

Vina Concha y Toro

ISIN CODE: CLP9796J1008

Overall score 32/100

Sector: Beverage Emerging Market

Companies in sector panel: 17

Information rate: 72% (Sector average: 49%)
Company cooperation level: Responsive *

General information

Founded in 1883, Viña Concha y Toro is an international Chilean wine producer with subsidiary vineyards in Chile, Argentina and the USA, and a permanent presence in 14 countries. The Company operates an extensive network of vineyards, production plants, cellars and distribution centres, and produces a wide range of wines under a variety of different labels. As of 2016, Viña Concha y Toro sells its products in over 140 different countries.

Main Economic Segment**	Turnover 2016
Wine	90.2 %
Other	9.8 %

CORPORATE GOVERNANCE			
	2014	2015	2017
Score			32
Allegations			No
Rating			+
Risk management			Limited

■ Sector performance
■ Company performance
 Rating: min -- / max ++

Key issues

Corporate governance is critical to ensuring that a well functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system, the protection of Shareholders Rights and the establishment of Executive Remuneration that align the executives' and the company's interests.

Company performance

- Viña Concha y Toro's performance in the Corporate Governance domain remains limited in absolute terms, which is consistent with the previous review.
 - The number of independent Board members remains low, and there is no Nomination Committee. In addition, the ability to call an EGM is restricted and not all items of relevance are put to the shareholders' vote. Executive remuneration is published but only on a collective basis, and there is no disclosure on what rules guide the allocation of short-term and long-term incentives to senior executives. On the other hand, there is an Audit committee, although it only has a partial role, and no non-audit fees were paid to external auditors.

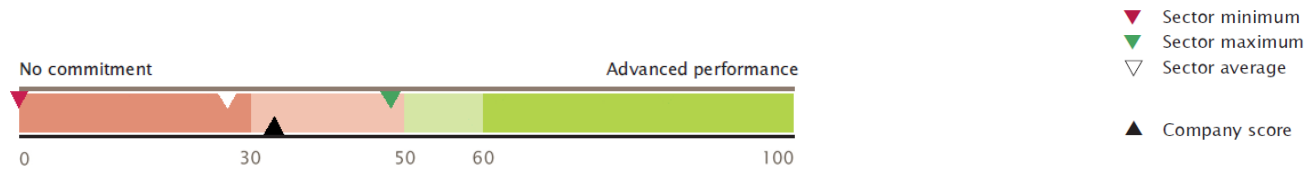
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 32

CGV1.1 Board of Directors

(score: 33, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No specific committee is in charge of director nomination, which might raise concerns.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

There is a CSR committee that is part of the Board. In addition the Head of CSR department makes regular reports to the committee.
The company has an Executive Sustainability Committee which comprises six Executive leaders, the CEO, the company Attorney and two Directors including the Chairman of the Board.

Share of independent shareholder-elected Board members

The Board is between 0% and 20% independent which might raise concerns. One member of the seven member Board is considered independent.

Diversity of the skills and backgrounds of the Board

*The Board of Directors diversity appears to be partial:
- Board members with demonstrated professional experience in the company's sector of activities: Rafael Guillisasti has extensive experience in the Chilean wine making industry, and Francisco Marín is an agricultural engineer who has worked for the company since 1982.*

Training and expertise provided to board members

Information obtained from the company and public sources regarding training provided to Board members is insufficient.

Regular election of Board members

Board members are eligible for re-election following three-year terms.

Evaluation of Board's functioning and performance

Performance is evaluated regularly, but with no disclosure on the results.
The Board undergoes a voluntary self assessment once a year.

Review of CSR issues at Board meeting

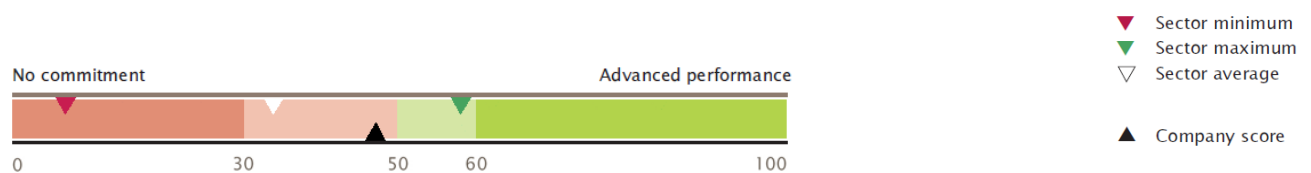
Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are above 90%
15 Board meetings were held during the last fiscal year with a 97% attendance rate.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independency
Rafael Marin Jordan			X			X	X	X					Considered as non-independent by the company	
Jorge Desormeaux			X			X	X							X
Mariano Fontecilla			X						X			X		
Pablo Guillisasti			X						X			X		
Rafael Guillisasti	Vice Chairman		X			X	X		X			X		
Alfonso Larrain	Chairman		X					X	X			X		
Andres Larrain			X					X						

CGV2.1 Audit & Internal Controls

(score: 47, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

No executive is a member of the committee, but half or fewer are independent.
One member of the three member Directors' Committee is considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial experience and relevant operational experience.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a limited role that includes:
 - *Oversee internal audit and internal controls,*
 - *Review accounting policies and be responsible for updates,*
 - *Nominate the statutory auditor,*
 - *Oversee the work of the external auditor.*

Management of the CSR risks

Although the company has set up some measures, it has not gone beyond that to integrate CSR risks in its overall strategy.

Independence of the firm's external auditors

There were no non-audit fees paid to KPMG Auditores Consultores Ltda. in 2016.

Inclusion of CSR issues in the company's reporting

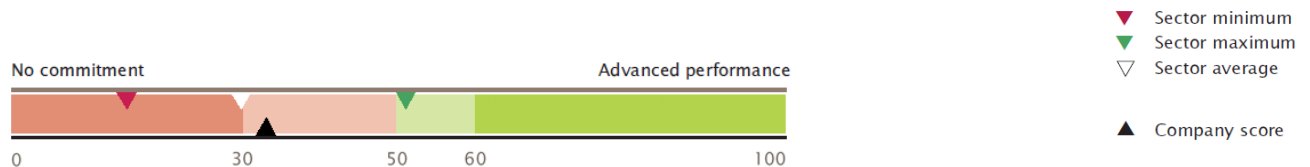
The company publishes significant CSR reporting on key material issues with an independent third party assessment of the reliability of key performance indicators and a limited level of the assurance.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV3.1 Shareholders

(score: 33, weight: 2)



Nonexistence of voting rights restrictions

The company respects the "one share - one vote" principle.

Nonexistence of anti-takeover devices

There is no reference to anti-takeover devices in the company's reporting.

Safeguards on transactions with major shareholder(s)

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

Ability to add items to the agenda of the AGM and to convene an EGM

Major restrictions have been identified to add items to the agenda of the AGM and to convene an EGM.
An EGM must be held if shareholders owning at least 10% of stock request one.

Access to voting at General Meetings There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Ability to vote on relevant issues in separate resolutions at AGM Not all major items are put to a shareholder vote.
The following items are not put to a vote at the AGM:
- Executive remuneration,
- Changes in capital (increases, buy-backs),
- Changes in bylaws,
- Extraordinary transactions.

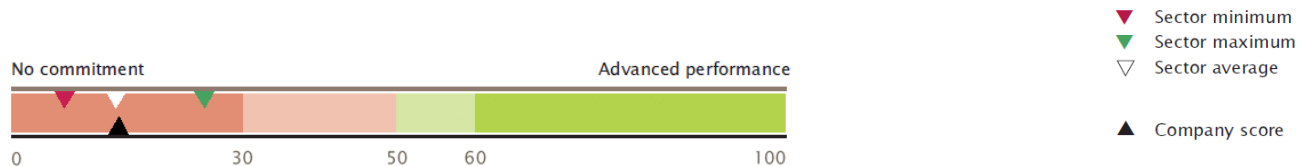
Presentation of CSR strategy to shareholders and investors *The company states that it has presented its CSR strategy to shareholders and investors but does not provide further information.*

Board's attitude towards CSR-related shareholder resolutions *Information obtained from company and public sources regarding the Board's attitude toward legitimate CSR related shareholder resolutions is insufficient.*

Stakeholders' feedback A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV4.1 Executive Remuneration

(score: 14, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

No executive is a member of the committee, but half or fewer are independent.
One member of the three member Directors' Committee, that acts as the Remuneration Committee, is considered independent.

Disclosure of senior executives' individual remuneration

Executive remuneration is disclosed, but on a collective rather than on an individual basis. Total remuneration for the company's 196 senior managers and managers in 2016 was CLP 22,563 million.

Link between Short Term Incentive Plans and the performance of the company

Bonuses are said to be linked to predetermined economic and/or operational performance indicators, but these are not disclosed.

Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

Link between variable remuneration and CSR performance of the company

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

Severance pay for senior executives

Information obtained from the company and public sources regarding severance pay for senior executives is insufficient.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Contacts

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