the first vineyard in the world to obtain CarbonNeutral® delivery status upon neutralizing their carbon emissions produced by the maritime shipping of their wines to all worldwide destinations. The Campo Lindo Estate in Leyda (San Antonio Valley) and Peralillo (Colchagua Valley) are added to the list of organically managed vineyards.



Creation of the Sustainable Development Area

- We begin to gather information from emission sources in order to calculate our entire organization's carbon footprint, in coordination with the ISO 14.064 requirements.
- We incorporate ultra-light bottles within the high-volume ranges.



Green Company of the Year.

Viña Cono Sur is awarded "Green Company of the Year 2011" by British magazine, Drinks Business, in their annual "Green Awards". This title is a very important recognition of our continuous work to reduce our impact upon the environment. It is also a confirmation of the important steps the vineyard has taken toward sustainability issues.



2007

CarbonNeutral® Delivery

"Wine, Climate Change and Biodiversity" Project.

Along with the Institute of Ecological Biodiversity (IEB), we begin the "Wine, Climate Change and Biodiversity" Project in Campo Lindo of the San Antonio Valley. It seeks to develop new native flora and fauna management practices in order to preserve the ecosystem and mitigate the effects of global warming.

2008

2009



2010

ISO 14.064 Certification through CEMARS®

- Cono Sur becomes the first vineyard in the Americas, third in the world, to obtain the international ISO 14.064-1 certification through the CEMARS® certification. This positions them as a leading company in environmental protection.
- We acquire "El Encanto," 100 hectares in Jahuel, San Felipe of the Aconcagua Valley.

2011



BSCI Code of Conduct.

Cono Sur becomes South America's first winery to meet all the requirements of the Business Social Compliance Initiative's (BSCI) code of conduct. It was created a decade ago by the European Foreign Trade Association, with the objective of establishing a basis for a universal international system of monitoring social compliance. The BSCI code requires maximum social and environmental standards in production processes.



OHSAS 18.001 and ISO 50.001 Certifications.

In order to strengthen our compromise to the well-being of our employees, Cono Sur implements and certifies a management system based on occupational health and safety. In addition, seeking to strengthen our integrated management system in matters such as the environment and our carbon footprint, we implemented an energy management system, certified in May, 2014.



2016 Corporate Sustainability Award.

Issued by Chile's Manufacturers' Association (SOFOFA), the Centre for Business Sustainability at the Adolfo Ibáñez University and Revista Capital. This award is based on figures and information published by companies in their sustainability reports. It covers four categories: Corporate Government or "Governance," Environmental, Social and General. Viña Cono Sur, received this recognition in the environmental category, highlighting their strong commitment to the environment



2012

2013

2014

2015

2016

National Sustainability Code.

Cono Sur meets the three requirements for obtaining the National Code of Sustainability:

Green: The vineyards. This area covers matters such as erosion, soil management, nutrition, agrochemical management and energy use, among others.

Red: Bodegas and bottling plants. This area covers matters such as energy conservation, water management, contamination control and waste management, among others.

Orange: Social. This area covers matters such as ethics, the environment, the quality of the work environment, community, marketing and our compromise to consumers.



Second Clean Production Agreement.

Cono Sur obtains the wine industry's second Clean Production Agreement (APL) certification, both in the vineyards and the bodega of our Santa Elisa Estate.

This agreement seeks to strengthen the first APL by perfecting agrochemical management and waste management (both dangerous and non-dangerous wastes), as well as increasing energy efficiency and measuring our carbon footprint, among others.



VIÑA CONO SUR'S CURRENT CERTIFICATIONS⁶



3. DESTINATION MARKETS⁷

2016 DESTINATION MARKETS

Our clients have access to a wide array of excellent quality wines at accessible prices for consumers.

Viña Cono Sur currently works in 76 countries as of 2016. Although we incorporated five new markets, our reach has decreased by one market compared to the previous report due to lack of sales in recent periods. Our destination market distribution by continent is shown in Figure 2.

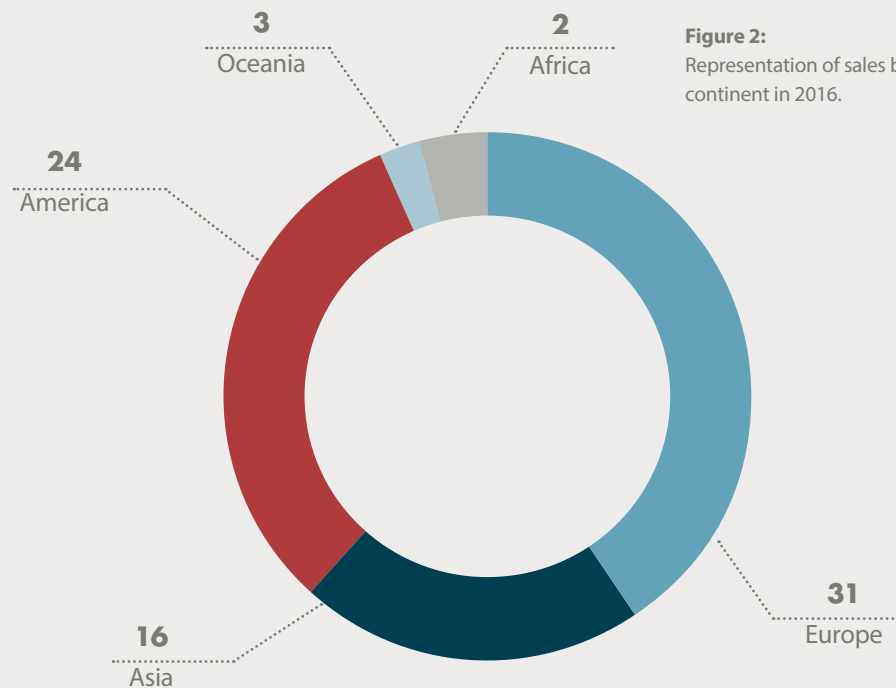
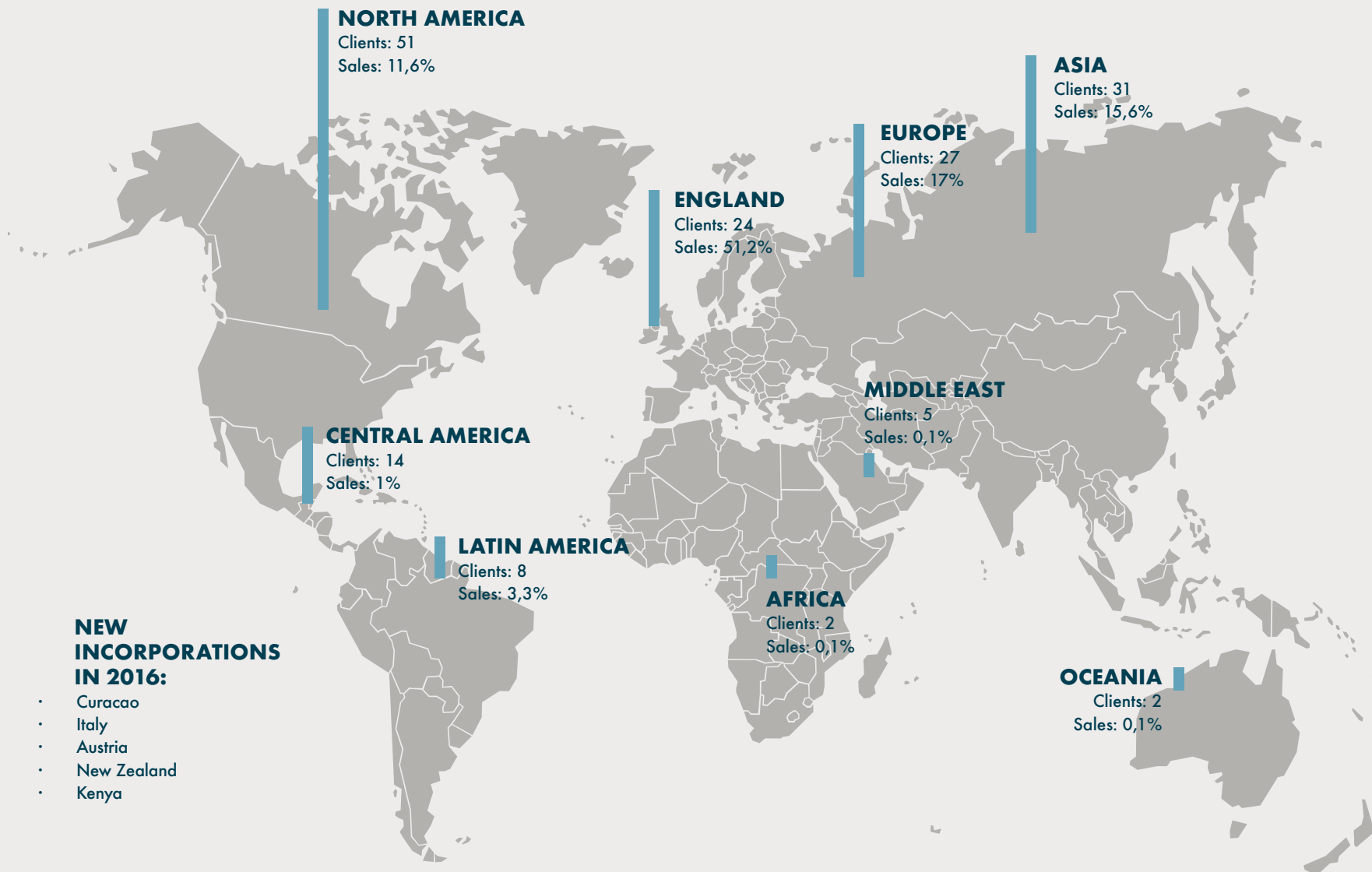


Figure 2: Representation of sales by continent in 2016.

⁶ 102-12
⁷ 102-6



NEW INCORPORATIONS IN 2016:

- Curacao
- Italy
- Austria
- New Zealand
- Kenya

Figure 3:
Worldwide Distribution of Clients and New Markets.

4. NET ECONOMIC PERFORMANCE⁸

Between 2015 and 2016, Viña Cono Sur's sales volume decreased by 3 percent, corresponding to 150,496 units less⁹, which led to an 8 percent drop in sales. Much of this was related to the UK's decision to exit the European Union, affecting the price of the Pound and one of our principal destination markets. However, our assets increased by 13.8 percent with the purchase of the El Estribo Estate, as well as increasing our bodega's storage space and investing in water rights to the El Encanto Estate.



⁸ 102-7 iii y v

⁹ Units sold in 9-liter cases.

4.1 ECONOMIC OUTCOMES FOR 2015 – 2016¹⁰

	Accumulated			
	2016		2015	
	M\$*	%	M\$*	%
Operating Incomes ¹¹	73.014.005		71.836.729	
Operating Expenses	(48.818.125)	67%	(47.085.072)	66%
Unabsorbed Operating Expenses	(1.670.907)	2%	(1.316.322)	2%
Operating Margin	22.524.973	31%	23.435.335	33%
Administration and Sales Expenses	(12.545.341)	17%	(11.549.605)	16%
Operating Outcome	9.979.632	14%	11.885.730	17%
Financial Income	-		-	
Other Non-Operating Incomes	41.308		90.880	
Depreciation in Lower-Value Investments	-		-	
Finance Expenditures	(18.357)		(20.605)	
Other Non-Operating Expenses	(17.463)		(14.983)	
Monetary Correction	26.664		42.744	
Exchange Rate	(2.632.270)		2.092.614	
Non-Operational Outcome	(2.600.118)		2.190.650	
Outcome before Income Tax	7.379.514		14.076.380	
Income Tax	(1.807.932)	24%	(3.247.146)	23%
Outcome Compared to Related Companies	5.571.582	8%	10.829.234	15%
The Period's Outcome	5.571.582	8%	10.829.234	15%

*: In millions of Chilean Pesos

Table 1:
Cono Sur's Results for the
2015 – 2016 Period.

¹⁰ 102-45¹¹ 102-7 iii

5. OUR WINES¹²



SILENCIO

The maximum potential of Cabernet Sauvignon from the Maipo Valley. A wine that leaves us in silence.



O C I O

Ocio is life itself, condensed in a moment. A moment worthy of this oenological epiphany. Ocio is Cono Sur's icon wine and Chile's first ultra-premium Pinot Noir.



CENTINELA

A traditional method blanc de blancs made with exceptional Chardonnay from the Casablanca Valley, located just nine kilometers from the Pacific Ocean. With a clean yellow-green coloring, El Centinela has a citric nose with notes of grapefruit, white flowers and a touch of bread. Mineral and balanced in mouth with fine, persistent bubbles that result in a long, elegant finish.



Inspired by the spirit of Viña Cono Sur's workers who pedal through the vineyards each day, whose efforts give life to this wine.



COSECHA NOBLE

Cosecha Noble is an innovative, unique concept that uses Riesling grapes from the Bío Bío Valley, a perfect spot for developing noble rot.



SPARKLING WINE

A radiant, delicate Brut with aromas that reveal ample fresh fruit expression inter-mingling with elegance and complexity reflected in notes of honey, white flowers and yeast. It's a juicy, crisp wine that's mineral and refreshing. Great acidity, balance and complexity.

¹² 102-2



20 BARRELS

In 1996, we decided to tackle the challenge of making our first premium wine. We chose Pinot Noir and selected the 20 best barrels to celebrate its '96 inaugural vintage.



SINGLE VINEYARD

Our Single Vineyard range seeks to embody the ideal terroir for each variety by optimizing altitude, climate and soil conditions that create privileged, unique locations. The result: fine wines with one-of-a-kind personalities that reflect origin.



RESERVA ESPECIAL

A complete and consistent range of premium wines that reflect elegance in design. Ideal for special occasions with great cellaring potential.



BICICLETA

Bicicleta wines stand out with their fruity expressions, offering more than the traditional varieties. A great example of innovation, style and creativity.

6. LOCATION

Viña Cono Sur's central office is located at Avenida Nueva Tajamar 481, Torre Norte, Piso 19, Of. 1901, Las Condes, Santiago de Chile.¹³

The cellar is located at Cono Sur's home estate, Santa Elisa, in Chile's Sixth Region in the town of Chimbarongo.¹⁴

The organization currently has 10 estates, located in various valleys, listed below in Figure 4.¹⁵

During the period of 2016, Cono Sur's organic coverage increased, this reduced agrochemical application and replaced it with cultural management, helping to improve balance and respect for the environment. Twenty-six percent of our total area is currently under this type of management.

In constant search of new viticulture areas, Cono Sur acquired a new estate south of Los Angeles in Mulchén at the end of 2016. Planting will commence during the 2017 season.

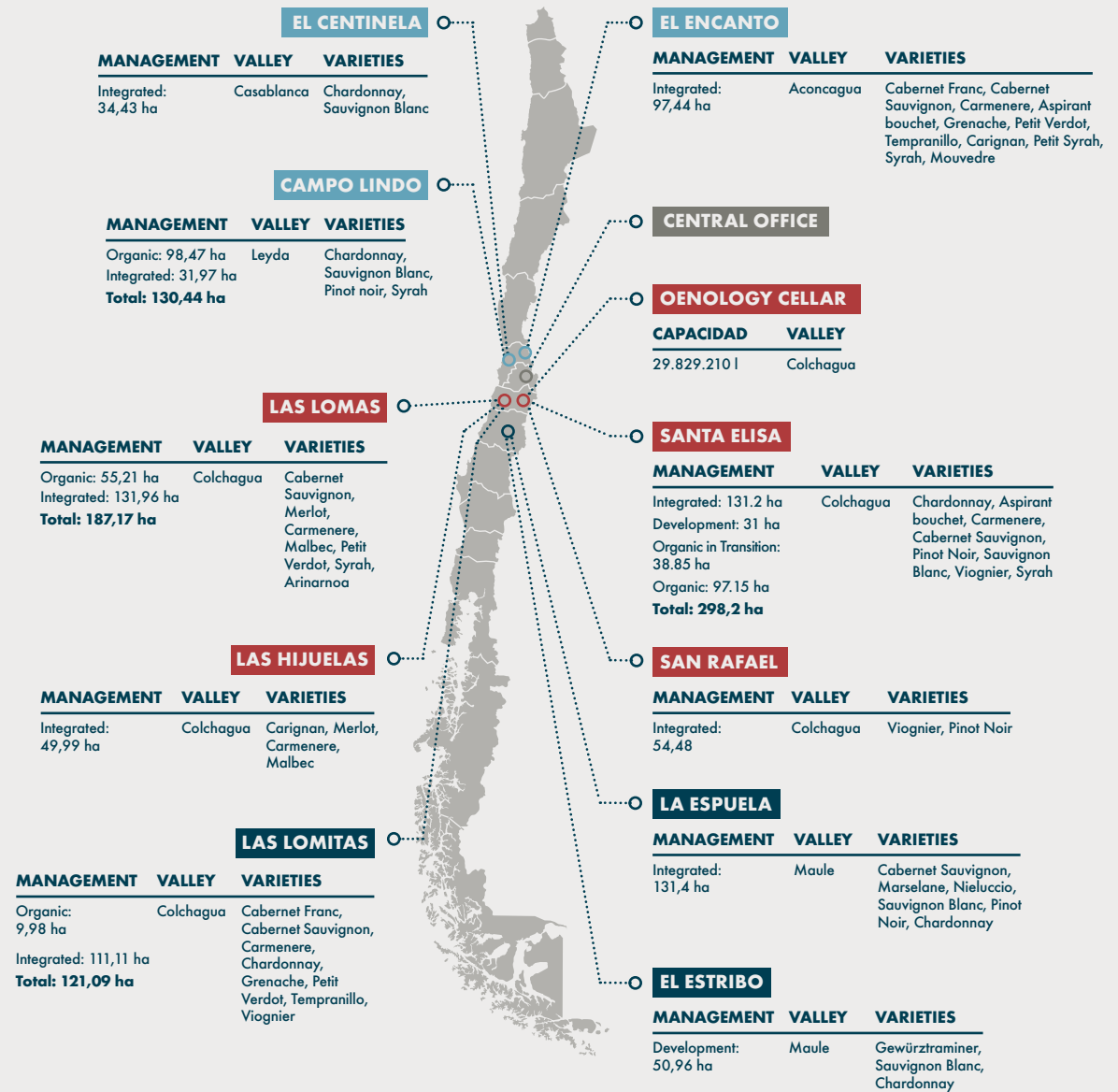


Figure 4: Viña Cono Sur's Estate and Management Information.

¹³ 102-4

¹⁴ 102-3

¹⁵ 102-7 ii

7.

REPORT SCOPE

This report aims to show a summary of our results regarding sustainability issues for the 2016 year.

The analysis involves all sites owned or managed by Cono Sur, which include:

- **Campo Lindo Estate**, located in Leyda, the Fifth Region.
- **El Centinela Estate**, located in Casablanca, the Fifth Region.
- **El Encanto Estate**, located in San Felipe, the Fifth Region.
- **Central Offices** located in Santiago, the Metropolitan Region.
- **Santa Elisa Estate** and winemaking bodega, located in Chimbarongo, the Sixth Region.
- **Las Lomas, Las Lomitas and Las Hijuelas Estates**, located in Peralillo, the Sixth Region.
- **La Espuela and El Estribo Estates**, located in San Clemente, the Seventh Region.

All information collected is verifiable. However, this document has not been subject to verification by an external source¹⁶.

For further information, contact any of the following team members in order to clarify any information contained in this document.

For inquiries regarding this report, please contact¹⁷:

CHRISTIAN MAIRE GÓMEZ

Head of Management and Sustainability Systems

E-mail: christian.maire@conosurwinery.cl

FERNANDO TAPIA ESTAY

Management System Coordinator

E-mail: fernando.tapia@conosurwinery.cl

Calle Pisagua s/n, Chimbarongo, Chile,
Telephone: +56 2 2476 2730/ +56 2 2476 1298



¹⁶ 102-56

¹⁷ 102-53

8.

REPORT CONTENTS¹⁸

Based on the voluntary requirements submitted by the Global Reporting Initiative in its G4 format according to new 2016 standards, the information gathering process, which includes documentation revision, considers the company from an internal perspective. It analyzes primary and secondary documentation, as well as consultations with stakeholders and local representatives. All content was compiled and integrated into materiality issues, shown in the matrix's 8.5 section.

It is necessary to emphasize that the generation principle of sustainability reports has aided in collecting and organizing information. It has also been an important part of the vineyard's communication channels with its stakeholders. As a part of our management commitments, this report is generated annually.

The present report is published annually (per calendar year) by Viña Cono Sur.¹⁹

8.1 IDENTIFICATION AND GATHERING

Viña Cono Sur has identified their scope based on the information gathered throughout all associated areas within the vineyard, as well as contact and interaction with stakeholders. Our sphere of influence is shown in Figure 5. Viña Cono Sur carries out due diligence in its production chain, permanently interacting with stakeholders in order to continue working together. We aim for constant betterment and detecting needs in materiality issues.

Figure 5 shows our current scope where it is possible to carry out due diligence on social and environmental issues. It is impossible for Cono Sur to have full control in the case of post-consumption management, however, we provide basic information on the management of the container and its recycling. It also includes information on responsible consumption in each of our products.

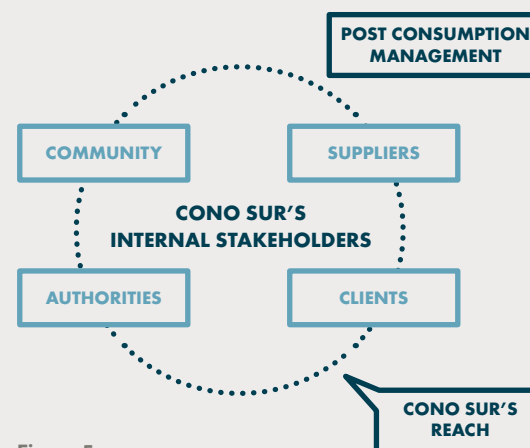


Figure 5: Sphere of influence compiled by Cono Sur.

¹⁸ 102-46

¹⁹ 102-50; 102-52



8.2 PRIMARY SOURCES²⁰

Internal interviews: All areas of Cono Sur, including the administrative area, oenological, agricultural (all estates), human resources, risk prevention and representatives of the joint hygiene and safety committee.

Information was gathered via surveys, both in situ and electronically, with interested internal parties. Con Sur also interviewed senior management to get their opinion on sustainability issues.

Management reviewed and approved an internal analysis of the current risks and opportunities mainly within oenology, agriculture, sustainability and human resources. An important part of the materiality matrix was obtained through this internal review.

8.3 SECONDARY SOURCES

When compiling and reviewing internal bibliographic materials, we considered the sustainability and social responsibility strategy, the 2015 Sustainability Report and national and international press analysis.

We also reviewed documents regarding good economic, social and environmental practices from mainly within the wine industry.

Based on sustainability issues proposed by the Global Reporting Initiative (GRI), the following is also incorporated:

- Wines of Chile's Sustainability Code.
- The Chilean Wine Industry's Clean Production Agreement (APL)
- The Business Social Compliance Initiative (BSCI) Code of Conduct

- ISO 14.001 International Norm, environmental management systems
- ISO 50.001 International Norm, energy management systems
- ISO 26.000 International Norm in Social Responsibility
- OHSAS 18.001 International Norm, work health and safety management systems
- Guiding principals on business and human rights, United Nations.
- 2013 Code of advertising ethics, Council of Self-Regulation and Advertising Ethics (CONAR)
- Sustainable Development Goals, United Nations

²⁰ 102-12; 102-46; 102-51

8.4 REVIEW AND VALIDATION

Cono Sur's sustainability area reviewed all information gathered from both internal and external stakeholders, which was then validated by top management. This information allowed for revising and updating materiality issues in order to apply them to the Materiality Matrix shown below.

There have been no major changes in the base year throughout this current period, natural for other businesses.²¹

8.5 VIÑA CONO SUR'S MATERIALITY MATRIX²²

The commentary generated by stakeholders upon reviewing the sustainability report will be considered for incorporating in the following report. The main change within the materiality matrix is related to the internal stakeholders' value on quality of life. In addition, incorporating non-conventional renewable energy (ERNC) within the energy matrix has also become important to the organization.²³

Throughout 2015, 39 materiality issues were identified based on what both parties considered important. Currently, for the 2016 period, the incorporation of and relocation of materiality issues within the matrix has been carried out as further explained below. It details the progress made within various sustainability issues.

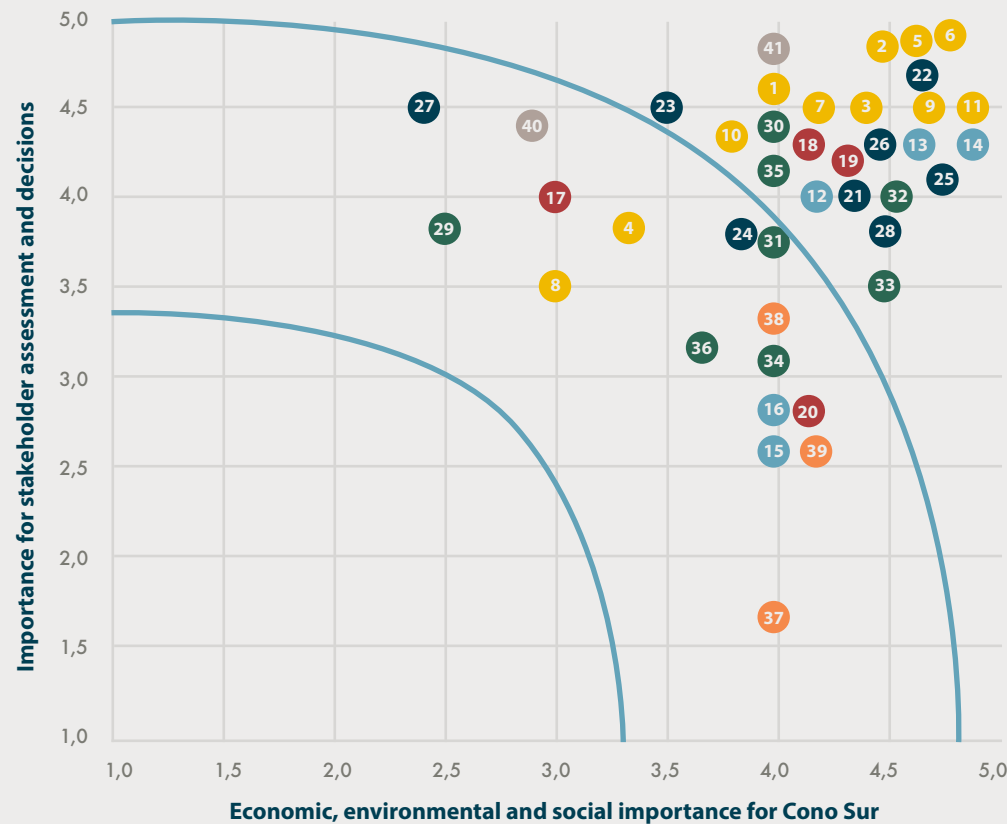


²¹ 102-48

²² 102-47

²³ 102-49

VIÑA CONO SUR'S MATERIALITY MATRIX



- Labor
- Governance
- Suppliers
- Environment
- Clients / Consumers
- Economic
- Community

IMPORTANT ASPECTS FOR BOTH PARTIES

- 1 Workforce availability
- 2 Occupational health and security
- 3 Training and workforce formation
- 5 Labor conditions
- 6 Quality of life
- 7 Employees' participation channels
- 9 Workday
- 10 Remunerations
- 11 Work environment
- 12 Policy and Vision
- 13 Certifications
- 14 Legal compliance
- 18 Suppliers' legal compliance
- 19 Evaluation of suppliers
- 21 Energy efficiency
- 22 Water consumption (hydric footprint)
- 23 Biodiversity
- 25 Waste management: RILES, RISES, RESPEL
- 26 Recycling
- 28 Carbon footprint
- 30 Research and development
- 32 Product identity
- 35 Customer satisfaction
- 41 Socio-economic impact on the community

MODERATELY IMPORTANT ASPECTS FOR BOTH PARTIES

- 4 Freedom of Association
- 8 Contract labor conditions
- 15 Sustainability communication & diffusion
- 16 Relationship with stakeholders
- 17 Child labor
- 20 Consumable prices
- 24 Plague management
- 27 Non-conventional renewable energies
- 29 Product tracking
- 31 Responsible consumption and benefits
- 33 Responsible marketing and ethical advertising
- 34 Country image
- 36 Oenological tourism
- 37 Grape price
- 38 Economic performance
- 39 Dividing price
- 40 Odors and noise during production process

9.

CONO SUR MANAGEMENT STRUCTURE²⁴

Viña Cono Sur's management structure is established as the following:

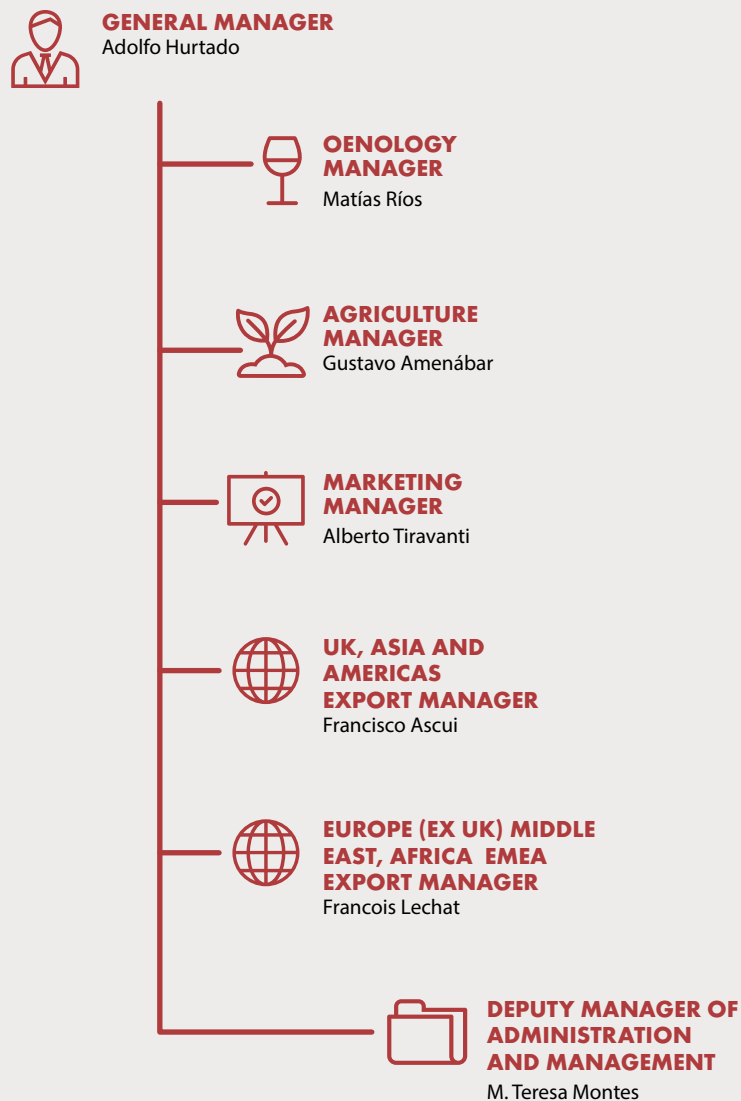


Figure 6:
Viña Cono Sur's
Management Structure.

²⁴ 102-18



9.1 PHILOSOPHY AND POLICY STATEMENT²⁵

Viña Cono Sur's philosophy is based upon sustainable development within three main areas: economic, social and environmental. The processes are developed with a focus on quality, which supports our ambitious yet achievable goals of always producing the best wines that Chile can offer at various price levels.

In order to achieve this, we have established an *Integrated Management Policy*²⁶, implemented through a management system that covers the environment, quality, work health and safety, energy and social responsibility issues, among others. We are constantly analyzing these issues in order to establish objectives that allow for continuous improvement of all processes. In addition, our Code of Conduct establishes expectations for the actions of each member within the organization.

Viña Cono Sur's actions are based on the compliance with legislation regarding various areas, as well as voluntary commitments.

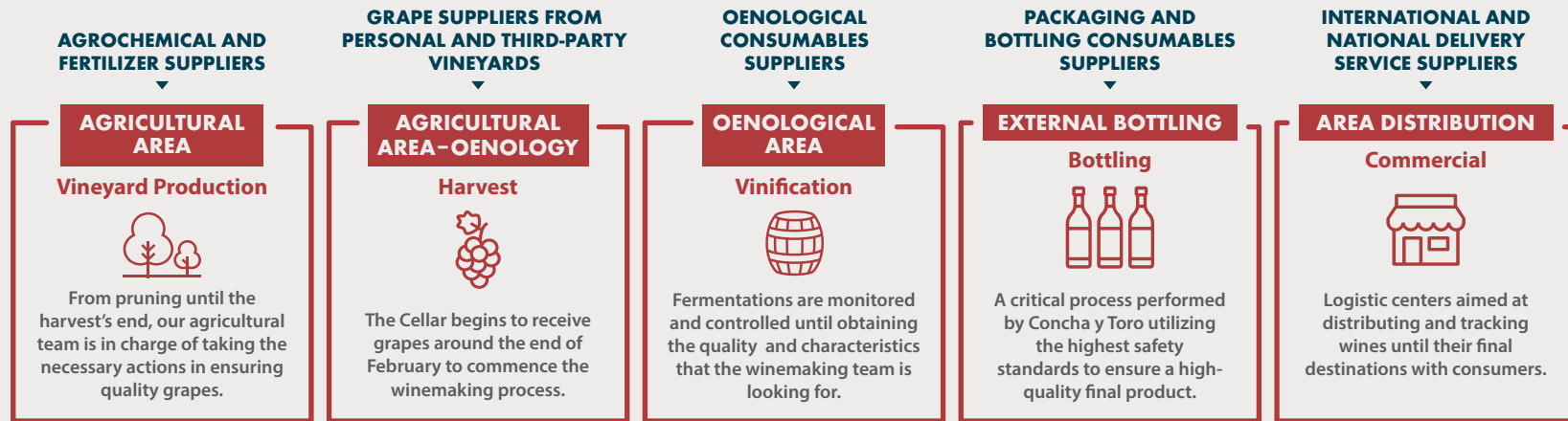
We are committed to:

- Being an efficient and profitable company.
- Striving for quality products while caring for the environment and our employees' well-being.
- Identifying and managing environmental aspects.
- Identifying and managing significant energy uses.
- Identifying hazards and managing intolerable risks.
- Determining our carbon footprint.
- Preventing contamination.
- Complying with legislation.
- Stimulating environmental consciousness.
- Continuous improvement and customer satisfaction.
- Providing non-discriminatory job opportunities under equal conditions and treatment.
- Honoring corporate policies and the internal code of conduct. Likewise, we are committed to complying with the vineyard's voluntarily established norms and standards.

²⁵ 102-16

²⁶ Our policy can be accessed directly from our website www.conosur.com/es/sustainability/

10. SUPPLY CHAIN²⁷



SUSTAINABLE ASPECTS

- Integrated policy and Code of Conduct.
 - Technical irrigation system for rationing water use.
 - Energy efficiency in irrigation.
 - Application and monitoring via the following certifications: APL, OHSAS 18.001, ISO 9.001 and ISO 14.001, ISO 50.001, Sustainability Code.
 - Organic waste use for stabilization.
 - Responsible use of fertilizers and agrochemicals.
 - Measuring and verifying greenhouse gas emissions.
- Introduction to integrated policy and a Code of Conduct.
 - Health and security for employees.
 - Efficient use of energy and water resources.
 - Grape monitoring and production estimations to obtain the product in its optimum moment.
 - Application and monitoring via the following certifications: APL, OHSAS 18.001, ISO 9.001 and ISO 14.001, ISO 50.001, Sustainability Code.
 - Measuring and verifying greenhouse gas emissions.
- Exclusive zone for stabilizing organic waste from the fermentation process.
 - Winemaking wastes are recycled and distributed to specialized companies for reuse.
 - Energy efficiency in the bodega .
 - Water efficiency trainings.
 - Application and monitoring via the following certifications: APL, OHSAS 18.001, ISO 9.001 and ISO 14.001, ISO 50.001, Sustainability Code.
 - Measuring and verifying greenhouse gas emissions.
- Use of certified and traceable consumables.
 - Sustainability Code.
 - IFS and BRC Certifications
 - Eco-friendly consumables.
 - Measuring and verifying greenhouse gas emissions.
- Carbon Neutral Delivery
 - Responsible drinking.
 - Measuring and verifying greenhouse gas emissions.



²⁷ 102-9



11. STAKEHOLDERS

One of our fundamental pillars is established upon a solid relationship with both long and short term stakeholders through previously defined agreements. Our actions are based on reliable and transparent relationships, where differences are discussed. Thus we can rely on having high-quality raw materials and winemaking safety standards that satisfy the needs of our customers.

Each year, we evaluate the performance and compliance to standards of our critical suppliers, and identify those with deficiencies. All information is made known to the suppliers so that they may implement actions that will lead to improved performance. Our goal is to work with collaborators that are aligned with our sustainability commitments.

11.1 ASSOCIATIONS AND COMMUNICATIONS WITH STAKEHOLDERS²⁸

Viña Cono Sur participates in trade unions such as the Wines of Chile R+D Consortium, where we actively participate in innovation and research projects. We are also associated with the Central South A.G. Organics, a canal association.

Among others, we are in permanent communication with the following stakeholders:



²⁸ 102-13



Figure 7:
Viña Cono Sur Stakeholders

The main communication channels used for stakeholders' feedback are:

- Telephone
- Email
- Bulletins
- Website
- Social Media

11.2 SUPPLIERS

Cono Sur has a significant number of suppliers of consumables, raw materials and services, whose performances are periodically evaluated. This ensures that suppliers are aligned with our requirements regarding standards in occupational health and safety, quality, labor and environmental areas.²⁹

According to the geographical areas of Cono Sur's Cellar and estates, local suppliers contribute a significant amount to our supply of raw materials and consumables. This does not apply, however, to buying grapes from specific valleys and purchasing consumables that are not or cannot be produced locally.

Just as in 2015, our suppliers are principally concentrated in Chile's Metropolitan and Sixth Regions.

Grape producers represent the main group of suppliers, and are selected based on previous commercial experiences, variety, valley, available yields and previous evaluations.

Our grape producer partners with long-term contracts are currently certified in the

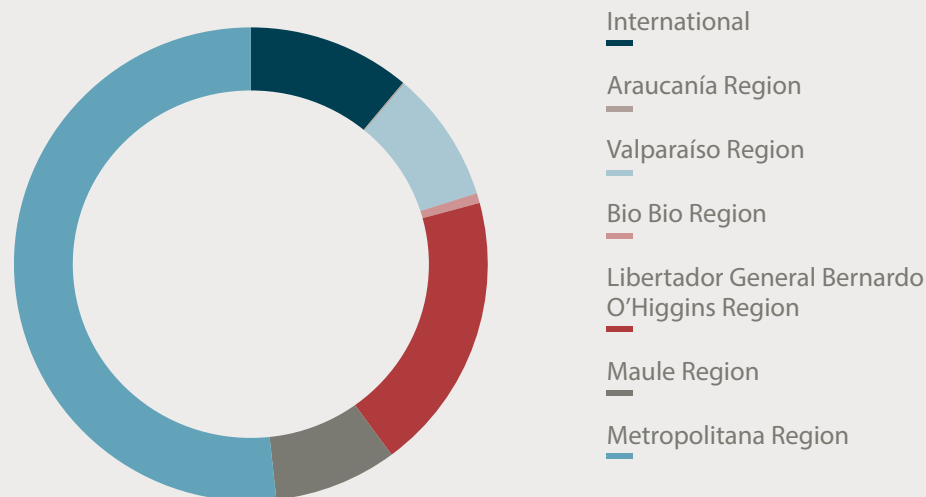


Figure 8: Distribution of Suppliers' Locations

Green area of Sustainability Code outlined by Wines of Chile. We hope that the number of certified producers increases over time, as 2017 will present new requirements for the third certification period of this code.

In the case of grape production, due to the agricultural sector's seasonality, including contractors to perform specific tasks is required. Control over such requirements continues to improve, so as to ensure legal compliance with labor, environmental and occupational health

and safety issues, as well as those contained in the vineyard's Code of Conduct and the integrated management policy.

By working with oenological consumable suppliers, we hope to implement larger, reusable containers in order to reduce plastic waste derived from chemical substance storage.

The contractors working in the bodega are submitted to a legal compliance check provided by PRONEXO, a computational system powered by Concha y Toro. Once they begin working,

²⁹ 102-42

the vineyard's risk prevention expert begins to inspect order, hygiene and safety. At the same time, we evaluate the environmental aspects associated with their development in Cono Sur's facilities in order to establish operational controls.

12. GROWTH³⁰

According to the previous report, the winery has a capacity of 23.4 million liters. However, after a successful expansion project, we now can handle 29.8 million liters. This increase is mainly concentrated in stainless steel fermentation tanks and cement storage tanks.



³⁰ 102-10

13. RISK EVALUATION³¹

Viña Cono Sur currently maintains the ISO 14.001 certification, which is based on identifying and evaluating environmental aspects, as well as the OHSAS 18.001 certification, which identifies hazards and evaluates occupational health and safety risks. Based on these two certifications, the company constantly monitors risks and other aspects associated with environmental and occupational health and safety issues of all entities performing activities within the vineyard.

Since mid-2016, we have been working to update our management system in order to renew our ISO 9001 and ISO 14001 certifications in adherence with the 2015 standards. The main change is in understanding the organization, its surroundings and the actions needed to better address risks and opportunities. We hope to obtain these new certifications by mid-2017.

Energy management is another important part of our system. Cono Sur received the ISO 50.001 certification in 2014, and we are currently working to renew it by mid-2017. Among the projects with significant energy use that we have been working on is Santa

Elisa's drip irrigation system, as well as the cellar heating and cooling systems.

In managing our carbon footprint and addressing energy costs, we are evaluating various clean energy purchases (photovoltaic) through long-term contracts with plants installed in our estates. We hope to see the first installations functioning by September 2017.

We monitor the state of our management systems within the environmental, quality, energy, occupational health and safety areas, and hold bi-monthly meetings with the General Manager to discuss our findings. We then establish actions to be taken with deadlines and defined responsibilities. The General Manager shares these reports with a directory board as well as any concerns from stakeholders.³²

The Management and Sustainability Systems area is responsible for following, maintaining and proposing improvements to the integrated management system.

14. WORK FORCE AND LABOR CONDITIONS

There is variation in staffing due to the seasonality of both agricultural and oenological work. This generates a need for a temporary workforce, mainly within the agricultural area during pruning season and the technical area during harvest.

The following table shows the average monthly staffing during 2015 - 2016, broken down by contract type and gender within our various estates throughout the country. This information was gathered at the end of 2016 according to the annual employee average. All permanent contract and temporary A (those with three or more years seniority in the vineyard) employees receive benefits. Their salaries are aligned with their position and not by gender, with equal pay for both men and women.

In the agricultural area's case, senior management decided to extend benefits after the season's end (June) by providing complementary equipment to team members (safety boots, overalls, and water-proof gear), as well as two annual administrative days at free disposition. This is in line with our commitments made in 2015; and while it is an advancement in labor conditions, we continue to evaluate the workers' needs that may arise in their day to day life.

³¹ 102-11

³² 102-44

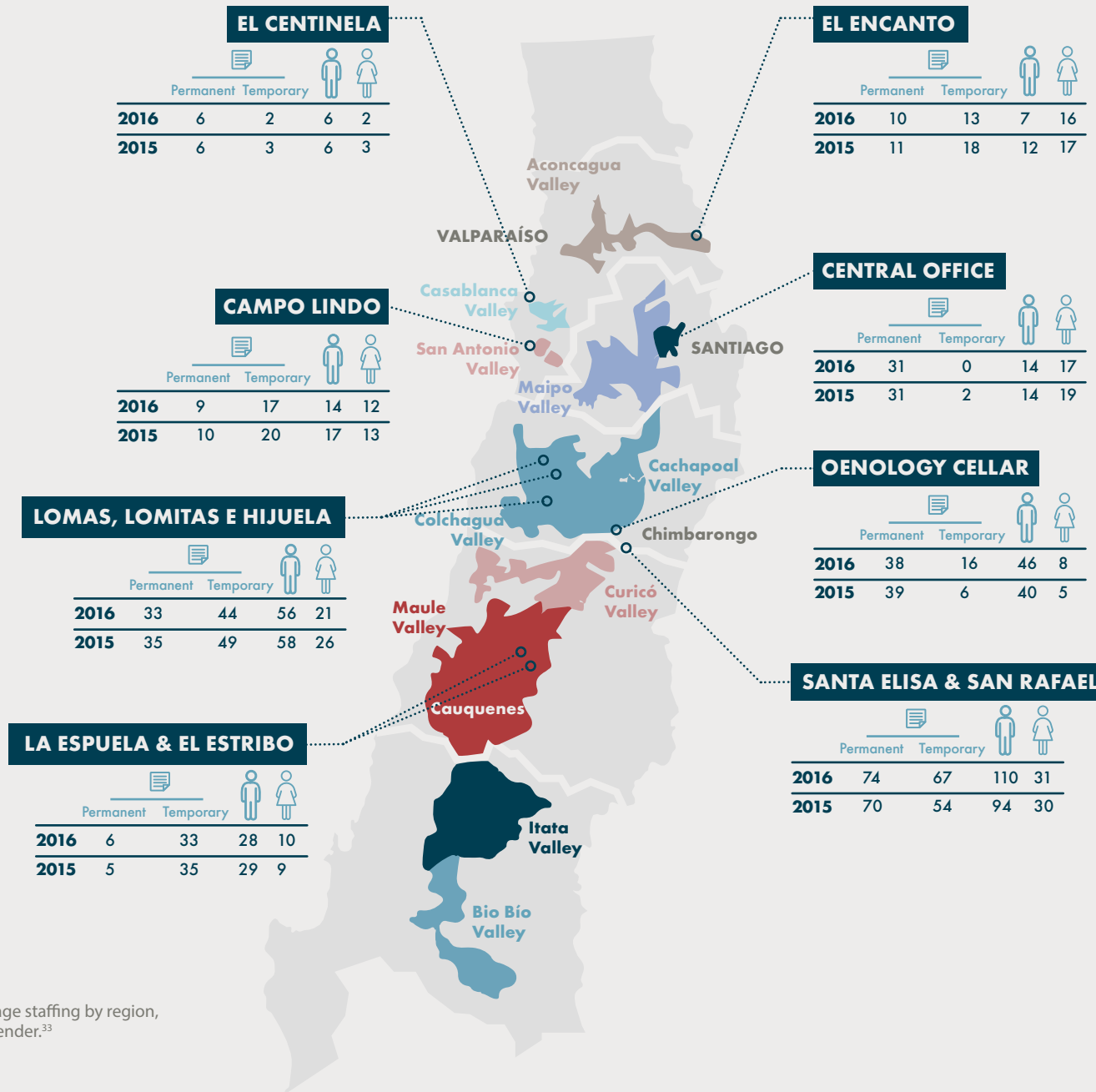


Figure 9: Average staffing by region, contract and gender.³³

³³ 102-7 i; 102-8

14.1 OCCUPATIONAL HEALTH AND SAFETY BALANCE

The additional contribution rate did not change in 2016, as new calculations will be made at the end of June 2017. Though accident rates have increased, they have been due to specific situation of low severity. We are working to maintain current rates while efforts toward recuperating rates from the previous year are in motion.

For more information, please see Annex A.

14.2 TRAINING

Training courses increased in 2016, with the objective of providing our collaborators with new and improved skills. There was a 66 percent increase in training hours compared to the previous season.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS

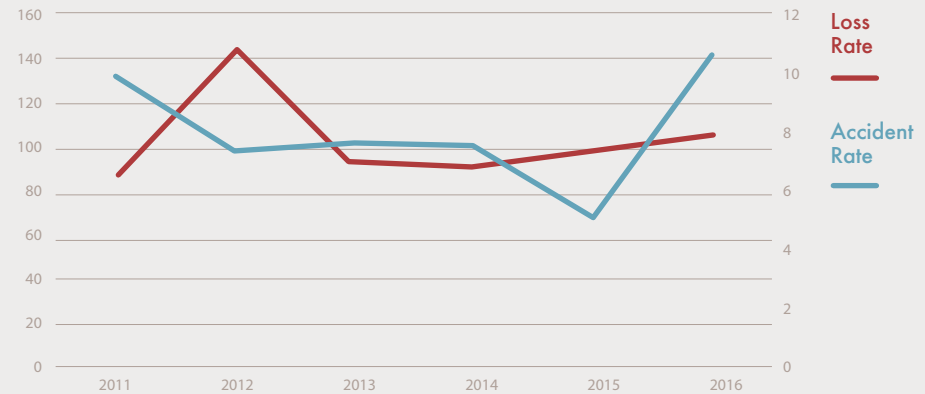


Figure 10: Occupational health and safety rates



	2015	2016
Total Training Hours	2,625	4,370
Training Hours per Employee	6,7	11,0

Figure 11: Training Hours Summary

14.3 FREEDOM OF ASSOCIATION AND COLLECTIVE AGREEMENTS³⁴

Cono Sur S.A.'s internal regulations on Order, Hygiene and Safety states: "...each employee, with the exception of applicable legal restrictions, has the right to form and join trade unions or associations, on the sole condition of being subject to the law and the statutes thereof..." Thus, Viña Cono Sur's employees are free to join unions or associations; currently, no unions without collective agreement have been established within Cono Sur's facilities. There are constant meetings between senior management and the representative group for those working in oenology. With this dialogue, operators propose new topics for analysis and new benefits to be revised by senior management.

14.4 QUALITY OF LIFE

Viña Cono Sur and the Chilean Association of Security (ACHS) implemented a quality of life program focused on the health and well-being of its employees. This program mainly evaluates health and nutrition topics, and aims to increase each employee's nutritional habits and improve their overall health.



14.5 LABOR CONDITIONS AND WORKDAY

Currently, during 2016, Viña Cono Sur has taken action to achieve equal pay among various work positions. This also extended into all benefits available in the agricultural area, both in terms of monetary and non-monetary items.

In developing the materiality matrix's methodology, we contacted and surveyed various stakeholders to get their opinions on different sustainability issues. This was done in situ within the vineyard's facilities as well as by email for those farther away. In 2016, we conducted a new commitment survey among our employees, which was carried out by Aon Hewitt. The results

showed an 81 percent commitment to Cono Sur, which is an increase from 71 percent in a 2014 survey. Both in written and electronic form, this survey achieved a higher response rate and thus is a more representative result of commitment levels. A detailed analysis of these results will allow us to take actions within the areas that received lower evaluations.³⁵

14.6 SWEDISH MONOPOLY VISIT

During the month of December, Systembolaget members visited Santa Elisa's vineyards and bodegas to ensure that Viña Cono Sur complied with the BSCI Code of Conduct. The visit was completely normal and the vineyard showed good levels of compliance to the code.



³⁴ 102-41

³⁵ 102-43

15. ENVIRONMENTAL INDICATORS

15.1 CARBON FOOTPRINT

Viña Cono Sur has certified their eighth greenhouse gas emissions report according to CEMARS®, based on the ISO 14.064 norms³⁷.

Table 3 provides information regarding the emissions reported for the 2015-2016 period.

As seen in Table 3, the emissions mainly correspond to Scope 3, which are indirect emissions generated by third party contributors such as:

- Emissions generated by external grape producers
- General transport of consumables, grapes and wine
- Bottling processes
- Executive travel
- Transportation of finished products to destination.



Scope	2014-2015 CO ₂ e Ton	2015-2016 CO ₂ e Ton	Variación
Scope 1	1.998,1	1.914,6	-4%
Scope 2	1.407,4	1,367,2	-6%
Scope 3	34.550,1	36.573,8	6%
Total	37.955,6	39.855,6	5%

Table 3: Greenhouse Gas Emissions compared to the last two years.



³⁶ <http://www.carbonzero.co.nz/action/CEMARScertification.asp>

³⁷ ISO 14064-1:2006 specifies the principles and requirements on an organizational level for identifying and reporting the emissions and removal of greenhouse gases.

CONO SUR

CARBON FOOTPRINT

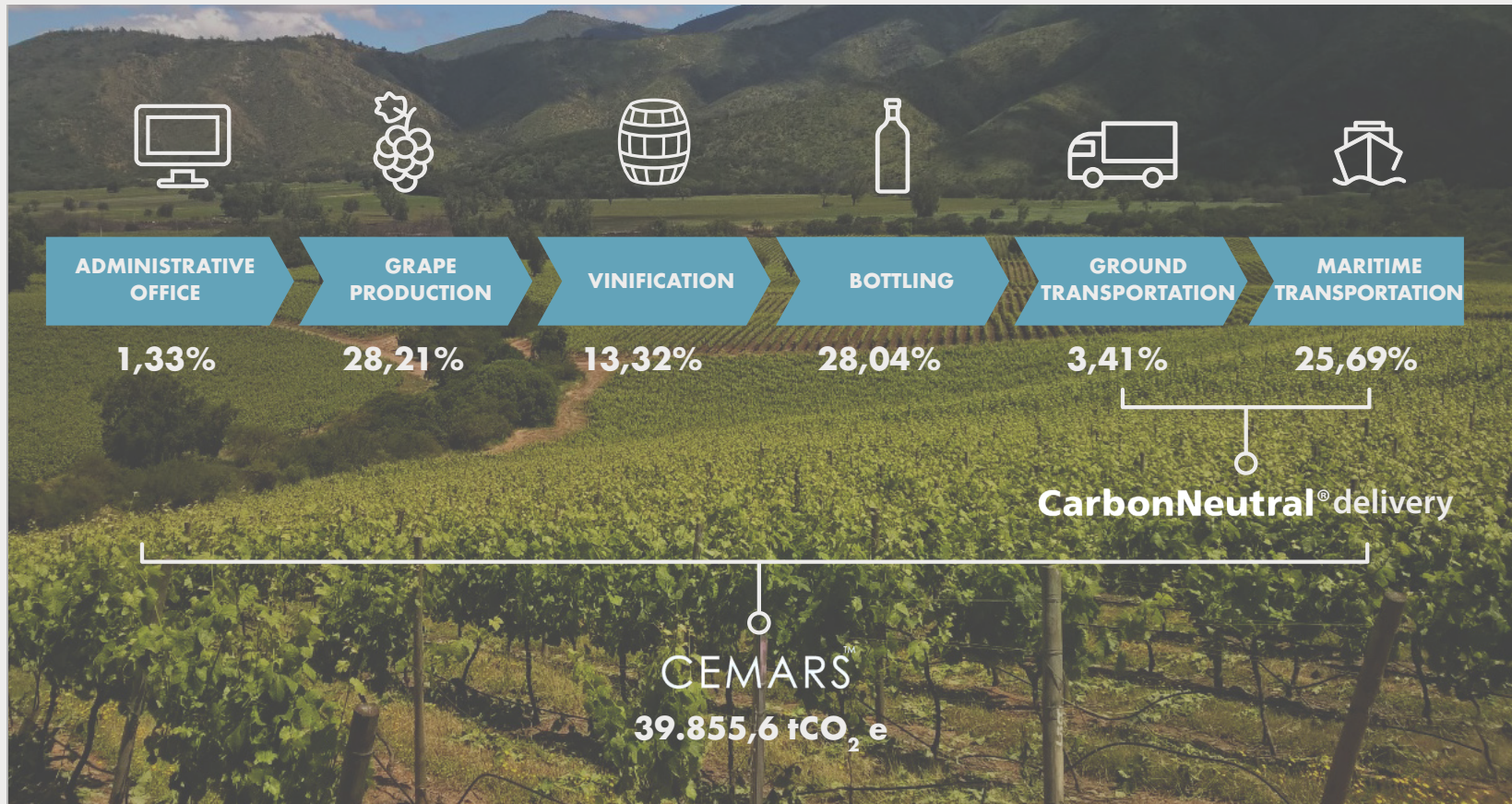
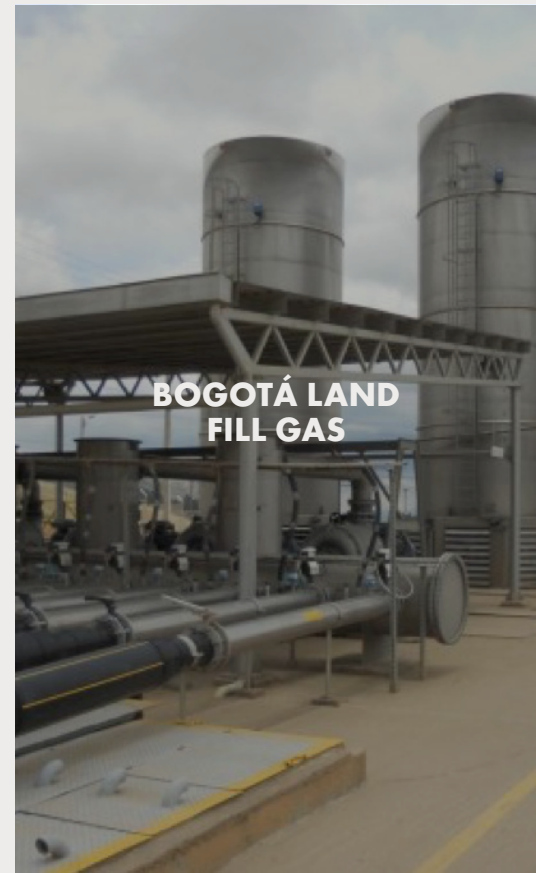
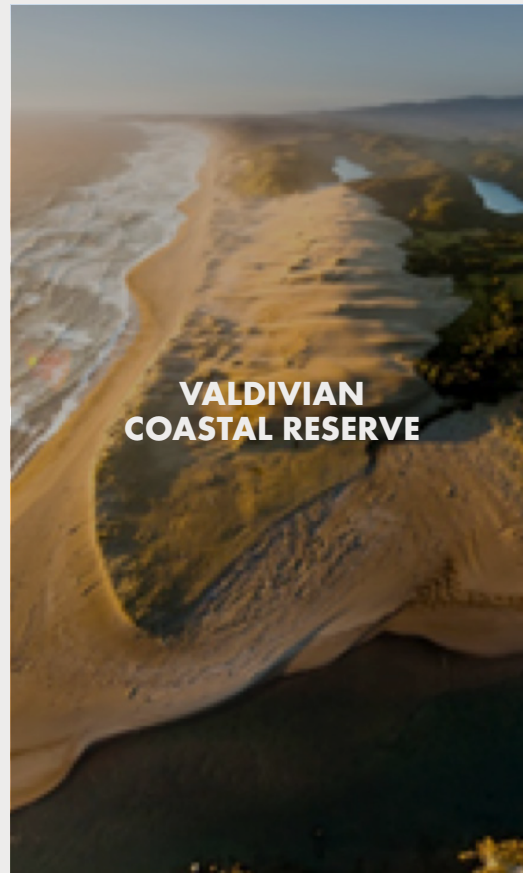


Figure 11: Emissions by process and CO₂ neutralization.

Despite the final products' transportation being beyond of the organization's scope, as the wine is sold in FOB, Cono Sur has decided to offset the emissions associated with transportation. In order to do so, a third party verifies our carbon footprint due to transportation to then purchase carbon credits from the Carbon Neutral Delivery® company that are equivalent to all emissions generated by the transportation of Cono Sur and Isla Negra.

During the 2015–2016 period we compensated in the following two projects:



CARBON NEUTRAL DELIVERY		
Compensated CO ₂ Tons		
2014-2015	2015-2016	Variation
11.288	10.788	-4%

Table 4: Comparison of greenhouse gas emission compensations in the past two periods.

15.2 ENERGY EFFICIENCY

Viña Cono Sur has an energy management system for the Santa Elisa estate and bodega, as it is the organization's main source of energy consumption. The information reported for the agricultural year is from 1 June to 31 May of the following year.

The most recent period's energy consumption decreased by 4.6 percent compared to the base year (2013-2014), and 0.8 percent from the previous period. The winemaking bodega processed 22 million kilograms of grapes

during 2014, while the 2016 harvest reached 27.7 million kilograms, representing a 26 percent increase in grape production.

Santa Elisa's main energy consumption is electricity followed by diesel and LPG.

Santa Elisa's main energy uses in the vineyards and cellar correspond to LPG in boilers, diesel in agricultural machinery and electrical equipment for cooling and water pumps.

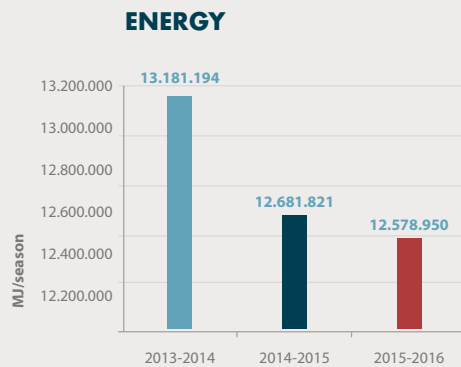


Figure 12: Differences in energy consumption during the organization's last three periods.

ENERGY CONSUMPTION MJ

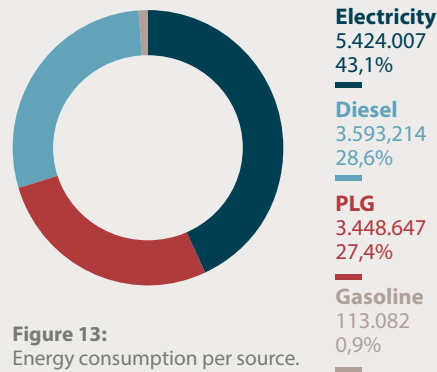
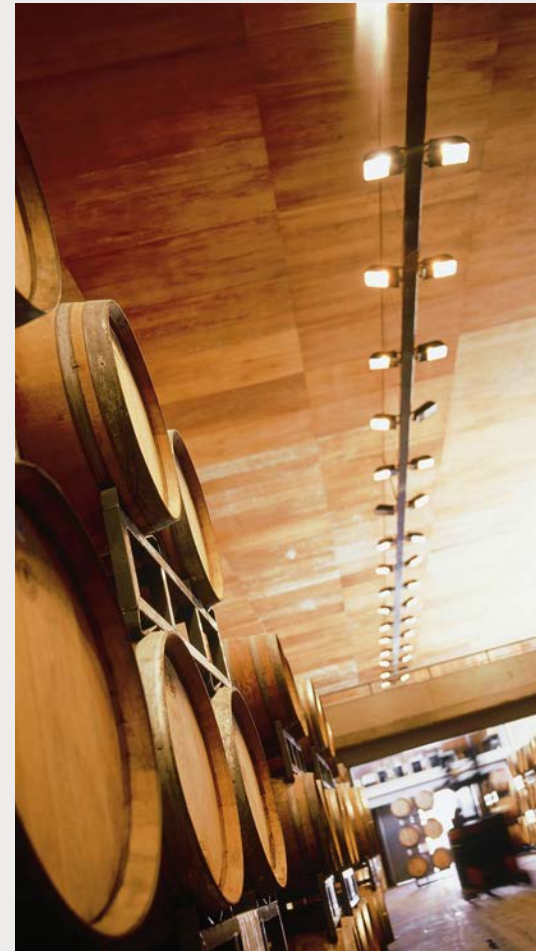


Figure 13: Energy consumption per source.



A large number of processes presented less energy consumption compared to the base year (2013-2014), which is shown in the following figure. Uses of LPG in boilers, as well as electricity in cooling, irrigation, illumination and pumping, are the main processes that saw a reduction in energy use. This is reflected in a 4.6 percent decrease in consumption compared to the previous period.

The main reductions were in the following processes:



Irrigation pumps	-14%
Various Bodega Consumption	-12%
Lighting	-9%
Pumps	-16%
Heating and Cooling	-4%
Fork lifts	-18%

Table 5:
Main reductions per process in 2016.

COMPARISON OF THE ENERGY CONSUMPTION PER PROCESS

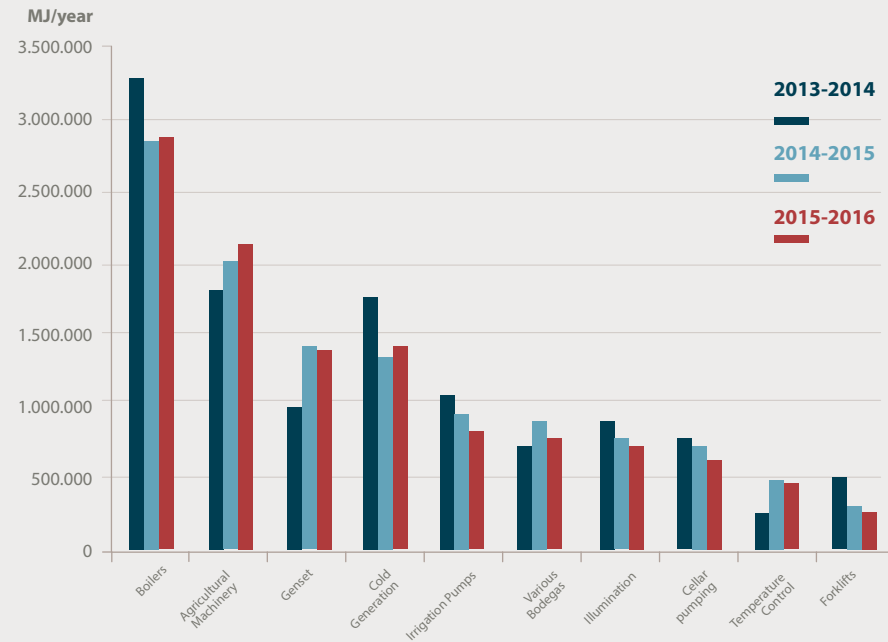


Figure 14:
Energy Consumption per process

16. ENVIRONMENTAL PERFORMANCE RECOGNITION

The Business Sustainability Center at the School of Business at the Adolfo Ibáñez University, Chile's Manufacturers' Association (SOFOFA) and Revista Capital gave Cono Sur the 2016 Corporate Sustainability award, which is based on data and information published by companies through sustainability reports and cover four categories:

- Corporate Governance or "Governance"
- Environmental
- Social
- General

Viña Cono Sur received recognition in the environmental category due to their strong commitment to the environment. This award has assured us that we're on the right track and encourages us to continue improving our processes.



GLOBAL REPORTING INITIATIVE INDEX USED IN VIÑA CONO SUR'S SUSTAINABILITY REPORT

In the following table, you can find reference pages according to the contents implemented and the Global Reporting Initiative. This report includes some of the basic information from the GRI's development guide. Please bear in mind that this report mentions the essentials and if you require additional information, please contact to the sustainability area of the Cono Sur vineyard, the report summary is available on page Web www.conosur.com.



ORGANIZATION PROFILE		Page
102-1	Organization's name.	3
102-2	Organization's most important brands, products and services.	3, 11
102-3	Organization's principle address.	14
102-4	Countries in which the organization operates.	14
102-5	Nature of the property's regime and its legal formation.	3
102-6	Distributing markets.	7
102-7	Organization's dimensions.	10, 14, 28
102-8	Information on employees and other workers.	28
102-9	Description of the organization's supply chain.	22
102-10	Significant changes during the period of analysis regarding the organization's size, structure, ownership or supply chain.	26
102-11	Indicate how the organization addresses precautionary principles when appropriate.	27
102-12	Principles or other external economic, environmental or social initiatives that the organization applies or has adopted.	7, 17
102-13	Associations and national or international promotional organizations to which the organization belongs.	23

STRATEGY		Page
102-14	Declaration by the organization's main decision maker regarding the relevance of sustainability to the organization and their strategy in addressing sustainability.	21

ETHICS AND INTEGRITY		Page
102-16	Describe the organization's values, principles, standards and norms.	2

CORPORATE GOVERNANCE		Page
102-18	The organization's governance and their committees as well as the committee's responsible for making economic, environmental and social decisions.	20

INTEREST GROUPS' PARTICIPATION		Page
102-40	List of interest groups associated with the organization.	3
102-41	Percentage of employees covered by collective bargaining.	30
102-42	Identification and selection of interest groups.	3, 25
102-43	Description of the focus adopted toward interest group participation.	23
102-44	Key issues and problems that have arisen as a result of stakeholder engagement and the organization's evaluation description.	27

REPORT PROFILE		Page
102-45	List of entities included in the organization's consolidated financial statements and other similar documents.	10
102-46	Organization's process in determining the report's content and coverage.	16, 17
102-47	List of issues identified in the report's definition process.	18
102-48	Readjustment effects on the information delivered in previous reports and the reason for such adjustments.	18
102-49	Significant changes in the reach and coverage of each aspect with respect to previous reports.	18
102-50	Report's object period.	16
102-51	Date of the last report.	17
102-52	Report presentation cycle.	16
102-53	Point of contact to resolve any doubts that could arise from this report's content.	15
102-54	Report announcement based on GRI statutes.	2
102-55	GRI Index	38
102-56	The organization's policies and current practices with respect to the report's external verification.	15

ANNEX A

OCCUPATIONAL HEALTH AND SAFETY TABLES



Region	2015				2016			
	RM	V	VI	VII	RM	V	VI	VII
Average Work Force	17	29	132	8	17	21	60	10
Number of Accidents	0	3	3	0	0	1	7	1
Lost Days	0	12	11	0	0	2	59	4
Accident Rate	0	10,34	2,27	0	0	4,76	11,6	1
Loss Rate	0	41,38	8,33	0	0	9,52	101,69	40
Fatal Victims	0	0	0	0	0	0	0	0



Region	2015				2016			
	RM	V	VI	VII	RM	V	VI	VII
Average Work Force	14	35	143	28	14	36	212	128
Number of Accidents	0	5	9	2	0	0	33	3
Lost Days	0	13	179	145	0	0	306	76
Accident Rate	0	14,29	6,29	7,14	0	0	15,56	10,71
Loss Rate	0	37,14	125,17	517,86	0	0	144,33	271,42
Fatal Victims	0	0	0	0	0	0	0	0



Cono Sur
VINEYARDS & WINERY