



**2017
SUSTAINABILITY
REPORT**

Cono Sur

A New World



A NOTE FROM THE GENERAL MANAGER¹



It is a pleasure to present our 2017 Sustainability Report, where we detail our most recent advances in the three pillars of sustainability: economic, environmental and social responsibility. This document highlights our vineyard's main outcomes throughout this period; however, an extended version is also available upon request from a Cono Sur team member.

This report has been prepared in accordance with the GRI Standards: Core option². It is free to the public, available to all interested in understanding Viña Cono Sur's operations, and can be accessed on our website at www.conosur.com.

Based on the commitments agreed to in the 2016 sustainability report, we have continued to focus our efforts on improving work conditions, reviewing remunerations, generating new dialogue with senior management, improving current communications channels, and adjusting current working hours. In addition, Viña Cono Sur renewed its certification of 2015 version of the ISO 9.001 and the ISO 14.001, which is of great help in guiding our management based upon risk assessment. With respect to our environmental management, we continue to identify, control and/or mitigate all possible impacts that we may generate and that could have both an internal and external affect.

Efforts to expand our vineyards continue, now having planted 71 of the planned 212 hectares within our newest estate in Mulchén, in the Bio Bio Valley. We hope to complete planting in 2019. We also expanded the amount of organically managed vineyards, as well as biological

corridors with native trees that restore and ensure biodiversity within our estates.

In 2017, we received a few recognitions within the field of sustainability that we are very proud of. Energy management improvements led to us receiving the gold category Seal of Energy Efficiency, awarded by Chile's Ministry of Energy together with the Chilean Agency for Energy Efficiency. Viña Cono Sur also participated in the Biodiversity Category of the The Drinks Business Green Awards, and recieved a Commendation for our work in conjunction with the Institute of Ecology and Biodiversity.

In short, 2017 was a year of progress and achievements for Viña Cono Sur's sustainable development. It has reaffirmed and renewed our commitment to remaining on this path throughout the coming years.

Paul Konar Elder
General Manager

¹102-14

²102-54

1. VIÑA CONO SUR S.A.³ NATURE AND LEGAL FORMATION

Viña Cono Sur* is a subsidiary of Viña Concha y Toro, who owns 100% of the organization.

It is managed independently of Concha y Toro, with the exception of general administration services, financial management (accounting, taxes and treasury) and IT. In addition, the packaging process is outsourced, with Concha y Toro as the service provider.

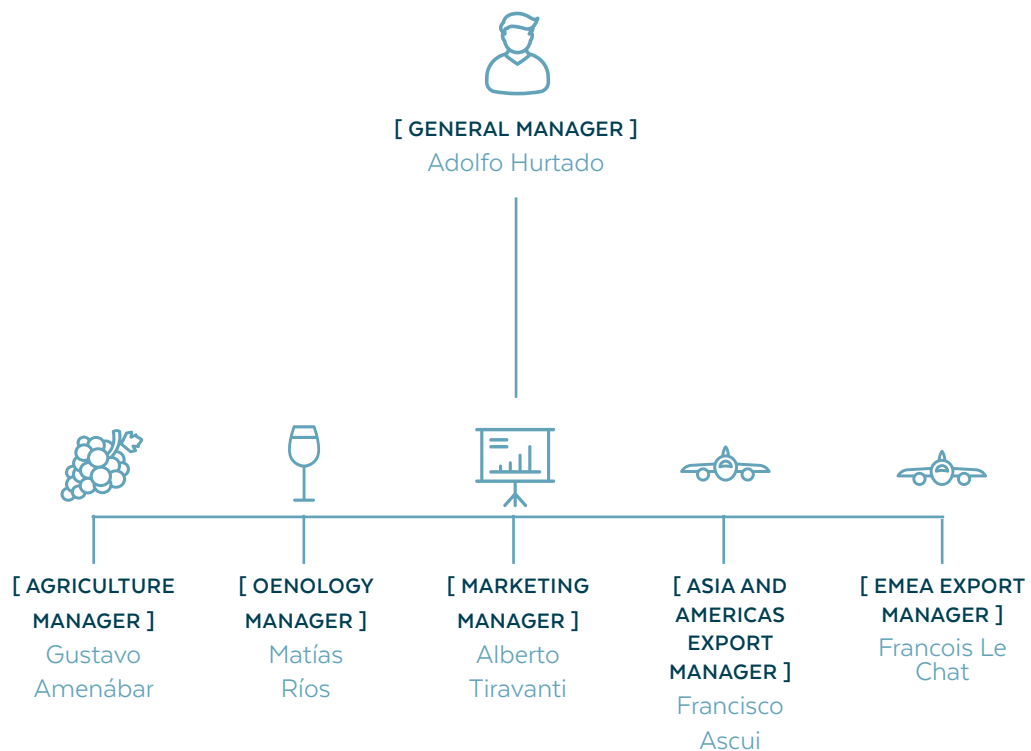
**Cono Sur references the company's geographical position; it represents wines made in America's southern cone, upon whose western edge lies Chile and its wine valleys. The logo evokes a freehand drawing of South America's silhouette.*



³ Policy is available for direct download from our website at <http://www.conosur.com/en/sustentabilidad/102-2;102-1;102-5;102-18;102-16>



MANAGEMENT STRUCTURE OF CONO SUR 2017



PILARS

Cono Sur's fundamental pillars are designed around sustainable management within economic, social and environmental components. Our products are elaborated under the highest standards of quality, which ensure an ambitious yet attainable commitment to always produce the best wines that Chile is capable of on various price points.

To fulfill and maintain these pillars, we have established an integrated management system that covers issues such as the environment, quality, occupational health and safety, energy and social responsibility, among others.

Each of Cono Sur's members' actions are based on the Code of Conduct, a document that establishes the conduct expected of all members both within and outside of the organization. The vineyard also adheres to Viña Concha y Toro's Code of Ethics.

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.

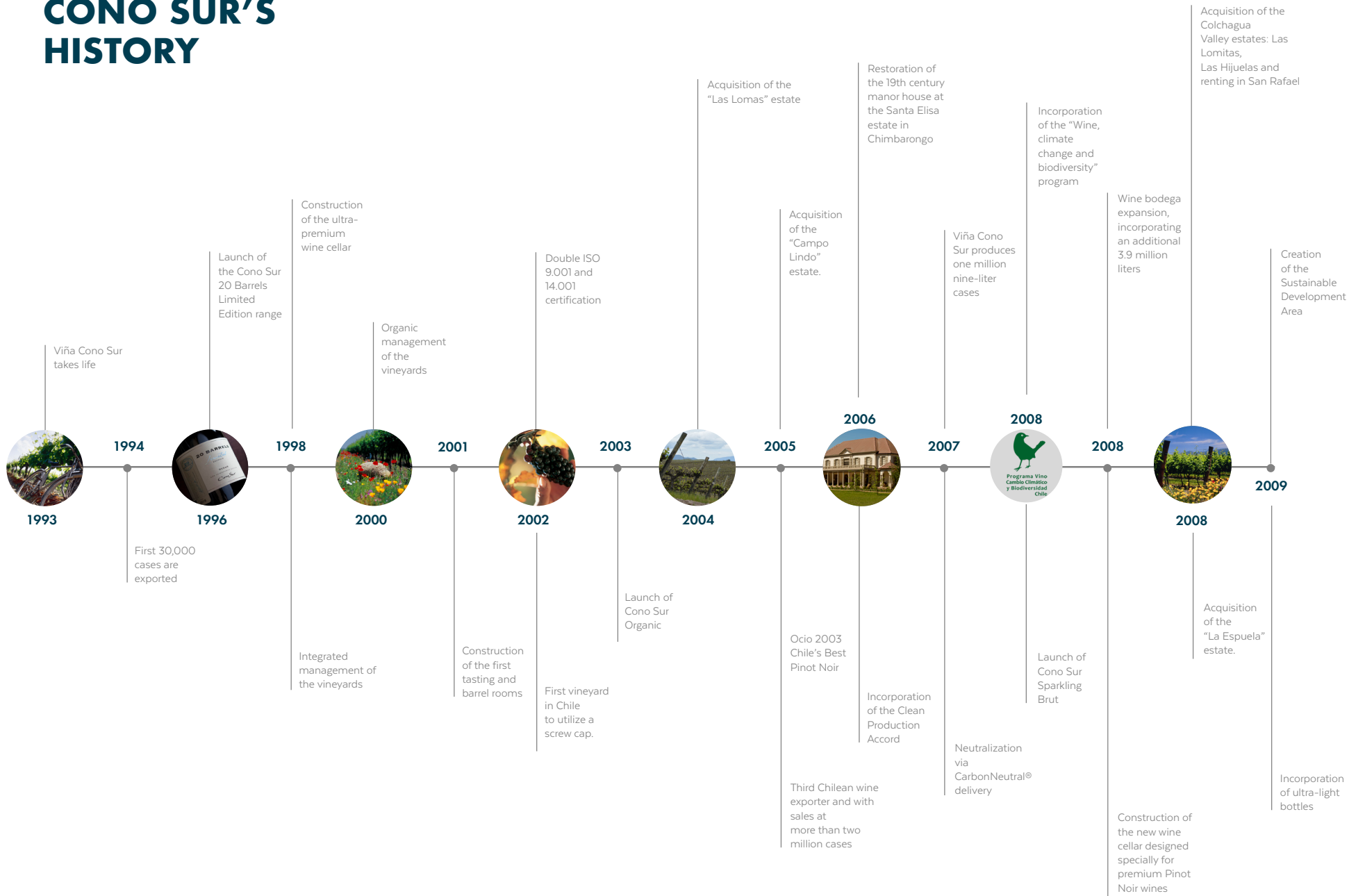
OUR VISION

Work toward always producing the best wines that Chile can offer within different levels and price points in order to convert Viña Cono Sur into the next global premium brand of Chilean wine.

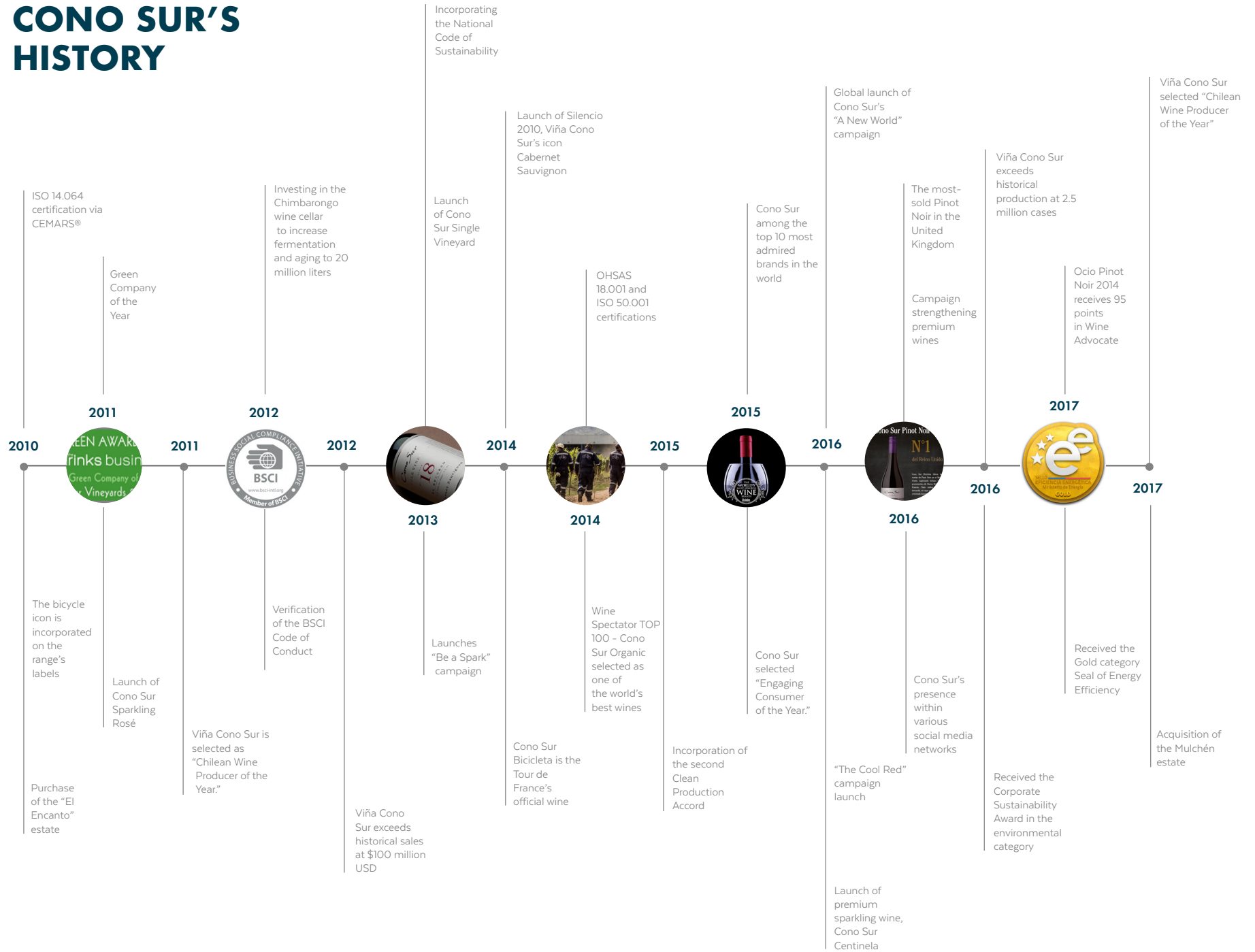
OUR MISSION

Offer the entire world a wide range of wines made with the highest quality standards that satisfy our clients' expectations. We always bear in mind the profitability of the business while also focusing on the sustainable management of resources, caring for the environment and the welfare of our employees and the community in general.

CONO SUR'S HISTORY



CONO SUR'S HISTORY



DESTINATION MARKETS⁴

2017 Destination Markets

Cono Sur's wines are currently available in more than 74 countries around the world. We have a large distribution network that allows the end consumer to enjoy a wide variety of products. In 2017 we added Cuba as a new market, while the Cono Sur team continues to work on opening new markets.

⁴102-6

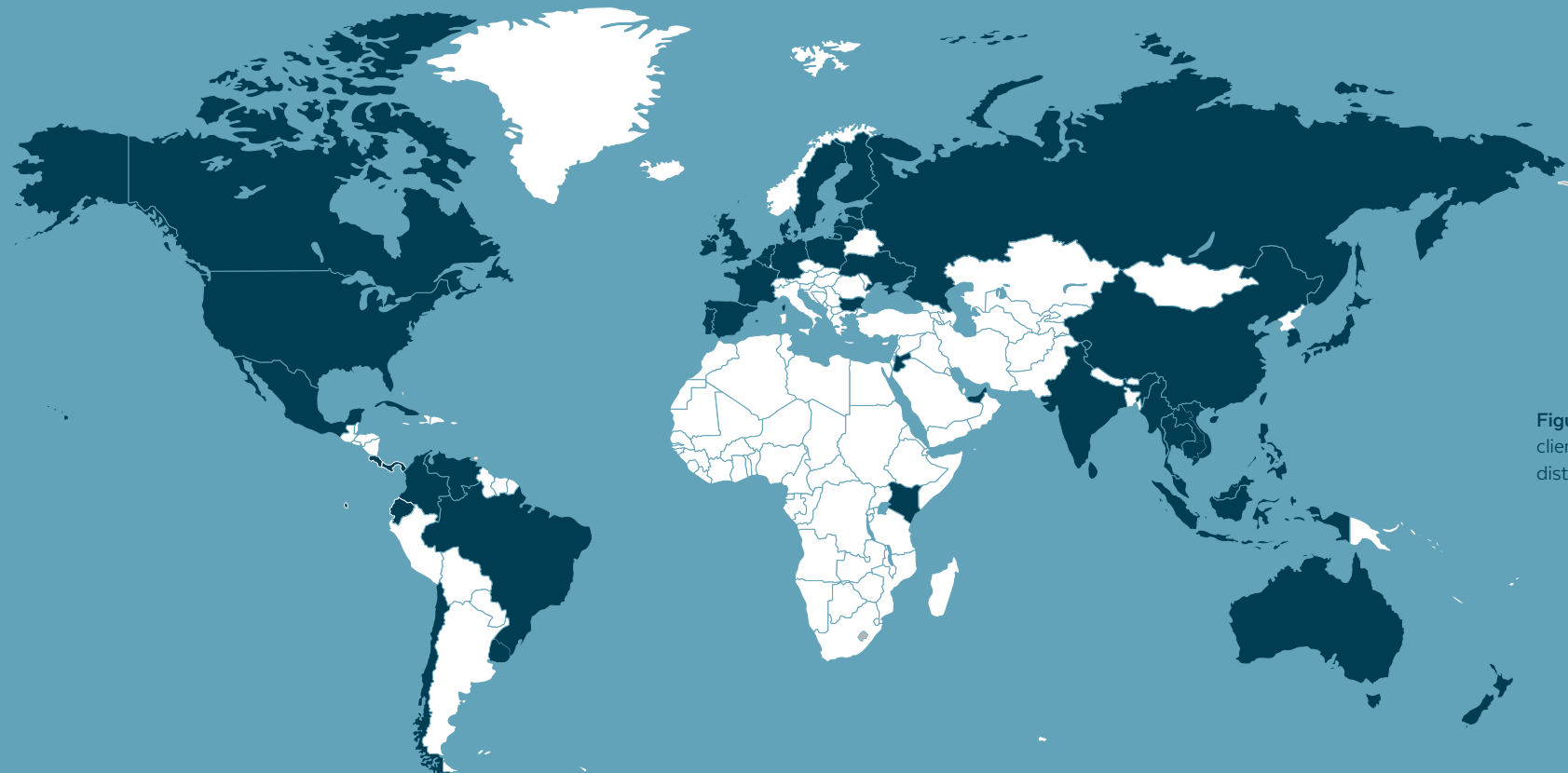
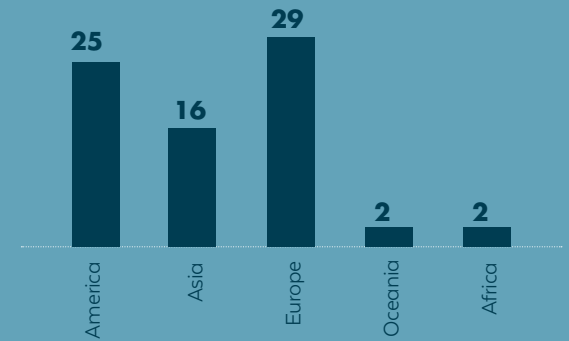


Figure 1: Worldwide client and new market distribution.

OUR WINES⁵



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.



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.



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.

OUR WINES



SPARKLING WINE

A radiant, delicate Brut with aromas that reveal ample fresh fruit expression intermingling 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.



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.

2. WHERE ARE WE LOCATED?⁶

We continue to increase our area of organic management among Cono Sur's estates, diminishing the use of agrochemicals and incorporating more environmentally friendly practices. Currently, we manage 27% of our total area under this method.

EXPATRIATES

Permanent	Temporary		
10	0	7	3

EL CENTINELA

ESTATE	HA	MAIN VARIETIES	
	34,43	Chardonnay, Sauvignon Blanc.	
Permanent	Temporary		
6	1	6	1

EL ENCANTO

ESTATE	HA	MAIN VARIETIES	
	101,3	Cabernet Franc, Cabernet Sauvignon, Carmener, Aspirant bouchet, Grenache, Petit Verdot, Tempranillo, Carignan, Petit Syrah, Syrah, Mourvedre.	
Permanent	Temporary		
12	12	16	8

VALPARAÍSO

CAMPO LINDO

ESTATE	HA	MAIN VARIETIES	
	31,78	Chardonnay, Sauvignon Blanc, Pinot noir, Syrah	
	98,7		
Permanent	Temporary	15	11
13	13		

COMERCIAL OFFICE⁷

Permanent	Temporary		
28	0	11	17

Figure 2: People, estate, types of contracts and management by Viña Cono Sur.



⁶ 10 estates, located in different valleys and regions, 1 wine cellar and 1 central office, 102-7 i and ii.

⁷ Commercial offices at Ave. Nueva Tajamar, 481, Torre Norte, Piso 19, Oficina 1901 Condes, Santiago, Chile 102-4.

TOTAL HECTARES CONO SUR

	HA	2016	2017	VARIATION
	Productive	824,9	817,2	-1%
	Development	31,0	89,5	189%
	Organic transition	38,9	23,6	39%
	Organic	260,8	316,0	21%
		1.156	1.246	8%



LAS LOMAS

ESTATE	HA	MAIN VARIETIES
	132	Cabernet Sauvignon, Merlot, Carmenere, Malbec, Petit Verdot, Syrah, Arinarnoa.
	55,21	

LAS HIJUELAS

ESTATE	HA	MAIN VARIETIES
	49,99	Carignan, Merlot, Carmenere, Malbec

LAS LOMITAS

ESTATE	HA	MAIN VARIETIES
	111,1	Cabernet Franc, Cabernet Sauvignon, Carmenere, Chardonnay, Grenache, Petit Verdot, Tempranillo, Viognier
	9,98	

Permanent	Temporary		
33		46	57
			22

LA ESPUELA

ESTATE	HA	MAIN VARIETIES
	131,4	Cabernet Sauvignon, Sauvignon Blanc, Pinot Noir, Chardonnay.

EL ESTRIBO

ESTATE	HA	MAIN VARIETIES
	52,2	Gewürztraminer, Sauvignon Blanc, Chardonnay.
	18,5	

Permanent	Temporary		
6		34	28
			12

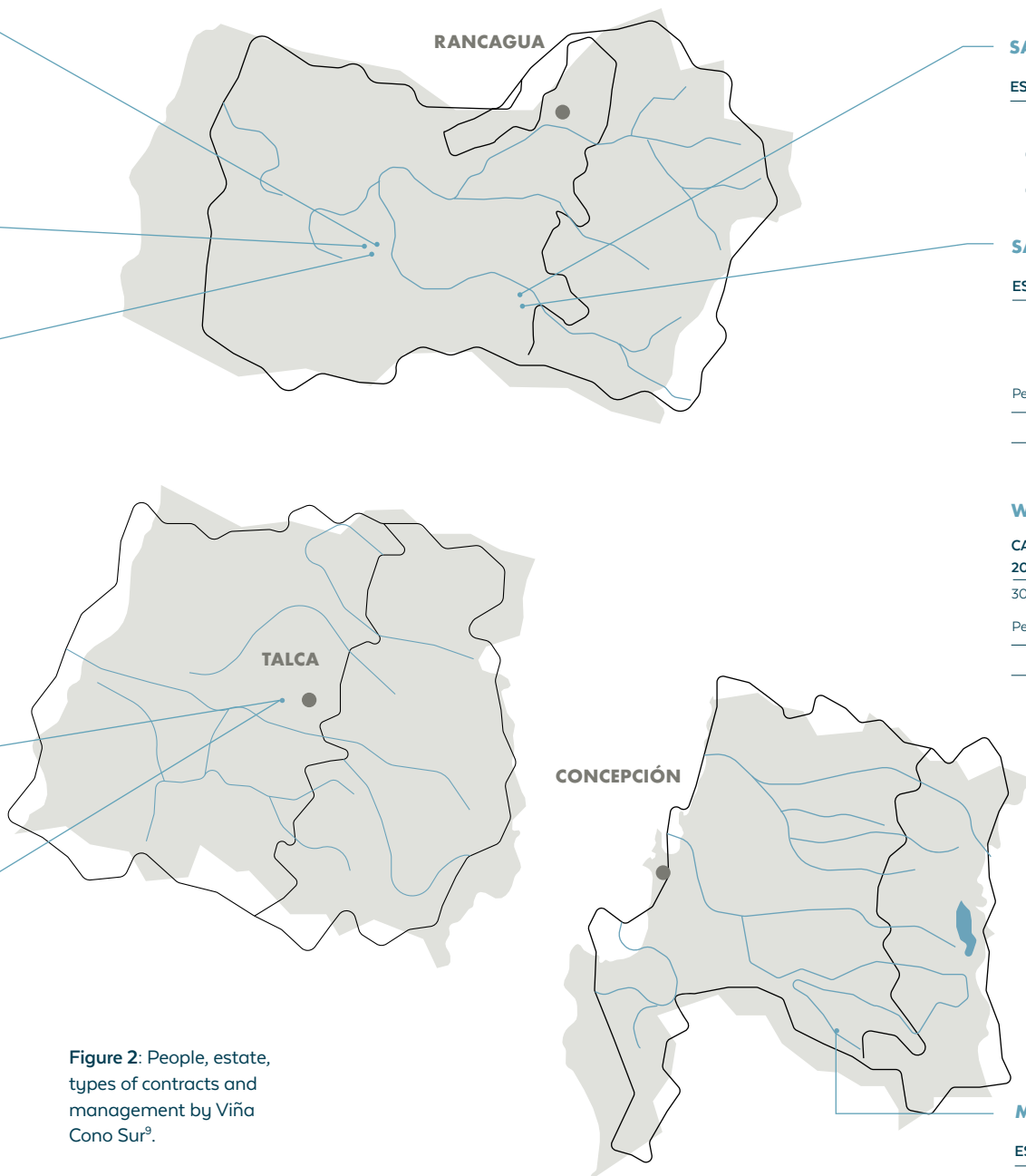





Figure 2: People, estate, types of contracts and management by Viña Cono Sur⁸.

⁸ Cono Sur's home estate and wine cellar at the Santa Elisa Estate located in the VI Region's Chimbarongo, Chile / 102-3

⁹ 102-8

SANTA ELISA⁸




ESTATE	HA	MAIN VARIETIES
	122,6	Pinot Noir, Cabernet Sauvignon, Viognier, Chardonnay, Sauvignon Blanc, Aspirant Bouchet.
	23,6	
	152,1	

SAN RAFAEL

ESTATE	HA	MAIN VARIETIES
	54,48	Pinot Noir, Viognier.

Permanent	Temporary		
73		32	89
			16

WINE CELLAR

CAPACITY	2017	2016	
	30.075.085	29.829.210	
Permanent	Temporary		
44		14	50
			8

MULCHÉN

ESTATE	HA	MAIN VARIETIES
	71	Riesling, Chardonnay, Pinot noir, Gewürztraminer.

Permanent	Temporary		
2		0	2
			0

3. SUPPLY CHAIN¹⁰



[Grape reception in our wine cellar begins near the end of February.]

Grape monitoring and production estimates in order to obtain a product in its optimum moment.

67

Number of short and long-term grape providers that supply our company



12.577,8 ton
Own Estates

13.021,8 ton
Third-party Estates



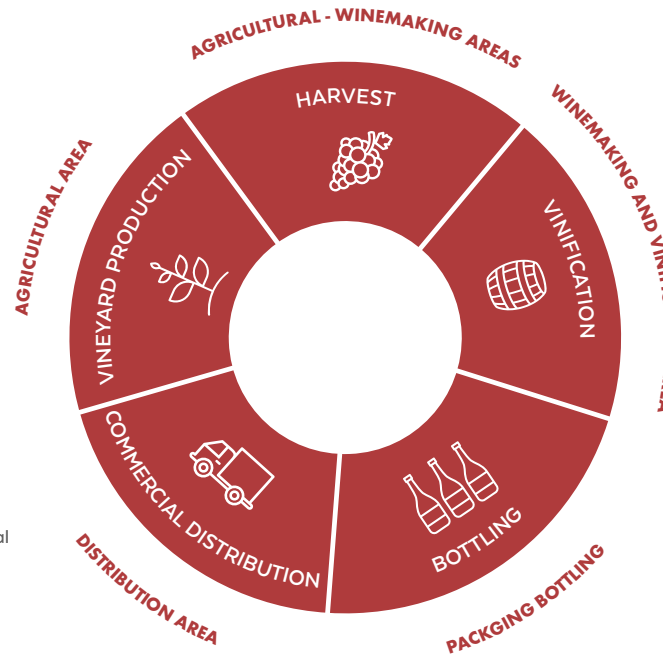
[From pruning until harvest's end, our agricultural team is responsible for taking the necessary steps toward producing quality grapes.]

- Use of organic waste for stabilization.
- Responsible use of fertilizers and agrochemicals

362

Number of providers that supply various inputs.

1.246 ha
total hectares within 10 estates.



[The fermentation of new wines are monitored and controlled in order to obtain the characteristics and quality the winemaker is looking for.]

Waste from vinification is recycled and distributed to specialized companies for reuse.

191

Number of wine cellar suppliers

Capacity
2017
30.075.085 l

2016
29.829.210 l



[Critical process carried out by Concha y Toro that utilizes the highest safety standards to obtain a final high-quality product.]

Process carried out by a single external company. Packaging and bottling suppliers



Use of certified and traceable supplies. IFS and BRCI certified, eco-friendly supplies.



[Logistics centers that distribute wines to different markets, following through until they are within reach of consumers.]

National and international delivery service suppliers.

- Carbon Neutral Delivery
- Responsible Consumption



TEMAS SUSTENTABLES TRANSVERSALES

- Energy and water efficiency use.
- Integrated policy and code of conduct.
- Recycling organic waste for stabilized.
- Measurement and monitoring through certified management systems in: OHSAS 18.001, ISO 9.001, ISO 14.001, ISO 50.001, Sustainability Code, organic production, carbon footprint.
- Measuring and verifying greenhouse gases.
- Post consumption messaging of caring for the environment.
- Carbon Neutral Delivery.

¹⁰102-9; 102-10

4. EVALUATION OF RISKS AND OPPORTUNITIES¹¹

During 2017, Viña Cono Sur worked toward updating their integrated management system, mainly through assessing the risks and opportunities associated with environmental issues and quality. This evaluation was done by analyzing the new ISO 9001 and ISO 14001 norms of 2015. The organization presently holds a current certification.

Identifying hazards and evaluating risks within occupational health and safety is addressed via the requirements defined in the OHSAS 18.001 standard. Viña Cono Sur has a professional member within the organization that is responsible for risk prevention and ensuring the system's operational implementation, as well as monitoring variables that could affect performance in these areas.

It is important to note that since 2014, Viña Cono Sur has held the ISO 50.001 certification, which guides their energy management actions within areas of significant use. Energy planning is carried out on a permanent basis.



Activities related to the environment, quality, energy and occupational health and safety are constantly monitored through a system tasks registration. This generates a weekly document that is then sent to various areas within Cono Sur, including general management. The system is reviewed bimonthly by all areas to analyze compliance within planned actions, as well as when establishing new actions, responsibilities, deadlines and resources for implementation. The concerns of interested parties are addressed during these revisions¹².

The System Management and Sustainability is responsible for following up on and maintaining the integrated management system, aiding other areas in identifying improvement opportunities.

5. REPORT SCOPE

The objective of creating this report is to provide a summary of 2017's sustainability results.

The analysis considers all estates and offices that Cono Sur owns and/or operates. All of the information is verifiable; however, this document has not been subject to a third-party verification¹³.

If you require more information, please consult any of our team members who can clarify the information found within this document.

For questions related to this report, please contact¹⁴:

Christian Maire Gómez
Sustainability System Manager
E-mail: christian.maire@
conosurwinery.cl

Fernando Tapia Estay
Management System
Coordinator
E-mail: fernando.tapia@
conosurwinery.cl

Pisagua Street, Chimbarongo,
Chile.
Telephone: +56 2 2476 2730/
+56 2 2476 1298

¹¹102-11
¹²102-44
¹³102-56
¹⁴102-53

6. REPORT CONTENTS¹⁵

Based on requirements set for Global Reporting Initiative by the GRI Standards, the process of collecting information began. This included revising documents, examining the company from an internal perspective, analyzing primary and secondary sources of information and consulting with the stakeholders identified throughout the course of the 2017 report. The content was collected, selected and organized based upon materials topics within the matrix further explained in section 6.3.

This report was generated as a request by senior management. As part of the commitment, this report is published annually – some topics follow a calendar year (January - December) and others an agricultural year (May - June)¹⁶.

¹⁵ 102-46

¹⁶ 102-50; 102-52



6.1 IDENTIFYING MATERIAL TOPICS¹⁷

The methodology used in determining and evaluating materiality issues consisted in:

First:

Surveys regarding environmental and social issues taken among internal staff within all areas of the organization, as well as among grape and input suppliers, distributors, community representatives and authorities. Figure 3 shows stakeholder participation based on 90 surveys:

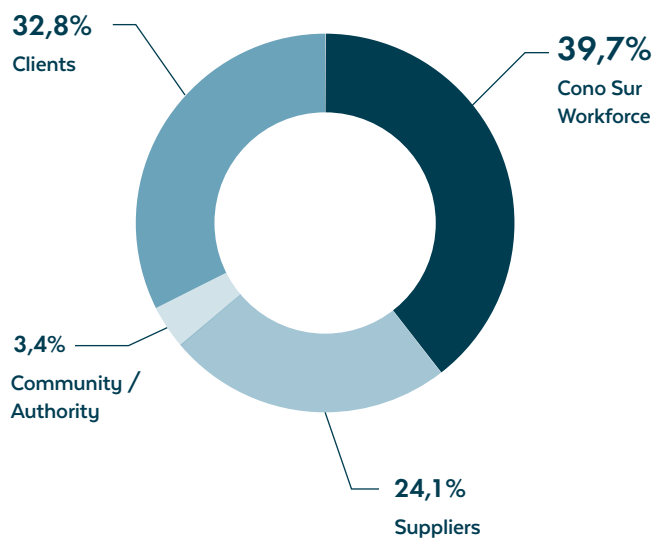


Figure 3: Participation Distribution.

Secondary:

Compiling of information within the various voluntary norms implemented by Cono Sur, as well as information from good economic, social and environmental practices, found mainly within the wine sector, our own suppliers and market players.

6.2 REVIEW AND VALIDATION

The information is organized and subject to analysis by Cono Sur's sustainability area, who highlight the points that obtain the highest valuation. Subsequently, relevant topics are presented to and validated by senior management each time a sustainability report is issued.

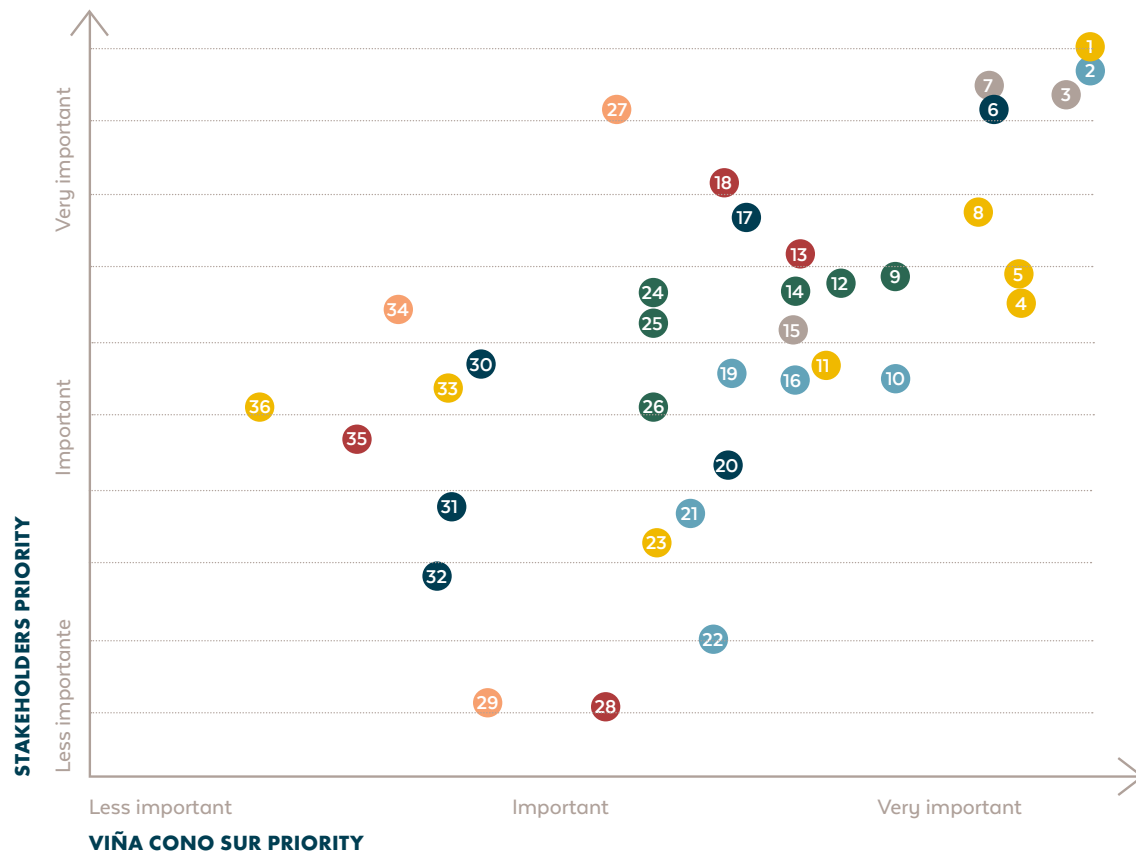
In comparison to the previous report's materiality matrix, the topics were again subjected to evaluation by stakeholders and the company itself. Although some points modify their current assessment, there are also new points indented after the surveys, which differentiates the report from previous periods¹⁸.

¹⁷ 102-43

¹⁸ 102-48

6.3 VIÑA CONO SUR'S MATERIALITY MATRIX¹⁹

After gathering the comments generated while identifying topics, changes were made to the materiality matrix. These changes come mainly from stakeholders, considering aspects such as legal compliance of both the vineyard and suppliers. The 2017 report presents two new points: **community activity and legal compliance within our suppliers' supply chains**²⁰. The following presents Cono Sur's 2017 materiality matrix, highlighting the issues that were evaluated as "very important", both for the organization and external shareholders:



Employee and Labor Situation

- 1. Work environment
- 4. Work condition
- 5. Ethical salary
- 8. Trainings and formation
- 11. Workday
- 23. Occupational health and safety
- 33. Quality of life
- 36. Freedom of association

Governance

- 2. Legal Compliance
- 10. Labor Availability
- 16. Economic Performance
- 19. Certificates
- 21. Currency Price
- 22. Raw Material Values

Communications

- 13. Sustainability Communication and Diffusion
- 18. Stakeholder Relations
- 28. Policy and Vision
- 35. Communication Channels

Suppliers

- 3. Suppliers' Legal Compliance
- 7. Production Chain's Legal Compliance

15. Supplier Evaluation

Community

- 27. Economic social impact in the community
- 29. Environmental impacts in the Community
- 34. Community Activity

Clients / Consumers

- 6. Customer Satisfaction
- 17. Product Tracking
- 20. Responsible Consumption and Benefits
- 30. Enological Tourism
- 31. Research and Development
- 32. Responsible Marketing and Ethical Advertising

Environment

- 9. Waste management
- 12. Gestión de residuos
- 14. Biodiversity
- 24. Recycling
- 25. Carbon footprint
- 26. Non-conventional renewable energies

¹⁹ 102-47

²⁰ 102-49

The matrix's most important topics are presented below.

7. GOVERNANCE

Material Topics:

- Legal Compliance
- Labor Availability
- Economic Performance
- Certificates

7.1 CURRENT CERTIFICATIONS²¹

· Clean
Production
Agreement



· Carbon footprint
measurement
and verification



· International
organic
certification



· Wines of Chile
Sustainability
Code



· National
organic
certification



· Integrated
management
system



· Carbon Neutral
Delivery
certification for
neutralizing
greenhouse
gases



Economic Performance²²

Total sales in 2017 by Viña Cono Sur were US \$124 million and 5.1 million cases, with an 8.4% increase in value and 8.6% increase in volume compared to 2016. The Cono Sur brand represented 50% of this volume, contributing to the goal of three million cases projected for the medium term. This was achieved in accordance with the strategy of focusing on premium wines, the Bicicleta range, and the brand's innovative positioning.

Among Viña Cono Sur's markets, China grew by more than 122% in value. In North America, Canada grew by 14.1% in value, while the United States saw a 12.5% decrease after suspending shipments in the last quarter due to a change in importers.

In terms of patrimony, Cono Sur incorporated its tenth estate in Mulchén .

Cono Sur Sales throughout the period

2016	2017	VARIATION
4.793.576	5.170.750	8%

Cono Sur en patrimony in \$ million pesos

2016	2017	VARIATION
45.694.253	42.933.373	-6%

²¹ 102-12

²² 102-7 III y V / 201-1

7.2 ECONOMIC RESULTS FOR THE 2016 - 2017 PERIOD²³

	2017		2016		Variación	
	M\$	%	M\$	%	M\$	%
Operating Incomes	80.440.553		73.014.005		7.426.549	10%
Operating Expenses	(55.926.947)	70%	(48.818.125)	67%	(7.108.823)	15%
Unabsorbed Operating Expenses	(1.756.950)	2%	(1.670.907)	2%	(86.043)	5%
Operating Margin	22.756.656	28%	22.524.973	31%	231.683	1%
Administration and Sales Expenses	(13.112.133)	16%	(12.545.341)	17%	(566.792)	5%
Operating Outcome	9.644.523	12%	9.979.632	14%	(335.109)	-3%
Financial Income	1.643		-		1.643	100%
Other Non-Operating Incomes	421.914		41.308		379.706	919%
Depreciation in Lower-Value Investments	-		-		-	0%
Finance Expenditures	(96.190)		(18.357)		(77.833)	424%
Other Non-Operating Expenses	(11.784)		(17.463)		5.679	-33%
Monetary Correction	14.541		26.664		(12.123)	-45%
Exchange Rate	(208.306)		(2.632.270)		2.423.964	-92%
Non-Operational Outcome	120.918		(2.600.118)		2.721.036	-105%
Outcome before Income Tax	9.765.441		7.379.514		2.385.927	32%
Income Tax	(2.503.466)	26%	(1.807.932)	24%	(695.534)	38%
Outcome Compared to Related Companies	7.261.975	9%	5.571.582	8%	1.690.393	30%
The Period's Outcome	7.261.975	9%	5.571.582	8%	1.690.393	30%

Table 1: Cono Sur's state of results for the 2017 period.

*In millions of Chilean Pesos

7.3 LABOR AVAILABILITY

Labor availability varies from zone to zone. In the case of the northern zone, where the El Encanto, Campo Lindo and El Centinela Estates are located, it was more difficult to find people to carry out the different tasks during the 2017 period. There is greater availability in the central zone, where the Santa Elisa Estate and bodega are located, as well as the Las Lomas, Lomitas and Hijuelas Estates. This, however, depends on the season and price of other fruit species. It was also more difficult to find personnel working in oenology for the wine cellar during harvest.

The different zones have seen a greater availability of willing migrant workers; however, given that many do not have the necessary documentation, it is not legally possible to contract them.

7.4 LEGAL COMPLIANCE

Legal compliance is a fundamental aspect of Cono Sur, and constantly verified by the department of risk prevention and sustainability area with regards to issues related to quality, the environment, corporate social responsibility and occupational health and safety. Additionally, the legal compliance of suppliers is also evaluated through specific permanent controls (supply reception, for example) and via the PRONEXO platform. This platform validates that each supplier complies with occupational health and safety issues.

²³ 102-45

8. COMMUNICATIONS

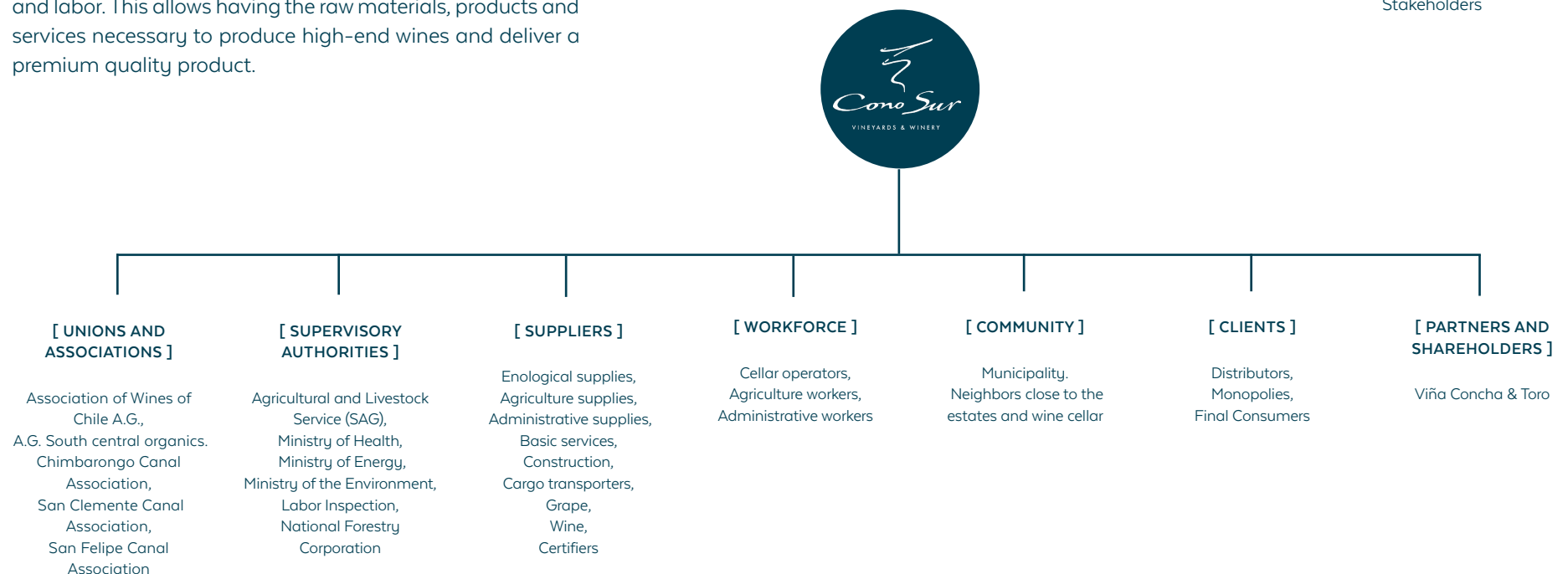
Material Topics:

- Sustainability Communication and Diffusion
- Stakeholder Relations

8.1 STAKEHOLDER RELATIONS²⁴

In order to establish a healthy coexistence, it is necessary to maintain constant contact with all of our stakeholders. Communication is fundamental in creating lasting and reliable relationships over time.

Cono Sur is permanently evaluating the performance of its critical suppliers, in which directly related personnel participate. The goal is to have collaborators that can meet standards within occupational health and safety, quality, environmental and labor. This allows having the raw materials, products and services necessary to produce high-end wines and deliver a premium quality product.

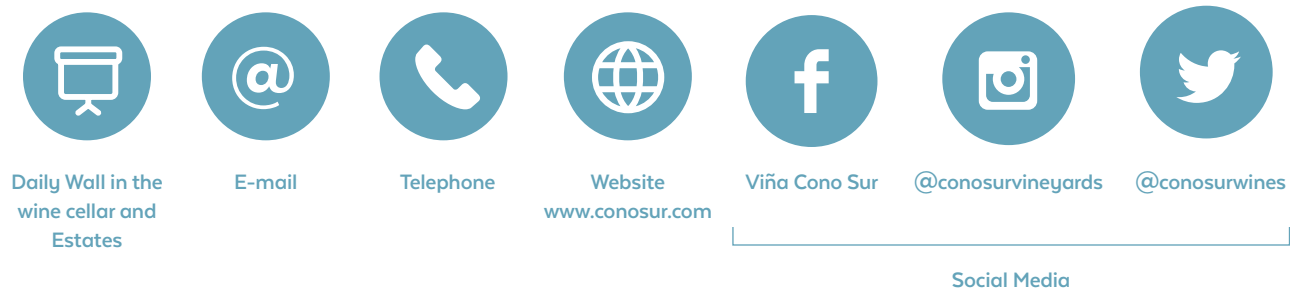


²⁴ 102-13;102-40

8.2 SUSTAINABILITY COMMUNICATION AND DIFFUSION

The main communication tool in issues of sustainability corresponds to this very Sustainability Report, which the vineyard releases every year. This is distributed both by Cono Sur personnel, as well as their clients via email. It is also available for download at www.conosur.com, as well as on various social media platforms.

Most-used communications channels:



9. LABOR & WORKFORCE SITUATION

Material Topics:

- Work environment
- Work condition
- Ethical salary
- Trainings and formation
- Workday
- Occupational health and safety
- Quality of life
- Freedom of association

SDG Compliance



9.2 FREEDOM OF ASSOCIATION AND COLLECTIVE AGREEMENTS²⁶

Based on the code of conduct and current legislation, Viña Cono Sur does not restrict its workers' freedom of association. At present, no union has been established within the organization and there is no collective agreement to do so. In spite of that, Viña Cono Sur has defined instances of direct meetings between management and employees through a constitution of dialogues. The vineyard meets with representatives within various areas and estates bimonthly in order to review and evaluate topics of interest. These meetings can lead to agreements that are recorded and monitored by Human Resources.

9.1 OCCUPATIONAL HEALTH AND SAFETY BALANCE²⁵

In a brief review regarding occupational health and safety, it is important to mention that in 2017, Viña Cono Sur maintained all preventative measures such as lectures, trainings, inspections, joint committees and management meetings, all with the objective of maintaining a preventative culture within the organization.

Upon evaluation of the Supreme Decree N°67, regarding exemptions, reductions and surcharges on additional differentiated contributions, the vineyard will maintain an additional contribution rate of 0.68% for the coming period of 2018-2019. This is why the vineyard will double down on efforts within areas of greater accidental rates and risks. The main objective is to ensure that each Cono Sur collaborator is aware of the importance of self-care throughout each part of their workday. The goal for the next evaluation of this decree is to step down a tier in the additional contributions rate.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS

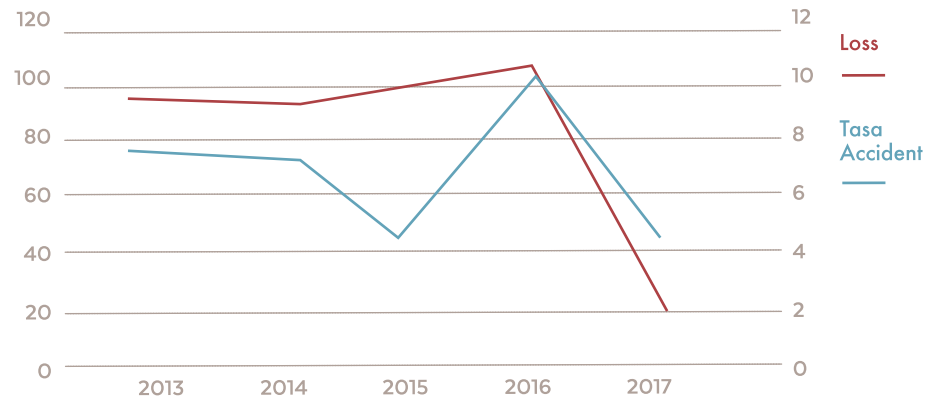


Figure 5: Results in the rate of occupational health and safety

²⁵ For more information, revise

Annex A.

²⁶ 102-41

9.3 TRAINING

The total of training hours in 2017 is quite similar to the previous period. However, the hours per trained worker increased significantly, reaching 75% more than the previous year. Trainings seek to reinforce skills, exchange knowledge and decrease the gap with respect to each position's requirements.

	2016	2017	VARIATION
Total training hours	4,370	4,348	-1%
Training hours per participant	24,6	43,0	75%

Academic Leveling

Starting in 2017, Viña Cono Sur has become interested in increasing workers' education through basic to intermediate educational programs so that those who have not been able to complete their primary and secondary educations are now able to. Academic leveling activities have been developed for personnel within the organization in order to improve their access and timings.

Scholarships

Viña Cono Sur, part of the Concha y Toro Holding, incorporates benefits in an integrated way. In that sense, Viña Cono Sur has already participated for the past two consecutive years in awarding scholarships so that selected workers can take courses or start technical careers that will allow them to grow within the organization.

Cono Sur awards two scholarships annually to various areas in order to ensure proper representation.

9.4 QUALITY OF LIFE

Viña Cono Sur and the Chilean Association of Safety (ACHS) implemented a quality of life program in 2016. For various reasons in 2017, the program was put on hold with the hopes of resuming in 2018.

The next material topics:

- Work Conditions
- Work Schedule
- Payment
- Workplace

During 2017, Viña Cono Sur's human resources focused on various issues related to the workplace. The methodology used was based on the For Life Certification, in which they verified various points associated with corporate social responsibility in order to evaluate the organization's current level of compliance. After a gap analysis and implementing a plan of action, the end of 2017 brought forth a process of standard certification to be reached by the beginnings of 2018.

An important part of the material topics were obtained from the Cono Sur team's comments, mainly through an engagement survey carried out in 2016. This process is done every other year, and in 2018, the Cono Sur sustainability report will communicate the progress and results of the vineyard's commitment²⁷.



²⁷102-43

10. ENVIROMENT

Material Topics:

- Resource efficiency
- Waste management
- Biodiversity
- Recycling
- Carbon footprint
- Non-conventional renewable energies

SDG Compliance



10.1 CARBON FOOTPRINT

Viña Cono Sur has certified their ninth report on greenhouse gas emissions through CEMARS²⁸, based on the ISO 14064²⁹ standards. This report considers an agricultural year (June through May) and corresponds to the 2016 - 2017 period. Table 3 outlines the reported emissions:

CONO SUR CARBON FOOTPRINT

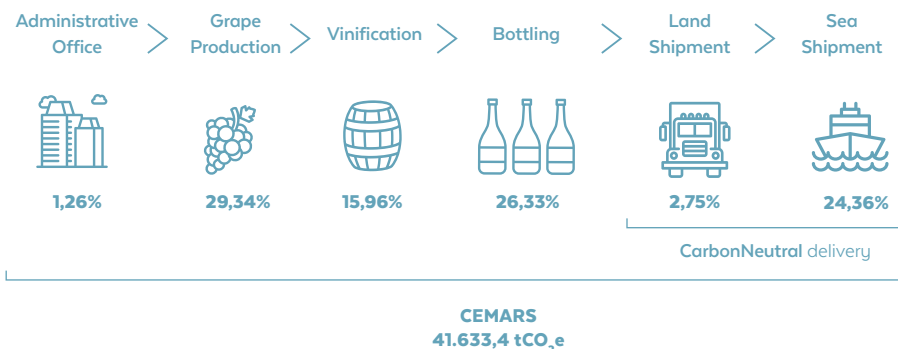


Figure 6: Summary of emissions per process and CO2 neutralization.

Scope	2015-2016 Ton CO2e	2016-2017 Ton CO2e	Variation
Scope 1	1.914,6	2.253,6	18%
Scope 2	1.367,2	1.747,3	28%
Scope 3	36.573,8	37.632,5	2%
TOTAL	39.855,6	41.633,4	4%

Table 3: Greenhouse gas emissions in the last two periods

Just as Table 3 shows, emissions increased throughout all reaches due to the following:

Scope 1

- Increase in grapes taken to the wine cellar compared to the previous period (approximately 15%).
- Increase in grape production in owned and third-party estates.

Scope 2

- Increase in energy use during harvest.
- Increase in energy use in the El Encanto Estate for extracting water.

Scope 3

- Emissions generated by external grape production.
- General transport of supplies, grapes and wine.
- Executive flights.
- Transport of finished products to destination market.

²⁸ <https://www.enviro-mark.com/home>

²⁹ ISO 14064-1:2006 Specification with guidance at the organization level for quantification and reporting of greenhouse emissions and removals.

Upon measuring and verifying greenhouse gas emissions during processes, Viña Cono Sur has chosen to compensate emissions related to the transportation of their Cono Sur and Isla Negra products through CarbonNeutral. This certifies that Cono Sur's emissions will be compensated for with projects focused on reducing greenhouse gasses via the acquisition of carbon credits. During 2017, Viña Cono Sur compensated 10,808 Tons of CO2. The 2016-2017 emissions were compensated through the following two programs: *West Indian Wind Power* y *Valdivian Coastal Reserve*.




10.2 ENERGY EFFICIENCY

Viña Cono Sur, aware of the importance of managing material topics related to the environment, began to concentrate its efforts in 2012 toward identifying and managing its significant uses of energy. In 2014, Cono Sur certified a management system based on the ISO 50.001:2011, which is subject to an annual third-party evaluation in order to ensure that it maintained and continuously improved. The scope of this system is limited to the Santa Elisa Estate and wine cellar, as it is the site with the greatest energy consumption. The information is reported considering the agricultural year, which is from June 1 to May 31 of the following year.



Energy consumption in the last period increased by 0,5% with respect to the base year (2013-2014), and by 5,3% with respect to the previous period. The increase was mainly in electricity used in chillers. Increase was due to higher temperature in harvest season.

MAIN CONSUMPTION WINE CELLAR

1.  **Electricity**
Cooling and irrigation
2.  **Liquefied Petroleum Gas**
Heat generation in boilers
3.  **Diesel oil**
Use of agricultural machinery and electrical equipment

ENERGY

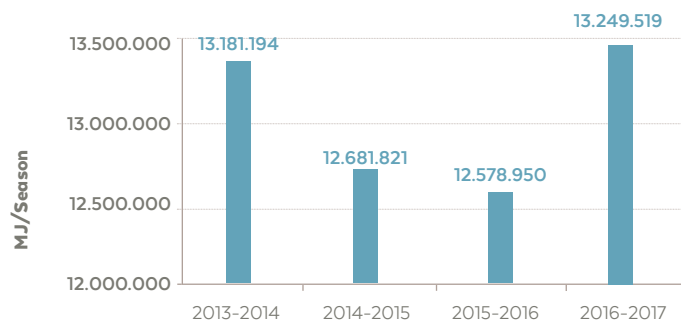


Figure 7: General energy consumption during the past 5 seasons.

ENERGY CONSUMPTION PER SOURCE MJ

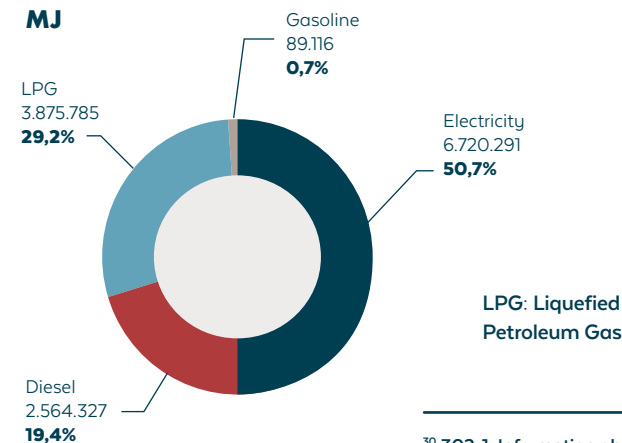


Figure 8: Energy consumption per source³⁰.

³⁰ 302-1; Information obtained from internal records recovery by SAP, validated by the certification of ISO 50.001 and CEMARS. Conversions to MJ made by <http://www.convertworld.com/en/energy/>

ENERGY CONSUMPTION PER PROCESS

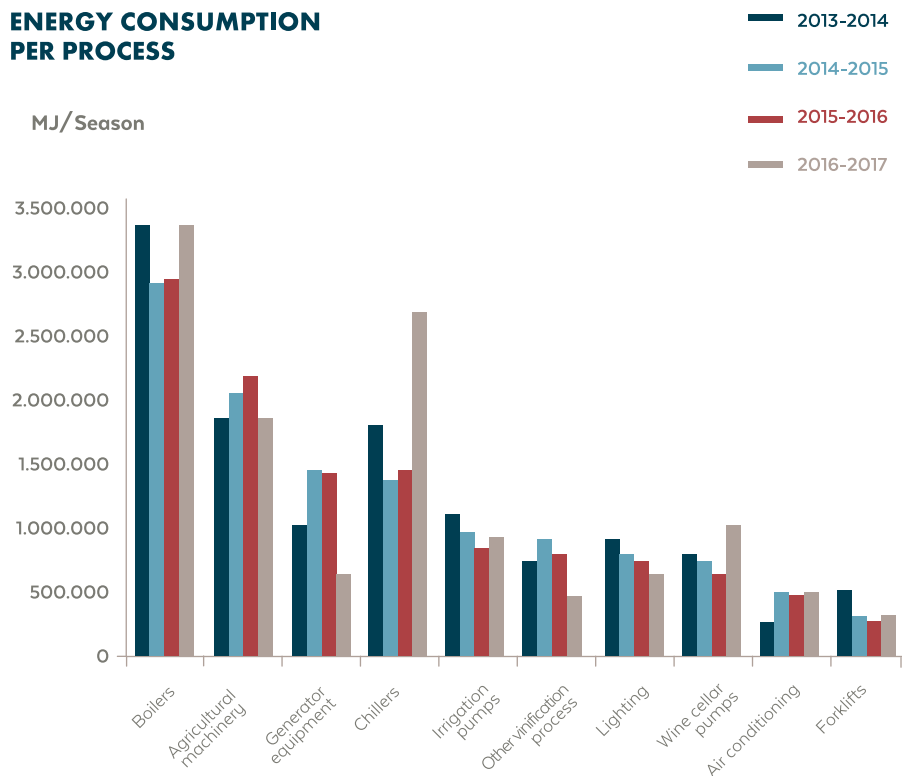


Figure 9: Energy consumption per process throughout different periods.

The above figure shows the energy consumption of the main processes during the most recent periods. Agricultural machinery use, diesel consumption in generator equipment, wine cellar lighting, LPG use in forklifts and other general processes saw a decrease in energy use in comparison to previous years. In the case of lighting, metal halide and energy-saving lightbulbs were replaced with LED spotlights in three sectors of the wine cellar. In the case of Santa Elisa’s irrigation, two variable frequency drives were installed in two irrigation equipment.

The main reductions in processes were concentrated in: Energy consumption per process.

	Reductions based on the previous season	Reductions compared to the base year 2013-2014
Cellar Miscellaneous	-30%	-24%
Illumination	-13%	-31%
Agricultural machinery	-13%	
Generating equipment	-53	-33%
Forklift		-45%
Irrigation pump		-10%

Figure 10: Main reductions in energy in 2016-2017 season compared with the base year.

As a result of the efforts made in energy management, the Ministry of Energy together with the Chilean Agency of Energy Efficiency (ACHEE) recognized Viña Cono Sur in 2017 with the gold category Energy Efficiency Seal. This recognition reinforces our mission to produce premium wines while caring for the environment.



10.3 BIODIVERSITY

Currently, the Santa Elisa, Campo Lindo, El Centinela and El Encanto Estates have biological corridors that serve as a shelter for native flora and fauna. They are located outside of blocks, so as to minimize the impact of both phytosanitary product applications and noisy machinery. They serve as islands of vegetation, preferably with native species that promote the coexistence of insects and small animals. There are currently 47.6 hectares designated as biodiversity protection sites within the interiors of Cono Sur estates.

10.3.1 “WINE, CLIMATE CHANGE AND BIODIVERSITY” PROGRAM

Viña Cono Sur was the first vineyard in Chile to participate in the “Wine, Climate Change and Biodiversity” Program, a scientific initiative that seeks to develop and install biodiversity conservation mechanisms within Chile’s viticulture sectors. The main focus is within the Mediterranean zone, known worldwide for its high ecological value and low protection by the government. The vineyard continues to be a part of this program, in which it has reinstated the importance of native flora, avoiding the propagation of invasive exotic species. Various practices such as planting native species between the vines and incorporating biological corridors have been implemented.

Wanting to share knowledge, in 2017 Cono Sur held an Innovation and Biodiversity Workshop at our Santa Elisa Estate with the Ecological and Biodiversity Institute, in which various vineyards around the central zone participated.

In 2017, 1,455 native trees were planted within the Santa Elisa Estate, provided by the National Forest Corporation CONAF via the project “+ Trees for Chile,” resulting in 3,135 trees total. In 2018, we hope to plant 1,500 additional trees. Some will be planted in the Las Lomas Estate in Peralillo.

During 2017, Viña Cono Sur placed second in the “The Drinks Business Green Awards 2017” for their biodiversity initiatives.



10.4 NON-CONVENTIONAL RENEWABLE ENERGY

As a means of reducing greenhouse gas emissions and energy costs, top management took the initiative of installing solar plants within Cono Sur estates. In 2017, we constructed three solar plants and hope to connect them to network at the start of 2018.



10.5 WASTE GENERATION

The following presents the waste generated in 2017:

Waste	2016	2017	Variation	Unit	Use
Assimilable to domiciliary	81,6	22,47	-72%	Ton	Elimination, final disposition, authorized landfill
Grape skins and stems	2.731	3.766	38%	Ton	Valorization, Reuse
Lees and kieselgur	254	282	11%	Ton	Valorization, Preparation for reuse
Plastics	2,3	0,63	-73%	Ton	Valorization, Recycle, Plastics
Glass	3	2	-33%	Ton	Valorization, Recycle, Glass
Wood Chips	7,1	2,86	-60%	Ton	Valorization, Reuse
Empty Pesticide Containers	0	501,66	-	Kg	Elimination, final disposition, authorized landfill

Table 4: Cono Sur waste generation

The increase in grape skins, stems, lees and kieselgur waste is directly related to the increase in grape reception. There has been a decrease in plastic waste due to the implementation of reusable and larger containers that allow for the reception of supplies while eliminating generating plastic.

The following table shows the quantity of hazardous waste generated during the last two years:

	2016	2017	VARIETY
hazardous waste kg	5.085	3.695	-27%

10.6 WATER CONSUMPTION

Figure 11 shows the evolution of water consumption during harvest throughout recent years. The 2016 – 2017 period presented an important decrease in water consumption related to the quantity of grapes processed. Recycling water in the process of hydrating barrels, efficient water use in washing machinery, constant trainings and controls implemented by wine cellar workers allowed to improve this indicator.

L WATER/ KG PROCESSED GRAPE

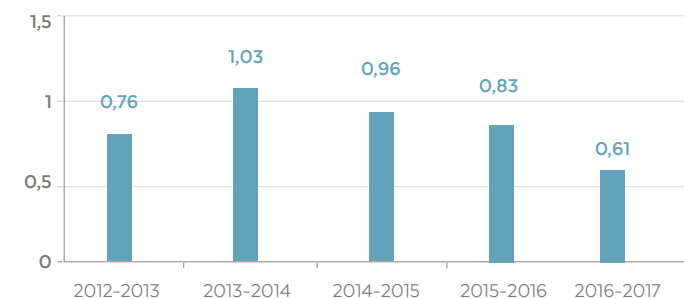


Figura 11: water use in vinification.

11. SUPPLIERS

Material Topics:

- Suppliers' Legal Compliance
- Production Chain's Legal Compliance
- Supplier Evaluation

SDG Compliance



11.1 SUPPLIER EVALUATION

Cono Sur has a number of important suppliers that are periodically evaluated in order to provide feedback on the services provided. This allows us to align the organization's requirements within areas such as occupational health and safety, quality, environmental and labor³⁰. Each year, critical suppliers are evaluated upon the previously mentioned areas according to an evaluation program. During this period (which includes up until this current report), we have incorporated six new suppliers of agricultural goods and two within construction.

When possible and depending on the geographical area in which each estate is located, as well as the Cono Sur wine cellar, an important percentage of the acquisition of raw materials and supply is via local providers. This does not apply when buying grapes from specific valleys nor when purchasing supplies that aren't available locally.

The most important concentration of suppliers is found near the Santa Elisa estate in Chimbarongo, where we process grapes and produce wine.

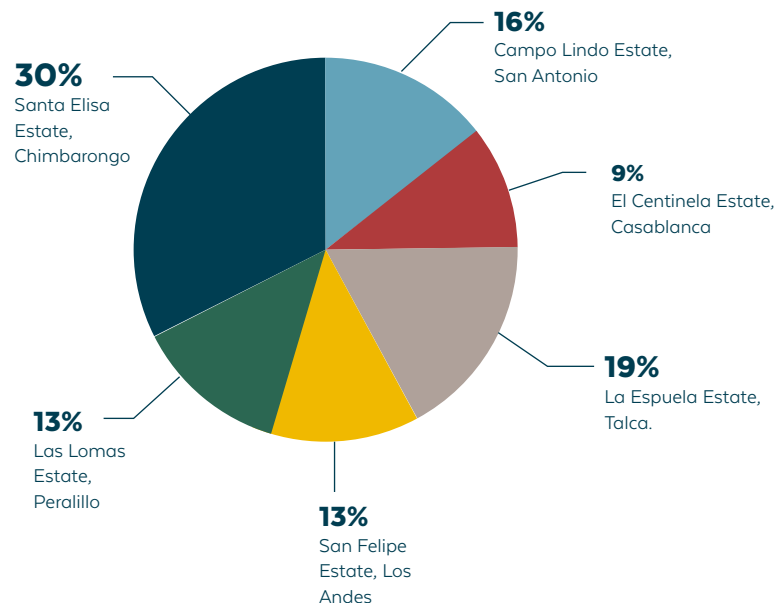


Figure 12: Distribution of suppliers via estate and area

11.2 LEGAL COMPLIANCE OF SUPPLIERS AND COMPLIANCE IN THE SUPPLY CHAIN.

During 2017, three grape suppliers were certified in the environmental, social and legal areas outlined the Sustainability Code of Chilean Wine Industry. However, the efforts cannot cover the total amount of grapes we purchase from more than 65 producers.

³⁰ 102-42

12. CLIENTS AND CONSUMERS

Material Topics:

- Customer Satisfaction
- Product Tracking
- Responsible Consumption and Benefits

SDG Compliance



12.1 COSTUMER SATISFACTION

Every two years, Cono Sur's commercial team surveys distributors on client satisfaction in order to evaluate the perception of each range of wine. Though it was time to survey in 2017, management decided to postpone until 2018 due to recent changes within the organization. The organization didn't want commercial issues, for example, to alter the true perception of Cono Sur's wine quality.

12.2 PRODUCT TRACKING

Product safety is very important and must be considered throughout each aspect of the supply chain. In addition, there are several legal requirements associated with wine production that we must take into account. Thus Viña Cono Sur is able to track a particular product, from the raw materials of each producer to the supplies used in the packaging process.

12.3 RESPONSIBLE CONSUMPTION

Viña Cono Sur, along with Concha y Toro, has taken the initiative to promote responsible wine consumption within the organization by holding talks and trainings. We began with the administrative office in Santiago and plan to cover the rest of the areas in 2018.

Cono Sur also includes responsible consumption messages in social media publications and on the official website, www.conosur.com. More information on this subject can be found by clicking on the “disfruta el vino, toma con responsabilidad” (enjoy wine, drink responsibly) link.



GLOBAL REPORTING INITIATIVE INDEX

USED IN VIÑA CONO SUR'S SUSTAINABILITY REPORT

The following table shows the referenced pages according to the content implemented in the Global Reporting Initiative. This report contains some of the guide's basic content in composing the GRI report. If you require more information, please consult any of our team members who can clarify the information found within this document.



ORGANIZATIONAL PROFILE		Page	Omission	REPORT'S PROFILE		Page	Omission
102-1	Organization's Name	4	Basic content cannot be omitted	102-45	List of the entities that make up the consolidated financial state of the organization and other relevant documents.	21	Basic content cannot be omitted
102-2	The organization's most important brands, products and services	4, 11		102-46	Process that the organization has taken to determine the report's content and coverage of each aspect.	17	
102-3	Organization's location	14		102-47	List of materiality identified in the process of the report's content definition	18	
102-4	Countries in which the organization operates.	13, 16		102-48	Effect from readjusting the information provided in previous reports and the reason for said adjustments.	17	
102-5	Nature of property and its legal structure.	4		102-49	Significant changes in the reach and coverage of each aspect with respect to previous reports.	18	
102-6	Distribution markets	10		102-50	Report's object period.	17	
102-7	Organization's dimensions	13, 20		102-51	Most recent report's date.	3	
102-8	Employee and other workers' information	14		102-52	Presentation cycle of reports.	17	
102-9	Description of the organization's supply chain.	15		102-53	Point of contact for resolving and doubts that can come up in relation to the report's content.	16	
102-10	Significant changes during the object analysis period in the organization's size, structure, ownership or supply chain.	15		102-54	Notice of reporting based on concordance of the GRI standards.	3	
102-11	Indicate how the organization addresses, if applicable, the precautionary principle	16		102-55	GRI Index	33	
102-12	Principles or other external initiatives of economic, environmental and social character that the organization has subscribed to or adopted.	20		102-56	Organization's current policy and practices toward external verification of the report.	16	
102-13	National and international associations and promotional organizations to which the organization belongs.	22					
ESTRATEGY		Page		MANAGEMENT APPROACH		Page	
102-14	Declaration of the main figure responsible for the organization's decisions with regard to sustainability and its strategy for addressing it.	3		103-1	Explanation of the material topic and its Boundary	20, 22, 24, 26, 31, 32	
ETHICS AND INTEGRITY		Page		103-2	The management approach and its components	20, 22, 24, 26, 31, 32	
102-16	Describe the values, principles, standards and norms of the organization.	4		103-3	Evaluation of the management approach	20, 22, 24, 26, 31, 32	
GOVERNANCE STRUCTURE		Page	Basic content cannot be omitted	ECONOMIC PERFORMANCE		Page	Basic content cannot be omitted
102-18	Governance structure of the organization and its committees and those responsible for decision-making on economic, social and environmental issues.	4		201-1	Direct economic value generated and distributed	20	
STAKEHOLDER PARTICIPATION		Page		OCCUPATIONAL HEALTH AND SAFETY		Page	
102-40	List of interested parties related to the organization.	22		403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	24	
102-41	Percent of employees covered by collective agreements.	24		ENERGÍA		Page	
102-42	Identification and selection of groups of interest with which they work.	22, 31		302-1	Energy consumption within the organization	27	
102-43	Description of the focus adopted for the participation of interest groups.	17, 25					
102-44	Key questions and problems that have come about in the participation of interest groups and a description of the organizations evaluation.	15					

A ANNEX

RESULTS OF OCCUPATIONAL HEALTH AND SAFETY



Region	2016					2017				
	RM	V	VI	VII	VIII	RM	V	VI	VII	VIII
Average workforce	17	21	60	10	0	17	20	46	12	0
N° accidents	0	1	7	1	0	0	0	1	0	0
Days lost	0	2	59	4	0	0	0	3	0	0
Accidental Rate	0	4,76	11,6	1	0	0	0	2,17	0	0
Loss Rate	0	9,52	101,69	40	0	0	0	6,52	0	0
Fatalities	0	0	0	0	0	0	0	0	0	0



Región	2016					2017				
	RM	V	VI	VII	VIII	RM	V	VI	VII	VIII
Average workforce	14	36	212	28	0	11	37	196	28	2
N° accidents	0	0	33	3	0	0	11	16	0	0
Days lost	0	0	306	76	0	0	46	28	0	0
Accidental Rate	0	0	15,56	10,71	0	0	29,73	8,16	0	0
Loss Rate	0	0	144,33	271,42	0	0	124,32	14,29	0	0
Fatalities	0	0	0	0	0	0	0	0	0	0

Cono Sur

A New World